DEVELOPMENT
INVESTMENT
BANK OF TÜRKİYE

Annual Report 2023



COMMON GOALS COMMON FUTURE

Contents

INTRODUCTION

10 Corporate Profile
14 Our Mission, Vision, Core Values and Principles
16 Strategic Plan of the Development and Investment Bank of Türkiye for the Period of 2023-2027
18 Summary Financial Information, Capital, and Shareholding Structure
20 Amendments to the Articles of Association and Reasons
22 Development and Investment Bank from Past to Present
24 Message from the Chairman of the Board of Directors
26 Message from the CEO
32 Developments and Expectations in the World Economy in 2023
34 Developments and Expectations in the Turkish Economy
36 Sectoral Position of the Development and Investment Bank
38 Evaluation of 2023 Activities and 2024 Targets
56 Awards
58 Subsidiaries
60 Information Technologies
64 Information Security
66 Technical Assistance, Research and Development Activities
68 Annual Report Statement of Responsibility
69 Annual Report Compliance Opinion

SUSTAINABILITY AND ENVIRONMENTAL SOCIAL IMPACT MANAGEMENT

70 Sustainability and Environmental Social Impact Management Activities
73 Memberships and Collaborations

CORPORATE GOVERNANCE

74 Board of Directors
78 Information on the Composition, Working Method of the Board of Directors of the Development and Investment Bank and the Number of Meetings and Resolutions in 2023
79 Units within the Scope of Internal Systems
80 Senior Management of the Bank
82 Organizational Chart
84 Committees
88 Information on Human Resources Policy
92 Activity Topics for which Support Services Are Received
92 Corporate Governance Principles Compliance Report
94 Dividend Distribution Policy
95 Summary Report of the Board of Directors

RISK MANAGEMENT

96 Assessments of the Audit Committee on the Functioning of Internal Control, Internal Audit and Risk Management Systems and Activities During the Accounting Period
98 Risk Management Policies
101 Assessments on Financial Position, Profitability and Solvency
106 Information on the Bank's Transactions with its Risk Group
106 Credit Ratings
107 Selected Summary Financial Information and Indicative Ratios for the Period 2019-2023

FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

109 Unconsolidated Financial Statements and Independent Audit Report for the Accounting Period Ending on December 31, 2023
116 Explanations and Notes to the Unconsolidated Financial Statements as of December 31, 2023
259 Consolidated Financial Statements and Independent Audit Report for the Accounting Period Ending on December 31, 2023
266 Explanations and Notes to the Consolidated Financial Statements as of December 31, 2023

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Head Office
İnkılap Mah. Dr. Adnan Büyükdeniz Cad. B Blok No: 10 Ümraniye/İSTANBUL
Phone: (216) 636 87 00 Faks: (216) 634 61 45
Trade Registry No: 198898-5 Mersis No: 0879002993500013
Web Address: http://www.kalkinma.com.tr
E-mail: haberlesme@kalkinma.com.tr

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Ankara Branch
Mustafa Kemal Mahallesi Dumlupınar Bulvarı No: 266/B İç Kapı No: 74
Çankaya/ANKARA
Phone: (312) 292 69 00 Central Registration System No: 0879002993500015
Trade Registry Number: 476056

For fifty years, we have worked for our country, playing a key role in supporting sustainable development and a responsible banking approach. We are proud to have achieved noteworthy development initiatives in the last half century of our 100-year-old Republic.

We focus on the future of Türkiye and the world. We meet financing and consultancy requirements for investors, and we contribute extensively to combating the environmental, social and economic impacts of climate change.

In line with our core mission, we are committed to supporting investments aligned with our country's development goals. We contribute to initiatives and projects that support sustainable growth, and we are steadfast, wholehearted partners in those endeavors.



SUSTAINABLE FUTURE PARTNERSHIP

The Bank is an extensive organization structured in line with our country's sustainable development goals. We focus on financing the future through strong partnerships established with the world's leading development banks. With 87% of the Bank's portfolio comprised of sustainability-themed loans, our objective is to comprehensively support green development initiatives across all fields and increase impact investments.

TL 84.2 BILLION

Loan Volume

RENEWABLE FUTURE PARTNERSHIP

We support the goal in Türkiye's 12th Development Plan to reduce the energy sector's external dependence. To this end, we concluded a "Green 4" loan agreement with the Japan Bank for International Cooperation. Paving the way for new investments in the fight against climate change, this loan marks an important step in Türkiye's journey towards net zero emissions and sustainable development.

TL 37.4 BILLION

Renewable Energy Loan Amount



FUTURE PARTNERSHIP IN GOALS

We continue to make a difference through our investment banking operations. We successfully completed the IPO of the restaurant chain Big Chefs, with a size of TL 832.5 million. We intermediated the sukuk issuances of Tarfin, a leading digital agricultural platform; Altınmarka, one of the world's largest cocoa and coffee producers; and Biotrend, working in the field of renewable energy.



TL 3.6 BILLION

Intermediated and Advised Transactions Amount

FUTURE PARTNERSHIP WITH START-UPs

We play an active role in the Turkish start-up ecosystem by means of the Türkiye Development Fund. Through the funds under our management, we support the creation of strong regional/ global companies and high-tech start-ups operating in strategic sectors, prioritizing development. In 2023, we funded important initiatives in the fields of cybersecurity, digital marketing and artificial intelligence.

TL 2.2 BILLION

Managed Funds Size

Corporate Profile

THE HALF-CENTURY-OLD BANK OF THE CENTURY-OLD REPUBLIC

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

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

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

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

WE HAVE BEEN UNDERTAKING STRATEGIC MISSIONS SINCE 1975

The Bank, where the Republic of Türkiye Ministry of Treasury and Finance holds 99.08% of the stake, is backed by solid public support, assurance, and trust.

The Bank, having an important mission in Türkiye's progress towards its development targets with its strong foundations and stable structure, was established on November 27, 1975, and named Devlet Sanayi ve İşçi Yatırım Bankası (State Industry and Laborer's Investment Bank). Since then, the Bank has played a key role in helping numerous companies from different industries to realize investments and has taken on strategic roles through the long-term funds it raised.

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

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

SPECIALIZED STAFF, INNOVATIVE PRODUCTS AND SERVICES

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

The Bank focuses on financing sustainable development in line with 2023 objectives and in light of the UN Sustainable Development Goals. Accordingly, it provides innovative products and services and supports investors through a dynamic structure of experienced and expert human resources with a strong command of international banking standards.

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

The Bank's core objective is to support every industry that can contribute to development, reduce imports, and boost exports as per the 12th Development Plan of Türkiye. Thus, it continues financing the projects geared towards Sustainable Development as its main function. All the stages of financing of the projects; from the selection of eligible projects to implementation and assessment, are conducted rigorously to carry our country forward.

WE PROCEEDED WITH SUPPORTING THE REAL SECTOR, PRODUCTION, AND EMPLOYMENT

In a time period marked by the COVID-19 pandemic that hit the world and Türkiye, the Bank helped increase employment and address the needs of enterprises impacted by COVID-19 pandemic through long-term funds raised from overseas. Accordingly, the Bank continued to support the real sector, production and employment - as has been the case in previous years - in 2023 and concluded the year with growth in terms of the funds raised, loan portfolio and operational profitability.

By the end of 2023, the Bank increased assets by approximately 47% and operating income by 119% year-on-year. The Bank's loans, which accounted for 62% of total assets, increased by 39% year-on-year to TL 84.2 billion at the end of 2023. Announcing a year-end profit of TL 4,043 million, the Bank's capital adequacy ratio stood at 16.86% in 2023. The gross non-performing loans/total loans ratio was at 1% as of the end of 2023.

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

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

WE PLAY A LEADING ROLE IN INVESTMENT BANKING

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

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

The Bank provides financial advisory services to the Privatization Administration for two projects related to the privatization of certain power plants owned by EÜAŞ (Electricity Generation Company) and certain ports. In addition to the consultancy services provided to the Privatization Administration, the Bank continues to take part in 12 different private sector projects as well as a significant number of merger and acquisition transactions in the sector.

As for capital markets consultancy, the Bank has led two IPOs worth of approximately TL 1.25 billion in 2023. The IPO of Big Chefs, led by the Bank, worth of TL 833 million was oversubscribed 5.2 times, while the IPO of Meka Beton Santralleri, led by the Bank, worth of TL 422 million was oversubscribed 4.1 times.

GLOBAL GOALS FOR STRATEGIC SECTORS

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

16.9%

Capital Adequacy Ratio



Corporate Profile

SUPPORT FOR OUR COUNTRY'S SUSTAINABLE BUSINESSES

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



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

TÜRKİYE DEVELOPMENT FUND ASSET SIZE REACHES TL 2.2 BILLION

In 2023, the Development and Investment Bank of Türkiye established the TÜBİTAK Bigg Fund with a size of USD 8 million as a sub-fund of the Türkiye Development Fund. With the establishment of the TÜBİTAK Bigg fund and new commitments to other existing funds during the year, the total assets under the management of Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. reached TL 2.2 billion.

The commitment size of the Innovative and Advanced Technologies VCIF increased by approximately TL 110 million, reaching TL 340 million.

The commitment size of the Development Participation Capital VCIF increased by approximately TL 30 million, reaching TL 154 million.

Established in 2022 by KGSPYŞ, the Development METU Teknokent Venture Capital Investment Fund increased its size to USD 10 million with new commitments.

In 2023, a total of USD 10.5 million capital investments were made, or convertible loans were provided to 14 companies, including USD 900 thousand by the Technology and Innovation Fund, USD 1 million by the METU Teknokent VCIF, approximately USD 3.7 million by the Regional Development Fund, USD 1.85 million by the Innovative and Advanced Technologies VCIF, USD 1 million by the Development Participation VCIF, and approximately USD 2 million by the Development and Investment Bank of Türkiye (TKYB) Capital Fund.

TKYB Capital Fund made a direct investment of USD 1.5 million in Ödeal and EUR 500 thousand in Fazla.

The Development Participation Venture Capital Investment Fund made a direct capital investment of USD 1 million in Eatron Technologies.

METU Teknokent VCIF invested a total of USD 1 million in Clay Token, DefensX, Gesund, Syntonym, and Veloxia.

A total of USD 1.85 million was invested from the Innovative and Advanced Technologies Fund in 2023, including USD 1.5 million in Beam and USD 350 thousand in Simulargе.

During the year, the Regional Development Fund invested USD 3.7 million in Zaxe and Appsilon. The Technology and Innovation Fund provided USD 300,000 to Wask and USD 100,000 debt convertible into capital to Virasoft as follow-on investments.

WE CONTINUE TO CREATE VALUE WITH A RESPONSIBLE BANKING APPROACH

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

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

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

Cooperation with international organizations is developed within the scope of protecting the environment and struggling against climate change, which are indispensable elements of sustainable development. The Bank is among the founding signatories of the "Principles for Responsible Banking," formulated by the UN Environment Programme Finance Initiative (UNEP FI) to expand the impact of the banking sector activities for a sustainable future.

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

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

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

The Bank released its first sustainability report in 2020, followed by its first integrated report in 2021. This alone demonstrates its operations and objectives and their alignment with sustainable development goals. The Bank's 2022 Integrated Report, which includes verified portfolio emission accounts and verified data on employment generated by the Bank's lending, was published in September 2023.

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

All the Bank's lending processes are assessed in accordance with national, environmental, social and governance laws and regulations, the Bank's own policies and procedures and, where necessary, other environmental, social and governance standards that the Bank is committed to comply with.

In all lending processes, Environmental, Social and Governance Risk Assessment is carried out within the scope of routine decision-making processes and the risks of both customers and projects are analysed separately.

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

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

The Bank was awarded in the "Outstanding Sustainable Project Financing" category at the Global Sustainable Finance Awards organized by the European Organization for Sustainable Development (EOSD) for its innovative contributions to the Sustainable Development Goals (SDGs) and the ESG criteria applied in its financing activities.

Not only focusing merely on financial risks, the Bank also considers environmental, social and governance risk assessment as an integral part of lending processes.

Our Mission, Vision, Core Values and Principles

OUR MISSION

We add value to all our stakeholders with a dynamic, innovative, environmentally, and socially responsive banking approach in line with our country's sustainable development priorities.

OUR VISION

To be the leading bank in sustainable development

OUR CORE VALUES

RESPONSIBLE BANKING

- Within the framework of Sustainable Development Principles and with a Responsible Banking approach, we act responsibly towards the world, environment and society we live in. We keep our strong sense of social responsibility alive. We use our resources effectively and efficiently.

RELIABILITY

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

SOLUTION-ORIENTED

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

INNOVATION

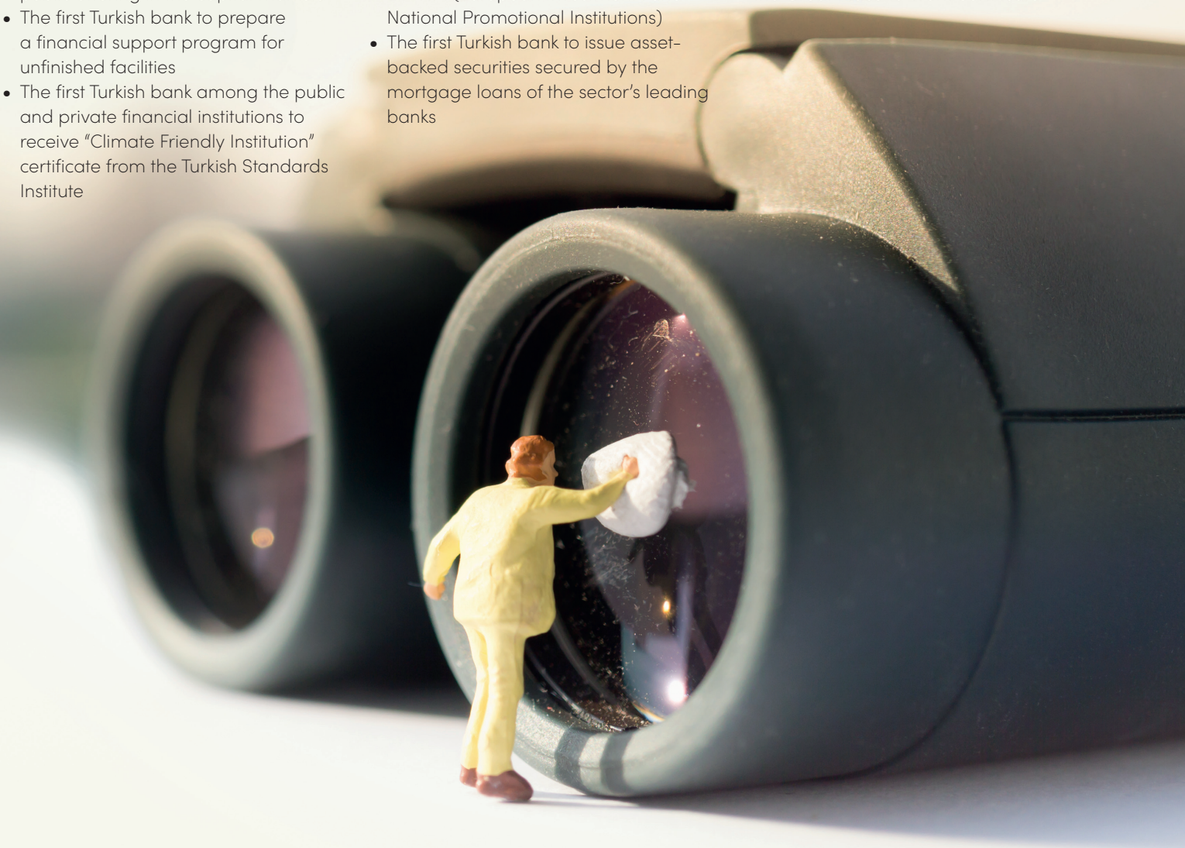
- We pioneer positive change through innovative solutions, creating value not only for today but also for the future.

ADDING VALUE TO STAKEHOLDERS

- We adopt a comprehensive and participatory governance approach and work focusing on creating value for all our stakeholders with our dynamic, innovative, and environmentally and socially responsive banking approach.

OUR FIRSTS

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



Strategic Plan of the Development and Investment Bank of Türkiye for the Period of 2023-2027

SERVICES AT INTERNATIONAL STANDARDS

The Bank's strategic objectives include bringing Türkiye's capital markets up to the level of international capital markets and supporting foreign capital inflows into Türkiye.

The Bank's projections for the financial statements are reviewed and renewed every year and submitted to the Board of Directors for approval. In this context, the Bank's budget for 2023 was approved by the Board of Directors' resolution no. 288 dated 21.12.2022 and the financial projection for the 2023-2025 period by the Board of Directors' resolution no. 045 dated 16.02.2023. Revising its strategic objectives in parallel with changing and evolving conditions, the Development and Investment Bank's Strategic Objectives for the 2023-2025 period were approved upon the Board's resolution, dated February 16, 2023, and numbered 045.

These financial projections, vision, mission, values, and strategic objectives constitute the Bank's Strategic Plan.

STRATEGIC OBJECTIVES

Objectives for Development Banking

- To increase the diversity of financing products for priority sectors - designated by the national development plans and programs - which are highly dependent on imports, produce foreign trade deficits, have high potential to generate foreign currency income and contribute substantially to employment
- To contribute to Türkiye's sustainable growth by providing finance via investment banking products and other instruments, in addition to loans that match a project's feasibility and cash flow
- To support projects aimed at Sustainable Development Goals such as transition to a low-carbon economy, fighting climate change, responsible production and consumption, eliminating poverty, and protecting the planet



Objectives for Investment Banking

- To bring Turkish capital markets to the level of international capital markets and support the entry of foreign capital to our country
- To provide all investment banking services at international standards
- To provide restructuring advisory services for the financial bottlenecks of companies
- To support making the right investment decisions with financial feasibility consultancy
- To take part in investment banking projects that will attract foreign direct investment to Türkiye
- To develop alternative sources of financing to meet the funding needs of companies
- To develop innovative capital market products under the market conditions and within the framework of the suitability of the sales intermediaries with whom we cooperate

Objectives to Strengthen the Funding Structure

- To establish a strong and diversified funding structure to support the sustainable growth of assets
- To enhance the funding sources from development finance organizations and similar creditors to our bank

Objectives for Türkiye Development Fund

- Together with its sub-funds, to support sectors with strategic importance in the sustainable growth of Türkiye, and play a significant role in the development of the start-up ecosystem by investing in new-generation ventures
- To undertake efforts to turn public resources into capital investments that focus on national development

Objectives for IT and Business Processes

- To create a corporate structure and processes that provide operational efficiency and productivity in all areas of activity, with the support of information technologies and a focus on digitalization

The Development and Investment Bank aims to transform public resources into capital investments focused on national development.

Summary Financial Information, Capital, and Shareholding Structure

GROWTH IN LOANS AND OPERATIONAL PROFITABILITY

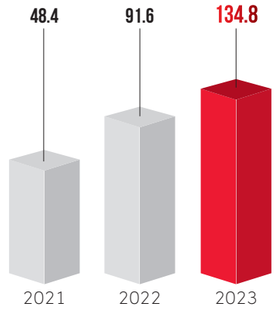
KEY INDICATORS (TL MILLION)

	31.12.2022	31.12.2023	Change (Value)	Change (%)
Total Assets	91,598.15	134,847.47	43,249.32	47.22
Loans	60,340.30	84,158.71	23,818.41	39.47
Liabilities	84,754.77	123,964.98	39,210.21	46.26
Equity	6,843.38	10,882.49	4,039.11	59.02
Total Income	8,664.64	23,078.92	14,414.28	166.36
Total Expenditures (inc. Tax)	6,973.27	19,035.54	12,062.27	172.98
Profit/Loss	1,691.37	4,043.38	2,352.01	139.06

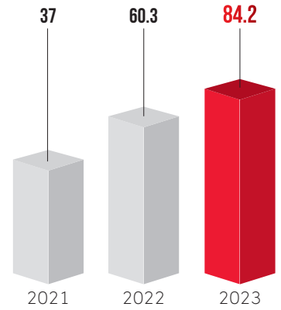
KEY RATIOS (%)

	31.12.2022	31.12.2023
Loans/Total Assets	65.88	62.41
Shareholders' Equity/Total Assets	7.47	8.07
Return on Average Assets	2.39	3.57
Return on Average Equity	31.14	45.66
Standard Capital Adequacy Ratio	16.67	16.86

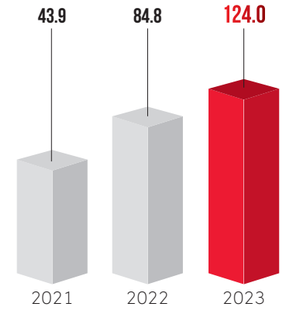
TOTAL ASSETS (TL BILLION)



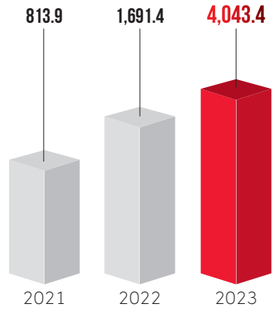
LOANS (TL BILLION)



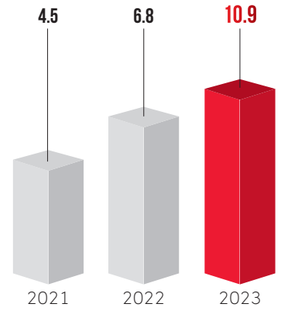
LIABILITIES (TL BILLION)



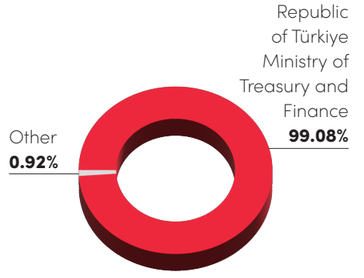
PROFIT/LOSS (TL MILLION)



SHAREHOLDERS' EQUITY (TL BILLION)



SHAREHOLDING STRUCTURE (%)



CAPITAL AND SHAREHOLDING STRUCTURE OF THE BANK (*)

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

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

CAPITAL INCREASE

In 2023, no capital increase was made.

Amendments to the Articles of Association and Reasons

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Previous Version of Articles of Association	**Türkiye Kalkınma ve Yatırım Bankası A.Ş. New Version of Articles of Association**	**Reason**
Capital Article 6. – (1) Under the Capital Market Law No. 6362, the Bank adopted the registered capital system and began to implement this system under the Capital Markets Board's permission dated February 8, 2000, and numbered 157. (2) The Bank's registered capital ceiling is TL 10,000,000,000. - (ten billion), divided into 1,000,000,000,000. - (one trillion) shares, each with a nominal value of 1.- kurus. (3) The Bank's issued capital is fully paid-up TL 2,000,000,000.- (two billion), divided into 200,000,000,000.- (two hundred billion) registered shares each with a nominal value of 1.- kurus. (4) Shares representing the capital are monitored in dematerialized form within the framework of dematerialization principles. (5) The permission for the registered capital ceiling that was granted by the Capital Markets Board is valid for the period of 2021-2025 (five years). Even if the permitted registered capital ceiling has not been reached as of the end of 2025, in order for the Board of Directors to adopt a resolution regarding a capital increase after 2025, it is mandatory to obtain permission from the Capital Markets Board for the ceiling that was previously permitted or for a new ceiling amount and to receive authorization from the General Assembly for a new time period, which shall not exceed five years. (6) In case the said authorization is not obtained, no capital increase can be made by a resolution of the Board of Directors. The Board of Directors is authorized to increase the issued capital up to the above-mentioned registered capital ceiling by issuing new shares between 2021 and 2025, whenever it deems necessary in accordance with the provisions of the Capital Markets Law, without being bound by the provisions of the Turkish Commercial Code regarding the increase of the share capital. (7) The Board of Directors is authorized to restrict the shareholders' right to purchase new shares, to issue shares above their nominal value and to sell allocated shares. The authorization to restrict the right to purchase new shares cannot be used in a way to cause inequality among shareholders.	Capital Article 6. – (1) Under the Capital Market Law No. 6362, the Bank adopted the registered capital system and began to implement this system under the Capital Markets Board's permission dated February 8, 2000, and numbered 157. (2) The Bank's registered capital ceiling is TL 10,000,000,000.- (ten billion), divided into 1,000,000,000,000.- (one trillion) shares, each with a nominal value of 1.- kurus. (3) The Bank's issued capital is fully paid-up TL 2,500,000,000.- (Two billion five hundred million), divided into 250,000,000,000.- (Two hundred fifty billion) registered shares each with a nominal value of 1.- kurus. (4) Shares representing the capital are monitored in dematerialized form within the framework of dematerialization principles. (5) The permission for the registered capital ceiling that was granted by the Capital Markets Board is valid for the period of 2021-2025 (five years). Even if the permitted registered capital ceiling has not been reached as of the end of 2025, in order for the Board of Directors to adopt a resolution regarding a capital increase after 2025, it is mandatory to obtain permission from the Capital Markets Board for the ceiling that was previously permitted or for a new ceiling amount and to receive authorization from the General Assembly for a new time period, which shall not exceed five years. (6) In case the said authorization is not obtained, no capital increase can be made by a resolution of the Board of Directors. The Board of Directors is authorized to increase the issued capital up to the above-mentioned registered capital ceiling by issuing new shares between 2021 and 2025, whenever it deems necessary in accordance with the provisions of the Capital Markets Law, without being bound by the provisions of the Turkish Commercial Code regarding the increase of the share capital. (7) The Board of Directors is authorized to restrict the shareholders' right to purchase new shares, to issue shares above their nominal value and to sell allocated shares. The authorization to restrict the right to purchase new shares cannot be used in a way to cause inequality among shareholders. The Capital article of the Articles of Association regarding the capital increase completed in 2022 was registered in 2023.	The Capital article of the Articles of Association regarding the capital increase completed in 2022 was registered in 2023.



Development and Investment Bank from Past to Present

STRONG FOUNDATIONS, STABLE STRUCTURE

ESTABLISHMENT

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

1970s

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

1980s

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

1990s

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

2000s

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

2018

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

2019

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

2020

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

2021

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

2022

- In order to increase the diversity of its funds and contribute to the sustainable growth of our country, Development and Investment Bank has added a new sustainability-themed fund from abroad and has issued its first sustainable Eurobond worth of EUR 100 million, of which French Development Agency (AFD) is an investor. At least 75% of the proceeds of the 11-year maturity issuance which is financed by the French Development Agency - AFD will be allocated to the financing of green projects contributing to the fight against climate change in Türkiye, while the remaining portion will be directed to social projects.
- As a result of the research conducted by Great Place to Work, the Bank became the first public bank to receive the Great Place to Work certificate with the evaluation of its employees.
- The Bank's first corporate governance rating study was completed, and the rating score was determined as 9.32 out of 10. This high rating indicates that the Bank is in the first group according to the World Corporate Governance Index.
- The Bank has positioned itself among the leading institutions in Türkiye with a risk rating of 11.0 in the risk rating of Sustainalytics, an international sustainability rating agency, which evaluates Environmental, Social and Governance (ESG) topics.
- In addition to the ISO 45001 Occupational Health and Safety Management System and ISO9001 Quality Management System certificates, the Bank obtained the ISO 10002 Customer Satisfaction Management System certificate, which aims to handle, evaluate, and reduce customer complaints, increase customer satisfaction, and address future customer expectations.
- The Bank complied with the ISO/IEC 27001:2013 Information Security Management System Standard, which is the only auditable international standard published by the International Organization for Standardization (ISO) that defines the requirements for information security and includes the controls that institutions and organizations must comply with in information security.
- The Bank published Türkiye's first Impact Report in line with the Operating Principles for Impact Management.
- The Small and Medium Enterprises Development Organization of Türkiye (KOSGEB) became an investor in the Technology and Innovation Fund with a commitment of TL 100 million, reaching the total size of the fund to TL 475 million.
- Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (KGSPYŞ) established the Development METU Teknokent Venture Capital Investment Fund with a size of USD 6,000,000.

2023

- EUR 100 million "Climate Finance" loan and EUR 10 million grant agreement were signed with the German Development Bank (KfW).
- EUR 5 million loan agreement was signed with the Black Sea Trade and Development Bank to finance SMEs in the earthquake region.
- The "Green 4" Loan Agreement was signed with the Japan Bank for International Cooperation (JBIC) for USD 200 million to be utilized in the fields of renewable energy and energy efficiency.
- A financing agreement of USD 100 million was signed with the Islamic Development Bank to finance food security investments, while a Term Sheet for a USD 100 million financing agreement with the International Islamic Trade Finance Corporation (ITFC).
- As a result of the analyses conducted by Great Place to Work and the evaluation of our employees, the Bank was included in the "Türkiye's Best Employers 2023 List" and became one of the institutions that received the title of "Türkiye's Best Employer."
- The Bank ranked 1st in the 250-499 employees category in the Great Place to Work - Best Workplaces for Innovation By All 2023 list.
- The Development and Investment Bank of Türkiye is the first bank to publish a Green Human Resources Policy in the Turkish finance sector, breaking new ground.
- Based on the evaluation conducted by Sustainalytics, the Bank was awarded the 'ESG Industry Top Rated' and 'ESG Regional Top Rated' titles in 2023 and took its place among the 50 banks awarded these prestigious titles.
- With a low ESG risk rating of 12.3 by Sustainalytics in its risk rating assessing Environmental, Social, and Governance (ESG) topics, the Bank has positioned itself among the leading institutions in Türkiye and successfully ranked among the top companies in Türkiye.
- Türkiye Development Fund established the TÜBİTAK BİGG Fund.

Message from the Chairman of the Board of Directors

A YEAR OF ACHIEVEMENTS AND INNOVATIONS

In 2023, the Bank achieved significant successes and implemented innovations in the field of development and investment banking.

Dear Stakeholders,

The global economy continued to slow down in 2023 due to the impact of lingering geopolitical risks and tight monetary policies, implemented to combat global inflation. The global transition to renewable energy sources accelerated and investments in clean energy sources such as solar and wind energy increased, leading to consequential steps in reducing carbon emissions and combating climate change.

In 2023, as concerns rose regarding global recession, and our country endured the disaster of the century, the Turkish economy continued to grow, supported by domestic demand. Moreover, Türkiye made significant progress in the field of energy during the year. Investments in renewable energy sources continued to rise, with solar and wind energy projects in particular gaining prominence. With investments in energy efficiency and eco-friendly technologies, Türkiye has taken strides towards achieving full energy independence and utilizing domestic energy resources more efficiently.

The assets of our Bank, which plays an active role in all areas critical to the sustainable development of our country, increased by 47.2% as of year-end 2023 year-on-year, while our operating income surged by 119%. Loans, which constitute 62.4% of our total assets, went up by 39.5% to TL 84.2 billion as of year-end 2023 year-on-year, while our year-end profit amounted to TL 4 billion. Our capital adequacy ratio stood at 16.9%.

The Bank concluded a year in which it achieved significant successes and implemented innovations in the field of development and investment banking. In financing large-scale projects, especially in the infrastructure, energy and technology sectors, we have taken important steps in the implementation of these projects. These projects, which aim to accelerate Türkiye's economic and social development, are immensely important in achieving the country's sustainable growth targets.

During 2023, the Development and Investment Bank of Türkiye took strategic steps and adopted innovative approaches, playing a vital role in financing sustainable and renewable energy projects, particularly in the energy sector. Fully supporting its sustainable future goals, and in line with its sustainable and inclusive development goals, the Bank continued to expand its cooperation opportunities with international financing institutions such as the World Bank, the Asian Infrastructure Investment Bank, the Japan Bank for International Cooperation, the China Development Bank, the Islamic Development Bank, the European Investment Bank, the German Development Bank, the Council of Europe Development Bank, the Black Sea Trade and Development Bank, and the French Development Agency.

In 2023, 14 direct investments were made under the umbrella of the Türkiye Development Fund. Thirteen of these investments were new and one was ongoing, demonstrating a successful performance in this respect.

The Development and Investment Bank of Türkiye continues to support the sustainable development of our country through its financing and advisory services. In accordance with its responsible banking approach, the Bank considers sustainability a corporate responsibility and one of its primary goals.

I extend my gratitude on behalf of myself and our Board of Directors to all our stakeholders, especially our valuable employees, who have contributed to the work and to our achievements for the sustainable success and development of our country.

Dr. Raci KAYA
Chairman of the Board of Directors



Message from the CEO

IMPORTANT ADVANCES IN THE FIELD OF DEVELOPMENT FINANCE

Our Bank continued to expand its cooperation opportunities with international financing institutions in line with its sustainable and inclusive development goals.

Dear Stakeholders,

The global economy continued to decelerate in 2023 in response to tight monetary policies implemented by central banks to combat inflation, as well as restrictive financial conditions and geopolitical risks. However, despite recession concerns, the global economy grew by 3.1% last year, as consumption in China began to normalize, and economic activity in the USA remained strong.

Despite the slowdown in global economic activity, Türkiye maintained its strong growth trend in 2023. The macroeconomic impact of the earthquake disaster in February was limited, thanks to the measures taken and, in the third quarter of 2023, the Turkish economy upheld its uninterrupted growth performance for the thirteenth consecutive quarter, with the support of domestic demand. Thanks to an economic policy focusing on the fight against inflation and supporting exports, inflation started to decline on a monthly basis in Türkiye.

In 2023, the Turkish banking sector increased its net profit by 40% year-on-year to TL 603.6 billion. As of December 2023, the sector's total assets rose by 64% year-on-year to TL 23.5 trillion, while loans, which have the largest share in total assets, went up by 54% year-on-year to TL 11.7 trillion. While the capital adequacy ratio declined by 0.6 points year-on-year, it remained at a very high level.

WE CONTINUED TO SUPPORT NATIONAL DEVELOPMENT BY RAISING OUR ASSET QUALITY

Our Bank's year-end financial indicators show that our assets grew by 47.2%, reaching TL 134.8 billion as of year-end 2023. Our loans, which accounted for 62.4% of total assets, increased by 39.5%, reaching TL 84.2 billion as of year-end 2023. The ratio of gross non-performing loans to total loans, an important indicator of asset quality, was 1% at the end of 2023, down 0.5 points compared to the end of the previous year. The Bank's capital adequacy ratio, at 16.7% in December 2022, reached 16.9% as of December 2023.

WE EXTENDED OUR SCOPE OF INFLUENCE, SPEED AND VOLUME IN EXTERNAL FUND-RAISING

In the field of development financing, our Bank made significant advances in 2023. In line with its sustainable and inclusive development goals, the Bank expanded its cooperation opportunities with international financing institutions such as the World Bank, the Asian Infrastructure Investment Bank, the Japan Bank for International Cooperation, the China Development Bank, the Islamic Development Bank, the European Investment Bank, the German Development Bank, the Council of Europe Development Bank, the Black Sea Trade and Development Bank, and the French Development Agency, and concluded various financing agreements in fields such as renewable energy and environmental investments, energy efficiency, climate, food security, SMEs and employment. Our Bank accelerated its pace in raising funds from development finance institutions between 2019 and 2023, bringing 40% of the resources it has raised since its establishment into our country in the last five years.



200

USD MILLION

"Green 4" Loan Agreement with the Japan Bank for International Cooperation (JBIC)

Message from the CEO

We established Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. to establish and manage venture capital funds.

In 2023, we continued our activities in this regard, signing a Climate Finance loan agreement of EUR 100 million and a grant agreement of EUR 10 million with the German Development Bank (KfW); a loan agreement with the Black Sea Trade and Development Bank for SMEs in the earthquake region; a "Green 4" loan agreement of USD 200 million with the Japan Bank for International Cooperation (JBIC), to be used in the fields of renewable energy and energy efficiency; a financing agreement of USD 100 million with the Islamic Development Bank, to be used in financing food security investments; and a Term Sheet for a USD 100 million financing agreement with the International Islamic Trade Finance Corporation (ITFC).

WE ASSUMED KEY ROLES IN EVERY BRANCH OF INVESTMENT BANKING

While playing a leading role in helping businesses access domestic and international funding sources through mergers and acquisitions, capital market products and financial advisory services, the Bank provided support to institutions and businesses operating in various fields within the scope of technical advisory services. In 2023, we provided financial advisory services to the Republic of Türkiye Ministry of Treasury and Finance, Privatization Administration in two projects related to the privatization of certain power plants and ports owned by EÜAŞ (Electricity Generation Corporation of Türkiye) and played a leading role in mergers and acquisitions for 12 private sector projects.

In the field of investment banking, our Bank has undertaken various advisory roles in order to contribute to the development of the venture ecosystem and backed initiatives that serve sustainable development goals in their search for investors. In the international arena, we continued our support for the development of unicorns in our country that serve the United Nations Sustainable Development Goals. We continued to support sustainable development in all aspects by providing financial consultancy to companies that will contribute to circular economy goals and climate action. In 2023, our Bank provided support to the major players operating in the fields of energy, defence and chemistry in preparing feasibility reports and receiving incentives for their strategic investments worth approximately TL 15 billion.

WE CONTINUED TO BE A BRIDGE BETWEEN CAPITAL MARKETS AND THE REAL ECONOMY

In 2023, we intermediated the IPOs of Büyük Şefler Gıda Tur. Teks. Danış., Org. Eğt. San. ve Tic. A.Ş. (Big Chefs), worth TL 832.5 million; and Meka Beton Santralleri İmalat San. ve Tic. A.Ş., worth TL 422.5 million. In the field of capital markets, we acted as an intermediary for the sukuk issuances of fund users Tarfin, worth TL 370 million; Biotrend, worth TL 100 million; Tarım Kredi Tedarik, worth TL 150 million; Carrefoursa, worth TL 440 million; and Altınmarka, worth TL 50 million. We acted as an intermediary for Tiryaki Agro in raising a total of TL 1.25 billion in financing from capital markets through bond issuances.

To improve and diversify the investor base, we promoted sukuk products to our investors and supported them in accessing financing. As has been the case to date, we will continue our efforts to ensure the widespread use of capital market products in our country and to deepen capital markets.

THE TÜRKİYE DEVELOPMENT FUND (TDF) HAS AN EXTRAORDINARY IMPACT ON THE VENTURE ECOSYSTEM

The TDF, established by the Development and Investment Bank of Türkiye in 2019, performed successfully in 2023, making a total of 14 direct investments, including one follow-on investment and 13 new investments. The Fund established the TÜBİTAK BİGG Fund in cooperation with TÜBİTAK as its seventh sub-fund in 2023, with an initial closing size of USD 8 million, and increased its managed resource size to TL 2.2 billion.

Through its various sub-funds, the Türkiye Development Fund has made significant investments. It invested in Appsilon Enterprise, which produces diamonds in a laboratory environment, and in 3D printer manufacturer Zaxe, as well as an initial investment in digital marketing company Wask, and a follow-on investment in Virasoft, which provides services in the field of digital pathology. In addition, the TDF has invested in cybersecurity company DefensX; productive artificial intelligence company Syntonym; gaming companies Clay Token & Veloxia; and GesundAI, which offers AI-powered clinical validation, through Invest101. Investments were made in Beam Technology, a cybersecurity company; Simularge, which offers industrial digital solutions; Eatron Technologies, a battery management system developer; Fazla, which provides resource management services; and Ödeal, which offers both physical and digital POS solutions.

With these investments in 2023, the Türkiye Development Fund's direct investments in the venture ecosystem reached TL 300 million, up 167% compared to 2022. The resources previously provided by TÜBİTAK as grants under the Individual Young Initiative (BIGG) program will now be transformed into investments through the TÜBİTAK BİGG Fund established by the Türkiye Development Fund and TÜBİTAK. The Türkiye Development Fund will continue to support new-generation initiatives and venture capital funds in the coming periods.

WE ACCOMPANY OUR COUNTRY'S JOURNEY TOWARD SUSTAINABLE DEVELOPMENT

In 2023, we implemented many valuable projects that will contribute to our country's sustainable development and Net Zero journey. As of year-end 2023, 87% of our loan portfolio consisted of sustainability-themed loans. Last year, we directly or indirectly contributed to 15 of the 17 Sustainable Development Goals through the loans we extended for this purpose. Greenhouse gas emissions from our loan portfolio for 2022 were calculated using the PCAF methodology, and the entire portfolio underwent an independent verification process.

By purchasing I-REC certificates in 2023, our Bank brought its Scope-2 emissions to zero in 2022. As of year-end 2023, the Bank financed 6% of Türkiye's renewable energy share and contributed to 4.3 million tons of CO_2 emission reductions with these projects.

In the evaluation of 15 thousand institutions worldwide conducted by Sustainalytics, the leading international rating agency in the field of sustainability, our Bank was on the Most Admired ESG Companies of 2023 with the title of "ESG Industry Top Rated" and "ESG Regional Top Rated" for our Environmental, Social and Governance (ESG) practices and low-risk rating.

In 2023, the Bank successfully completed the 14001 Environmental Management System surveillance audit with zero nonconformities. We closely followed all innovations and developments in the field of sustainability and strengthened our relations with relevant resource organizations Through the KfW Technical Assistance Project, efforts to strengthen our Environmental Social Risk Assessment practices continued, and significant efforts were made to develop a Gender Equality Risk Assessment Tool through the AFD sponsored Technical Assistance Program provided by The Frankfurt School of Finance.

The wide-scale and diverse sustainability activities we carry out with our stakeholders attest to the Bank's commitment to environmental and social responsibility, to its leadership in this area, and to the fact that it is one of the most important actors in the sustainable development of our country.

SUCCESSFUL WORKS RECOGNIZED WITH INTERNATIONAL AWARDS

Last year, our Bank won valuable awards both nationally and internationally. We were recognized with the "Best Green Project Financing Bank - Türkiye 2023" and "Best Sukuk Issuer - Türkiye 2023" awards in two different categories by International Finance for Türkiye's first social sukuk issuance; the "Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Central & Eastern Europe" award at the Sustainable Financing Awards 2023; the "Green Technological Transformation" award at the Global Sustainable Finance Awards 2023; the "Highest Issuance" award in Equity Issuance Intermediation at the 8th TSPB Golden Bull Awards organized by the Turkish Capital Markets Association; and the "Best Environmental Social Governance Oriented Development Bank" award at the IJGlobal ESG Awards. We became the first public bank in Türkiye to receive the Great Place to Work Certificate and were deemed worthy of the "Türkiye's Best Employer" award. We also ranked first in the 250-499 employee category in the "Best Workplaces for Innovation By All™" list.

Due to our efforts in the field of corporate governance in accordance with the CMB's Corporate Governance Principles, our Bank received a high score of 9.40 out of 10 in the annual corporate governance rating study, conducted for the second time this year. We also published a Green Human Resources Policy, a first in the Turkish finance sector.

In 2023, we donated TL 100 million to AFAD to support our citizens in the earthquake region. In addition to the Goodness Charity Bazaar, organized to collect donations for children in the region, we contributed to the planet by donating 1,505 saplings and created social impact with our support to the KAÇUV Hope Café.

WE ARE THE HALF-CENTURY DEVELOPMENT BANK OF OUR 100-YEAR-OLD REPUBLIC

In unity with our country and fellow citizens, the Bank celebrated the 100th anniversary of our Republic with great pride and enthusiasm. With strength derived from our century-old Republic and our nearly half a century of experience, we supported the sustainable development of our country this year, as we have throughout our entire history, with high value-added projects. On November 27, 2023, the anniversary of the establishment of our Bank, we visited the Anıtkabir and Atatürk, together with our employees. We contributed to the creation of the 100th Anniversary Republican Forests with saplings to ensure "Breath for the Future, Breath for the Republic."

As Türkiye's half-century-old Development Bank, we will continue to support our country's sustainable growth and development at full speed, undertaking a range of projects in the second century of our Republic. I would like to extend my gratitude to the Ministry of Treasury and Finance of the Republic of Türkiye, to our Board of Directors, to all members of the Development and Investment Bank Family, and to our stakeholders, who have contributed significantly in every step we have taken since the Bank's establishment.

Best regards,

İbrahim H. ÖZTOP
CEO and Member of the Board of Directors

THE VISION OF ADDING VALUE TO TÜRKİYE'S FUTURE

CAR*

16.9%

The Development and Investment Bank continued its successful performance in 2023 with a capital adequacy ratio of 16.9%.

** Capital adequacy ratio*

STRONG SUPPORT TO THE ECONOMY

SHAREHOLDERS' EQUITY

TL 10.9 BILLION

In 2023, the Development and Investment Bank continued to support the Turkish economy with the strength it derived from its shareholders' equity, which increased by 59% year-on-year to TL 10.9 billion.

SUCCESSFUL FINANCIAL PERFORMANCE

ASSET SIZE

TL 134.8 BILLION

In 2023, the Bank concluded the year successfully with its assets reaching TL 134.8 billion, up 47% year-on-year.



PRIORITIZED SUPPORT TO STRATEGIC SECTORS

MANAGED FUND SIZE

TL 2.2 BILLION

We manage 7 Funds of TL 2.2 billion under the umbrella of the Türkiye Development Fund.



139% INCREASE IN NET PROFIT

NET PROFIT

TL 4,043 MILLION

In 2023, the Development and Investment Bank continued its successful performance and increased its net profit by 139% year-on-year to TL 4,043 million.

Developments and Expectations in the World Economy in 2023

EXPECTATIONS FOR A FALL IN INFLATION

World trade volume is expected to grow by 0.2% in 2023.

Rising demand and the climb in energy prices due to the expansionary policies initiated during the pandemic period drove an increase in global inflation. Global economic activity continued to slow down in 2023 in response to the tight monetary policies implemented by the central banks of developed countries in the fight against demand inflation and heightened geopolitical risks. Thanks to the normalization of consumer spending in China and strong growth in the USA, the global economy averted a recession and grew by 3.1% year-on-year.

Despite global inflation remaining higher than the historical averages, the adoption of a restrictive monetary policy stance has resulted in disinflation and the anchoring of expectations. Thus, a monetary easing trend is expected to start in 2024, especially in advanced economies. However, the ongoing Russia-Ukraine war, developments in the Middle East, and the fluctuating course of commodity prices, particularly oil prices, continue to pose an upside risk to global inflation. As such, central banks of advanced economies are expected to be cautious in timing interest rate cuts.

Having increased by 5.6% in 2022, world trade volume is estimated to have grown by 0.2% in 2023, a result of factors such as the slowdown in global activity, tight financial conditions, geopolitical tensions, and climate change. While prices of agricultural products rose due to extreme climate events and disruptions in supply chains, the failure of the Chinese economy to achieve the expected acceleration led to a decline in base metal commodities.

The ratio of global public debt stock to domestic income, which started to slide after the pandemic, was 95.9% at the end of 2022, and then rose slightly due to climate change and strategic investments, reaching 97% at the end of the third quarter of 2023.

The global economy is projected to grow by 3.1% in 2024, achieving the previous year's growth performance. However, as inflationary risks are still present, geopolitical tensions, along with ongoing tight monetary policies in advanced economies, are likely to have a slackening effect on global growth in 2024.

3.1%

2023 Global Growth Rate



MAIN INDICATORS REGARDING THE WORLD ECONOMY

	2022	2023	2024
Global Growth Rate (%)	3.5	3.1	3.1
Developed Countries Growth Rate (%)	2.6	1.6	1.5
Developing Countries Growth Rate (%)	4.1	4.1	4.1
Global Trade Volumes (% change)	5.2	0.4	3.3
Oil Prices (Dollar, Barrel) (% change)	39.2	-16	-2.3
Global Inflation (%)	8.7	6.8	5.8

(*) Source: IMF World Economic Outlook, January 2024

The global economy is expected to grow by 3.1% in 2024, achieving the previous year's growth performance.

Developments and Expectations in the Turkish Economy

SUPPORTIVE ECONOMIC POLICIES

The Turkish economy maintained its growth trend, a positive divergence from its peer countries.

Despite the devastating earthquake in February 2023 and growing concerns of recession in the global economy, the Turkish economy diverged in a positive direction from its peer countries, maintaining its growth trend.

The contractionary impact of the earthquake on economic activity was swiftly mitigated by supportive economic policies and the rapid start of reconstruction efforts. With robust support from domestic demand, the Turkish economy is estimated to have grown in line with the target of 4.4% in 2023.

In the last quarter of the year, despite escalating geopolitical risks, the tight economic policies of our major trading partners, and recession expectations, as well as the earthquake's impact on exporting regions, exports remained resilient, increasing by 0.6% year-on-year to USD 255.8 billion. Imports, on the other hand, decreased by 0.5% to USD 361.8 billion. Foreign trade deficit narrowed by 3.2% year-on-year to USD 105.9 billion, thanks to export-supporting policies.

In 2023, the prices of food, services and precious metals rose, while the prices of energy and base metal commodities fell, due to factors such as the deterioration and partial recovery in global supply chains; supply shortages, especially in agricultural commodities, due to extreme climate events; the Chinese economy experiencing a slower-than-expected recovery; and the tight monetary policies adopted in developed economies to combat inflation. Accordingly, the close of 2023 saw annual consumer inflation at 64.8%, while producer inflation stood at 44.2%. Due to the tight monetary stance and the disinflationary policies in place, inflation is expected to decline significantly, especially in the second half of 2024.

4.4%

Türkiye's Economic Growth Rate in 2023



MAIN INDICATORS REGARDING THE ECONOMY OF TÜRKİYE

	2022	2023	2024 (1)
Growth Rate (%)	5.5	4.4 (1)	4.0
Foreign Trade Balance (USD billion)	-109.5	-105.9*	-105.8
Current Account Balance (USD billion)	-48.4	-42.5 (1)	-34.7
Current Account Balance/GDP (%)	-5.3	-4.0 (1)	-3.1
Travel Income (USD billion)	41.4	49.0 (1)	52.5
Consumer Prices Change (%)	64.3	64.8*	33.0
Unemployment Rate (%)	10.4	10.1 (1)	10.3

** Realization*
(1) Mid-Term Program

Source: Mid-Term Program 2024-2026

Annual consumer inflation concluded 2023 at 64.8%, while producer inflation stood at 44.2%.

Sectoral Position of the Development and Investment Bank

LEADING AND SUCCESSFUL POSITION IN THE SECTOR

The average return on assets of the Development and Investment Bank rose to 3.6% in 2023.

The asset size of the Turkish banking sector increased by 64% year-on-year to TL 23.5 trillion in December 2023. Global monetary policy implementations and inflation developments have been influential in the developments in the sector.

LOANS CONTINUED TO CONSTITUTE THE LARGEST ITEM ON THE BALANCE SHEET

As of December 31, 2023, total loans accounted for 49.6% of total assets, making up the biggest item on Turkish banks' balance sheet. The industry's loan stock expanded by 54% compared to the end of 2022, corresponding to approximately TL 11.7 trillion. The loan volume of the Development and Investment Banks (DIB) Group increased by 67% year-on-year. The Bank's loan stock increased by 39% year-on-year to TL 84.2 billion in 2023.

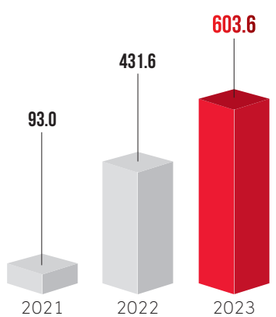
The loan/asset ratio of the Development and Investment Banks, which stood at 59% at the end of 2022, stood at 60% at the end of 2023. The loan-to-asset ratio of the Development and Investment Bank was 62%, similar to that of the Development and Investment Banks Group.

The banking sector's gross non-performing loans ratio, which was 2.1% in 2022, declined to 1.6% at the end of 2023.

The gross non-performing loans ratio of the Development and Investment Banks Group decreased from 0.9% in December 2022 to 0.7% as of December 2023. The Bank's gross non-performing loans ratio was 1.0% as of December 2023.

The net profit of the banking sector for 2023 increased by 39.9% compared to the previous year and reached TL 604 billion. Meanwhile, the net interest income of the industry decreased by 6.0% to TL 718 billion compared to 2022. In 2023, the sector posted a net foreign exchange profit of TL 124 billion, compared to a foreign exchange loss of TL 64 billion in 2022. The sector's return on assets, which was 3.7% in 2022, declined to 3.2% in December 2023.

BANKING SECTOR NET PROFIT (TL BILLION)



Development and Investment Banks Group increased its net profit for the period by 87.6%. The return on assets of the DIB Group increased from 3.0% to 3.9% at the end of 2023 year-on-year. The 2023 average return on assets of the Bank increased to 3.6% from 2.4% year-on-year.

THE DEVELOPMENT AND INVESTMENT BANK'S CAPITAL ADEQUACY RATIO WAS 16.9%

The Bank's capital adequacy ratio remained significantly above the legal limit of 12% with 16.9% in 2023.

16.9%

Capital Adequacy Ratio



Evaluation of 2023 Activities and 2024 Targets

DIGITIZATION AND QUALITY-ORIENTED PROJECTS

Supporting the green transformation process of our country in the second century of our Republic and strengthening the ecosystem that shall enable the development of green financing are among the Bank's goals.

In 2023, in line with its core strategies, Development and Investment Bank continued to create lasting value for the investors with whom it is a solution partner and to support sustainable development with a responsible banking approach. The Bank's team of professionals and many years of banking industry know-how allow it to contribute to sustainable development and structural transformation of Türkiye as well as expansion of wealth to a wider base in the areas such as:

- Access to international funds,
- Project evaluation and financing,
- Conducting feasibility studies for investment projects,
- Business valuation and appraisals,
- Grant programs,
- International technical cooperation,
- Extension of advance loans against investment undertakings provided by CBRT,
- Pioneering the Risk Sharing Mechanism,
- Investment banking services, and
- Developing innovative capital market products,
- Adopting a sustainable development and responsible banking mindset in operations,
- Services of the Development Fund of Türkiye

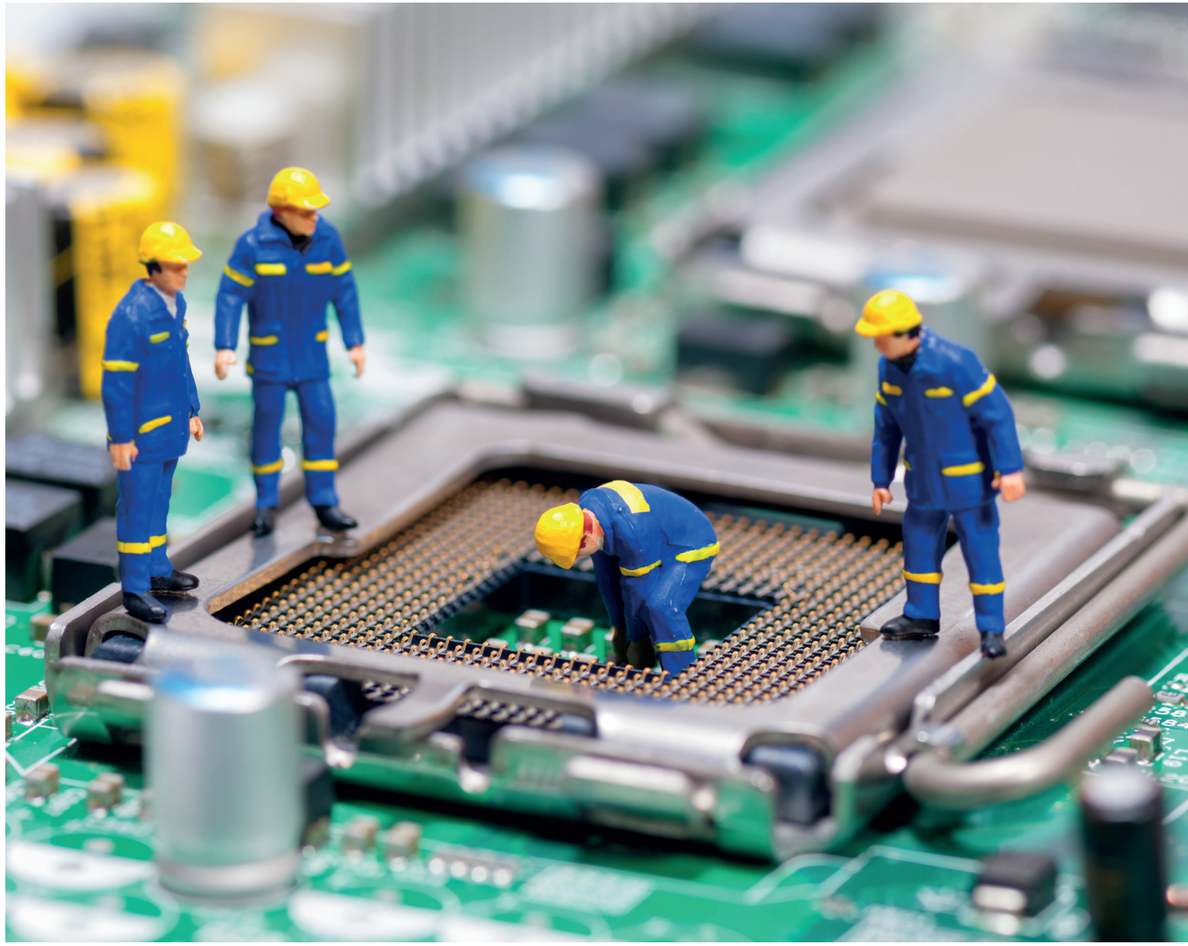
by providing loans, capital support, investment banking services, partnerships, equity finance, and advisory services for the Turkish investors and, business world.

The Bank's goals include the following;

- To act with the responsibility and awareness of being the development finance institution of our country, to be the bank that brings the most long-term resources to Türkiye and offers them to investors among the international development finance institutions with which it has been in contact for many years in 2024,
- To continue to be the first point of contact for investors in financing projects that have an "impact" on the development of our country (reducing the current account deficit, increasing exports, enhancing our production capacity, creating new employment opportunities, etc.) in parallel with previous periods,
- To develop new financing methods and programs for financing development collaboration activities as part of development banking activities,
- To increase SMEs' access to finance through thematic loans extended directly to banks and leasing companies through wholesale banking method and by providing financing to fintechs,

TL 300 MILLION

Direct Investment in Entrepreneurship Ecosystem



- To produce financial solutions in many different areas, especially domestic and climate-friendly projects, to support the green transformation process of our country in the second century of our Republic, and to strengthen the ecosystem that shall enable the development of green finance with the vision of "Becoming Türkiye's Climate Bank" in 2024,
- To support businesses in developing their financial capacities through innovative and investment-first banking activities and to develop and deepen capital markets with innovative products,
- To contribute to the development of the venture ecosystem by investing in technology-oriented new generation ventures and to support SMEs' access to finance,
- To play a leading role in developing the impact investment ecosystem and increasing impact investments,
- To increase the total assets managed by the asset management company and establish new funds,
- To further mediate the foreign trade transactions of the companies we provide financing support to through our ever-expanding correspondent banking network.

In 2024, the Bank shall continue to add new products and services to its existing products and services, focusing on digitalization and quality to achieve its financial and operational targets.

Evaluation of 2023 Activities and 2024 Targets

TÜRKİYE DEVELOPMENT FUND INVESTMENTS CONTINUE

Türkiye Development Fund's direct investment in the venture ecosystem in 2023 increased by 167% compared to 2022, reaching TL 300 million.

2023 ACTIVITY PERIOD HIGHLIGHTS

- Türkiye Development Fund, established by the Development and Investment Bank of Türkiye in 2019, was very active in 2023, making a total of 14 direct investments, including 13 new investments and 1 follow-on investment. With the establishment of the TÜBİTAK BİGG Fund with TÜBİTAK as the seventh sub-fund of the Fund, having an initial closing size of USD 8 million, the managed resource size increased to TL 2.2 billion.
- Türkiye Development Fund's direct investment in the venture ecosystem in 2023 increased by 167% compared to 2022, reaching TL 300 million.
- EUR 100 million "Climate Finance" loan and EUR 10 million grant agreement were signed with the German Development Bank (KfW).
- EUR 5 million loan agreement was signed with the Black Sea Trade and Development Bank to finance SMEs in the earthquake region.
- The "Green 4" Loan Agreement was signed with the Japan Bank for International Cooperation (JBIC) for USD 200 million to be utilized in the fields of renewable energy and energy efficiency.
- A financing agreement of USD 100 million was signed with the Islamic Development Bank to finance food security investments, while a Term Sheet for a USD 100 million financing agreement with the International Islamic Trade Finance Corporation (ITFC).
- Under the climate finance themed loan from the German Development Bank (KfW), a grant of EUR 10 million was also received. It is planned that the grant shall be used to finance new technology investments to be made by the borrowers.
- Tarfin's sukuk issuance of TL 50,000,000, with a maturity period of 253 days, was facilitated.
- Tarfin's sukuk issuance of TL 50,000,000, with a maturity period of 234 days, was facilitated.
- Tarfin's sukuk issuance of TL 70,000,000, with a maturity period of 91 days, was facilitated.
- Tarfin's sukuk issuance of TL 200,000,000, with a maturity period of 348 days, was facilitated.
- Altınmarka's sukuk issuance of TL 50,000,000, with a maturity period of 177 days, was facilitated.
- Biotrend's sustainable sukuk issuance of TL 60,000,000, with a maturity period of 91 days, was facilitated.
- Biotrend's sustainable sukuk issuance of TL 40,000,000, with a maturity period of 84 days, was facilitated.
- Tarım Kredi Tedarik's sukuk issuance of TL 150,000,000, with a maturity period of 178 days, was facilitated.
- Carrefoursa's sukuk issuance of TL 250,000,000, with a maturity period of 179 days, was facilitated.
- Carrefoursa's sukuk issuance of TL 190,000,000, with a maturity period of 364 days, was facilitated.
- Tiryaki Agro's bond issuance of TL 500,000,000, with a maturity of 179 days, was facilitated.
- Tiryaki Agro's bond issuance of TL 380,000,000, with a maturity of 175 days, was facilitated.
- Tiryaki Agro's bond issuance of TL 370,000,000, with a maturity of 180 days, was facilitated.
- The IPO of Big Chefs' shares worth TL 832,500,000, for which book-building was held on May 3-4-5, was carried out.
- The Development and Investment Bank of Türkiye became the first state-owned bank to receive the Great Place to Work Certificate.



- The Bank was listed in the "Türkiye's Best Employers 2023 List" consisting of companies that make a difference in employee experience and was named "Türkiye's Best Employer."
- The Bank ranked first in the Best Workplaces for Innovation By All™2023 list in the 250-499 employees category.
- Based on the evaluation conducted by Sustainalytics, the Bank was awarded the "ESG Industry Top Rated" and "ESG Regional Top Rated" titles in 2023 and took its place among the 50 banks awarded these prestigious titles.
- With a low ESG risk rating of 12.3 by Sustainalytics in its risk rating assessing Environmental, Social, and Governance (ESG) topics, the Bank has positioned itself among the leading institutions in Türkiye and successfully ranked among the top companies in Türkiye.
- The Bank achieved success by concluding the process with zero non-compliance in the 14001 Environmental Management System surveillance audit it underwent in 2023.
- The Bank received the Türkiye Low Carbon Hero award at the VIII. Istanbul Carbon Summit.
- The Bank received an award in the "Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Central and Eastern Europe" category at the Global Sustainable Finance Awards.
- The Bank received an award in the "Outstanding Sustainable Project Financing" category at the Global Sustainable Finance Awards.
- In 2023, I-REC certificate was received and Scope-2 emissions for 2022 were zeroed.
- With KfW Technical Assistance, efforts to strengthen "Environmental Social Risk Assessment" practices continued.
- With the technical assistance of AFD-Frankfurt School of Finance, we continued to work on the development of a "Gender Equality Risk Assessment Tool."
- The Development and Investment Bank of Türkiye became the first bank to publish a Green Human Resources Policy in the Turkish finance sector, breaking new ground.
- In 2023, the Bank organized trainings on 290 different topics, with an average of 54 hours of training per person
- Within the scope of social responsibility activities;
  - o A Goodness Charity Bazaar was organized and the proceeds were donated to the children in the earthquake region through the Darüşşafaka Association.
  - o As part of the Income Generating Sapling Project, 1,505 saplings were donated.
  - o Kaçuv Hope Café was hosted in the Company garden and children with cancer and their families were supported.
  - o 20 employees of the Development and Investment Bank of Türkiye participated in the Istanbul Marathon and collected donations for the benefit of Darüşşafaka.

1,505

Saplings

Evaluation of 2023 Activities and 2024 Targets

NEW LOAN AND FUND RAISING EFFORTS

DEVELOPING AND MONITORING FUNDING SOURCES

The Bank is intensifying its efforts to secure funding for Türkiye from international financial institutions, with a focus on supporting strategically significant areas.

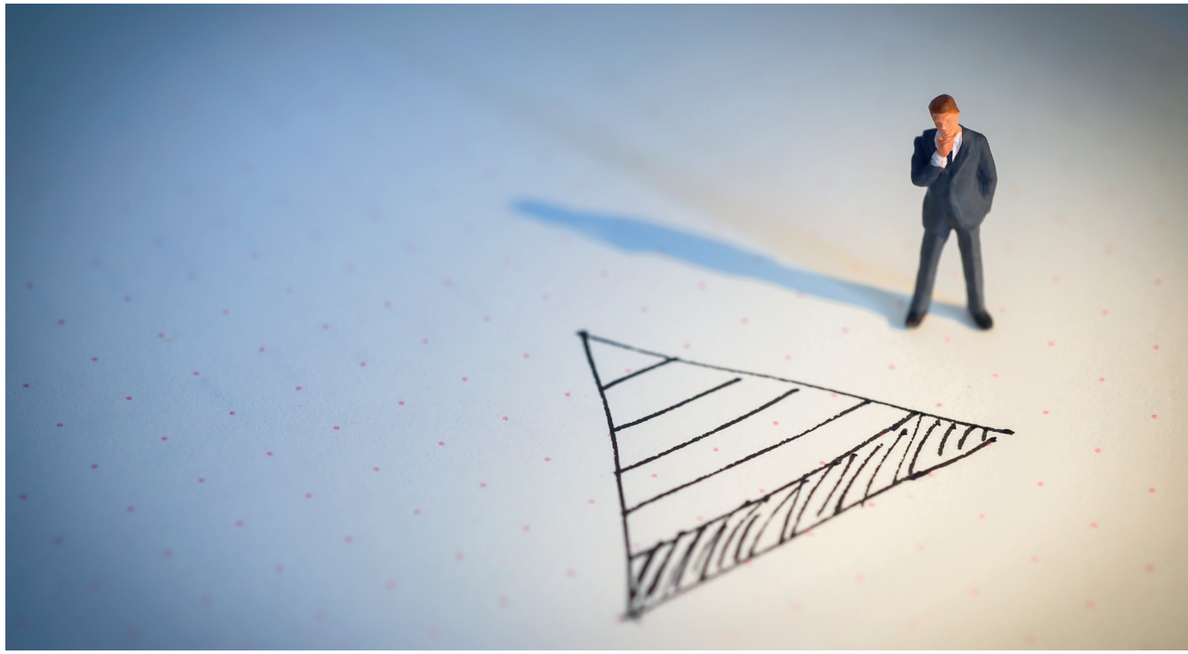
Equity
As of year-end 2023, the paid-in capital of the Development and Investment Bank of Türkiye was TL 2.5 billion and total shareholders' equity was TL 10.9 billion.

Liabilities
Within the framework of Türkiye's Five-Year Development Plan, the Bank continued to increase its efforts to secure funds for the country from international financial institutions, focusing on supporting strategically significant areas.

In addition to increasing the total amount of funds raised, the focus has been placed on diversifying the funding themes and adding new funding organizations.

Funds obtained from international financial institutions and extended to investor companies throughout 2023 were as follows:

In addition to new loans from the Japan Bank for International Cooperation (JBIC), the Black Sea Trade and Development Bank (BSTDB), the Islamic Development Bank (IsDB) and the German Development Bank (KfW), in 2023, a grant agreement of EUR 10 million was signed with KfW to support the use of new technologies in renewable energy, and a Term Sheet was signed with the International Islamic Trade Finance Corporation (ITFC) to finance trade in food security.



Resources Provided in 2023/Loan Agreements
Funds obtained from international financial institutions and extended to investor companies throughout 2023 are as follows:

- A EUR 100 million "Climate Finance" loan and a EUR 10 million grant agreement signed with the German Development Bank (KfW),
- A EUR 5 million loan agreement signed with the Black Sea Trade and Development Bank (BSTDB) to finance SMEs in the earthquake region,
- The "Green 4" Loan Agreement signed with the Japan Bank for International Cooperation (JBIC) for USD 200 million to be utilized in the fields of renewable energy and energy efficiency,
- Financing agreement signed with the Islamic Development Bank (IsDB) for USD 100 million to be used in financing food security investments,
- Term Sheet for a financing agreement of USD 100 million signed with the International Islamic Trade Finance Corporation (ITFC).

In 2024, the Bank will continue to increase its relations with international development finance institutions in order to raise new funds in line with the Türkiye Development Plan. Negotiations with these institutions for new loans and fund raising will continue.

EUR 10 MILLION
KfW Grant Agreement

Evaluation of 2023 Activities and 2024 Targets

SUPPORTING ACCESS TO THE LABOUR MARKET

PROJECT MANAGEMENT ACTIVITIES

In the financial project carried out within the framework of the protocol signed between the COMCEC Coordination Office and the Bank, 19 projects were completed in the 2023 implementation period.

World Bank FRIT-II Funded Formal Employment Creation Grant Programme Activities
The Formal Employment Creation Project aims to support increasing the employability and access to the labour market of Turkish citizens and refugees.

Within the scope of the work carried out by the Development Cooperation and Wholesale Banking Unit with a project cycle management approach, the Project Implementation Guide approved by the World Bank was prepared, and the planning and call for project proposals processes of the Kayist Grant Programme were completed. The technical and financial evaluation process has been completed for the grant applications that passed the preliminary review, independent assessment, and evaluation committee stages. After the World Bank's first approval was obtained for the list consisting of primary and reserve candidates, the environmental and social assessment processes were completed and the World Bank's second approval for the final list was obtained and announced in December 2023. Out of the 1,145 applications received for the Grant Scheme amounting to EUR 107.1 million, more than EUR 70 million worth of applications were considered successful at the end of the administrative eligibility, technical and financial assessment, and environmental and social assessment processes. The agreement signing process with the grant beneficiary companies is planned to be completed in the first quarter of 2024.

Within the scope of the Grant Scheme, institutional capacity-building activities for the Bank and a part of the capacity-building assistance trainings for grant beneficiaries are planned to be carried out in 2024.

In the process of receiving and evaluating applications within the scope of the implementation of the project, the digital Kayist Grant Management Platform, designed with the Information Technologies Application Development Unit, is used.

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

The relevant Organizations of the OIC operating in the field of economic and commercial cooperation and the public institutions of the COMCEC Member Countries which are members of the relevant Working Group can apply for projects. The projects can be designed in one of the six different areas of cooperation (Financial Cooperation, Agriculture, Trade, Tourism, Transport and Communication, Poverty Alleviation) in line with the sectoral themes adopted by the CCO and published on its website.



In the financial project carried out within the framework of the protocol signed between the COMCEC Coordination Office and the Bank, out of a total of 23 projects with 12 countries and 2 OIC institutions, including 7 projects in Trade, 4 projects in Agriculture, 4 projects in Transport, 4 projects in Tourism, 3 projects in Poverty Alleviation, and 1 project in Financial Cooperation, to be financed in the implementation period of 2023, 2 projects the agreement processes of which were completed on time were cancelled; agreements with 21 project owners were signed, and 19 projects were completed. It is expected that the payments of 2 projects, for which financial reporting and payment processes are ongoing, shall be completed in 2024.

TECHNICAL ASSISTANCE ACTIVITIES

World Bank Formal Employment Creation Project
Procurement activities are underway with a budget of EUR 6.6 million for the activities carried out under the "Technical and Institutional Support" component of the Formal Employment Creation Project.

In 2023, the procurement process related to the environmental and social assessment, monitoring, and training services for sub-project implementations of Intermediary Financial Institutions was completed and the agreement with the consultant was signed in the second quarter of 2023. In 2023, the consulting firm provided trainings on environmental and social assessment of sub-loans of Intermediary Financial Institutions as well as institutional capacity building for intermediary institutions.

World Bank's Emergency Firm Support Project and Asian Infrastructure Investment Bank's Covid-19 Project
An agreement was signed with a consultancy company to procure consultancy services to improve the environmental and social assessment and monitoring activities of the Intermediary Financial Institutions, which are the implementing institutions of the loan under the project.

AFD- French Development Agency - Gender Equality Technical Assistance Program
The Bank received technical assistance under the "Gender Equality Technical Assistance Program" from the French Development Agency, which financed the sustainable bonds issued by the Bank. This 3-year program aims to define a gender strategy to be implemented in the Bank's internal practices and operations with its clients, and to establish a project evaluation system that aligns with the OECD Development Assistance Committee classification in terms of gender impact. In this context, a comprehensive analysis of the Bank's internal and external practices regarding its commitment to gender equality was conducted by the Frankfurt School of Finance & Management, the Technical Assistance Consultant.

WHOLESALE BANKING LENDING (APEX) ACTIVITIES

World Bank Formal Employment Creation Project Wholesale Banking Component (Formal Employment Creation Project)
Intermediary Financial Institution (IFI) Agreements were signed with 6 financial leasing companies for EUR 190 million, the Apex loan component of the Formal Employment Creation Project carried out with the World Bank, which is intended to be disbursed through the wholesale banking method, and the entire loan was disbursed. Disbursements under the agreements are ongoing.

Evaluation of 2023 Activities and 2024 Targets

RISK SHARING MECHANISM THIRD ROUND IMPLEMENTATION APPLICATIONS

Beneficiary Agreements were signed for two projects approved by the World Bank.

World Bank Emergency Firm Support Project Wholesale Banking Component
In order to meet the working capital and investment needs of SMEs affected by the COVID-19 pandemic, the entire USD 250 million Emergency Firm Support Project provided by the World Bank is being disbursed through the wholesale banking method. Agreements were signed with three financial leasing companies and two banks approved by the World Bank. All funds have been allocated and disbursements to intermediary institutions are ongoing.

Asian Infrastructure Investment Bank Covid-19 Project Wholesale Banking Component
An Intermediary Financial Institution (IFI) Agreement was signed with a commercial bank for the USD 30 million Apex loan component of the USD 300 million Covid-19 Project with the Asian Infrastructure Investment Bank, and the entire amount was disbursed in 2023.

RSM PROJECT

The Risk Sharing Mechanism (RSM) is a component of the Türkiye Geothermal Development Project signed by the Development and Investment Bank with the World Bank on 30 November 2016.

The objective of the project is to contribute to the utilization of the country's geothermal potential by partially covering the geothermal risks of geothermal energy investors in well drilling activities for resource identification. With the contribution provided from the Clean Technology Fund (CTF) for the project, 40% or 60% of the well expenditures shall be paid in case of failure of the boreholes within the scope. If boreholes prove to be successful, a 5% success premium shall be charged to investors. The coverage rate is 40% for Manisa, Aydın and Denizli provinces, except for some districts, and 60% for the other districts of these provinces and all other provinces.

Within the scope of the project, the programme is introduced, applications of the companies planning to benefit from risk sharing are received and pre-evaluated. Geothermal resource survey reports, business plans, drilling and testing programmes, environmental, social and governance assessment reports and management plans of the selected companies are checked.

A work-flow is followed in the form of monitoring the projects whose success criteria are determined and agreements are signed during the drilling period, evaluation of drilling and test reports,



evaluation according to the success criteria when the well is completed and preparation of the final report. In addition, success premiums are collected for successful projects and risk sharing fees are paid for unsuccessful projects. The Development and Investment Bank is responsible for the execution, supervision, and follow-up of all these activities within the scope of the project. Technical support during implementation is provided by the RSM consultant selected through an international tender.

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

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

Negotiation meetings were completed for the first 10 projects with the highest score among the 14 projects shortlisted for the RSM second round. As a result of the negotiation meetings, success criteria were determined for four projects. For three of the four projects for which success criteria were determined, environmental, social, and governance management plans and all related documentation preparation works were completed, and World Bank approval was obtained. For the remaining project, the related documentation preparation works are ongoing.

Beneficiary Agreements were signed for two projects approved by the World Bank. The Beneficiary Agreement for a project, the environmental documentation of which has been approved by the World Bank, is planned to be signed in early 2024.

Seven projects shortlisted in the second round of RSM were removed from the scope of the program at the request of the beneficiaries. Permission and licence processes for other projects are ongoing. In addition, drilling the first exploration well of a project contracted under the second round started in December 2023. The geothermal exploration well located in Sarıcakaya district of Eskişehir province is a direct-use project planned to heat the greenhouse of the investor that is currently in operation with geothermal resources. Drilling and well testing activities for the first exploration well with a target depth of approximately 1,000 meters are planned to be completed in the first quarter of 2024.

In 2023, all RSM reports and environmental-social management plans, periodic monitoring reports, work plans, standardization of expenditure declaration files, revisions of the user manual, and beneficiary agreements were completed according to the lessons learned from the first and second round implementations.

In 2023, with the approval of the World Bank, it was decided to open the applications for the RSM third round implementation. This third round implementation was launched with an online Consultation Workshop held on April 11, 2023. After the workshop, Expression of Intent (EoI) applications were received. 31 applications were received during the EoI application process until May 12, 2023, and as a result of the evaluation, 16 geothermal exploration projects of 8 different investors were shortlisted. The full application and scoring processes of the shortlisted project investors were also completed, and 13 projects were scored 70 points and above and entitled to be included in the RSM 3rd round implementation program. Within the scope of RSM third round projects, the first negotiation meetings for 4 projects were held and success criteria were determined. Preparations for contractual requirements and environmental and social management plans are underway.

Evaluation of 2023 Activities and 2024 Targets

A CRITICAL STEP TOWARDS BECOMING A HYDROGEN ECONOMY

HYDROGEN VALLEY PROJECT

We attended meetings concerning the invitation from TÜBİTAK-EU Framework Programs Directorate in order for the Bank to take part as a partner in the Hydrogen Valley projects within the scope of the EU Horizon Europe Programme, as well as in the new project calls to be announced.

We believe that Hydrogen Valleys are an important tool in the European Union's transition to full-scale utilization of a new value chain through Hydrogen Valleys, which are critical to becoming a hydrogen economy.

Hydrogen Valleys typically comprise large-scale investments, spread across a defined geographic scope and covering a significant part of the value chain, from hydrogen production, storage, and transport to its end use in various sectors (industry, mobility, energy).

These Hydrogen Valley projects are supported by the EU Horizon Europe Program since 2022. In 2023, we attended meetings concerning the invitation from TÜBİTAK-EU Framework Programs Directorate in order for the Development and Investment Bank of Türkiye to take part as a partner in the Hydrogen Valley projects within the scope of the EU Horizon Europe Programme, as well as in the new project calls to be announced.

As a result of on-line meetings with the project coordinator company and TÜBİTAK, the Bank participated as a partner in a project application prepared for the Hydrogen Valley call announced in 2023. The relevant project application was submitted on April 18, 2023.

Within the scope of the project, the Bank has informed the project coordinator that it shall provide consultancy in feasibility studies, consultancy on access to appropriate financial resources and investors, and support to the establishment of the relevant legal framework to determine the methodologies to be established to reduce the financial risks of hydrogen investments in our country.

The Bank also attended the Hydrogen Ecosystem Cooperation meeting held at TÜBİTAK Gebze campus on June 14, 2023. The project application in question was not selected among the projects to be funded in the relevant period, and the project coordinator informed that it would be re-evaluated for the calls to be announced in the new period.



DEVELOPMENT FUND OF TÜRKİYE

The Development Fund of Türkiye is designed as an investment platform that operates through the powers, flexibility, independence, and best practices as determined by law.



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

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

With the awareness of this assignment and duty, the Bank works to widen access to resources that shall transform the manufacturing industry and deliver production-driven growth support. Meanwhile, its wholly-owned subsidiary Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş manages seven funds to support industrial enterprises and ventures in those sectors of priority for development.

Established under the TDF umbrella fund; Technology and Innovation Fund (TL 475 million), Regional Development Fund (TL 525 million), TKYB Capital Fund (TL 430 million), Development Participation Venture Capital Investment Fund (TL 154 million) established by Development Venture Capital Portföy Yönetimi Anonim Şirketi, With seven funds, including the Innovative and Advanced Technologies Participation Venture Capital Investment Fund (TL 340 million), the Development METU Teknokent Venture Capital Investment Fund (USD 10 million), and TÜBİTAK Bigg fund (USD 8 million) established in 2023, it is aimed to make direct capital investments in small and medium-sized companies, to channel more private sector resources into this field by increasing venture capital investments throughout the country and to ensure that investments are spread throughout the country.

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

As a result of the collaborations and fund-raising efforts made in this context, a strategic cooperation was formed in 2023 by establishing TÜBİTAK Bigg Fund as a sub-fund of Türkiye Development Fund, with TÜBİTAK as the sole investor. In 2021, in addition to the TKYB Capital Fund of TL 430 million established by the Development and Investment Bank of Türkiye as the sole investor under the umbrella of the Türkiye Development Fund, the Technology and Innovation Fund and the Regional Development Fund established in cooperation with the Ministry of Industry and Technology and KOSGEB continue their investments.

Innovative and Advanced Technologies Participation Venture Capital Investment Fund, Development Participation Venture Capital Investment Fund and Development METU Teknokent Venture Capital Investment Fund aim to support technology-oriented companies that contribute to the national economy with funds subject to Capital Markets Board (CMB) legislation.

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

Evaluation of 2023 Activities and 2024 Targets

PROJECTS FOR DEBT INSTRUMENTS

INVESTMENT BANKING

Provided advisory services to Tarfin Tarım A.Ş. in its sukuk issuance of TL 370 million.

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

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

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

In 2023, in line with its goal of transferring more resources to the real economy and money markets through more effective use of capital market instruments, the Bank:

- Acted as the lead brokerage house in the public offering of Büyük Şefler Gıda Turizm Tekstil Danışmanlık Organizasyon Eğitim Sanayi Ve Ticaret A.Ş. with an issue size of TL 833 million.
- Acted as the lead brokerage house in the public offering of Meka Beton Santralleri İmalat Sanayi Ve Ticaret A.Ş. with an issue size of TL 422 million.
- Provided advisory services to Tarfin Tarım A.Ş. in its sukuk issuance of TL 370 million.
- Provided advisory services to Altınmarka Gıda Sanayi ve Ticaret A.Ş. in its sukuk issuance of TL 50 million.
- Provided advisory services to ABiotrend Çevre Ve Enerji Yatırımları A.Ş. in its sukuk issuance of TL 100 million.
- Provided advisory services to Altınmarka Gıda Sanayi ve Ticaret A.Ş. in its sukuk issuance of TL 440 million.
- Provided advisory services to Tarım Kredi Tedarik ve Üretim A.Ş. in its sukuk issuance of TL 150 million.
- Provided consultancy services to Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. for obtaining a sukuk issuance ceiling of TL 150 million, for which it was a fund user.
- Provided consultancy services to Tarım Kredi Yem A.Ş. for obtaining a sukuk issuance ceiling of TL 500 million, for which it was a fund user.
- Provided consultancy services to Gübre Fabrikaları T.A.Ş. for obtaining a sukuk issuance ceiling of TL 2 billion, for which it was a fund user.
- Provided consultancy services to Tiryaki Agro Gıda Sanayi ve Ticaret A.Ş. for obtaining a bond issuance ceiling of TL 1.25 billion.

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

Within the scope of merger and acquisition advisory activities, in 2023, the Bank continued to work with the aim of providing added value to public institutions and private sector companies that provide services and operate in different sectors within the scope of merger and acquisition advisory regardless of scale and maintaining its position among the leading merger and acquisition advisors. In this context, in addition to private sector clients, financial advisory services are provided to the Republic of Türkiye Ministry of Treasury and Finance Privatisation Administration ("Privatisation Administration") in the sales and privatization processes of companies and assets in their portfolios.

In 2023, the Company worked on seven privatisation tenders within the scope of two separate privatisation projects carried out by the Privatisation Administration. In 2020, preparatory work continued for the privatisation of some cargo and yacht ports belonging to Türkiye Denizcilik İşletmeleri A.Ş. ("TDI"), one of the two consultancy tenders opened by the Privatisation Administration, and as a result of the work carried out in 2023, work continued with the aim of launching the tenders in the first half of 2024. Within the scope of the privatization of 13 electricity generation plants belonging to Elektrik Üretim A.Ş., which is the other project carried out by the Privatization Administration and in which the Bank acted as an advisor, the activities carried out with the Privatization Administration continued with the aim of launching tenders in the first half of 2024.

The Bank continues to provide financial advisory services on the seller side for a start-up company producing green-themed products from organic waste to seek funding for its growth target, thereby supporting sustainable development. Similarly, the Bank is acting as a financial advisor of another company carrying out activities that shall contribute to the circular economy targets of our country and prevent the generation of electronic waste in the process of seeking funds to expand its activities. It is also acting as a financial advisor of two companies that shall support circular/shared economy and carbon emission reduction in their search for funds to expand their operations and become more active both in Türkiye and in Europe.



In addition to the projects mentioned above, the Development and Investment Bank of Türkiye provided advisory services in 12 mergers and acquisitions in 2023. Efforts are underway to complete these projects in 2024.

In addition to privatization projects, the Bank's M&A Advisory Team has been authorized by private sector companies and public capital companies operating in many different sectors such as energy, technology, automotive, food, cement, chemicals, food, packaging, retail, and manufacturing industries as well as privatization projects. Efforts are ongoing to successfully finalize these projects.

Company valuation and financial feasibility advisory are provided to public and private enterprises without regard to their sector within the scope of financial advisory activities.

In 2023, the Bank supported companies in obtaining incentives to implement their strategically important investments in energy, defence, and chemistry by preparing feasibility reports.
Within the scope of public offering preparations, strategic steps for the corporate structuring of two large groups were designed. We mediated their preparations for capital markets in this process, thus serving the mission of deepening capital markets. Within the scope of an investment strategy of up to USD 100 million in areas with the potential for the production of value-added products and exports, feasibility consultancy was provided to a local group by conducting detailed research specific to three different sectors.

The Bank shall continue to provide consultancy services in the field of financial feasibility of new investments in line with the growth strategies of its customers, as well as financial consultancy services to prepare companies for capital markets with the consultancy services it provides in the field of company valuation in 2024.

Evaluation of 2023 Activities and 2024 Targets

EFFECTIVE RISK MANAGEMENT

TREASURY AND CAPITAL MARKET TRANSACTIONS

Our Bank effectively managed interest rate, foreign currency, and liquidity risks. TL and foreign currency holdings were handled according to the limits and policies.

In 2023, the agenda of financial markets was dominated by lingering inflationary pressures and increasing geopolitical risks. The expansionary policies pursued to support economies and the deteriorating impact of the second year of the Russia-Ukraine war on commodity prices caused high levels of inflation to persist across the world throughout the year. Throughout the year, central banks, particularly the US Federal Reserve, continued to take steps to tighten their monetary policies in order to fight inflation and completed their interest rate hike cycles by the end of the year. The Central Bank of the Republic of Türkiye also started to gradually increase its policy rate, which was 9% at the beginning of 2023, in the second half of the year and set the policy rate at 42.50% at the end of the year. Consistent with global markets, inflation in Türkiye remained high throughout the year, reaching an annual peak of 64.77% by year-end.

Market developments in 2023 were closely monitored by the Development and Investment Bank of Türkiye, which effectively managed interest rate, foreign currency, and liquidity risks. TL and foreign currency holdings were handled according to the limits and policies.

In 2024, existing Capital and Money Markets instruments will be utilized in the management of the Bank's liquidity, and customers will be offered the chance to perform transactions as per their needs.

Balance sheet items managed by the Treasury Department are shown in the table below.

Assets Managed by Treasury Department (*) (TL Thousand/Unconsolidated)	**2022**			**2023**		
	TL	**FX**	**Total**	**TL**	**FX**	**Total**
Cash and Cash Equivalents						
Cash Balances and Central Bank	835	-	835	2,560	-	2,560
Banks	7,771,783	986,195	8,757,978	3,758,538	1,170,926	4,929,464
Receivables from Money Markets	6,634,417	-	6,634,417	17,046,025	-	17,046,025
Financial Assets at Fair Value Through Profit or Loss						
Government Debt Securities	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income						
Government Debt Securities	2,346,094	3,580,286	5,926,380	868,246	7,758,688	8,626,934
Other Financial Assets	1,116,575	1,586,814	2,703,389	233,895	6,341,424	6,575,319
Derivative Financial Assets	31,094	-	31,094	65,528	188	65,716
Financial Assets Measured at Amortized Cost						
Government Debt Securities	3,564,936	3,997,287	7,562,223	7,046,016	6,513,924	13,559,940

Evaluation of 2023 Activities and 2024 Targets

Assets Managed by Treasury Department (*) (TL Thousand/Unconsolidated)	2022			2023		
	TL	FX	Total	TL	FX	Total
Cash and Cash Equivalents						
Cash Balances and Central Bank	835	-	835	2,560	-	2,560
Banks	7,771,810	986,195	8,757,798	3,768,650	1,171,009	4,939,659
Receivables from Money Markets	6,634,417	-	6,634,417	17,046,025	-	17,046,025
Financial Assets at Fair Value Through Profit or Loss						
Government Debt Securities	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income						
Government Debt Securities	2,346,094	3,580,286	5,926,380	868,246	7,758,688	8,626,934
Other Financial Assets	1,116,575	1,586,814	2,703,389	233,895	6,341,424	6,575,319
Derivative Financial Assets	31,094	-	31,094	65,528	188	65,716
Financial Assets Measured at Amortized Cost						
Government Debt Securities	3,564,936	3,997,287	7,562,223	7,046,016	6,513,924	13,559,940

Management of TL Assets
The Turkish Lira assets managed by the Treasury Unit were utilized with the most appropriate financial instruments in line with the changes in the yield curve and expectations in interest rates throughout 2023, considering the changes in the yield curve and expectations in interest rates, and considering the legislative regulations; within this framework, the return opportunities in the swap markets were also utilized. In securities markets, a similar approach was adopted and preferences were made between variable- and fixed-income securities as per the changes in their yield curves and prospects on interest levels throughout the year. High levels of return were attained within the framework of the risk policies determined.

As of 31 December 2023, TL 3.8 billion was placed with banks, TL 17 billion with money markets, TL 7.9 billion in government debt securities, and TL 234 million in other financial assets portfolio.

Management of Foreign Currency Assets
The Bank acted in compliance with risk management principles in 2023 to address volatilities in exchange rates while keeping the foreign currency position near zero and protecting the income statement against such volatilities. In addition, the domestic FX swap market and CBRT swap tenders were used effectively during the year for both liquidity management and yield generation purposes.

As of 31 December 2023, approximately TL 1.2 billion of foreign currency was placed with banks, TL 7.6 billion was held in the government debt securities portfolio, and TL 6.3 billion was held in the other financial assets portfolio. The most important reason for the increase in the foreign currency portfolio during the year was the exchange rate movements.

TL assets managed by the Treasury Unit were invested in the most appropriate financial instruments by taking applicable laws into account and considering the changes in their yield curves and prospects on interest levels throughout 2023.

Awards

LOW CARBON HERO AWARD

At the Turkish Capital Markets Association (TSPB) Golden Bull Awards, the Bank received the Highest Issuance Award in Equity Issuance Intermediation.

May 3rd, 2023
Istanbul Carbon Summit – The Low Carbon Hero Award

May 9th, 2023
International Finance Awards 2023
- Best Green Project Financing Bank – Türkiye 2023
- Best Sukuk Issuer Capital Markets – Türkiye 2023

May 10th, 2023
Great Place to Work, the Best Employer of Türkiye Award

July 4th, 2023
Global Finance Magazine Sustainable Finance Awards 2023 – Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Central & Eastern Europe

July 10th, 2015
EOSD Global Sustainable Finance Awards 2023 – Green Technological Transformation

August 28th, 2023
League of American Communications Professional
- Gold Winner Worldwide (in the Banks category)
- Regional Special Achievement (Silver)

October 3rd, 2023
Turkish Capital Markets Association (TSPB) Golden Bull Awards, the Highest Issuance Award in Equity Issuance Intermediation

October 20th, 2023
IJGlobal ESG Awards 2023 – IJGlobal ESG Development Finance Institution Awards – Europe



Subsidiaries

Development and Investment Bank of Türkiye Domestic Partnerships

Name of the Partnership	Registered - Issued Capital	The Bank's Participation Rate	The Bank's Participation Share
(Due to Bankruptcy) Arıcak Turizm ve Ticaret A.Ş. in Liquidation	TL 1,250,000.00	99.71%	TL 1,246,400.00
Kalkınma Yatırım Menkul Değerler A.Ş. in Liquidation	TL 5,000,000.00	100%	TL 5,000,000.00
Maksan Malatya Makina A.Ş.	TL 1,525,200.00	31.14%	TL 474,956.18
Takasbank Istanbul Takas ve Saklama Bankası A.Ş.	TL 600,000,000.00	0.36%	TL 2,179,154.07
JCR Avrasya Derecelendirme A.Ş.	TL 50,000,000.00	2.86%	TL 1,427,950.00
Birleşik İpotek Finansmanı A.Ş.	TL 50,000,000.00	8.33%	TL 4,166,665.00
Kalkınma Yatırım Varlık Kiralama A.Ş.	TL 50,000.00	100%	TL 50,000.00
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	TL 20,000,000.00	100%	TL 20,000,000.00

Development and Investment Bank of Türkiye Foreign Subsidiaries

Name of the Partnership	Registered - Issued Capital	The Bank's Participation Rate	The Bank's Participation Share
TII-iVCi İstanbul Venture Capital Initiative	EUR 43,112,443.072	6,25%	EUR 2,694,527.692

The total size of the funds in Istanbul Venture Capital Initiative's portfolio of investments in different ratios is EUR 1.8 billion.

Under Article 49 of the Banking Law, the subsidiaries over which the Bank has direct control are Kalkınma Yatırım Menkul Değerler A.Ş. (KYMD A.Ş.), which is in the process of liquidation, Arıcak Turizm ve Ticaret A.Ş. in Liquidation (Due to Bankruptcy), Kalkınma Yatırım Varlık Kiralama A.Ş., and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.

Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., a wholly owned subsidiary of the Bank, increased its issued capital to TL 20,000,000.00 in 2023 by making a capital increase of TL 16,000,000, of which TL 6,535,689.10 was paid in cash and TL 9,464,310.90 from internal resources and extraordinary reserves.

JCR Avrasya Derecelendirme A.Ş., a subsidiary in which the Bank holds a 2.86% stake, increased its issued capital to TL 50,000,000 through a bonus issue of TL 20,000,000.00 in 2023. After the bonus issue, the Bank's share capital increased from TL 856,770.00 to TL 1,427,950.

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

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

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

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

The total size of the funds in iVCi's portfolio of investments in different ratios is EUR 1.8 billion. Through these funds, investments were made in 79 companies in different sectors. As of 2023, in addition to a co-investment fund, TII-iVCi invested in nine sub-funds.

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

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

Information Technologies

ROBOTIC PROCESS AUTOMATION IN ROUTINE TASKS

In 2023, robotic process automation (RPA) was used to automate routine tasks to be carried out by software robots.

In 2023, development and improvement efforts continued in the IT process framework in line with agile working principles in Information Technologies functions.

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

Enterprise Architecture and Project Management

The Development and Investment Bank of Türkiye continued to work on its corporate architecture in 2023, within the framework of the TOGAF-based corporate architecture, which is globally accepted and best suited to the Bank.

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

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

In order to discover, analyse and identify improvement opportunities and automation opportunities for business processes, process mining studies were carried out to collect, process, and interpret real process data, and to support process performance reporting by providing insights to the Bank management.

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



In 2023, robotic process automation (RPA) was used to automate routine tasks performed by employees, which are highly repetitive, to be carried out by software robots. As a result, the Bank's time to realize value was shortened, human errors were reduced, and business units became able to focus on their core value-generating activities.

In 2023, the Company Rating project was launched to determine and model rating criteria for SMEs, financial institutions, and project finance. The Bank's customized TFRS 9 ECL Calculation Flow, Approach, and Methodology Development project, integrated with the Company Rating Model, was completed in parallel. The projects for the Integration of Supplier Finance Products with the Main Banking System and the Treasury Switchboard Call Centre were completed. Through the implementation of the Mail Archive project, emails previously stored on individuals' computers were transferred to the Bank's servers, leading to enhancements in both operational efficiency and security.

In addition to these projects, the Treasury Profitability project was launched to evaluate treasury products on a portfolio basis and monitor profit and loss. Furthermore, the FTP/ALM project is carried out for risk monitoring, interest income calculations, equity valuations, fund transfers, and loan pricing.

SEO activities were carried out to generate organic traffic for the corporate website and to increase the website's visibility in search results.

The Mobile Business Intelligence application was commissioned and the reporting portal used by the teams was mobilized by enabling mobile access from outside the Bank.

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

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

Within the scope of the Circular on the Use of Open Source Software in the Public Sector published by the Digital Transformation Office of the Presidency of the Republic of Türkiye, activities are underway to expand the use of open source software in the public sector in order to save on IT expenditures, reduce manufacturer dependency, and strengthen cyber security.

In 2024, the Bank is projected to continue the activities to develop modules where electronic lien, electronic pledge release, and electronic collateral transactions shall be carried out, to perform interest-free banking transactions in the main banking system by ensuring the Central Invoice Registration System (MFKS) integration, to develop a foreign trade module where import/export transactions shall be carried out, and to complete the Treasury Profitability and KPI-Based Performance Measurement projects already initiated, as well as the process mining and process optimization and automation activities.

Information Technologies

SECURE CLOUD INFRASTRUCTURE

While security threats continue to spread and grow on a global scale, the Bank has maintained its security-oriented approach in information technologies.

IT System and Infrastructure
The Development and Investment Bank of Türkiye continued its digital transformation efforts in 2023. Within the scope of the completed data centre renovation and relocation project, the Emergency Centre in Ankara was renovated and moved to a new data centre that complies with the standards, and its capacity was increased. In the primary data centre, a structure similar to the structure operating in active-active architecture was built and active-active ODM architecture was targeted. Within the scope of the activities, mail systems, SMTP gateway, file-server, domain controls, DNS, and SIEM systems were restructured.

For continuity and load balancing, load balancer solutions were commissioned and configurations were implemented.

The network access control systems in use were renewed and modernized, and the transition to brand-independent products integrated with wireless network infrastructures was achieved.

We employ private cloud technologies, which have many advantages such as cost efficiency, operational efficiency, scalability, high accessibility, and most importantly, being at the heart of the global technological trend, and we follow the opportunities in the community cloud by closely monitoring the regulations on this matter.

While security threats continue to spread and grow on a global scale, the Bank has maintained its security-oriented approach in information technologies. New security solutions were implemented in 2023 once the law was updated in parallel with threats.

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

Based on the principle that all elements of information technologies should be up-to-date, secure, and efficient, version upgrade projects and technology renewal activities were emphasized in 2023. E-mail systems were switched to the latest versions.

In 2024, new security solutions shall continue to be implemented and segmentation, firewall and load balancer solutions shall be expanded. The Bank shall carry out technology renewal in the main backbones of its corporate network.

Emphasis shall be placed on virtualisation technologies and desktop virtualisation solutions shall be generalized.

In 2024, the activities to strengthen the Disaster Recovery Centre and transition to an active-active architecture with the primary data centre shall continue.

Additional endpoint security solutions to be commissioned in 2024 shall enhance controls on access to the Bank's corporate network.

IT Application Development
During the reporting period, we largely completed the activities to develop a new open-source and micro-service modular core banking application, which shall enable business processes to be carried out on IT platforms end-to-end in an integrated manner with minimal intervention, commissioned customer management, accounting, legal reporting, support services, human resources, and treasury modules, and continued the activities to manage loan processes. Treasury spot/forward/swap transactions, risk, limit, collateral, and diversification processes, transaction valuations and taxation, and end-to-end processing of derivatives and fixed income security transactions were started to be carried out through the new core banking SKY platform.

The mobile infrastructure of the new main banking application was created, and speed and efficiency were enhanced thanks to the ability to monitor and manage the customer management-CRM infrastructure and banking processes via mobile banking.

Centralized reporting and infrastructure fed from all data sources of the Bank, business intelligence and reporting applications continued to be expanded, and interactive and dynamic decision support reports were increased in 2023 as well, ensuring effective monitoring and reporting, and data warehousing efforts to improve data quality continued.

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

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

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

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

The Bank's rating model was renewed with a new IFRS-compliant rating model that provides quantitative, qualitative, and warning signals and expert opinions for corporate/SME, project loans, and financial institutions, thereby maximizing the effectiveness of our customer rating processes.

Thanks to the search engine optimization-SEO activities carried out, the Bank's accessibility in search engines for searches related to the Bank's fields of activity was increased, the Bank's websites were enriched in terms of content, and organic traffic to the websites was increased.

A web-based supplier financing infrastructure was established and the financing solution that enables the financing of trade between buyers and their suppliers was activated.

In 2024, Development and Investment Bank shall continue its digital transformation and offer innovative services to its customers through mobile and online channels. The Bank shall follow the legislative regulations on digital merchant/corporate customer acquisition and shall continue its digitalisation and process automation efforts by establishing the necessary infrastructures.

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

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

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

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

Information Security

SECURE INFORMATION, SECURE FUTURE

The Bank strengthens measures against potential cyber threats by developing endpoint security infrastructure and expanding endpoint detection products.

The Information Security function, established to report to the CEO independently of the IT Department upon the entry into force of the BRSA Information Systems and Electronic Banking Regulation, continues to carry out its duties as of 2019.

Aiming to adapt the globally accepted best information security practices, particularly regulatory obligations, to the Bank in line with business processes and the Bank's strategy, the Unit continued its activities in 2023 within this framework. Under the leadership of the CEO, who is also the Chairman of the Information Security Committee, the Information Security Unit carries out periodic and ad-hoc restrictive, monitoring, and preventive activities. In addition, it increases its information security capacity and competencies with new technologies integrated into its IT infrastructure during the digital transformation process.

In 2022, in terms of information security, the Bank complied with the ISO/IEC 27001:2013 Information Security Management System Standard, which is the only auditable international standard published by the International Organization for Standardization (ISO) that defines the requirements for information security and includes the controls that institutions and organizations must comply with in information security, and received the certificate. Annual reviews were completed and the certificate was maintained throughout 2023.

The Unit carries out many essential activities such as planning, conducting, and monitoring penetration tests for the Bank's internal and external systems, informing the Bank's personnel to increase their information security awareness, organizing physical and logical phishing tests, etc. (clean screen, clean table, red team activities), and notifying the senior management and, where necessary, the entire Bank of important cyber incidents or cyber security news.



Furthermore, measures against potential cyber threats are strengthened by developing the Bank's endpoint security infrastructure and disseminating endpoint detection products, while regular briefings are provided to senior management to increase monitoring and awareness of cyber incidents. These efforts enhance not only the Bank's digital transformation but also its understanding of cyber security.

In 2024, in addition to the activities carried out, it is aimed to enhance the security field of view by expanding the Network and System Tightening Product, one of the security products purchased, to devices deemed critical. Based on this approach, the Development and Investment Bank of Türkiye assumes a leading role in information security by pro-actively responding to current and future needs in the field of digital banking.

In 2024, it is aimed to increase the security field of view by expanding the Network and System Tightening Product to devices deemed critical.

Technical Assistance, Research and Development Activities

TARGET TO INCREASE GEOTHERMAL INVESTMENTS

Within the scope of the RSM second round application, 18 geothermal development project applications were received and 14 projects were shortlisted.

USD 39.8 million in funds were obtained from the Clean Technology Fund (CTF) via the World Bank. The Bank currently runs a grant program under the Geothermal Development Project in order to use these funds in facilitating private sector investments in geothermal energy. With this project, it is aimed to partially cover the costs of geothermal investors in case of failure of the wells to be drilled for resource exploration.

In 2023, the Risk Sharing Mechanism (RSM) first and second round implementation activities continued. Within the scope of the first-round implementation, three agreements were signed, and three geothermal exploration drilling and well testing activities were carried out within the scope of two signed agreements.

Within the scope of the RSM second round application, a total of 18 geothermal development project applications were received, and 14 projects were shortlisted after their evaluations were completed. Negotiations for the first 10 shortlisted projects were completed and the environmental, social and governance documentation of three projects were approved by the World Bank. Within the scope of the second round, 2 agreements were signed, and the drilling of the first exploration well under one of the signed agreements started in December.

In 2023, with the approval of the World Bank, it was decided to open the applications for the RSM third round implementation. Announced at the Consultation Workshop held in April 2023, the application and evaluation processes for the RSM third round implementation were completed and 13 shortlisted projects received high scores and qualified to participate in the implementation. Within the scope of RSM third round projects, the first negotiation meetings for four projects were held and success criteria were determined for three of them. Preparations for contractual requirements and environmental and social management plans are underway.



Furthermore, in 2023, we attended meetings concerning the invitation from TÜBİTAK-EU Framework Programs Directorate in order for the Bank to take part as a partner in the Hydrogen Valley projects within the scope of the EU Horizon Europe Programme, as well as in the new project calls announced. As a result of on-line meetings with the project coordinator company and TÜBİTAK, the Bank participated as a partner in a project application prepared for the Hydrogen Valley call announced in 2023.

The project application in question was not selected among the projects to be funded in the relevant period, and the project coordinator informed that it would be re-assessed for the calls to be performed in the new period.

The Bank participated as a partner in a project application filed for the Hydrogen Valley call performed in 2023.

Annual Report Statement of Responsibility

The 2023 Consolidated Annual Report of the Bank, which includes Unconsolidated Financial Statements for December 31, 2023, with Independent Auditor's Report and was prepared in accordance with the Banking Regulation and Supervision Agency (BRSA)'s "Regulation on the Principles and Procedures Concerning the Preparation and Publication of the Annual Report by Banks" and the Capital Markets Board's "Communique (II-14.1) on the "Financial Reporting Standards in Capital Markets" and examined in the framework of the information we have concerning our duties and responsibilities at the Bank, does not include any misstatements or any shortcomings on major issues, and fairly and correctly reflects the Bank's financial position and results of operations, together with the risks and uncertainties it is exposed to.

Pursuant to the decision of the Capital Markets Board dated January 10, 2019 No. 2/49; the Corporate Governance Compliance Reporting to be prepared in accordance with the Corporate Governance Communique No. II-17.1 must be made using the Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) through the KAP (Public Disclosure Platform). URF and KYBF Reports for 2023 were examined in light of the information we have on the duties and responsibilities at the Bank and do not contain a false or missing statement on material matters. The relevant reports can be accessed at https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s

Dr. Raci Kaya Chairman of the Board of Directors	**İbrahim H. Öztop** CEO and Member of the Board of Directors	**Ömer Karademir** Member of the Audit Committee	**Erdal Erdem** Chairman of the Audit Committee	**Kerem Dönmez** Member of the Audit Committee	**Zeynep Boğa** Deputy Chairman of the Audit Committee	**N. Yasin Külahçı** Executive Vice President in Charge of Financial Reporting	**Metin Çınar** Head of Subsidiaries and Corporate Relations Department

Annual Report Compliance Opinion

KPMG

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

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

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

Opinion
Since we have audited the full set of consolidated and unconsolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") for the period 1 January 2023 - 31 December 2023, we have also audited the annual report for this period.

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

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

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

We have expressed an unqualified opinion in our auditor's report dated 8 February 2024 on the Bank's consolidated and unconsolidated financial statements for the period 1 January 2023 - 31 December 2023.

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

a) Prepares the annual report within the first three months following the balance sheet date and submits it to the general assembly.
b) Prepares the annual report in a way to reflect the flow of the Bank's activities for that year and the consolidated and unconsolidated financial position of the Bank in all aspects accurately, completely, straightforwardly, truthfully, and honestly. In this report, the financial position is evaluated according to the consolidated and unconsolidated financial statements. The report also clearly indicates the development of the Bank and the possible risks that the Bank may face. The assessment of the board of directors on these issues is also included in the report.
c) The annual report also includes the following matters:
   - Events that occurred in the Bank after the end of the operating year and that are of special importance,
   - The Bank's research and development activities,
   - Financial benefits such as salaries, premiums, bonuses, allowances, travelling, accommodation and representation expenses, in-kind and cash benefits, insurances and similar guarantees paid to board members and senior executives.

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

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

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, SMMM
Auditor in Charge

8 March 2024 Istanbul, Türkiye

Sustainability and Environmental Social Impact Management Activities

ROLE IN SUPPORTING SUSTAINABLE DEVELOPMENT

Taking on a supportive role for sustainable development and adopting a responsible banking approach, the Bank provides direct and indirect contributions to 15 Sustainable Development Goals.

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

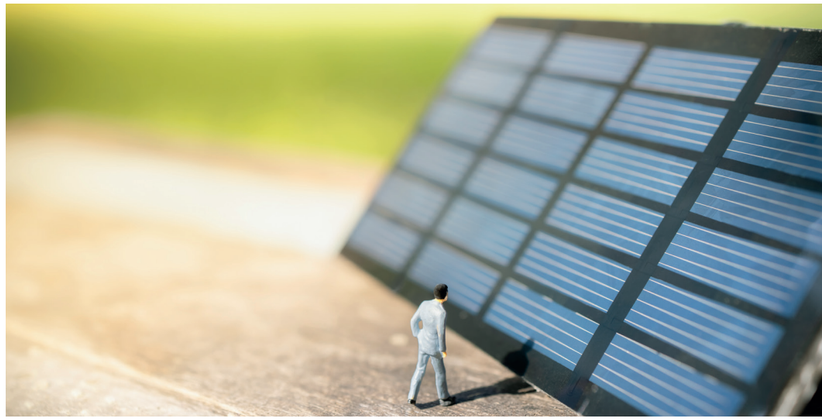
The Bank shapes sustainability mindset on two strategic objectives: "Supportive Role for Sustainable Development" and "Responsible Banking Mentality." While the Bank supports the sustainable development of our country with its financing and consultancy services, it also considers sustainability as a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

Matters related to sustainability and sustainable development are upheld at the level of senior management, who spearhead efforts in this area. The Sustainability Committee formed in 2020 is chaired by the CEO, while an independent Board Member serves as a member of the committee for the more effective performance of guidance and oversight functions.

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

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

In addition to the measures taken to manage direct environmental and social risks arising from its operational activities, the Bank also assesses indirect risks arising from its lending activities.



The Bank published its first integrated report in 2021. With this report, the Bank has presented its support for the sustainable development of our country for 48 years, its value creation model, strategy, capital elements, targets, the economic, environmental, social and governance value created by its banking activities and its performance in these areas to all its stakeholders. The report is based on the Global Reporting Initiative (GRI) Standards as well as the International Integrated Reporting Framework conducted by the Value Reporting Foundation. The Bank's 2022 Integrated Report, which includes portfolio emission accounts and data on employment generated by the Bank's lending, was published in September 2023.

In addition to the measures taken to manage direct environmental, social and governance risks arising from its operational activities, the Bank also assesses indirect risks arising from its lending activities. In this context, the Bank's portfolio emissions have been calculated. The greenhouse gas emissions arising from the loan portfolio for 2022 have been calculated based on the PCAF methodology and 100% of the portfolio has passed the independent verification process. The calculations are published in the Bank's Integrated Report. The Bank conducts environmental, social and governance risk assessments as part of routine decision-making processes in all loan applications and analyses the risks of both customers and projects separately. Beyond its risk-based approach, the Bank also prioritises activities that can have a positive impact.

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

With an ESG risk rating of 12,3 by Sustainalytics, an international sustainability rating organization, in its risk rating assessing Environmental, Social, and Governance (ESG) topics, the Bank has positioned itself among the leading institutions in Türkiye and successfully ranked among the top companies in Türkiye.

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

With the ISO 14001 Environmental Management System established in 2010 to manage the environmental impacts arising from its activities, the Bank carries out the necessary activities to identify and reduce negative environmental impacts, increase positive environmental impacts, reduce resource use, and monitor its performance. The Bank achieved success by concluding the process with zero non-compliance in the 14001 surveillance audit it underwent in 2023.

Sustainability and Environmental Social Impact Management Activities

SUPPORT FOR TÜRKİYE'S RENEWABLE ENERGY MARKET

As of year-end 2023, 87% of the Bank's portfolio consisted of sustainability-themed loans.

To expand the scope of the management system, the Bank completed in 2020 necessary works to adopt the integrated management system that incorporates the ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System, and the ISO 14001 Environmental Management System. ISO 9001 and ISO 45001 certifications have been obtained in 2021. In line with these efforts, the Bank established the Quality, Environment, Occupational Health, and Safety Policy and presented it to all stakeholders. The Bank passed the Integrated Management System audit conducted in 2023 with zero non-compliance.

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

The Bank monitors and calculates greenhouse gas emissions arising from its operational and indirect activities, verifies them in accordance with TS EN ISO 14064 Standard and neutralises them in accordance with international standards. Furthermore, in 2023, I-REC certificate was received and Scope-2 emissions for 2022 were zeroed.

Since 2016, the Bank has been reporting to the Climate Change Programme of the Carbon Disclosure Project (CDP), the world's largest environmental reporting platform, and achieved a B (management level) score in 2022. Risks and opportunities linked with climate change are assessed by the Bank in this report, while questions on strategy, governance, emission metrics, goals, performance, and value chain interaction are answered voluntarily. Results for 2023 are expected to be announced in the first quarter of 2024.

Partnering with domestic and international actors, the Bank takes part in sustainability efforts at the national and global levels. A founding signatory of the UNEP-FI (United Nations Environment Program-Finance Initiative) Responsible Banking Principles in 2019, it continued efforts to meet the requirements under those principles in 2023. The Bank also participates in UNEP FI Working Groups.

In order to measure the intersection of the Bank's loan portfolio with the Sustainable Development Goals, the Bank has made it an integral part of the loan evaluation processes to evaluate the projects in its portfolio in terms of their contribution to the SDGs. As of year-end 2023, 87% of the Bank's portfolio consisted of sustainability-themed loans. In 2023, the Bank extended loans linked to the United Nations Sustainable Development Goals totalling more than USD 2.4 billion, thereby contributing directly or indirectly to 15 of the 17 Sustainable Development Goals. As of the end of 2023, the Bank financed 6% of Türkiye's renewable energy share. With these projects it financed, it contributed to the reduction of 4.3 million tons of CO_2 in total.

Memberships and Collaborations

UN GLOBAL COMPACT SIGNATORY

The Bank has held consultations necessary for funding investments in climate change prevention and adaptation, as well as financing for Vulnerability and Natural Disaster Response.

Considering impact management systems as a reference point that can be continuously improved from an international perspective and where good practices are taken as examples, the Development and Investment Bank became the first and only institution in Türkiye to sign the Impact Management Working Principles led by the International Finance Cooperation (IFC) in 2021. It is aimed to provide more discipline, transparency, and measurability in activities that create positive environmental and social impacts as well as financial returns by adopting the global standards of the Impact Management Code of Conduct.

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

The Bank is a founding signatory of the "Principles of Responsible Banking" established by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2019. Partnering with domestic and international players, the Bank takes part in sustainability efforts at the national and global levels and continues efforts to meet the requirements under those principles in 2023. The Bank also takes part in UNEP FI Working Groups.

The Bank is a signatory of the UN Global Compact. In 2023, it has handled UN Global Compact Progress Communication online.

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

With its transition to integrated reporting, the Bank became a member of the Integrated Reporting Türkiye Network (ERTA) in 2021. It continued to actively participate in working groups as part of its membership in 2023.

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

The activities are underway to make the Bank's Environmental and Social Management System more innovative and dynamic thanks to the consultancy (technical assistance) received under the grant agreement signed with KfW for Technical Assistance services. As a result of these efforts, which accelerated in 2023, stronger Environmental Social Risk assessment practices are targeted.

Attending the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) held in Dubai, United Arab Emirates from November 30 to December 12, 2023, the Bank held the necessary consultations regarding the provision of resources to the country for climate change prevention and adaptation investments as well as financing for Vulnerability and Natural Disaster Response.

Board of Directors



DR. RACİ KAYA

Chairman of the Board of Directors

Mr. Kaya was born in 1967 in Ankara. Dr. Raci Kaya graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1989, received his master's degree in economics from Hacettepe University, Faculty of Economics and Administrative Sciences (1996), and completed his PhD at Marmara University, Institute of Banking, and Insurance (2013). Dr. Raci Kaya worked at several banks from 1990 to 2007. He served as Deputy CEO at Aktif Yatırım Bankası A.Ş. between 2007 and 2014; Deputy CEO at Ziraat Katılım Bankası A.Ş. between 2015 and 2016; and Acting Deputy Undersecretary and Deputy Undersecretary at the Ministry of Treasury and Finance of the Republic of Türkiye between 2016 and 2018. He took office as the Chairman of the Board at VakıfBank in 2018-2019, as a Board Member at EXIMBANK in 2016-2018, and as Executive Director of IMF between November 2018 and November 2020. Having served as the Deputy Undersecretary of the Ministry of Treasury and Finance of the Republic of Türkiye since December 2016, Mr. Kaya has been the Chairman of the Board of Directors of Development and Investment Bank of Türkiye. since November 2020 and as the President and Chairman of the Board of Directors of the Social Security Institution since August 2023.



ÖMER KARADEMİR

Deputy Chairman of the Board of Directors
Member of the Audit Committee

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



İBRAHİM HALİL ÖZTOP

CEO and Member of the Board of Directors

Faculty of Engineering, Department of Industrial Engineering in 1991 and received his master's degree in business administration from Bilkent University.

Öztop was appointed as a CEO and Board Member of the Development and Investment Bank of Türkiye in August 2018. He is an Executive Board Member at KOSGEB (Small And Medium Enterprises Development Organization), and a Board Member at the TII-Turkish Investment Initiative. As of October 2021, he was elected as the Chairman of the Board of Directors of the Turkish Capital Markets Association. Since February 2021, Mr. Öztop has been serving as Deputy Chairman of the Board of Directors at the Central Registry Agency and since November 2020, Chairman of the Board of Directors at Kalkınma Girişim Sermaye Portföy Yönetim A.Ş. With nearly 30 years of experience in the banking sector, Mr. Öztop has held senior positions in the investment banking business line at Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş., and Garanti Yatırım Menkul Kıymetler A.Ş.



ERDAL ERDEM

Member of the Board of Directors
Chairman of the Audit Committee
Member of the Remuneration Committee

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

Board of Directors



ZEKERİYA ÇOŞTU

Member of the Board of Directors
Deputy Chairman of the Corporate Governance Committee

He graduated from Industry Engineering Department of Boğaziçi University in 2008. In his professional career, he has worked as a commercial unit manager and strategic planning consultant in organizations such as Turkish Airlines and TRT (Turkish Radio and Television Corporation). In 2018, he was appointed as the Director of Project Management Office at the Ministry of Industry and Technology. Mr. Coştu participated in processes and projects aimed at supporting R&D and innovation activities and developing the technology ecosystem in Türkiye within the scope of the National Technology Initiative. He served as the Founding General Manager of the Directorate General of National Technology, which was established in April 2020 to ensure that the National Technology Initiative has a stronger place in the institutional structure of the Ministry and the public sector. He was appointed as Deputy Minister of Industry and Technology on June 22, 2023. Since August 2023, he has been serving as a Board Member at Türkiye Kalkınma Yatırım Bankası A.Ş.



KEREM DÖNMEZ

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

Mr. Dönmez graduated from Middle East Technical University, Department of Business Administration in 2007. In 2019, he received his Master's degree in International Politics (MBA) from Stanford University. Mr. Dönmez, who served as Specialist/Head of Department at the Ministry of Treasury and Finance of the Republic of Türkiye between 2013 and 2022, and Deputy General Manager between 2022/7 and 2022/11, is currently serving as the General Manager of Foreign Economic Relations at the Ministry of Treasury and Finance of the Republic of Türkiye. Since August 2023, he has been serving as a Board Member at Türkiye Kalkınma Yatırım Bankası A.Ş.



ZEYNEP BOĞA

Member of the Board of Directors
Chairman of the Remuneration Committee
Deputy Chairman of the Audit Committee

Ms. Boğa was born in Fethiye in 1982. She completed her primary and secondary education in Ankara and her high school education in Melbourne, Australia. In 2004, she graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Business Administration. In 2012, she received her Master of Business Administration (MBA) degree from UC Berkeley in the USA. She started her professional career in 2004 at the Ministry of Treasury and Finance (then the Undersecretariat of Treasury) of the Republic of Türkiye, General Directorate of Foreign Economic Relations, International Capital Markets Department. Between 2014 and 2019, she served as the Head of International Capital Markets Department. In 2019, she was appointed as the Executive Vice President in charge of International Capital Markets within the General Directorate of Borrowing established in Istanbul under the Ministry. During her tenure, she managed financing transactions through the issuance of foreign currency denominated bonds / sukuk in various markets to ensure public financing, relations with international credit rating agencies on behalf of Türkiye, and relations with international portfolio investors. During this period, Türkiye's External Debt Office was recognized as the "Best Debt Office in Developing Countries" by global finance magazines such as Global Capital, International Finance Review, Euromoney, and EMEA Finance. Ms. Boğa, who has also been selected as the "Most Influential Borrowing Office Manager in Developing Countries" by similar magazines, is currently serving as the Deputy Director General of Borrowing at the Ministry of Treasury and Finance of the Republic of Türkiye. Since August 2023, he has been serving as a Board Member at Türkiye Kalkınma Yatırım Bankası A.Ş.

Information on the Composition, Working Method of the Board of Directors of the Development and Investment Bank and the Number of Meetings and Resolutions in 2023

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

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

The members of the Bank's Board of Directors are assigned to more than one committee due to the obligation to include independent members in the committees and the number of Board Members. Development and Investment Bank of Türkiye's Board of Directors convened 17 times in 2023 and passed a total of 241 resolutions, 7 of them Interim Decisions.

Units within the Scope of Internal Systems

DR. KAAN RAMAZAN ÇAKALI

Head of the Inspection Board

Born in İstanbul in 1980, Mr. Çakalı graduated from Marmara University, Department of Economics in English in 2002. He received his MBA degree from Istanbul Technical University in 2003 and his PhD degree in Business Management from Işık University in 2008. Mr. Çakalı began his professional life in 2002 as Assistant Inspector at the Department of Inspection Board of Finansbank. From 2002 to 2018, he assumed the titles of Assistant Inspector, Senior Assistant Inspector, Inspector, Senior Inspector, Manager, and Division Manager at Finansbank. From 2018 to 2019, he served as Division Manager at the Risk Management Department of the same bank. Mr. Çakalı has been serving as the Chairman of the Board of Internal Auditors since May 27, 2019.

BURHAN SERHAN PEKER

Head of Internal Control and Compliance Department

Born in Ankara in 1983, Ms. Peker graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2006. In 2006, Mr Peker joined T. Garanti Bank as an Assistant Inspector and served as an Inspector between 2010 and 2014. Mr. Peker served as Internal Audit Manager at Garanti Fleet Management Services between 2015 and 2016, and as Internal Audit Unit Manager and Internal Control Manager at Garanti Yatırım Menkul Kıymetler between 2017 and 2018. On February 14, 2019, Mr. Peker was appointed as Internal Control and Compliance Manager. He has been serving as the Head of the Internal Control and Compliance Department since February 01, 2023.

DR. SEMRA PEKKAYA

Head of Risk Management Department

Ms. Pekkaya was born in Polatlı, Ankara, in 1969. She graduated from Ankara University, Faculty of Political Sciences, Department of Economics in 1989. She received her master's degree from Gazi University, Department of Economics in 1997 and her PhD degree in 2005. Beginning her career as an Assistant Specialist at the Development and Investment Bank of Türkiye in 1990, she worked in the Bank's Economic and Social Studies, Resource and International Relations, and Development and Investment Securities Portfolio units as a Specialist. When the Bank's Risk Monitoring Department was set up in 2001, she became its first Assistant Manager, a position that she held until 2006 when she became Manager. Serving as Manager of the Bank's Treasury Unit from 2011 to 2013 and Risk Monitoring Manager from 2013 to 2019, Semra Pekkaya has been Head of Risk Management since April 2, 2019.

Senior Management of the Bank

İBRAHİM H. ÖZTOP

CEO and Member of the Board of Directors

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

Öztop was appointed as a CEO and Board Member of the Development and Investment Bank of Türkiye in August 2018. He is an Executive Board Member at KOSGEB (Small And Medium Enterprises Development Organization), and a Board Member at the TII-Turkish Investment Initiative. As of October 2021, he was elected as the Chairman of the Board of Directors of the Turkish Capital Markets Association. Since February 2021, Mr. Oztop has been serving as Deputy Chairman of the Board of Directors at the Central Registry Agency and since November 2020, Chairman of the Board of Directors at Kalkınma Girişim Sermaye Portföy Yönetim A.Ş. With nearly 30 years of experience in the banking sector, Mr. Öztop has held senior positions in the investment banking business line at Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş., and Garanti Yatırım Menkul Kıymetler A.Ş.

NURİ YASİN KÜLAHÇI

Executive Vice President

Mr. Külahçı graduated from Istanbul University, Faculty of Engineering, Department of Industrial Engineering and then obtained a double master's degree in finance & Accounting and Business Administration from Yeditepe University. Mr. Külahçı, who started his professional career as an assistant inspector at the Finansbank A.Ş. Inspection Board in 2003, worked as a Senior Consultant at Deloitte, Senior Manager at PWC (PricewaterhouseCoopers), and successfully managed many audit and consulting projects at various organizations operating in the financial sector at home and abroad. In 2019, Külahçı was appointed as Strategy, Organization, and Process Management Director at Development and Investment Bank of Türkiye. He has been serving as Executive Vice President responsible for Strategy and Organization, Financial Affairs, Budget and Cost Management, Support Services, and Human Resources Departments since October 2022.

SATI BALCI

Executive Vice President

Born in Yozgat in 1966. Satı Balcı graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1988. She began her professional career the same year as an Assistant Specialist at Yapı Kredi Bank and later worked as, Specialist (1993-1998), Senior Specialist (1998- 2006), Manager (2006-2011), and Department Head (2011-2017) at the Project Assessment, Loan Allocation and Loan Monitoring units of the same bank. Satı Balcı served as a Board Member at the Bank's subsidiaries Yozgat Otelcilik A.Ş. and Arıcak A.Ş. Currently, she is an Administrator at T.H. Kalkınma Yatırım Menkul Değerler A.Ş. Since November 2017, she has been serving as Executive Vice President at the Bank. As of September 2021, he is the Vice Chairman of the Board of Directors of Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. He is responsible for Türkiye Development Fund, Loan Operations, Treasury and Capital Market Operations, Subsidiaries and Corporate Relations Units.

SEÇİL KIZILKAYA YILDIZ

Executive Vice President

Born in Konya in 1973, Ms. Yıldız graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1998. Ms. Yıldız began her career at the Industrial and Development Bank of Türkiye in 1998. After working as the Corporate Finance Assistant Manager at Oyak Yatırım Menkul Değerler A.Ş. between 2006 and 2007, she served as a Senior Loan Analyst at the Istanbul Liaison Office of the Bayerische Hypo-und Vereinsbank AG between 2007-2008. Having worked as Capital Markets Director at UniCredit Menkul Değerler A.Ş between 2008-2012, Ms. Yıldız served as Structured Financing Group Manager at the ING Bank A.Ş. between 2012-2014. Having worked as a Corporate Finance Consultant between 2014-2016, Ms. Yıldız was the founding and managing partner of the FSM Advisory Partnership between 2016-2017. She assumed the title of Executive Vice President at Kuzu Toplu Konut İnşaat A.Ş. between 2017-2019. In addition to being a Board Member at T. H. Kalkınma Yatırım Menkul Değerler A.Ş., Birleşik İpotek Finansmanı A.Ş., Chairman of the Board of Directors at Kalkınma Yatırım Varlık Kiralama A.Ş., Board Member at Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., Ms. Yıldız has also been serving as Executive Vice President in charge of Investment Banking, Project Evaluation, Sustainability and Corporate Communications Departments at the Bank since March 2019.

EMİNE ÖZLEM CİNEMRE

Executive Vice President

Ms. Cinemre graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1988. She began her career at QNB Finansbank as Junior Specialist in 1988. Later, she had various titles including Foreign Relations Officer (1989-1991), Foreign Relations Unit Manager (1991-1992), Head of Foreign Relations Group (1993-1997), and Assistant General Manager in charge of Foreign Relations (1997-2018). In the period from 2018 to 2019, Ms. Cinemre served as a Board Member at QNB Finans Leasing, QNB Finans Faktoring and Hemenal Finansman A.Ş. Since June 2019, she has been serving as Assistant General Manager in charge of Treasury and Financial Institutions at Development and Investment Bank of Türkiye. Ms. Cinemre is also a member of the Board of Directors of several non-governmental organizations in Türkiye.

YEŞİM ŞİMŞEK

Executive Vice President

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

ALİ YUNUSLAR

Executive Vice President

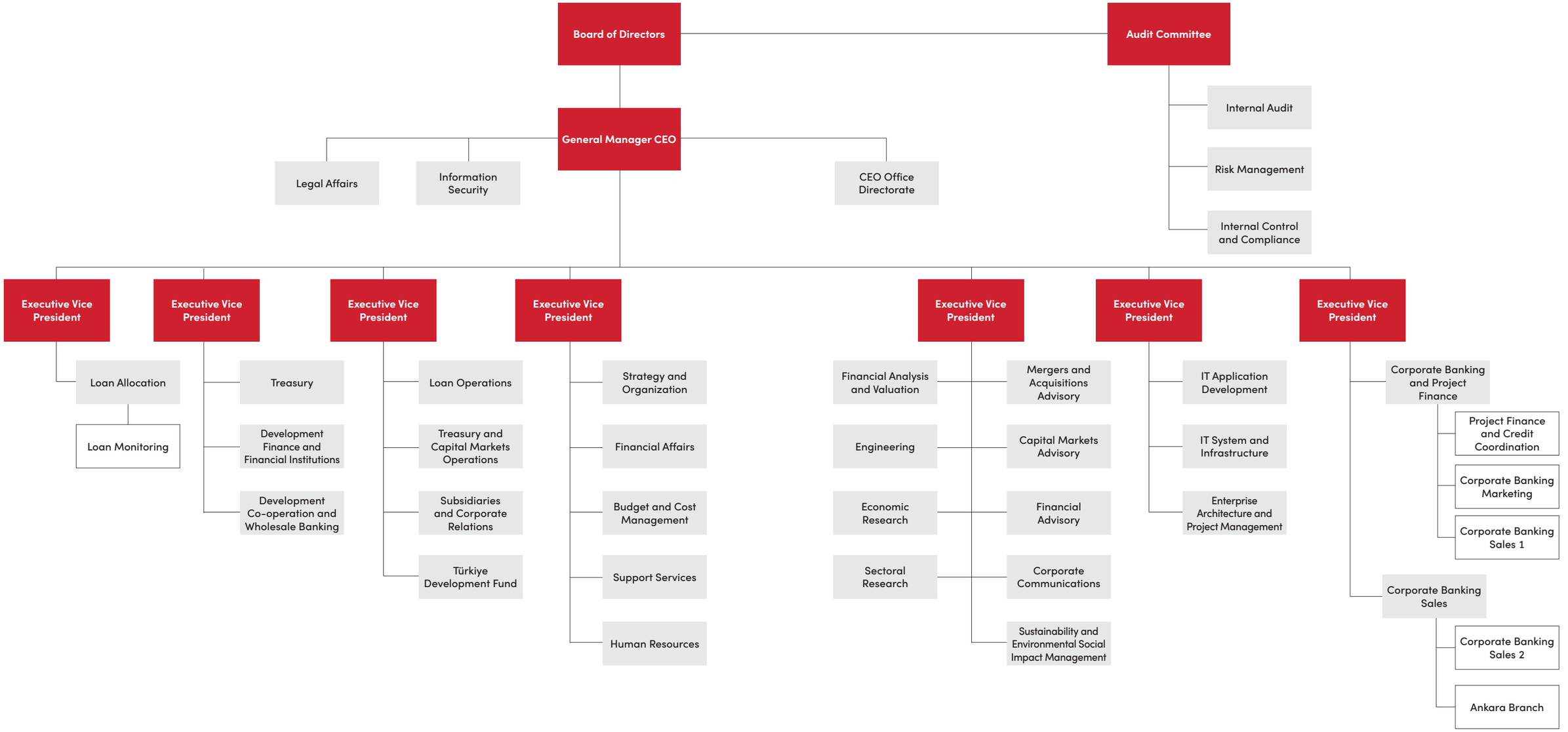
Mr. Yunuslar graduated in 1999 from METU Department of Computer Engineering. Mr. Yunuslar completed his MBA at ITU in 2011-2012 and started his professional career as a Software Engineer at VestelNet. After working as a Software Specialist at VeriPark and Bizitek, he joined Türkiye Sınai Kalkınma Bankası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

MUZAFFER GÖKHAN SONGÜL

Executive Vice President

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

Organizational Chart



Committees

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

Ömer Karademir, Erdal Erdem, Kerem Dönmez, and Zeynep Boğa were elected as members of the Audit Committee with the Board of Directors' resolution, dated August 10, 2023 and numbered 2023-11-02/158.

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

It is envisaged that the Committee shall convene at least once every three months. The Committee met 16 times and passed 56 decisions in 2023.

Audit Committee members and their primary functions

Name Surname	Title	Primary Function
Erdal Erdem	Chairman	Independent Member of the Board of Directors
Zeynep Boğa	Deputy Chairman	Independent Member of the Board of Directors
Ömer Karademir	Member	Deputy Chairman of the Board of Directors
Kerem Dönmez	Member	Independent Member of the Board of Directors

Remuneration Committee
Within the scope of the Regulation Amending the Regulation on Corporate Governance Principles of Banks published in the Official Gazette dated 09.09.2011 and numbered 27959 by the Banking Regulation and Supervision Agency, the Remuneration Committee was established by the Board of Directors with the resolution no. 2011-23-10/272 dated 08.12.2011 in order to evaluate the Bank's remuneration policy and practices within the framework of risk management and to submit proposals to the Board of Directors regarding the same, and the Bank's Remuneration Policy was adopted and entered into force with the resolution no. 2013-Ara Decision/074 dated 18.04.2013 and the Remuneration Committee Regulation was adopted and entered into force with the resolution no. 2013-11-14/121 dated 13.06.2013.

With the decision of the Board of Directors dated 10.08.2023 and numbered 2023-11-03/159, the members of the Remuneration Committee were re-determined.

The Committee held one meeting in 2023 and took one decision to be submitted to the Board of Directors of the Bank.

Members of the Remuneration Committee and their primary functions (*)

Name Surname	Title	Primary Function
Zeynep Boğa	Chairman	Independent Member of the Board of Directors
Erdal Erdem	Member	Independent Member of the Board of Directors

(*) Salim Can Karaşıklı served as the Chairman of the Remuneration Committee between 29.06.2022 and 31.03.2023.

Onur Gök served as a member of the Remuneration Committee between 29.06.2022 and 10.08.2023.

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

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

The duties of the Committee are to carry out studies to determine the principles regarding the Bank's corporate governance policy, to monitor compliance with the Corporate Governance Principles, to carry out improvement studies in this regard and to submit proposals to the Board of Directors. Pursuant to the Board's resolution no. 2023-11-04/160 dated August 10, 2020, Kerem Dönmez, who is a non-executive and independent member of the Board, was elected as the Chairman of the Corporate Governance Committee. The Corporate Governance Committee held two meetings and adopted two resolutions in 2023.

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

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

Members of the Corporate Governance Committee and their primary functions

Name Surname	Title	Primary Function
Kerem Dönmez	Chairman	Independent Member of the Board of Directors
Zekeriya Çoştu	Deputy Chairman	Member of the Board of Directors
Metin Yılmaz	Member	Treasury and Cap. Mar. Tr. Op. Unit Manager

Committees

Loan Assessment Committee
The Loan Assessment Committee has been established in order to determine the principles and principles of lending in accordance with the general objectives and policies of the Bank and to develop them according to the conditions of the day, to ensure and monitor the regular operation of the work, information and document flow between the units in charge of loan transactions of the Bank, to assess the Bank's loan risk and the status of the loan portfolio, to review, evaluate and decide on the reports prepared by the relevant units on loan allocation, to evaluate the projects to be credited by taking into account the three dimensions of sustainable development (economic, social and environmental) within the scope of the Bank's Environmental and Social Policy, to take decisions on postponement, instalment and rearrangement of loan receivables within the limits determined, to determine the procedures and principles regarding the Bank's loan policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions and to take measures and decisions on determining the strategies related to problematic/legal follow-up customers, and to discuss the proposals prepared by the relevant units.

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

In 2023, the Committee convened 44 times and passed decisions on 159 proposals and matters, and submitted those that were relevant to the approval of the Board.

Members of the Loan Assessment Committee and their primary functions

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

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

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

The Committee is chaired by the CEO and its members are Executive Vice Presidents and the Head of Risk Management Department. In the absence of the Chairman, the meetings are chaired by the Assistant General Manager in charge of Treasury. The Committee Chairman may invite relevant unit managers or personnel to the meetings according to the agenda of the meeting. The Committee adopted 14 resolutions in 2023.

Members of the Assets and Liabilities Committee and their primary functions

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

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

The Sustainability Committee carries out its activities within the framework of the updated Sustainability Committee Directive dated August 2021. The Committee is chaired by the CEO and composed of an independent Board Member, Executive Vice President in charge of Sustainability and Environmental Social Impact Management, Executive Vice President in charge of Development Financing and Financial Institutions, Executive Vice President in charge of Human Resources, Financial Affairs, and Strategy, Head of the Sustainability and Environmental Social Impact Management Division, and other auxiliary members to be elected by the Committee. Independent Board Members and auxiliary members are determined by the decision of the Committee.

The committee did not convene in 2023. Sustainability-focused consultation meetings were held with the Business Units of the Committee Members.

Members of the Sustainability Committee and their primary functions

Name Surname	Title	Primary Function
İbrahim Halil Öztop	Chairman	General Manager CEO
Turgay Geçer*	Deputy Chairman	Member of the Board of Directors
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Emine Özlem Cinemre	Member	Executive Vice President
N. Yasin Külahçı	Member	Executive Vice President
Erhan Çalışkan	Member	Manager

**He resigned from his position on 04.08.2023.*

Information on Human Resources Policy

EQUAL OPPORTUNITY IN HUMAN RESOURCES POLICY

The Development and Investment Bank of Türkiye received the Great Place to Work Certificate for the second time.

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

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

75 people joined the Bank in 2023. This raised the number of staff working for the Bank to 331 as of the end of 2023.

The principle of equal opportunity is at the centre of the human resources policy of the Development and Investment Bank, and this principle forms a part of its corporate identity. Within the scope of equal opportunities, the equality of male and female employees has become a part of the corporate culture. 57% of the Bank's Executive Vice Presidents are women, which is a true testament to this principle. As of 31.12.2023, 136 employees were female and 195 were male. At the Bank's Ordinary General Assembly Meeting for the year 2022 held on 04.08.2023, 1 female Board Member was elected.

Merit-Oriented Approach
The Development and Investment Bank carries out all human resources processes with a focus on merit.

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

Tests opened by the Bank and vacancies for experienced candidates are announced to the public both on the Bank's website and career websites.

The Human Resources Department conducts candidate searches in accordance with the qualifications of the position and applies a general aptitude test, English language test, and personality inventory to candidates depending on the requirements of the position; interviews are conducted with candidates; and job applications are evaluated together with the relevant Departments.



Standard criteria (experience, length of service, performance, competency assessment, exam, interview, etc.) are established for all internal promotions and transfers between positions and announced to all Bank employees with a transparent approach within the scope of career maps.

The Bank continues with efforts linked to hiring new graduates through Assistant Specialist and Internship Programs every year. In 2023, 18 people who successfully passed the exam and interview processes within the scope of the Long-Term Internship and MT Program completed a three-month internship at the Bank as Long-Term Interns, and 11 people started working as Assistant Specialists.

In the coming periods, we plan to continue to participate in universities' career days and similar events as part of brand visibility and recognition.

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

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

Dynamic Performance Evaluation System
In the performance evaluation system of the Development and Investment Bank, the performance of employees is measured based on competencies, targets, and their realisation in line with the Bank's values.

Information on Human Resources Policy

CONTRIBUTION TO THE DEVELOPMENT OF A SKILLED WORKFORCE

In order to support continuous development, various online training platform memberships with high international recognition were obtained according to the needs and demands of the units.

In harmony with the Bank's values, managerial, core, and functional skills were defined for managers and higher positions; while core and functional skills were defined for other titles.

Employee evaluations are carried out by two managers of the employee and open to the approval of the employee in order to ensure that the process is objective. Supervisors hold feedback meetings with the employee they evaluate. The Human Resources Department evaluates and monitors whether the feedback meetings held after the completion of performance evaluations are satisfactory for employees through surveys conducted.

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

Vocational and Personal Training Activities
The Bank organizes vocational technical trainings, personal development trainings and certification programs to ensure that its personnel have the necessary knowledge and equipment, and encourages the participation of personnel in trainings.

In 2023, the Bank organized trainings on 290 different topics, with an average of 54 hours of training per person.

In 2023, intensive online and classroom trainings were organised. Training programmes that are mandatory for all employees to complete are offered through the online training platform. In addition, in order to support continuous development, various online training platform memberships with high international recognition were obtained according to the needs and demands of the units.

A training catalog was presented to employees and in-class trainings were organized under 12 different topics of their own choice.

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

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

Leadership Development Programmes are organised for managerial staff. The program, designed in a modular structure and attended by 24 managers in 2023, started with an inventory process and was supported by one-to-one coaching interviews. As part of the programme, lasting approximately three months, participants receive coaching and shed light on both themselves and their teams.

In order to retain and develop talents, a five-month Micro MBA Certificate Programme was implemented in cooperation with the university for employees in the talent pool. In this context, 30 employees benefited from the programme and guided their career and development journeys with this programme consisting of both personal development and technical training.

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

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

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

The Corporate Sustainability Expertise Certificate Program, organized in cooperation with the Turkish Capital Market Association (TSPB), certified 38 employees.

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

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

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

An Internal Customer Satisfaction Survey was conducted in 2023 to measure the level of satisfaction among departments, strengthen communication between teams and establish cooperation, and the results were meticulously analysed and action plans for 2024 were formulated.

In line with the Bank's culture of trust and employee-oriented perspective, the Bank has participated in the Great Place to Work survey every year since 2022. Activities for the new period survey were initiated at the end of 2023, and as of January 2024, the Development and Investment Bank of Türkiye received the Great Place to Work Certificate for the second time with the votes of employees.

The Employee Loyalty Survey, conducted in 2022, is planned to be conducted again in 2024 in order to improve cooperation and teamwork and to listen to the employees' voices.

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

Social Responsibility
Within the scope of social responsibility activities;

- A Goodness Charity Bazaar was organized and the proceeds were donated to the children in the earthquake region through the Darüşşafaka Association.
- As part of the Income Generating Sapling Project, 1,505 saplings were donated.
- Kaçuv Hope Café was hosted in the Head Office and children with cancer and their families were supported.
- 20 employees participated in the Istanbul Marathon and collected donations for the benefit of Darüşşafaka.
- On November 11, National Afforestation Day, we supported the establishment of the 100th Anniversary Republican Forests by planting saplings to be Breath for the Future, Breath for the Republic.

Within the scope of employee loyalty and satisfaction, great importance is attached to two-way dialogue channels in order to feed on the innovative ideas of employees.

Activity Topics for which Support Services Are Received

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

- Outsourcing services from Innova Bilişim Çözümleri A.Ş. and Turkgen Yazılım Danışmanlık San. Tic. A.Ş.
- Core Banking Software products and services from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş. as part of the Core Banking Software Transformation Project
- White space rental services from Yaz Bilgi Sistemleri Ticaret A.Ş.
- Product procurement, maintenance, and support services for the SWIFT system from Fineksus Bilişim Çözümleri Ticaret A.Ş.
- Public Offering Module and Securities Module from Active Bilgisayar Hizmet ve Ticaret Ltd.
- Treasury Derivatives and Valuation Management, Market Risk Management, Asset and Liabilities Management Solutions, and R&D services from Risk Yazılım Teknolojileri Danışmanlık Eğit. Tic. Ltd.
- Oracle Products Extended Technical Support service from Helezon Bilgisayar Yazılım Danışmanlık ve Elektronik Ltd. Şti.
- Data centre renewal project service from İşNet Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.
- Penetration testing service from Turkcell Dijital İş Servisleri A.Ş.
- Outsourcing from Turkgen Yazılım Dan. San. Tic. A.Ş.
- Treasury Profitability project from Risk Aktif Dan. Eğitim ve Yazılım San. Tic. Ltd. Şti.
- Supplier Financing Platform from Octet Express Ödeme Kuruluşları A.Ş., Figo Ticari Bilgi ve Uygulama Platformu A.Ş. ve FaturaLab Elektronik Tic. Ve Bilişim Hizmetleri A.Ş.

Corporate Governance Principles Compliance Report

Development and Investment Bank of Türkiye continues its operations in accordance with the Law No. 7147 regulating its establishment, the Banking Law, and other legal regulations for which it is liable. The Bank complies with the mandatory Corporate Governance Principles issued by the Capital Markets Board and maximum effort is made to comply with non-mandatory principles.

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

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

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

- In relation to principle numbered 1.3.11, persons specified in the "Internal Directive on the Working Principles and Procedures of the General Assembly" may attend General Assembly meetings in addition to the shareholders of the Bank.
- In relation to principle numbered 1.5.2, minority rights have not been laid down in the Articles of Association.
- In relation to principle numbered 1.6.3, the reasons for not distributing profit were discussed upon the Board's proposal to not distribute profits. However, only the means of utilizing the profit not to be distributed were stated in the Minutes of the General Assembly meeting.
- In relation to principle numbered 2.1.2, there is no real person shareholder who holds more than 5% of the issued capital. The up-to-date version of the Bank's shareholding structure is available on the corporate website.

Corporate Governance Principles Compliance Report

- In relation to principle numbered 2.1.4, information on the Bank's corporate website is partially available in English.
- In relation to principle numbered 3.2.1, the participation of the staff in the management is not governed by internal regulation. However, the relevant unit can attend the meetings and provide information or opinions at the decision-making stage of the Bank's committees.
- In relation to principle numbered 3.3.5, decisions made on employees and developments that pertain to them are communicated to them. There is no union organization.
- In relation to principle numbered 4.2.8; an Executive Liability Insurance with a limit of USD 3 million has been taken out for the Bank's executives including its Board Members to cover individual liability arising from their improper conduct although it does not cover 25% of the capital.
- In relation to principle numbered 4.3.9, No minimum ratio has been determined for female members in the Bank's Board of Directors.
- In relation to principle numbered 4.4.3, no practice has been introduced for this matter although there is an opportunity to express an opinion.
- In relation to principle numbered 4.4.7, Board Members are not restricted from assuming duties in institutions other than the Bank.
- In relation to principle numbered 4.5.5, Board Members may be appointed to more than one committee.
- In relation to principle numbered 4.6.1, performance assessments are not carried out at the Board level.
- In relation to principle numbered 4.6.5, remuneration paid to senior managers is disclosed cumulatively, not on an individual basis.

In 2023, activities in the field of Corporate Governance were carried out in accordance with the Capital Markets Law, which includes the CMB's regulations on Corporate Governance Principles, and the communiqués prepared on the basis of this Law.

In 2023, the Board of Directors and the Committees of the Board of Directors of the Bank were formed in line with the regulations in the Communiqué on Corporate Governance. The established Board Committees continue their activities effectively.

Corporate Governance Rating

In its report dated 14.04.2023, Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. assigned the Bank's compliance rating to the CMB Corporate Governance Principles as 9.40. The compliance grades given over four main sections are given in the table below.

Corporate Governance Compliance Rating Score

	Shareholders	Public Disclosure and Transparency	Stakeholders	Board of Directors	Corporate Governance Principles Compliance Rating
Weight	25%	25%	15%	35%	
Rating Received	9.41	9.79	9.81	8.93	9.40

Dividend Distribution Policy

Article 26 of the Articles of Association of Development and Investment Bank of Türkiye (the Bank) regulates the principles regarding profit distribution.

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

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

1. The amount remaining after taxes and other legal liabilities are set aside from the Bank's gross profit is the net profit for the period.
2. The Bank's net profit for the period shall be distributed as follows: a:

a. Five percent (5%) shall be set aside as general legal reserves until it reaches 20% of the paid-in registered capital. In the event that the legal reserves fall below 20% of the paid-in capital, the Bank shall continue to set aside reserves until this amount is reached.
b. The first dividend distribution shall be made from the remaining profit in accordance with the provisions of the Turkish Commercial Code, the Banking Law, and other relevant legislation.
c. The Members of the Board of Directors and the Bank personnel may be paid dividends limited to the period of their employment, so as the dividends do not exceed three times their gross salaries and on condition that the General Assembly approves and specifies the relevant rates and amounts.
d. Other deductions and legal reserves stipulated by the Turkish Commercial Code and the General Assembly shall be set aside and the remaining amount shall be distributed to the shareholders as second dividend by the General Assembly.
e. The remaining profit shall be reserved as legal reserve.

3. The distribution procedures of the dividends to be paid to the members of the Board of Directors and the Bank's personnel shall be determined by the Board of Directors.

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

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

Summary Report of the Board of Directors

STRONG CAPITAL STRUCTURE, COMPETENT BANKING

Our loans, which accounted for 62.4% of total assets, increased by 39.5% reaching TL 84.2 billion as of year-end 2023.

The global economy continued to slow down in 2023 with the impact of the tight monetary policies implemented to combat global inflation and the lingering geopolitical risks. Also, the global transition to renewable energy sources has accelerated and investments in clean energy sources such as solar and wind energy have increased. This has led to important steps to reduce carbon emissions and combat climate change.

In 2023, when global recession concerns increased, and we experienced the disaster of the century, the Turkish economy continued to grow with the support of domestic demand. Furthermore, our country has made significant progress in the field of energy in 2023. Investments in renewable energy sources continued to increase, with solar and wind energy projects in particular gaining prominence. With investments in energy efficiency and eco-friendly technologies, Türkiye has taken steps towards achieving full energy independence and utilizing domestic energy resources more efficiently.

Our Bank's year-end financial indicators show that our assets grew by 47.2% reaching TL 134.8 billion as of year-end 2023. Our loans, which accounted for 62.4% of total assets, increased by 39.5% reaching TL 84.2 billion as of year-end 2023. The ratio of gross non-performing loans to total loans, an important indicator of asset quality, was 1% at the end of 2023, down 0.5 points compared to the end of the previous year. The Bank's capital adequacy ratio, which was 16.7% in December 2022, reached 16.9% as of December 2023.

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

As the Board of Directors of the Development and Investment Bank, we would like to extend our thanks to all our stakeholders who contributed to all our activities in the 2023 operating period and present the Board of Directors' and Auditors' Reports and the financial reports of the Development and Investment Bank for the year 2023 for your consideration.

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

The Audit Committee of the Bank carries out its activities in accordance with the provisions of the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks." Internal systems related activities (internal audit, internal control and risk management) in the Bank are carried out by the Inspection Board, Internal Control and Compliance Department, and Risk Management Department. The duties and responsibilities of the Board of Directors within the scope of the relevant legislation are fulfilled by the Audit Committee, the Board of Internal Auditors, the Internal Control and Compliance Department, and the Risk Management Department.

The Audit Committee monitored the compliance with the legal regulations regarding internal control, internal audit and risk management, as well as internal policies and implementation procedures approved by the Board of Directors. The Audit Committee evaluated the support services received by the Bank and monitored the efforts of taking necessary measures for managing the risks efficiently in this process. Additionally, independent audit results, yearly and quarterly financial results as well as independent audit reports were assessed by the independent auditors. The independence and adequacy of the rating institutions, independent audit firms and appraisal institutions in their activities related to the Bank have been evaluated.

The Audit Committee receives regular reports from internal control, internal audit, and risk management systems units as well as from independent audit firms on the execution of their duties. In 2023, it convened 16 times during which 56 resolutions were passed.

Furthermore, the Audit Committee continued to report its opinions to the Board of Directors regarding the results of its activities, the necessary measures and practices, and other matters that it deems important for the safe continuation of the Bank's operations. In this context, in accordance with BRSA regulations, the activities carried out by the Audit Committee are reported to the Board of Directors every six months.

Activities performed by the Board of Internal Auditors

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

The Inspection Board issued 16 audit reports associated with the planned audit activities conducted in 2023. Planned audit activities cover the validation and audit of the ICAAP process, information systems and banking processes, rating, independent audit and valuation institutions and support services institutions in addition to the business and operations of the Bank's units. The management declaration given by the Bank's Board of Directors to the contracted independent audit firm is based on the audits of information systems and banking processes conducted by the Board of Internal Auditors and the audits of support services institutions.

Activities Performed by the Internal Control and Compliance Unit

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

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

The Legal and Compliance Function has undertaken efforts to establish a compliance risk culture at the Bank and subsidiaries; measure, monitor, and report risks to manage compliance risks effectively; follow up and announce legal regulations to ensure compliance with applicable laws; to participate actively in workshops, seminars, trainings, and meetings organized by regulatory bodies on relevant legal regulations; support activities to set internal policies and procedures; and present opinion and evaluations regarding the compliance of products and services with the law. Contributed to the effective management of compliance risks by providing consultancy to the Bank's personnel in all areas related to compliance risks, including anti-financial and economic crime programmes. Contributed to taking necessary measures to ensure that the activities, products, and processes carried out and planned to be carried out by the Bank comply with both the legislation in force and the Bank's policies and standards. The Bank continues to provide in-house trainings to raise awareness among Bank personnel on compliance policies and compliance risks, in addition to the Legislation and Compliance Bulletin published periodically. Legislation follow-up and coordination of relations with regulatory bodies were ensured at the Bank.

The findings, opinions, and suggestions identified as a result of the internal control activities carried out by the Internal Control and Compliance Department within the framework of internal control, compliance, and legislative activities were first shared and evaluated with those who carry out the activities. Guidance was provided to eliminate the shortcomings and correct the deficiencies in question, and the swift implementation of the complementary and preventive measures agreed upon with the relevant units was monitored. The Bank's Audit Committee periodically evaluated the effectiveness of the internal control system and the results of internal control activities through the annual reports issued by the Internal Control and Compliance Department.

Activities Performed by the Risk Management Unit

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

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

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

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

As per legal requirements, the Risk Management Unit reports to the BRSA monthly, quarterly, and annually. Capital Adequacy Analysis Report, Feedback Table on Interest Rate Standard Ratio Arising from Banking Accounts, Loan Risk Report, and Market Risk Reports, prepared on a monthly basis on a solo and consolidated basis, are reported to the BRSA through the risk reporting sets determined by the executive board. Within the scope of the annual reports, in accordance with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks published by the BRSA in the Official Gazette No. 29057 dated 11 July 2014, the Bank prepares the Internal Capital Adequacy Assessment Process (ICAAP) Report on an annual basis. In addition, the "Stress Test Analysis" reports prepared annually are sent to the BRSA.

For the 2023 period, the "Türkiye Kalkınma ve Yatırım Bankası A.Ş. Internal Capital Adequacy Assessment Process (ICAAP) Report" is planned to be approved by the Board of Directors in March 2024 and sent to the BRSA.

Ömer Karademir
Member of the Audit Committee

Erdal Erdem
Chairman of the Audit Committee

Kerem Dönmez
Member of the Audit Committee

Zeynep Boğa
Deputy Chairman of the Audit Committee

Risk Management Policies

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

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

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

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

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

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

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

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

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

Counterparty Loan Risk Management Policy
The Counterparty Loan Risk (CCR) Policy aims to establish effective counterparty loan risk management processes based on prudent and consistent feasibility principles and in compliance with the risk strategy, risk policies, and regulatory rules.

The main objective is to determine the policies to be applied in CCR-related transactions carried out in all segments and to create a reference for the Bank's employees. Since the CCR is a type of risk that is basically evaluated within the scope of loan risk, it is evaluated by taking into account the principles set out in this policy together with other loan risk policies.

Concentration Risk Management Policy
The Bank conducts activities by considering the concentration risks including but not limited to the concentration of loans in certain regions and sectors, or the concentration in fund sources and funding institutions. When an increase in concentration risk is determined, measures are taken to reduce it to an acceptable level.

Market Risk Management Policy
The Market Risk Management Policy focuses on identifying market risks at organizational and operational levels as well as market risk management methodologies. It also covers product valuation, risk monitoring, and preparation of relevant reports.

"Interest rate risk" and "currency risk" measurements are used in the calculation of market risk. The Bank's market risk management mainly ensures the management of the risks arising from the trading activities of the Bank's portfolio, which undergoes daily valuation. The measurement of the risk is important not only for the perception and management of risk by all relevant management levels but also for the compensation of losses that may arise when the risk occurs. Measurement is therefore about assessing capital requirements as much as assessing the magnitude of the risk and the circumstances surrounding its occurrence. Methods such as scenarios and stress tests are used to predict the risk levels and capital requirements that may arise in various circumstances and risk environments.

Foreign Exchange Risk Management Policy
Currency risk refers to the possibility of loss in the Bank's earnings or capital as a result of changes in foreign exchange rates. In other words, it is the risk of actual or potential loss of the Bank's earnings or capital due to changes in the value of the national currency or changes in the parity between different currencies in the Bank's position.

Assessments and analyses are made within the scope of the "Regulation on Calculation and Application of Foreign Exchange Net General Position / Own Funds Standard Ratio by Banks on Consolidated and Non-Consolidated Bases" published by the BRSA in order to establish the relationship and balance between foreign currency assets and liabilities and to maintain a foreign currency position at a level compatible with shareholders' equity.

In addition, as in interest rate risk management applications, "Value at Risk Approach for Currency Risk" and "Stress Test and Scenario Analysis" measurements are employed to measure currency risk in accordance with the type, direction, and size of the related positions. The Risk Management Department makes all the above-mentioned calculations and assessments and reports the results to the senior management and relevant departments.

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

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

Liquidity Risk Management Policy
Liquidity risk represents the probability that the Bank's cash flow requirements, either predictable or unpredictable, cannot be met adequately without affecting daily operations or the financial structure, and therefore the Bank records losses. In addition, liquidity risk also covers the risk facing the Bank in the event that a position cannot be closed or balanced due to a lack of market debt or high volatility; as a result, it has a probability of recording losses.

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

In the Bank's liquidity risk management, the limits within the scope of the relevant regulations of the BRSA and the limits on liquidity ratios in the Bank's Risk Appetite Structure, Risk Limits and Implementation Principles document approved by the Board of Directors within the framework of the Bank's risk appetite are determinative. The liquidity risk management process is carried out in a manner that meets the legal and internal regulatory requirements.

In order to manage liquidity risk of the Bank, the Bank's asset and liability structure is evaluated in terms of maturities and pro forma cash flows are determined based on foreseeable data. It is essential to place the liquidity surplus in the appropriate place by considering alternative returns and to meet the liquidity need with the most cost-effective resources. Monthly pro forma cash flows and balance sheet duration concerning the level of coverage of medium- and long-term liabilities are continuously monitored to anticipate factors that may create liquidity risk.

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

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

The Operational Risk Management Policy Framework is a common risk glossary that comprehensively identifies all significant risks to which the Bank is exposed by category and includes definitions and examples of risks to ensure effective communication across the Bank. The evaluation and reporting of risks and controls is the basis for the collection of risk data and management information.

Risk Management Policies

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

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

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

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

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

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

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

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

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

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

Assessments on Financial Position, Profitability and Solvency

Financial data regarding the Bank's financial position for the periods of December 2022 and December 2023 are presented comparatively in the tables below.

TL million	31.12.2022	31.12.2023	Change (Value)	Change (%)
Total Assets	91,598.15	134,847.47	43,249.32	47.22%
Loans	60,340.30	84,158.71	23,818.41	39.47%
Liabilities	84,754.77	123,964.98	39,210.21	46.26%
Equity	6,843.38	10,882.49	4,039.11	59.02%
Total Income	8,664.64	23,078.92	14,414.28	166.36%
Total Expenditures (inc. Tax)	6,973.27	19,035.54	12,062.27	172.98%
Tax Provision	629.24	1,599.23	969.99	154.15%
Profit/Loss	1,691.37	4,043.38	2,352.01	139.06%
Capital Adequacy St. Ratio (%)	16.67	16.86	0.19	1.14%

In December 2023, the Bank's asset size increased by 47.2% compared to the same period of the previous year and reached approximately TL 134.8 billion. The 55.4% increase in liquid assets (TL 13.4 billion) and 39.5% increase in loans (TL 23.8 billion) were determinants in the increase in asset size.

The increase in the liabilities results from the approximately 46.3% increase in foreign assets (TL 39.2 billion) and the 59% increase in shareholders' equity (TL 4.0 billion).

FX assets and liabilities, which constitute a significant portion of the Bank's balance sheet, and the increases observed in exchange rates (57.2% for USD and 63.5% for EUR) during this period should be taken into consideration while evaluating the increase in assets and liabilities. The increase in the basket exchange rate, calculated based on the EUR-USD weight in the Bank's foreign currency balance sheet, was 59.9%.

Looking at the evolution of the Bank's asset composition, loans correspond to approximately TL 84.2 billion. The share of loans in total assets, which was 65.9% at the end of the previous year, was realized as 62.4% in 2023.

Assessments on Financial Position, Profitability and Solvency

Composition of Assets (%)	**31.12.2022**	**31.12.2023**
Cash and Cash Equivalents	16.79	16.29
Financial Assets Designated at Fair Value Difference through Profit or Loss	0.32	0.44
Financial Assets Designated at Fair Value Difference through Other Comprehensive Income	9.44	11.29
Other Financial Assets Measured at Amortized Cost	8.25	10.10
Derivative Financial Assets	0.03	0.05
Loans	65.88	62.41
Receivables from Leasing	0.00	0.00
Subsidiaries and Affiliates (Net)	0.02	0.02
Tangible and Intangible Fixed Assets (Net)	0.12	0.05
Deferred Tax Asset	0.18	0.24
Other Assets	0.18	0.17
Anticipated Loss Provisions (-)	1.21	1.06
Total	**100.00**	**100.00**

Non-Performing Receivables (gross) balance amounted to TL 848 million in 2023. The gross non-performing loans ratio decreased from the 2022 year-end figure of 1.5% to 1.0% at the end of 2023. The ratio of provisions for non-performing loans decreased to TL 528.8 million in 2023, down by 1% compared to 2022. Meanwhile, the Nonperforming Loans (Net) /Total Loans ratio decreased from 0.54% to 0.38%.

Total Loans (TL Thousand)	**31.12.2022**	**31.12.2023**
Loans	60,340,295	84,158,708
Non-performing Loans (Gross)	894,374	848,082
Loan Provisions (-)	567,821	528,780
Non-performing Loans (Net)	326,553	319,302

The Bank's liquid assets increased by 55.4%, rising from TL 24,343 million at the end of 2022 to TL 37,840 million by December 2023. In this development, cash and cash equivalents increased from TL 15,375 million to TL 21,962 million, and financial assets at fair value through other comprehensive income increased from TL 8,647 million to TL 15,221 million.

Liquid Assets (TL Thousand)	**31.12.2022**	**31.12.2023**
Cash and Cash Equivalents	15,375,077	21,962,268
Financial Assets Designated at Fair Value Difference through Profit or Loss	289,829	591,455
Financial Assets Designated at Fair Value Difference Financial Assets	8,646,943	15,220,615
Derivative Financial Assets	31,094	65,716
Total	**24,342,943**	**37,840,054**

The Bank finances loan placements primarily with foreign funding. The loans have reached approximately TL 98 billion within the composition of the Bank's sources, and their share in total liabilities rose from 69.2% to 72.6% in the same period. Shareholders' equity increased to approximately TL 10.9 billion in 2023 and the share of shareholders' equity in liabilities rose from 7.5% to 8.1%.

Composition of Liabilities (%)	**31.12.2022**	**31.12.2023**
Funds Borrowed	69.15	72.64
Payables to Money Markets	3.23	2.14
Securities Issued	2.2	2.46
Funds	9.19	4.74
Subordinated Debt Instruments	7.59	8.59
Provisions	0.18	0.32
Other Liabilities	0.99	1.04
Equity	7.47	8.07
Profit/Loss for the Period	1.85	3.00
Total	**100**	**100**

Total income grew by 166.4% (TL 14,414 million TL) to reach TL 23,079 million while total expenditures increased by 173.0% (TL 12,062 million) to TL 19.036 million. The Bank's net profit for the period grew by 139.1% year-on-year to TL 4.043 million.

Assessments on Financial Position, Profitability and Solvency

Total Income and Expenditures (TL Million)	31.12.2022	31.12.2023	Change (Value)	Change (%)
Total Income	8,664	23,079	14,415	166.38
Total Expenditures (excl. Tax)	6,344	17,437	11,093	174.86
Tax Provision (-)	629	1,599	970	154.21
Net Profit (Loss)	1,691	4,043	2,352	139.09

Sources of Profit/Loss (TL Million)	31.12.2022	31.12.2023
Interest Margin	3,003.0	7,520.4
FX Margin	-340.7	-2,752.1
Fees and Commissions Margin	69.0	109.1
Capital Markets Transactions Margin	105.0	162.5
Derivative Financial Trans. Margin	289.6	1,986.1
Other Income Margin	-805.3	-1,383.4
Profit Before Tax	2,320.6	5,642.6
Tax Provision (-)	629.2	1,599.2
Net Profit (Loss)	1,691.4	4,043.4

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

In December 2023, interest margin, representing the most important factor in the Bank's profitability, increased by 150.43% year-on-year (approx. TL 4,518 million) and reached TL 7.520 million. The share of interest income generated from loans in total interest income dropped from 48.15% in 2022 to 43.95% as of year-end 2023. Meanwhile, the share of interest income generated from money market transactions in total interest income increased from 7.02% to 16.15% compared to the same period of the previous year in 2023. On the other hand, the share of interest income generated from banks in total interest income rose from 15.94% to 17.65% in the same period. The share of interest income from marketable securities in total interest income from marketable securities in total interest income decreased from 28.86% at the end of 2022 to 22.25% at the end of 2023.

Composition of Interest Income/Expenditures (%)	31.12.2022	31.12.2023
Interest Income	100	100
From Loans	48.15	43.95
From Banks	15.94	17.65
From Money Market Transactions	7.02	16.15
From Securities	28.86	22.25
Other	0.03	0.00
Interest Expenses	100	100
On Money Market Transactions	7.77	6.11
On Loans Used	84.46	83.53
Other	7.77	10.36

The Bank's average return on assets rose from 2.39% to 3.57% year-on-year and the average return on shareholders' equity from 31.14% to 45.66%.

As of the end of December 2023, the regulatory shareholders' equity went up to TL 19,763.5 million. In the meanwhile, the Value at Loan Risk and Value at Market Risk totalled TL 99,645.1 million and TL 14,226.2 million, respectively, and the Value at Operational Risk was TL 3,333.7 million. As a result, the Bank's SYSR, which was 16.67% in December 2022, was realised as 16.86% as of the end of December 2022.

Information on the Bank's Transactions with its Risk Group

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

Credit Ratings

Fitch Ratings revised the Bank's rating as B and outlook as "Stable" on September 22, 2023.

Foreign Currency	**Note**	**Outlook**
Long-Term	B	Stable
Short-Term	B	
Turkish Lira		
Long-Term	B	Stable
Short-Term	B	
National		
Long-Term	AAA (TUR)	Stable

Selected Summary Financial Information and Indicative Ratios for the Period 2019-2023

(TL Million)	**2019**	**2020**	**2021**	**2022**	**2023**
TOTAL ASSETS	19,375.90	28,073.40	48,380.7	91,598.2	134,847.5
FINANCIAL ASSETS	3,242.70	6,141.90	8,421.5	24,342.9	37,840.1
TOTAL LOANS	15,127.80	20,402.70	37,483.2	60,340.3	84,158.7
NON-PERFORMING LOANS (NET)	5.6	68.1	326.7	326.6	319.3
TOTAL FOREIGN ASSETS	17,019.50	24,485.20	43,917.4	84,754.8	123,965.0
PAID-IN CAPITAL	850	1,600.00	2,000.0	2,500.0	2,500.0
SHAREHOLDERS' EQUITY	2,356.40	3,588.20	4,463.4	6,843.4	10,882.5
NET INTEREST INCOME	707.7	737.3	1,376.8	3,003.0	7,520.4
NET PROFIT	447.1	501.8	813.9	1,691.4	4,043.4

(%)	**2019**	**2020**	**2021**	**2022**	**2023**
TOTAL LOANS/TOTAL ASSETS	77.5	72.1	77.5	65.9	62.41
TOTAL NON-PERFORMING LOANS (GROSS) / TOTAL LOANS (GROSS)	0.8	1.1	2.3	1.5	1.01
TOTAL FOREIGN ASSETS / TOTAL LIABILITIES	87.8	87.2	90.8	92.5	91.93
SHAREHOLDERS EQUITY / TOTAL ASSETS	12.2	12.8	9.2	7.5	8.07
CAPITAL ADEQUACY STANDARD RATIO	22.3	22.4	14.3	16.7	16.86
AVERAGE RETURN ON ASSETS	2.6	2.2	2.4	2.4	3.57
AVERAGE RETURN ON EQUITY	23.7	19.5	20.2	31.1	45.66

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Financial Statements
as at and for the Year Ended 31 December 2023
With Independent Auditor's Audit Report

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Independent Auditor's Report

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2023 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.,
a Turkish corporation and a member firm of the KPMG network of independent
member firms affiliated with KPMG International Cooperative, a Swiss entity

Key Audit Matters

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

Impairment of loans measured at amortised cost

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

Key audit matter	***How the matter is addressed in our audit***
As of 31 December 2023, loans amount 62% of the Bank's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: • determination of significant increase in credit risk since initial recognition of loans in financial statements. • incorporating the forward looking macroeconomic information in calculation of credit risk. • design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.	Our procedures for auditing the impairment of loans measured at amortised cost include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment processes were with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that are defined in the Bank's impairment model compared with the Regulation and Standard. • We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated prospective information and macroeconomic variables. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.

The Bank calculates expected credit losses on a collective basis. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.	• We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

Our aim is to obtain reasonable assurance as to whether the unconsolidated financial statements as a whole do not contain material misstatement due to error or fraud and to prepare an independent auditor's report containing our opinion. Reasonable assurance given as a result of an independent audit conducted in accordance with the BRSA Audit Regulation and Standards on Auditing; It is a high level of assurance, but it does not guarantee that a material misstatement will always be detected if it exists.

Inaccuracies may be due to error or fraud. Misstatements are considered material if, individually or collectively, they could reasonably be expected to affect the economic decisions of users of the financial statements based on the unconsolidated statements.

As a requirement of an independent audit conducted in accordance with the BRSA Audit Regulation and ISAs, we use our professional judgment and maintain our professional skepticism throughout the independent audit. We also:

• Risks of material misstatement resulting from error or fraud in the unconsolidated financial statements are identified and evaluated, audit procedures responding to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to form a basis for our opinion. Cheat; The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as it may involve acts of collusion, fraud, willful negligence, misrepresentation or internal control violation.

• Internal control relevant to the audit is evaluated not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control, but for the purpose of designing audit procedures appropriate to the situation.

• The suitability of the accounting policies used by the management and the reasonableness of the accounting estimates and related disclosures are evaluated.

• Based on the audit evidence obtained, a conclusion is reached about whether there is a material uncertainty regarding events or conditions that may create serious doubt about the Bank's ability to continue as a going concern and the appropriateness of the management's use of the going concern principle. If we conclude that a material uncertainty exists, we are required to draw attention to the relevant disclosures in the unconsolidated financial statements in our report or, if these disclosures are insufficient, to express an unqualified opinion.

Our conclusions are based on the audit evidence obtained up to the date of the independent auditor's report. However, future events or circumstances may terminate the Bank's continuity.

• The overall presentation, structure and content of the unconsolidated financial statements, including disclosures, and whether these statements reflect the underlying transactions and events in a manner that ensures fair presentation are evaluated.

We communicate to those charged with governance the planned scope and timing of the independent audit and significant audit findings, including, among other things, any significant internal control deficiencies we identify during the audit.

We have informed those charged with senior management that we comply with the ethical provisions regarding independence. In addition, we have communicated to those responsible for senior management all relationships and other issues that may be considered to have an impact on independence and the steps taken and measures taken to eliminate threats, if any.

Among the matters reported to those charged with governance, we determine the matters that are most important in the independent audit of the current period's unconsolidated financial statements, that is, the key audit matters. In cases where the legislation does not allow the matter to be disclosed to the public, or in very exceptional cases where the negative consequences of disclosing the matter to the public are reasonably expected to outweigh the public interest of the matter, we may decide not to disclose the relevant matter in our independent auditor's report.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2023 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

8 February 2024
İstanbul, Türkiye

THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2023

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

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

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

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

Dr. Raci KAYA **Chairman of the Board**	**İbrahim H. ÖZTOP** **CEO and Board Member**	**Erdal ERDEM** **Chairman of Audit Committee**	**Zeynep BOĞA** **Deputy Chairman of Audit Committee**
Kerem DÖNMEZ **Member of Audit Committee**	**Ömer KARADEMİR** **Member of Audit Committee**	**Nuri Yasin KAYAHÇI** **Executive Vice President**	**Aydın TOSUN** **Head of Financial Affairs**

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

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

SECTION ONE
General Information

I.	Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles	118
II.	Capital Structure of the Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year and Disclosures about the Group	118
III.	Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Bank, if any	119-120
IV.	Information About Persons and Institutions that Have Qualified Shares Attributable to the Bank	120
V.	Summary of Functions and Lines of Activities of the Bank	120
VI.	Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted From Equity or Not Subject to Any of These Three Methods	120
VII.	Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts between the Bank and Its Subsidiaries	120

SECTION TWO
Unconsolidated Financial Statements

I.	Balance Sheet (Statement of Financial Position)	122-123
II.	Statement of Off-Balance Sheet Accounts	124
III.	Statement of Profit or Loss	125
IV.	Statement of Profit or Loss and Other Comprehensive Income	126
V.	Statement of Changes in Shareholders' Equity	127
VI.	Statement of Cash Flows	128
VII.	Statement of Profit Distribution	129

SECTION THREE
Accounting Policies

I.	Explanations on Basis of Presentation	130
II.	Basis of Valuation Used in the Preparation of Financial Statements	131
III.	Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions	131-132
IV.	Explanations on Associates and Subsidiaries	132
V.	Explanations on Futures, Option Contracts and Derivative Instruments	132
VI.	Explanations on Interest Income and Expenses	132
VII.	Explanations on Fees and Commission Income and Expenses	133
VIII.	Explanations on Financial Assets	133-136
IX.	Explanations on Impairment of Financial Assets	136-139
X.	Explanations on Offsetting of Financial Assets and Liabilities	140
XI.	Explanations on Sales and Repurchase Agreements and Lending of Securities	140
XII.	Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities	140
XIII.	Explanations on Goodwill and Other Intangible Assets	141
XIV.	Explanations on Tangible Fixed Assets	141
XV.	Explanations on Leasing Transactions	142
XVI.	Explanations on Provisions and Contingent Liabilities	142
XVII.	Explanations on Employee Benefit Liabilities	143
XVIII.	Explanations on Taxation	143-145
XIX.	Additional Explanations on Borrowings	146
XX.	Explanations on Shares Issued	146
XXI.	Explanations on Bill Guarantees and Acceptances	146
XXII.	Explanations on Government Incentives	146
XXIII.	Earnings Per Share	146
XXIV.	Related Parties	147
XXV.	Explanations on Segment Reporting	147-148

SECTION FOUR
Information on Financial Structure and Risk Management

I.	Explanations Related to Equity	149-166
II.	Explanations Related to Credit Risk	167-176
III.	Explanations Related to Currency Risk	177-179
IV.	Explanations Related to Interest Rate Risk	180-183
V.	Explanations Related to Position Risk of Equity Securities	184
VI.	Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio	184-191
VII.	Explanations Related to Leverage Ratio	192
VIII.	Explanations Related to the Presentation of Financial Assets and Liabilities at Fair Values	193-195
IX.	Explanations Related to the Transactions Made on Behalf of Others and Items Held in Trust	195
X.	Explanations Related to Risk Management	195-226

SECTION FIVE
Explanations and Notes Related to the Unconsolidated Financial Statements

I.	Explanations and Notes Related to Assets	227-241
II.	Explanations and Notes Related to Liabilities	242-246
III.	Explanations and Notes Related to Off-Balance Sheet Accounts	247-249
IV.	Explanations and Notes Related to Statement of Profit or Loss	250-254
V.	Explanations and Notes Related to Statement of Changes in Shareholders' Equity	255
VI.	Explanations and Notes Related to Cash Flows Statement	255
VII.	Explanations Related to Risk Group of the Bank	256
VIII.	Explanations Related to Domestic, Foreign, Off-shore Branches and Representative Offices Abroad	256

SECTION SIX
Other Explanations

I.	Other Explanations Related to Operations of the Bank	257
II.	Explanations and Notes Related to Subsequent Events	257

SECTION SEVEN
Independent Auditor's Report

I.	Explanations on Independent Auditor's Report	258
II.	Explanations and Notes Prepared by Independent Auditor	258

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Chairman and Members of the Board of Directors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	33
Ömer KARADEMİR	Deputy Chairman of the Board	25.03.2022	Master's Degree	17
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	27
Erdal ERDEM	Board Member	10.07.2020	Bachelor's Degree	28
Zeynep BOĞA	Board Member	04.08.2023	Master's Degree	18
Zekeriya ÇOŞTU	Board Member	04.08.2023	Master's Degree	16
Kerem DÖNMEZ	Board Member	04.08.2023	Master's Degree	16

General Manager, Executive Vice Presidents:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Information Security, Legal Affairs, CEO Office Directorate and all other areas	16.08.2018	Master's Degree	27
Satı BALCI	EVP / Subsidiaries and Corporate Relations, Loan Operations, Treasury and Capital Markets Operations, Türkiye Development Fund	07.11.2017	Bachelor's Degree	35
Seçil KIZILKAYA YILDIZ	EVP / Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor's Degree	24
Emine Özlem CİNEMRE	EVP / Treasury, Development Finance ve Financial Institutions(*), Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	36
Ali YUNUSLAR	EVP / IT Application Development, IT System and Infrastructure, Enterprise Architecture and Project Management	08.02.2022	Master's Degree	22
Yeşim ŞİMŞEK	EVP / Corporate Banking and Project Finance, Corporate Banking Sales	06.06.2022	Bachelor's Degree	33
Muzaffer Gökhan SONGÜL	EVP / Loan Allocation, Loan Monitoring	05.09.2022	Master's Degree	20
Nuri Yasin KÜLAHÇI	EVP / Human Resources, Support Services, Financial Affairs, Strategy and Organization, Budget and Cost Management	18.10.2022	Master's Degree	18

(*) With an amendment made on 10 July 2023, Development Finance Institutions and Financial Institutions Units were merged as Development Finance and Financial Institutions Unit. The duties and responsibilities of the Office of the Board of Directors have been transferred to the Legal Affairs Unit and the name of the CEO and Board of Directors Office Services Unit has been changed to the CEO Office Directorate.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Kaan Ramazan ÇAKALI	Chief Internal Inspector	27.05.2019	Doctorate	20

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.

IV. Information About Persons and Institutions that Have Qualified Shares Attributable to the Bank:

Republic of Türkiye Ministry of Treasury and Finance owns 99,08% of the shares of the Bank.

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

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş's operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner. As of 31 December 2023, the Bank has 1 branch operating in Ankara.

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position) as of 31 December 2023

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

I.	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
	ASSETS		TL	FC	TOTAL	TL	FC	TOTAL
I.	**FINANCIAL ASSETS (NET)**	**(1)**	**22.296.189**	**15.543.865**	**37.840.054**	**18.032.182**	**6.310.761**	**24.342.943**
1.1	**Cash and Cash Equivalents**		**20.791.342**	**1.170.926**	**21.962.268**	**14.388.882**	**986.195**	**15.375.077**
1.1.1	Cash and Balances with Central Bank		2.560	-	2.560	835	-	835
1.1.2	Banks		3.758.538	1.170.926	4.929.464	7.771.783	986.195	8.757.978
1.1.3	Money Markets		17.046.025	-	17.046.025	6.634.417	-	6.634.417
1.1.4	Expected Loss Provision (-)		(15.781)	-	(15.781)	(18.153)	-	(18.153)
1.2	**Financial Assets Measured at Fair Value Through Profit or Loss**		**318.816**	**272.639**	**591.455**	**132.363**	**157.466**	**289.829**
1.2.1	Government Securities		-	-	-	-	-	-
1.2.2	Equity Securities		318.816	272.639	591.455	132.363	157.466	289.829
1.2.3	Other Financial Assets		-	-	-	-	-	-
1.3	**Financial Assets Measured at Fair Value Through Other Comprehensive Income**		**1.120.503**	**14.100.112**	**15.220.615**	**3.479.843**	**5.167.100**	**8.646.943**
1.3.1	Government Securities		868.246	7.758.688	8.626.934	2.346.094	3.580.286	5.926.380
1.3.2	Equity Securities		18.362	-	18.362	17.174	-	17.174
1.3.3	Other Financial Assets		233.895	6.341.424	6.575.319	1.116.575	1.586.814	2.703.389
1.4	**Derivative Financial Assets**		**65.528**	**188**	**65.716**	**31.094**	-	**31.094**
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		65.528	188	65.716	31.094	-	31.094
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)**	**(2)**	**24.956.730**	**71.399.398**	**96.356.128**	**12.915.909**	**53.876.990**	**66.792.899**
2.1	**Loans**		**19.333.681**	**64.825.027**	**84.158.708**	**10.460.592**	**49.879.703**	**60.340.295**
2.2	**Lease Receivables**		**3**	-	**3**	**1**	-	**1**
2.3	**Factoring Receivables**		-	-	-	-	-	-
2.4	**Other Financial Assets Measured at Amortised Cost**		**7.046.016**	**6.574.371**	**13.620.387**	**3.564.936**	**3.997.287**	**7.562.223**
2.4.1	Government Securities		7.046.016	6.513.924	13.559.940	3.564.936	3.997.287	7.562.223
2.4.2	Other Financial Assets		-	60.447	60.447	-	-	-
2.5	**Expected Loss Provision (-)**		**(1.422.970)**	-	**(1.422.970)**	**(1.109.620)**	-	**(1.109.620)**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(3)**	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**	**(4)**	**27.332**	-	**27.332**	**14.636**	-	**14.636**
4.1	**Associates (Net)**		**10.586**	-	**10.586**	**10.586**	-	**10.586**
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		10.586	-	10.586	10.586	-	10.586
4.2	**Subsidiaries (Net)**		**16.746**	-	**16.746**	**4.050**	-	**4.050**
4.2.1	Unconsolidated Financial Subsidiaries		16.746	-	16.746	4.050	-	4.050
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	**Joint Ventures (Net)**		-	-	-	-	-	-
4.3.1	Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(6)**	**42.366**	-	**42.366**	**88.099**	-	**88.099**
VI.	**INTANGIBLE ASSETS (Net)**	**(7)**	**32.252**	-	**32.252**	**21.596**	-	**21.596**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		32.252	-	32.252	21.596	-	21.596
VII.	**INVESTMENT PROPERTY (Net)**	**(8)**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSET**	**(9)**	-	-	-	-	-	-
IX.	**DEFERRED TAX ASSET**	**(10)**	**322.823**	-	**322.823**	**168.840**	-	**168.840**
X.	**OTHER ASSETS**	**(11)**	**67.055**	**159.464**	**226.519**	**50.761**	**118.378**	**169.139**
	TOTAL ASSETS		**47.744.747**	**87.102.727**	**134.847.474**	**31.292.023**	**60.306.129**	**91.598.152**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position) as of 31 December 2023

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

I.	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
	LIABILITIES		TL	FC	TOTAL	TL	FC	TOTAL
I.	**DEPOSITS**	**(1)**	-	-	-	-	-	-
II.	**FUNDS BORROWED**	**(2)**	**17.995.416**	**79.951.624**	**97.947.040**	**8.959.064**	**54.380.664**	**63.339.728**
III.	**MONEY MARKET FUNDS**	**(3)**	**2.884.276**	-	**2.884.276**	**2.960.566**	-	**2.960.566**
IV.	**SECURITIES ISSUED (Net)**	**(4)**	-	**3.321.427**	**3.321.427**	-	**2.018.433**	**2.018.433**
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	3.321.427	3.321.427	-	2.018.433	2.018.433
V.	**FUNDS**	**(5)**	**2.676.239**	**3.721.694**	**6.397.933**	**6.158.015**	**2.260.810**	**8.418.825**
5.1	Borrower Funds		325.241	2.584.491	2.909.732	1.626.575	1.425.057	3.051.632
5.2	Other		2.350.998	1.137.203	3.488.201	4.531.440	835.753	5.367.193
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**	**(6)**	-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(7)**	**15.195**	**3.104**	**18.299**	**11.157**	-	**11.157**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		15.195	3.104	18.299	11.157	-	11.157
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITES**	**(8)**	-	-	-	-	-	-
IX.	**LEASE LIABILITIES (Net)**	**(9)**	**20.737**	-	**20.737**	**22.889**	-	**22.889**
X.	**PROVISIONS**	**(11)**	**428.541**	-	**428.541**	**164.441**	-	**164.441**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		266.464	-	266.464	112.491	-	112.491
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		162.077	-	162.077	51.950	-	51.950
XI.	**CURRENT TAX LIABILITY**	**(12)**	**545.981**	-	**545.981**	**286.521**	-	**286.521**
XII.	**DEFERRED TAX LIABILITY**	**(13)**	-	-	-	-	-	-
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(14)**	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(15)**	**3.712.899**	**7.865.824**	**11.578.723**	**2.301.046**	**4.646.290**	**6.947.336**
14.1	Loans		3.712.899	7.865.824	11.578.723	2.301.046	4.646.290	6.947.336
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**	**(16)**	**477.019**	**345.013**	**822.032**	**268.330**	**316.544**	**584.874**
XVI.	**SHAREHOLDERS' EQUITY**	**(17)**	**10.795.135**	**87.350**	**10.882.485**	**6.855.301**	**(11.919)**	**6.843.382**
16.1	Paid-in capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2	Capital Reserves		210.112	-	210.112	210.112	-	210.112
16.2.1	Share Premium		4.038	-	4.038	4.038	-	4.038
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(506)	-	(506)	(506)	-	(506)
16.4	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		72.986	87.350	160.336	176.527	(11.919)	164.608
16.5	Profit Reserves		3.969.168	-	3.969.168	2.277.800	-	2.277.800
16.5.1	Legal Reserves		219.869	-	219.869	135.300	-	135.300
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		3.695.073	-	3.695.073	2.088.274	-	2.088.274
16.5.4	Other Profit Reserves		54.226	-	54.226	54.226	-	54.226
16.6	Profit or (Loss)		4.043.375	-	4.043.375	1.691.368	-	1.691.368
16.6.1	Prior Periods' Profit or (Loss)		-	-	-	-	-	-
16.6.2	Current Period Profit or (Loss)		4.043.375	-	4.043.375	1.691.368	-	1.691.368
	TOTAL LIABILITIES		**39.551.438**	**95.296.036**	**134.847.474**	**27.987.330**	**63.610.822**	**91.598.152**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Off-Balance Sheet Accounts as of 31 December 2023

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

II.	STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Notes (Section Five III)	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS (I+II+III)**		**11.876.311**	**24.568.607**	**36.444.918**	**15.895.680**	**24.864.825**	**40.760.505**
I.	**GUARANTEES AND WARRANTIES**	**(1)**	**84.924**	**4.669.416**	**4.754.340**	**72.418**	**2.969.043**	**3.041.461**
1.1	Letters of Guarantee		84.924	4.060.156	4.145.080	72.418	2.408.778	2.481.196
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		1	-	1	1	-	1
1.1.3	Other Letters of Guarantee		84.923	4.060.156	4.145.079	72.417	2.408.778	2.481.195
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	-	-	-	118.700	118.700
1.3.1	Documentary Letters of Credit		-	-	-	-	118.700	118.700
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 the Republic of Türkiye		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	609.260	609.260	-	441.565	441.565
1.9	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	**(1,3)**	**1.656.171**	**7.929.901**	**9.586.072**	**4.274.782**	**8.176.009**	**12.450.791**
2.1	Irrevocable Commitments		390.901	1.292.430	1.683.331	376.782	291.108	667.890
2.1.1	Asset Purchase and Sale Commitments		127.990	1.292.376	1.420.366	248.875	285.102	533.977
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		262.911	54	262.965	127.907	6.006	133.913
2.2	Revocable Commitments		1.265.270	6.637.471	7.902.741	3.898.000	7.884.901	11.782.901
2.2.1	Revocable Loan Granting Commitments		1.265.270	6.637.471	7.902.741	3.898.000	7.884.901	11.782.901
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**10.135.216**	**11.969.290**	**22.104.506**	**11.548.480**	**13.719.773**	**25.268.253**
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		10.135.216	11.969.290	22.104.506	11.548.480	13.719.773	25.268.253
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		10.135.216	11.969.290	22.104.506	11.548.480	13.719.773	25.268.253
3.2.2.1	Foreign Currency Swap-Buy		982.007	10.034.857	11.016.864	4.004.626	8.635.097	12.639.723
3.2.2.2	Foreign Currency Swap-Sell		9.153.209	1.934.433	11.087.642	7.543.854	5.084.676	12.628.530
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**131.922.770**	**446.065.549**	**577.988.319**	**34.846.478**	**138.878.523**	**173.725.001**
IV.	**ITEMS HELD IN CUSTODY**		**118.371**	**-**	**118.371**	**145.502**	**-**	**145.502**
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		118.371	-	118.371	145.502	-	145.502
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**131.804.399**	**446.065.549**	**577.869.948**	**34.700.976**	**138.878.523**	**173.579.499**
5.1	Marketable Securities		15.655.237	-	15.655.237	14.456.671	-	14.456.671
5.2	Guarantee Notes		2.390	4.853.729	4.856.119	23.802	8.409.098	8.432.900
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		110.341.770	413.292.111	523.633.881	18.515.370	112.182.375	130.697.745
5.6	Other Pledged Items		5.668.808	23.577.339	29.246.147	1.552.935	14.503.877	16.056.812
5.7	Pledged Items-Depository		136.194	4.342.370	4.478.564	152.198	3.783.173	3.935.371
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**143.799.081**	**470.634.156**	**614.433.237**	**50.742.158**	**163.743.348**	**214.485.506**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Profit or Loss for the Period Ended 31 December 2023

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

III. STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Audited	Audited
INCOME AND EXPENSE ITEMS			Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
I.	**INTEREST INCOME**	**(1)**	**16.174.559**	**6.493.201**
1.1	Interest on Loans		7.108.531	3.126.518
1.2	Interest on Reserve Requirements		-	-
1.3	Interest on Banks		2.855.021	1.034.659
1.4	Interest on Money Market Transactions		2.612.351	455.531
1.5	Interest on Marketable Securities Portfolio		3.598.585	1.874.236
1.5.1	Fair Value Through Profit or Loss		-	18
1.5.2	Fair Value Through Other Comprehensive Income		1.076.745	687.078
1.5.3	Measured at Amortised Cost		2.521.840	1.187.140
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		71	2.257
II.	**INTEREST EXPENSE (-)**	**(2)**	**(8.654.204)**	**(3.490.219)**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		(7.228.677)	(2.947.765)
2.3	Interest Expense on Money Market Transactions		(528.595)	(271.274)
2.4	Interest on Securities Issued		(182.028)	(27.463)
2,5	Measured at Amortised Expense		(2.908)	(2.302)
2.6	Other Interest Expenses		(711.996)	(241.415)
III.	**NET INTEREST INCOME (I - II)**		**7.520.355**	**3.002.982**
IV.	**NET FEES AND COMMISSIONS INCOME**		**109.072**	**69.021**
4.1	Fees and Commissions Received		154.721	91.200
4.1.1	Non-cash Loans		90.520	59.206
4.1.2	Other	**(13)**	64.201	31.994
4.2	Fees and Commissions Paid		(45.649)	(22.179)
4.2.1	Non-cash Loans		(14)	-
4.2.2	Other	**(13)**	(45.635)	(22.179)
V.	**DIVIDEND INCOME**	**(3)**	**22.876**	**47.940**
VI.	**TRADING PROFIT / (LOSS) (Net)**	**(4)**	**(603.506)**	**53.886**
6.1	Trading Gains / (Losses) on Securities		162.471	104.976
6.2	Gains / (Losses) on Derivative Financial Transactions		1.986.104	289.590
6.3	Foreign Exchange Gains / (Losses)		(2.752.081)	(340.680)
VII.	**OTHER OPERATING INCOME**	**(5)**	**218.105**	**145.149**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**7.266.902**	**3.318.978**
IX.	**EXPECTED CREDIT LOSS (-)**	**(6)**	**(492.033)**	**(495.232)**
X.	**OTHER PROVISION EXPENSE (-)**	**(6)**	**(348.006)**	**(186.778)**
XI.	**PERSONNEL EXPENSE (-)**		**(430.335)**	**(209.765)**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**(353.921)**	**(106.593)**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**5.642.607**	**2.320.610**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		-	-
	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES			
XV.	**CONSOLIDATED BASED ON EQUITY METHOD**			
XVI.	**INCOME/(LOSS) ON NET MONETARY POSITION**		-	-
XVII.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+…+XVI)**	**(9)**	**5.642.607**	**2.320.610**
XVIII	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(10)**	**(1.599.232)**	**(629.242)**
18.1	Current Tax Provision		(1.762.541)	(770.809)
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		163.309	141.567
XIX.	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)**	**(11)**	**4.043.375**	**1.691.368**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)**		-	-
XXIII	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		-	-
XXV.	**NET PROFIT/(LOSS) (XIX+XXIV)**	**(12)**	**4.043.375**	**1.691.368**
25.1	Earning/(Loss) per share (in TL full)		0,016	0,008

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31 December 2023

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

IV.	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited Current Period 1 January-31 December 2023	Audited Prior Period 1 January-31 December 2022
I.	**CURRENT PERIOD PROFIT/LOSS**	**4.043.375**	**1.691.368**
II.	**OTHER COMPREHENSIVE INCOME**	**(4.272)**	**188.359**
2.1	**Not Reclassified to Profit or Loss**	**-**	**492**
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	656
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	(164)
2.2	**Reclassified to Profit or Loss**	**(4.272)**	**187.867**
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(4.409)	254.441
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	9.464	1.467
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(9.327)	(68.041)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**4.039.103**	**1.879.727**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 December 2023

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		Profit Reserves	Prior Period Net Income/(Loss)	Current Period Net Income/(Loss)	Total Equity
						1	2	3	4	5	6				
	Prior Period												
I.	**31 December 2022**												
II.	**Balance at the beginning of the period**	**2.000.000**	**3.747**	**-**	**206.074**	**-**	**(998)**	**-**	**-**	**(23.259)**	**1.463.876**	**813.924**	**4.463.364**
2.1	**Adjustment in accordance with TAS 8**	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-
III.	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
IV.	**New balance (I+II)**	**2.000.000**	**3.747**	**-**	**206.074**	**-**	**(998)**	**-**	**-**	**(23.259)**	**1.463.876**	**813.924**	**4.463.364**
V.	**Total comprehensive income (loss)**	-	-	-	-	-	**492**	-	-	**186.400**	-	**1.691.368**	**1.879.727**
VI.	**Capital increase in cash**	**500.000**	**291**	-	-	-	-	-	-	-	-	-	**500.291**
VII.	**Capital increase through internal reserves**	-	-	-	-	-	-	-	-	-	-	-	-
VIII	**Issued capital inflation adjustment difference**	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Convertible bonds**	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Subordinated debt**	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Increase (decrease) through other changes, equity**	-	-	-	-	-	-	-	-	-	-	-	-
11.1	**Profit distribution**	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+.....+X+XI)	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**-**	**(23.259)**	**1.463.876**	**813.924**	**4.463.364**
	Current Period												
I.	**31 December 2023**												
II.	**Balance at the beginning of the period**	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**-**	**163.141**	**2.277.800**	**1.691.368**	**6.843.382**
2.1	**Adjustment in accordance with TAS 8**	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-
III.	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
IV.	**New balance (I+II)**	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**-**	**163.141**	**2.277.800**	**1.691.368**	**6.843.382**
V.	**Total comprehensive income (loss)**	-	-	-	-	-	-	-	**1.467**	**(13.736)**	-	**4.043.375**	**4.039.103**
VI.	**Capital increase in cash**	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital increase through internal reserves**	-	-	-	-	-	-	-	-	-	-	-	-
VIII	**Issued capital inflation adjustment difference**	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Convertible bonds**	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Subordinated debt**	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Increase (decrease) through other changes, equity**	-	-	-	-	-	-	-	-	-	-	-	-
11.1	**Profit distribution**	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+.....+X+XI)	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**1.467**	**149.405**	**2.277.800**	**1.691.368**	**6.843.382**

1. Accumulated revaluation increases/decreases of fixed assets,
2. Accumulated remeasurement gains/losses of defined benefit plans,
3. Other (Shares of other comprehensive income of investments valued by the equity method that will not be reclassified to profit/loss and accumulated amounts of other comprehensive income elements that will not be reclassified to profit or loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income,
6. Other (represents cash flow hedging gains/losses, shares of other comprehensive income of investments valued by the equity method to be classified in profit/loss, and accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Cash Flows for the Period Ended 31 December 2023

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

VI.	STATEMENT OF CASH FLOWS	Note (Section Five IV)	Audited Current Period 1 January-31 December 2023	Audited Prior Period 1 January-31 December 2022
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**	(1)	**4.037.666**	**1.292.511**
1.1.1	Interest Received		12.828.693	4.711.586
1.1.2	Interest Paid		(5.885.250)	(1.959.750)
1.1.3	Dividend Received		22.876	47.940
1.1.4	Fees and Commissions Received		154.721	91.200
1.1.5	Other Income		-	90.074
1.1.6	Collections from Previously Written-off Loans and Other Receivables		141.541	190.905
1.1.7	Payments to Personnel and Service Suppliers		(515.116)	(246.148)
1.1.8	Taxes Paid		(1.579.730)	(531.630)
1.1.9	Other	(1)	(1.130.069)	(1.101.666)
1.2	**Changes in Operating Assets and Liabilities**	(1)	**3.966.737**	**10.431.331**
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(142.400)	(75.292)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3	Net (increase) / decrease in loans		4.571.645	(8.513.124)
1.2.4	Net (increase) / decrease in other assets		420.236	(45.498)
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		2.597.223	10.298.591
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(1)	(3.479.967)	8.766.654
I.	**Net Cash Provided from Banking Operations**	(1)	**8.004.403**	**11.723.842**
B.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**(3.907.441)**	**(5.244.608)**
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(6.536)	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment		(14.733)	(46.658)
2.4	Disposals of property and equipment		421.475	38.762
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(22.856.316)	(9.709.685)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		19.831.165	6.828.580
2.7	Purchase of Financial Assets Measured at Amortised Cost		(2.499.330)	(2.350.640)
2.8	Sale of Financial Assets Measured at Amortised Cost		837.510	-
2.9	Other		379.324	(4.967)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from Financing Activities**	(1)	**(16.442)**	**3.791.024**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	3.300.030
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Equity Instruments		-	500.291
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(16.442)	(9.297)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**	(1)	**2.022.255**	**766.822**
V.	**Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)**		**6.102.775**	**11.037.080**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(2)	**15.299.325**	**4.262.245**
VII.	**Cash and Cash Equivalents at the End of the Period**	(3)	**21.402.100**	**15.299.325**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Statement of Profit Distribution for the Period Ended 31 December 2023

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

VII.	STATEMENT OF PROFIT DISTRIBUTION	Audited Current Period 1 January-31 December 2023(*)	Audited Prior Period 1 January-31 December 2022(**)
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	5.642.607	2.320.610
1.2	TAXES AND DUTIES PAYABLE(-)	(1.599.232)	(629.242)
1.2.1	Corporate Tax (Income tax)	(1.762.541)	(770.809)
1.2.2	Income witholding tax	-	-
1.2.3	Other taxes and duties	163.309	141.567
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**4.043.375**	**1.691.368**
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(84.569)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**4.043.375**	**1.606.799**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES(**)	-	1.606.799
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION OF RESERVES**		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE(***)**		
3.1	TO OWNERS OF ORDINARY SHARES	0,016	0,008
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,6	0,8
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILAGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the dividend distribution proposal for 2023 to be submitted to the General Assembly for approval has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the 2023 dividend distribution table.
(**) The profit of 2022 was transferred to legal reserves, general reserves and other profit reserves with the decision of the General Assembly.
(***) Shown with full TL amount.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE
ACCOUNTING POLICIES

I. Explanations on Basis of Presentation:

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

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

The accompanying financial statements and explanations and notes to these statements as of 31 December 2023 have been prepared in accordance with the "Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof'' published in the Official Gazette numbered 28337, dated 28 June 2012 and "Communıqué on Disclosures About Risk Management to be Announced to Public by Banks" published in the Official Gazette numbered 29511, dated 23 October 2015 and amendments and changes to these communiqués.

b. Changes in accounting policies and disclosures:

In the announcement dated 23 November 2023 made by the POA, it was stated that the financial statements of companies applying TFRS for the annual reporting period ending on or after 31 December 2023 must be presented adjusted for the inflation effect within the scope of Financial Reporting in High Inflation Economies ("TAS 29"), however authorities or organizations authorized to regulate and supervise their fields are given the freedom to determine different transition dates for the implementation of inflation accounting. In this context, BRSA, with its decision dated 12 December 2023 and numbered 10744, decided that the financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TAS 29. For this reason, no inflation adjustment was made in accordance with TAS 29 while preparing the Bank's financial statements dated 31 December 2023.

c. Other issues:

Due to the negative effects caused by the Kahramanmaraş centered earthquakes on 6 February 2023, affecting many of our provinces and shocking our whole country, in accordance with the Official Gazette numbered 32098, dated Wednesday, 8 February 2023, state of emergency was declared in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa provinces for three months.

Developments related to the said natural disaster are closely monitored and their effects on the Bank's financial position and operations are followed by the Bank's Senior Management.

The estimated effect of the earthquake is taken into consideration in the expected loan loss provisions calculation and reflected in the financial statements dated 31 December 2023. The earthquake effect on the expected loan loss provisions is disclosed in Note IX "Explanations on Impairment of Financial Assets".

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)

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

Accounting policies for the preparation of financial statements and valuation principles used are applied in accordance with BRSA Accounting and Financial Reporting Legislation. Those accounting policies and valuation principles are explained below notes through II – XXIV.

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

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

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

During the utilization of the funds obtained, the Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits. A non-speculative exchange rate position risk management is applied to limit the Bank's exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context. The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

During foreign currency transactions, procedures detailed below are applied.

a. Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.

b. There are no exchange rate differences capitalized as of the balance sheet date.

c. Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset-Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders' Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.

d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the statement of profit or loss of the related period.

IV. Explanations on Associates and Subsidiaries:

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

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

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

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

VI. Explanations on Interest Income and Expenses:

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

VIII. Explanations on Financial Assets:

Financial assets mainly constitute the Bank's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements. The Bank adds its financial assets to the financial statements in accordance with the provisions of the "Importing and Excluding the Financial Statements" section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss by:

- The business model used by the entity for the management of financial assets,

- Properties of contractual cash flows of a financial asset.

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets. Purchase and sale transactions of these financial assets are accounted according to their "delivery date". The classification of financial assets is decided on the date of their acquisition, taking into account "Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model". When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Financial Assets Measured at Fair Value through Profit and Loss:

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

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

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

Financial Assets Measured at Fair Value Through Other Comprehensive Income:

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

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

In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value.The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities.

Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the "Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss" and amounts accounted for under equity are reflected to statement of profit or loss when financial assets are sold.

In the event that the financial assets reflected to other comprehensive income are disposed of in the case of the real value difference, the value increases/decreases pursued in the equity values value increase fund account are reflected in the statement of profit or loss.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Equity Instruments Measured at Fair Value Through Other Comprehensive Income:

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

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

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

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

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

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

The Bank's securities portfolio includes consumer price (CPI) indexed bonds classified as financial assets measured at fair value through other comprehensive income and other financial assets measured at amortised cost. The reference indices used in the calculation of the actual coupon collection amounts of these securities are based on the CPI of two months ago as stated in CPI-Indexed Bonds Investor's Guide of Republic of Türkiye Ministry of Treasury and Finance's. The valuation of the said securities is made according to the effective interest method within the framework of the reference index formula specified in this guide.

Loans

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Loans (Continued)

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

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

Cash and Cash Equivalents:

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

IX. Explanations on Impairment of Financial Assets:

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

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

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

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

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

(b) time value of money,

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

Significant Increase in Credit Risk

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Significant Increase in Credit Risk (Continued)

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

Definition of Default

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

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

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

12-Month Expected Loss

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Lifetime Expected Loss

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

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

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

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

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

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

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

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

The Bank anticipates that the negative effects of the earthquakes that were experienced Kahramanmaraş centered on 6 February 2023, affecting many of our provinces and shocking our whole country, will continue for a certain period of time on the companies operating in the region. The Bank analyzed the effects of the earthquake on the companies in its loan portfolio and re-evaluated the risk levels of the companies, assuming that the foreseen risk is not systematic and reflected the earthquake effect to the expected loan loss calculation as of 31 December 2023.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

XI. Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are followed in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as "Subject to Repurchase Agreements" and are valued at fair values or at discounted values using effective interest rate method according to the holding purposes in the Bank portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under "Money Market Placements" line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

XII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on Goodwill and Other Intangible Assets:

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

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

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33% or 6,67%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

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

XIV. Explanations on Tangible Fixed Assets:

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

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

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

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

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

There are no changes in the economic life forecast that have a significant impact in the current period or are expected to have a significant impact in subsequent periods.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions:

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

The Bank as a Lessee

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

The Bank, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the statement of profit or loss. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Bank's TL alternative source cost.

The Bank as a Lessor

According to the "TFRS 16 Leases" Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.

XVI. Explanations on Provisions and Contingent Liabilities:

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation.

Provisions other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS 19 "Employee Benefits".

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Bank and the social security institution legislation, the retirement pension is related to the ones related to the Law No: 5434 and the severance payment is calculated to those related to the Law No: 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate -unless it is negative- applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,91% (31 December 2022: 1,91%). The maximum amount of full TL 35.058,58 effective from 1 July 2023 has been taken into consideration in calculation of provision for employment termination benefits (31 December 2022: full TL 19.982,83).

XVIII. Explanations on Taxation:

Current Tax

In the first paragraph of Article 32 of the Law No. 5520 titled "Corporate Tax and Provisional Tax Rate", regarding the enforcement of Article 21 of the "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6 February 2023 and Amendments to Some Laws and the Decree Law No. 375", which came into force by being published in the Official Gazette dated 15 July 2023 and numbered 32249, starting from the declarations that must be submitted as of 1 October 2023, corporate income tax rate to be applied to corporate earnings for the 2023 taxation period is 30% for banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations' income through a permanent establishment or permanent representative in Türkiye and dividends paid to companies' resident in Türkiye (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. On the other hand, in accordance with the Law No. 7338, which was published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th provisional tax return covering the months of October-December was repealed. Accordingly, the 4th provisional tax declaration will not be filed in 2023 and beyond.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued):

Current Tax

Despite the offset, if there is temporary prepaid tax remaining, this amount can be refunded in cash or can be offset against other financial debts to the state. According to Real Estate Sales Exemption in the Article 5.1.e. of Corporate Tax Law which is one of the important tax exemptions applied by the Bank, a 50% exemption is applied to the profits arising from the sale of real estate that has been in the assets of institutions for at least two full years (730 days), while exemption rate is 25% for profits arising from sales of real estate that has been in the assets of institutions before 15 July 2023, the date of entry into force of the Law No. 7456; within the scope of this article Corporate Tax exemption will not be applied to real estate acquired after 15 July 2023. 75% of the profits arising from the sale of founder's shares, usufruct shares and preemptive rights held for the same period as the participation shares are exempt from corporate tax.This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Türkiye, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

With the "Tax Procedure Law and the Law on Amendments to the Corporate Tax Law" adopted on the agenda of the Grand National Assembly of Türkiye on 20 January 2022, the implementation of inflation accounting has been postponed to start from the balance sheet dated 31 December 2023.

Regulations regarding the implementation of Inflation Accounting were determined with the Tax Procedure Law Communiqué No. 555, which entered into force after being published in the Official Gazette No. 32415 dated 30 December 2023. Valuation differences for 2023 will be transferred to equity and will not be associated with the statement of profit or loss. Previous year's profit resulting from inflation correction of the balance sheet at the end of the 2023 accounting period (determined after correction) will not be subject to tax and previous year's losses will not be accepted as loss.

On the other hand, in accordance with Article 17 of Law No. 7491 dated 28 December 2023 and numbered 32413, "Banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies and capital markets, the profit/loss difference resulting from the inflation adjustment made in the 2024 and 2025 accounting periods will not be taken into account in determining the earnings. 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 foresaid provision valuation differences resulting from the inflation adjustment will not affect the tax base.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued):

Current Tax (Continued)

According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However financial losses can not be offsetted from last year's profits. In Türkiye, there is no practice of reaching an agreement with the tax authority regarding the taxes to be paid. Corporate tax declarations are submitted to the relevant tax office by the evening of the 30th day of the fourth month following the month in which the accounting period is closed, and the accrued tax is paid by the evening of the 30th day. However, the authorities authorized for tax inspection may examine the accounting records within five years, and if incorrect transactions are detected, the tax amounts to be paid may change.

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standard Relating to Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period. Within the scope of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, deferred tax calculations were made by taking into account the 30% corporate tax rate to be applied for banks and certain financial institutions.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset. Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Additional Explanations on Borrowings:

The Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Domestic resources are provided from Central Bank of the Republic of Türkiye, international organizations such as Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Bank are medium and long term loans from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, Japan Bank for International Cooperation, Asian Infrastructure Investment Bank, German Development Bank, China Development Bank and the securities issued as allocated to French Development Agency are recorded to related accounts on the date and with the cost of procurement.

The Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Bank has not issued any convertible bonds.

XX. Explanations on Shares Issued:

The Bank does not have issued shares in the current period.

XXI. Explanations on Bill Guarantees and Acceptances:

Commitments regarding bill guarantees and acceptances of the Bank are presented in the “Off Balance Sheet” commitments. In the current and previous period, the Bank has no bills and acceptances.

XXII. Explanations on Government Incentives:

There are no government incentives utilized by the Bank in the current and prior period.

XXIII. Earnings per Share:

The earnings per share stated in the statement of profit or loss are calculated by dividing the net profit/loss by the weighted average number of shares issued during the relevant year.

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Net Profit for the Period	4.043.375	1.691.368
Weighted Average Number of Ordinary Shares Issued (Thousand)	250.000.000	200.547.945
Profit Per Share (in Full TL)	**0,01617**	**0,00843**

In Türkiye, companies can increase their capital by distributing “free shares” from their previous year’s earnings to their existing shareholders. Such distributions of “free shares” are taken into consideration as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is calculated by taking into account the retrospective effects of these share distributions. In case of the number of issued shares increases after the balance sheet date due to the distribution of the number of free shares before the date of preparation of the financial statements, the calculation of earnings per share is made taking into account the total number of new shares.

There is no new paid-in shares issued in 2023 (2022: 500 million shares with price issued).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIV. Related Parties

For the purposes of these financial statements, shareholders, senior executives and members of the board of directors, their families and companies controlled or affiliated by them, as well as subsidiaries and joint ventures subject to joint management have been accepted as related parties within the scope of the TAS 24 Related Party Disclosures Standard. Transactions with related parties are shown in footnote V of Chapter Five.

XXV. Explanations on Segment Reporting:

As part of its mission, the Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee. The Bank derives almost all of its income from within the country.

Within the scope of investment banking activities, the Bank’s treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

The information table regarding the operation segmentation prepared as of 31 December 2023 is given below.

Current Period (31.12.2023)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Net interest income/(expense)	7.848.796	(325.604)	(2.837)	7.520.355
Net fees and commissions income/(expense)	(28.017)	121.482	15.607	109.072
Other income	2.045.721	325.686	20.374	2.391.781
Other expense	-	(3.249.643)	(1.128.958)	(4.378.601)
Profit before tax	9.866.500	(3.128.079)	(1.095.814)	5.642.607
Tax provision	-	-	(1.599.232)	(1.599.232)
Profit/(Loss)	**9.866.500**	**(3.128.079)**	**(2.695.046)**	**4.043.375**
Current Period (31.12.2023)				
Segment assets	50.848.753	83.531.920	439.469	134.820.142
Associates and subsidiaries	-	27.332	-	27.332
Total Assets	**50.848.753**	**83.559.252**	**439.469**	**134.847.474**
Segment liabilities	6.038.036	116.163.142	1.763.811	123.964.989
Shareholders’ equity	-	-	10.882.485	10.882.485
Total Liabilities	**6.038.036**	**116.163.142**	**12.646.296**	**134.847.474**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXV. Explanations on Segment Reporting (Continued):

Prior Period (31.12.2022)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Net interest income/(expense)	3.093.152	(90.125)	(45)	3.002.982
Net fees and commissions income/(expense)	(22.179)	81.658	9.542	69.021
Other income	394.566	162.671	30.418	587.655
Other expense	(22.680)	(900.183)	(416.185)	(1.339.048)
Profit before tax	3.442.859	(745.979)	(376.270)	2.320.610
Tax provision	-	-	(629.242)	(629.242)
Profit/(Loss)	**3.442.859**	**(745.979)**	**(1.005.512)**	**1.691.368**
Prior Period (31.12.2022)				
Segment assets	31.596.462	59.706.160	280.894	91.583.516
Associates and subsidiaries	-	14.636	-	14.636
Total Assets	**31.596.462**	**59.720.796**	**280.894**	**91.598.152**
Segment liabilities	2.971.723	80.773.867	1.009.180	84.754.770
Shareholders' equity	-	-	6.843.382	6.843.382
Total Liabilities	**2.971.723**	**80.773.867**	**7.852.562**	**91.598.152**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Equity:

Equity amount and capital adequacy standard ratio are calculated within the framework of "Regulation Regarding Equities of Banks" and "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy".

The Bank's equity amount as of 31 December 2023 is TL 19.763.573 (31 December 2022: TL 12.917.130) and its capital adequacy ratio is 16,86% (31 December 2022: 16,67%). The capital adequacy ratio of the Bank is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (31.12.2023)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	3.969.168
Other Comprehensive Income according to TAS	208.244
Profit	4.043.375
Net profit for the period	4.043.375
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	10.931
Common Equity Tier I Capital Before Deductions	**10.941.830**
Deductions from Common Equity Tier I Capital	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1.240
Leasehold Improvements on Operational Leases (-)	995
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	32.252
The remaining portion of the deferred tax asset based on taxable income to be obtained in future periods, excluding deferred tax assets based on temporary differences, after offsetting it with the relevant deferred tax liability	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Securitization gains	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-
Mortgage Servicing Rights not deducted	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	322.823
Other items to be Defined by the BRSA	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-
Total Deductions From Common Equity Tier I Capital	**357.310**
Total Common Equity Tier I Capital	**10.584.520**
ADDITIONAL TIER 1 CAPITAL	-
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	6.384.375
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Additional Tier 1 Capital Before Deductions	**6.384.375**
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	**6.384.375**
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**16.968.895**
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.827.616
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	967.062
Total Deductions from Tier II Capital	**2.794.678**
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**2.794.678**
Total Equity (Total Tier I and Tier II Capital)	**19.763.573**
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**208.243**
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-
CAPITAL	
Total Capital (Total of Tier I Capital and Tier II Capital)	19.763.573
Total Risk Weighted Assets	117.205.130
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	9,03
Tier I Capital Ratio (%)	14,48
Capital Adequacy Ratio (%)	16,86
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	967.062
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	967.062
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	386.085
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4	-
(effective between 1.1.2018-1.1.2022)	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Prior Period (31.12.2022)	**Amount**
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	2.277.800
Other Comprehensive Income according to TAS	231.407
Profit	1.691.368
Net profit for the period	1.691.368
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.467
Common Equity Tier I Capital Before Deductions	**6.912.154**
Deductions from Common Equity Tier I Capital	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	18.975
Leasehold Improvements on Operational Leases	2.128
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.596
The remaining portion of the deferred tax asset based on taxable income to be obtained in future periods, excluding deferred tax assets based on temporary differences, after offsetting it with the relevant deferred tax liability	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-
Securitization gains	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	168.840
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions From Common Equity Tier I Capital	**211.539**
Total Common Equity Tier I Capital	**6.700.615**
ADDITIONAL TIER 1 CAPITAL	-
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.486.455
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Additional Tier 1 Capital Before Deductions	**4.486.455**
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Investments made by the Bank in equity items issued by banks and financial institutions that invest in the Bank's additional core capital items and meeting the conditions specified in Article 7 of the Regulation	-
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 (-)	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	**4.486.455**
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**11.187.070**
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.117.460
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	612.600
Total Deductions from Tier II Capital	**1.730.060**
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**1.730.060**
Total Equity (Total Tier I and Tier II Capital)	**12.917.130**
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**231.407**
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-
Capital	
Total Capital (Total of Tier I Capital and Tier II Capital)	12.917.130
Total Risk Weighted Assets	77.490.581
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	8,65
Tier I Capital Ratio (%)	14,44
Capital Adequacy Ratio (%)	16,67
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Information on Equity Items (Continued):

Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	612.600
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	612.600
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	222.776
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4	-
(effective between 1.1.2018-1.1.2022)	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued)

Explanations on the reconciliation of capital items to balance sheet:

Current Period (31.12.2023)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1.Paid-in-Capital	2.500.000	206.074	2.706.074
2.Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4.Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	160.336	58.839	219.175
5.Profit Reserves	3.969.168	-	3.969.168
6.Profit or Loss	4.043.375	-	4.043.375
6.1. Prior Periods' Profit/(Loss)	-	-	-
6.2. Current Period Profit/(Loss)	4.043.375	-	4.043.375
Deductions from Common Equity Tier I Capital (-)	-	(356.804)	(356.804)
Common Equity Tier I Capital	**10.882.485**	**(297.965)**	**10.584.520**
Subordinated Loans	-	6.384.375	6.384.375
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**10.882.485**	**6.086.410**	**16.968.895**
Subordinated Loans	-	1.827.616	1.827.616
General Provisions	-	967.062	967.062
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	**-**	**2.794.678**	**2.794.678**
Deductions from Total Capital (-)	-	-	-
Total	**10.882.485**	**8.881.088**	**19.763.573**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued):

Explanations on the reconciliation of capital items to balance sheet (Continued):

Prior Period (31.12.2022)	**Balance Sheet Value**	**Amount of Adjustment**	**Value at Capital Report**
1. Paid-in-Capital	2.500.000	206.074	2.706.074
2. Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3. Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	164.608	68.266	232.874
5. Profit Reserves	2.277.800	-	2.277.800
6. Profit or Loss	1.691.368	-	1.691.368
6.1. Prior Periods' Profit/(Loss)	-	-	-
6.2. Current Period Profit/(Loss)	1.691.368	-	1.691.368
Deductions from Common Equity Tier I Capital (-)	-	(211.033)	(211.033)
Common Equity Tier I Capital	**6.843.382**	**(142.767)**	**6.700.615**
Subordinated Loans	-	4.486.455	4.486.455
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**6.843.382**	**4.343.688**	**11.187.070**
Subordinated Loans	-	1.117.460	1.117.460
General Provisions	-	612.600	612.600
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	**-**	**1.730.060**	**1.730.060**
Deductions from Total Capital (-)	-	-	-
Total	**6.843.382**	**6.073.748**	**12.917.130**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued):

Information on borrowing instruments to be included in the equity calculation:

Current Period (31.12.2023)	
Issuer-Loan supplier	Bank / Republic of Türkiye Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.828
Nominal value of instrument (TL million)	1.828
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / Republic of Türkiye Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.117
Nominal value of instrument (TL million)	1.117
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (31.12.2023)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	4.884
Nominal value of instrument (TL million)	4.884
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.986
Nominal value of instrument (TL million)	2.986
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (31.12.2023)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 tranches)
Nominal value of instrument (TL million)	1.500 (in 3 tranches)
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	09.03.2022
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	11-12-13 years at the earliest in tranches
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Variable interest rate
Interest rate and related index value	0% Real interest rate and CPI indexed
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 tranches)
Nominal value of instrument (TL million)	1.500 (in 3 tranches)
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	09.03.2022
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	11-12-13 years at the earliest in tranches
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Variable interest rate
Interest rate and related index value	0% Real interest rate and CPI indexed
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk:

Credit risk refers to the possibility of losses that the Bank may incur due to the loan customer's inability to fulfill its obligations partially or completely on time by not complying with the requirements of the concluded contract. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of its loans within the framework of the legal regulations and restrictions of the BRSA, taking into account the best practices.

The most basic banking service that the Bank uses to finance medium and long term investments, which is its main function, is “project evaluation-based lending activity”. Taking into account the proportional size within the balance sheet structure, credit risk constitutes the most important risk item of the Bank.

The general principle of the risk policies to be followed by the Bank is to specialize in the activities that are in accordance with the tasks, vision and structure determined by the Establishment Law, to take risks that can be defined, controlled and/or managed in this sense, to make an effort not to take risks other than the risks that occur due to the structure of its activities and are inevitable. Based on the basic principle of ensuring that the risks to be taken in this context are also defined and manageable risks, the Bank has only manageable risks depending on the sensitivity shown to ensure that credit facilities are compatible with the credit source conditions, except for the credit risk and counterparty risk that occur and are unavoidable due to the need for lending.

In the Bank that has a fully functioning mechanisms based on activities, actively used committees and risk budgeting practices in decision-making and risk management processes, Credit Evaluation Committee continues its activities in order to determine the procedures and principles of the Bank's crediting, to evaluate the projects to be credited within the scope of the Bank's Environmental and Social Policy, to ensure coordination between the units in charge of credit transactions, to assess credit risk and the condition of the loan portfolio, to take decisions on loan allocation, postponement of loan receivables, installments, reorganization of conditions, the procedures and principles regarding the Bank's loan policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions and to determine strategies for customers in trouble / legal follow-up.

The majority of the Bank’s loan placements are allocated with the approval of the Credit Evaluation Committee and the Board of Directors in accordance with the reports prepared by the Financial Analysis and Valuation Unit and the Credit Allocation Unit in accordance with the relevant legal regulations. Since the Bank’s placements are in the form of project financing, the amount of loans that can be extended to a company is mainly determined as a result of project evaluation studies, and loan disbursements are made in a controlled manner and by monitoring expenditures.

As for the companies that have been granted loans by the Bank, whose loans have been postponed or connected to the payback plan, the financial data of the companies are regularly monitored until the collection and liquidation of the risk is completed. For companies whose risk exceeds a certain amount or where there is a need for on-site inspection, inspection and determination are carried out both at the company headquarters and at the site of the facility. A Monitoring Report is being prepared, including the recommendations developed as a result of the reviews and evaluations.

The credit worthiness of the borrowers of loans and other receivables is monitored regularly in accordance with the relevant legislation, and in case of an increase in the risk level of the loan borrower, the credit limits are reviewed and additional collateral is obtained if necessary.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

In the utilization of the provided resources, the sectors suitable for the borrowing conditions are determined and credited. By monitoring the sectoral distribution of loan customers, this distribution is taken into account in placement decisions and goals.

The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of its loans within the framework of the legal regulations and restrictions of the BRSA, taking into account the best practices. The Bank provides the identification, measurement and management of the credit risks contained in all of its products and activities, without being limited to credit products only. The issue of whether the credit decision support systems are compatible with the structure, size and complexity of the Bank's activities is constantly reviewed, developed and adjustments are made to the system when necessary by the Board of Directors.

The Bank is registered under Article 54 of the Banking Law No. 5411. it is not subject to the general credit restrictions defined in the article. However, in the Bank's "Loans Policy" and "Risk Limits and Application Principles" documents, it has defined loan restrictions parallel to the restrictions contained in the law. In order to determine the level of credit risk that the Bank may face, the Risk Management Unit actively participates in the measurement, analysis and monitoring process and regularly reports to the Board of Directors and the Audit Committee to Senior Management.

Within the framework of the policies determined within the scope of the BRSA Accounting and Financial Reporting Legislation;

The Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, for defaulted loans (3.Stage) and loans that have not yet defaulted, but which have significantly increased credit risk of the loan's disbursement (2.Stage), the Bank calculates the expected lifetime credit loss. For other financial assets covered by TFRS 9 (1.Stage) the Bank reflects the calculation containing the probability of default within 12 months after the reporting date as the expected loss provision.

Futures and other derivative product transactions are carried out at the Bank within the framework of asset-liability management, taking into account the legal limits. The credit risk assumed due to such transactions is managed together with the potential risks arising from market movements. There is no option agreement in the Bank.

In accordance with the TFRS 9 Policy approved by the Board of Directors, the Bank allocates provisions as stipulated in the "Regulation on the Classification of Loans and the Procedures and Principles Related to the Provisions to be Allocated for Them" and the "Communiqué on the Turkish Financial Reporting Standard for TFRS 9 Financial Instruments".

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

Risk Categories	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Risk Amount(*)	Average Risk Amount	Risk Amount(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	15.426.669	14.233.890	13.222.381	9.948.064
Conditional and unconditional receivables to banks and brokerage houses	31.196.733	33.177.866	32.423.855	23.279.889
Conditional and unconditional corporate receivables	77.072.807	64.164.312	48.447.222	40.105.893
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional receivables secured by real estate property	2.777.807	1.843.164	1.221.755	949.699
Overdue receivables	319.302	323.958	326.553	375.174
Receivables defined in high risk category by BRSA	-	-	-	-
Receivables as a collective investment establishment	228.491	174.264	135.407	178,563
Other receivables	619.070	455.072	440.760	315.437

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Restructured loans whose amortization schedule has been changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Bank's credit risk policies. Accordingly, commercial activities of debtors are analyzed and repayments are monitored whether they are in line with the repayments schedules or not, and necessary precautions are taken.

Since the Bank does not have any risks within the scope of private sector loans and trading accounts in banking accounts in other countries, cyclical capital buffer is not calculated.

a) The share of the Bank's receivables from the first 100 and 200 cash loan customers in the total cash loan portfolio is 86,60% and 98,02%, respectively (31 December 2022: 88,03% and 98,19%).

b) The share of cash and non-cash receivables from the Bank's first 100 and 200 loan customers in total on-balance sheet and off-balance sheet assets is 55,61% and 62,50%, respectively (31 December 2022: 59,34% and 65,81%).

c) The share of the Bank's receivables from the first 100 and 200 non-cash loan customers in the total non-cash loan portfolio is 100% (31 December 2022: 100%).

The allocated expected credit loss provision for 1. and 2. Stage is TL 892.314 (31 December 2022: TL 539.816).

The expected loss provisions were not taken into account in the calculation of the above-mentioned ratios.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

Profile of Significant Risks in Important Regions

	Risk Categories(***)							
	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category By The Board	Collective Investment Institution Like Investments	Other Receivables
Current Period (31.12.2023)								
Domestic	15.426.669	31.124.689	77.072.807	2.777.807	319.302	-	-	-
European Union (EU) Countries	-	12	-	-	-	-	228.491	-
OECD Countries (*)	-	72.032	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	27.332
Unallocated Assets (**)	-	-	-	-	-	-	-	591.738
Total	**15.426.669**	**31.196.733**	**77.072.807**	**2.777.807**	**319.302**	-	**228.491**	**619.070**
Prior Period (31.12.2022)								
Domestic	13.222.381	32.358.965	48.447.222	1.221.755	326.553	-	129.401	-
European Union (EU) Countries	-	104	-	-	-	-	6.006	-
OECD Countries (*)	-	64.786	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	14.636
Unallocated Assets (**)	-	-	-	-	-	-	-	426.124
Total	**13.222.381**	**32.423.855**	**48.447.222**	**1.221.755**	**326.553**	-	**135.407**	**440.760**

(*) OECD countries other than EU countries, USA and Canada.
(**) Asset and liability items that can not be allocated on a consistent basis.
(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

Risk profile by sectors or counterparties:

Current Period (31 December 2023)	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Collective Investment Institution Like Investments	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	**465.449**	**42.713**	-	-	-	**376.519**	**131.643**	**508.162**
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	39.078	42.713	-	-	-	-	81.791	81.791
Fishery	-	-	426.371	-	-	-	-	376.519	49.852	426.371
Manufacturing	-	-	**73.358.635**	**2.030.894**	**269.060**	-	-	**16.999.206**	**58.659.383**	**75.658.589**
Mining and Quarrying	-	-	395.088	-	-	-	-	2.486	392.602	395.088
Production	-	-	28.084.495	1.706.576	112	-	-	13.751.249	16.039.934	29.791.183
Electricity, Gas, Water	-	-	44.879.052	324.318	268.948	-	-	3.245.471	42.226.847	45.472.318
Construction	-	-	-	**517.724**	-	-	-	**908.459**	**102.170**	**1.010.629**
Services	**15.426.669**	**31.196.733**	**2.755.818**	**186.476**	**50.242**	**228.491**	**619.070**	**29.720.134**	**20.743.365**	**50.463.499**
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	4	999.876	171.530	50.242	-	-	432.835	788.817	1.221.652
Transportation and Telecommunication	-	-	819.344	-	-	-	-	161.412	657.932	819.344
Financial Institutions	15.426.669	31.196.729	609.260	-	-	228.491	619.070	29.114.498	18.965.721	48.080.219
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	70.040	14.946	-	-	-	11.389	73.597	84.986
Health and Social Services	-	-	257.298	-	-	-	-	-	257.298	257.298
Others	-	-	-	-	-	-	-	-	-	-
Total	**15.426.669**	**31.196.733**	**77.072.807**	**2.777.807**	**319.302**	**228.491**	**619.070**	**48.004.318**	**79.636.561**	**127.640.879**

There are no balances in the following classes.
2-Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
8- Conditional and unconditional retail receivables
11-Receivables determined to be high risk by the Board
12-Mortgage bond securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Stock Investments

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2023)	Term to Maturity						
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Non-Maturity	Total
Conditional and unconditional receivables from central governments or central banks	299.212	-	6.521.205	976.671	7.300.414	329.167	**15.426.669**
Conditional and unconditional receivables from banks and brokerage houses	17.137.537	3.936.777	1.379.273	1.852.639	5.632.451	1.258.056	**31.196.733**
Conditional and unconditional corporate receivables	954.052	3.520.489	3.658.011	8.090.808	60.849.447	-	**77.072.807**
Conditional and unconditional real estate mortgage-secured receivables	36.646	135.225	137.205	310.774	2.157.957	-	**2.777.807**
Overdue receivables	-	-	-	-	-	319.302	**319.302**
Collective investment institution like investments	-	-	-	-	-	228.491	**228.491**
Other receivables	-	-	-	-	-	619.070	**619.070**
Total	**18.427.447**	**7.592.491**	**11.695.694**	**11.230.892**	**75.940.269**	**2.754.086**	**127.640.879**

Risk Categories Prior Period (31.12.2022)	Term to Maturity						
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Non-Maturity	Total
Conditional and unconditional receivables from central governments or central banks	344.746	903.261	1.598.141	816.145	9.472.611	87.477	**13.222.381**
Conditional and unconditional receivables from banks and brokerage houses	16.162.408	1.146.312	213.586	8.525.473	5.408.235	967.841	**32.423.855**
Conditional and unconditional corporate receivables	525.467	1.885.867	2.540.116	5.139.581	38.356.191	-	**48.447.222**
Conditional and unconditional real estate mortgage-secured receivables	13.963	50.111	67.496	134.992	955.193	-	**1.221.755**
Overdue receivables	-	-	-	-	-	326.553	**326.553**
Collective investment institution like investments	-	-	-	-	-	135.407	**135.407**
Other receivables	-	-	-	-	-	440.759	**440.759**
Total	**17.046.584**	**3.985.551**	**4.419.339**	**14.616.191**	**54.192.230**	**1.958.037**	**96.217.932**

Information on Risk Categories

For the determination of risk weights for risk classes defined in the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", all counter parties are treated as non-rated since no rating agency is authorized.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

Risk profile by sectors or counterparties:

Prior Period (31 December 2022)	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Collective Investment Institution Like Investments	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	**225.121**	-	-	-	-	**225.121**	-	**225.121**
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	225.121	-	-	-	-	225.121	-	225.121
Manufacturing	-	-	**45.710.626**	**860.137**	**326.553**	-	-	**8.777.983**	**38.119.333**	**46.897.316**
Mining and Quarrying	-	-	241.540	-	-	-	-	2.486	239.054	241.540
Production	-	-	15.881.407	573.679	82	-	-	7.494.445	8.960.723	16.455.168
Electricity, Gas, Water	-	-	29.587.679	286.458	326.471	-	-	1.281.052	28.919.556	30.200.608
Construction	-	-	**358.932**	-	-	-	-	**253.916**	**105.016**	**358.932**
Services	**13.222.381**	**32.423.855**	**2.152.543**	**361.618**	**8**	**135.407**	**440.760**	**23.032.485**	**25.704.079**	**48.736.564**
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	4	1.340.409	214.421	-	-	-	464.847	1.089.987	1.554.834
Transportation and Telecommunication	-	-	95.978	-	-	-	-	95.978	-	95.978
Financial Institutions	13.222.381	32.423.851	441.565	125.398	-	135.407	440.760	22.452.909	24.336.453	46.789.362
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	62.741	21.799	-	-	-	18.751	65.789	84.540
Health and Social Services	-	-	211.850	-	-	-	-	-	211.850	211.850
Others	-	-	-	-	-	-	-	-	-	-
Total	**13.222.381**	**32.423.855**	**48.447.222**	**1.221.755**	**326.553**	**135.407**	**440.760**	**32.289.505**	**63.928.428**	**96.217.933**

There are no balances in the following classes.
2-Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
8- Conditional and unconditional retail receivables
11-Receivables determined to be high risk by the Board
12-Mortgage secured securities
13- Securitization position
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Stock Investments

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

Credit Risk by Risk Weights - Standard Approach(*)

Current Period (31.12.2023)											Deductions from Equity
Risk Weights	0%	2%	10%	20%	25%	35%	50%	75%	100%	200%	250%	Other Risk Weights	
Before Credit Risk Mitigation	9.095.069	244.686	-	15.208.902	-	51.762	7.922.062	-	95.118.398	-	-	-	32.252
After Credit Risk Mitigation	9.095.069	244.686	-	15.208.902	-	51.762	13.181.873	-	89.858.587	-	-	-	-

(*) Excluding counterparty credit risk and securitization positions

Prior Period (31.12.2022)											Deductions from Equity
Risk Weights	0%	2%	10%	20%	25%	35%	50%	75%	100%	200%	250%	Other Risk Weights	
Before Credit Risk Mitigation	6.991.841	125.916	-	15.514.703	-	48.384	1.373.058	-	72.164.030	-	-	-	23.724
After Credit Risk Mitigation	6.991.841	125.916	-	15.514.703	-	48.384	2.712.140	-	70.824.948	-	-	-	-

Miscellaneous Information According to Important Sectors or Counterparty Type:

The Bank classifies its loans and allocates provisions within the framework of TFRS 9 Policy approved by the Board of Directors. In this context, for impaired loans the Bank calculates lifetime expected credit loss and reflects it as provision when the credit risk of the loan has not yet gone into default but has increased significantly from the date of disbursement (Stage 2) and in case of default (Stage 3).

The Bank has determined the "Significant Increase in Credit Risk" and "Classification" criteria in the TFRS 9 Provisions Methodology document approved by the Board of Directors, and its loans are classified and provisions are set aside in line with these criterias.

	Loans		Provisions
	Impaired Loans (TFRS 9)		
Current Period (31.12.2023) Major Sectors / Counter Parties	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agriculture	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	**3.130.758**	**751.728**	**745.794**
Mining and Quarrying	-	-	-
Production	459.682	6.403	8.021
Electricity, Gas and Water	2.671.076	745.325	737.773
Construction	**-**	**-**	**-**
Services	**271.652**	**95.220**	**49.572**
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	76.964	91.756	45.914
Transportation and Telecommunication	-	-	-
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	37.015	-	7
Health and Social Services	157.673	3.464	3.651
Others	**-**	**1.134**	**1.134**
Total	**3.402.410**	**848.082**	**796.500**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued):

	Loans		Provisions
	Impaired Loans (TFRS 9)		
Prior Period (31.12.2022) Major Sectors / Counter Parties	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agriculture	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	**2.229.029**	**850.019**	**666.581**
Mining and Quarrying	-	-	-
Production	212.051	7.053	7.095
Electricity, Gas and Water	2.016.978	842.966	659.486
Construction	**-**	**-**	**-**
Services	**571.759**	**43.221**	**45.056**
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	209.873	39.972	40.420
Transportation and Telecommunication	215.210	-	1.143
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	27.830	-	35
Health and Social Services	118.846	3.249	3.458
Others	**5.642**	**1.134**	**1.136**
Total	**2.806.430**	**894.374**	**712.773**

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2023)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	567.821	42.357	(81.398)	-	528.780
2. Stage 1 and 2 Provisions	613.635	365.936	(10.962)	-	968.609

Prior Period (31.12.2022)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	528.440	101.293	(61.912)	-	567.821
2. Stage 1 and 2 Provisions	291.187	330.092	(7.644)	-	613.635

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Currency Risk:

The Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The currency risk management policy of the Bank is defined as keeping the "Foreign Currency Net General Position / Equity Standard" ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the currency risk faced by the Bank daily is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future currency risks (including foreign currency-indexed assets and liabilities).

The Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off-balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the Bank, the risk of foreign exchange rate of the Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA. The limit of the ratio has been determined as 10% effective from the decision date, as of the BRSA's decision dated 9 March 2023 and numbered 10534.

The foreign exchange buying rates of the Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

Tarih	**USD**	**EURO**	**100 JPY**
29/12/2023	29,4151	32,5625	20,8840
28/12/2023	29,4164	32,6846	20,8538
27/12/2023	29,3699	32,4302	20,6409
26/12/2023	29,2649	32,2587	20,5975
25/12/2023	29,0385	31,9714	20,4338

The simple arithmetic average value of the Bank's foreign exchange purchase rate for the last thirty days from the date of the financial statements is US Dollar: 29,0531 TL, Euro: 31,7366 TL, CHF: 33,6787 TL.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Currency Risk (Continued):

Information on the currency risk of the Bank:

Current Period (31.12.2023)	EURO	USD	Other FC(*)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	244.639	924.317	1.970	1.170.926
Financial assets measured at fair value through profit and loss	228.437	44.202	-	272.639
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	4.347.464	9.752.648	-	14.100.112
Loans	22.943.971	41.881.056	-	64.825.027
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	6.513.924	60.447	-	6.574.371
Derivative financial assets held for trading	-	188		188
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	49.914	109.550	-	159.464
Total assets	**34.328.349**	**52.772.408**	**1.970**	**87.102.727**
Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	25.060.718	56.028.109	-	81.088.827
Securities issued	3.321.427	-	-	3.321.427
Subordinated debt instruments	7.865.824	-	-	7.865.824
Sundry creditors	66.354	278.659	-	345.013
Derivative financial liabilities held for trading	-	3.104	-	3.104
Other liabilities	740.316	1.931.525	-	2.671.841
Total liabilities	**37.054.639**	**58.241.397**	**-**	**95.296.036**
Net balance sheet position	(2.726.290)	(5.468.989)	1.970	(8.193.309)
Net off-balance sheet position	3.239.969	8.729.321	-	11.969.290
Assets on derivative instruments	3.239.969	6.794.888	-	10.034.857
Liabilities on derivative instruments	-	1.934.433	-	1.934.433
Non-cash loans	2.353.770	2.315.646	-	4.669.416
Prior Period (31.12.2022)				
Total assets	**22.765.983**	**37.538.871**	**1.275**	**60.306.129**
Total liabilities	**22.341.959**	**41.268.818**	**45**	**63.610.822**
Net balance sheet position	424.024	(3.729.947)	1.230	(3.304.693)
Net off-balance sheet position	(206.065)	3.756.486	-	3.550.421
Assets on derivative instruments	1.473.318	7.161.779	-	8.635.097
Liabilities on derivative instruments	(1.679.383)	(3.405.293)	-	(5.084.676)
Non-cash loans	1.341.516	1.627.527	-	2.969.043

(*) The foreign currencies presented in the other FC column of assets comprise; 18% GBP, 65% CHF and 17% JPY.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Currency Risk (Continued):

Currency Risk Sensitivity:

The table below shows the Bank's sensitivity to the 10% change in the US Dollar and Euro exchange rates.

	Increase in Exchange Rates	Effect on Profit/Loss(*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
USD	10	319.029	2.578	981.130	287.469
EURO	10	49.637	23.063	414.765	229.241
Other	10	197	128	-	-

(*) It refers to the values before the tax effect is deducted.

	Decrease in Exchange Rates	Effect on Profit/Loss(*)		Effect on Shareholders' Equity	
	%	Current Period (3.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
USD	10	(319.029)	(2.578)	(981.130)	(287.469)
EURO	10	(49.637)	(23.063)	(414.765)	(229.241)
Other	10	(197)	(128)	-	-

(*) It refers to the values before the tax effect is deducted.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Interest Rate Risk:

Interest rate risk refers to the probability of losses that the Bank may incur due to movements in interest rates, depending on the position status of financial instruments. Changes in interest rates affect the level of return on assets and the cost of liabilities. The interest rate risk arising from banking accounts includes repricing risk, yield curve risk, base risk and optionality risk.

Interest rates determined by market actors, especially central banks, have a decisive role on the economic value of the Bank's balance sheet and the Bank's income-expense balance. Sudden interest rate shocks in the market causes the gap between the interest rate applied to the Bank's yielding assets and the interest rate paid to the cost-effective liabilities to be opened. The opening of this interest rate gap may cause the Bank's interest income to be negatively affected by fluctuations in market rates and the Bank's profitability to decrease.

The Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Considering that almost the entire loan portfolio consists of variable-rate loans and is financed by borrowing, changes in borrowing costs are reflected in variable-rate loans, and the other loans are financed by Bank equity, it is unlikely that there will be interest rate risk due to interest rate changes.

Within the framework of the Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Bank. For this reason, the Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the bank's securities portfolio management will cause adverse effects on the financial structure of the bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Interest Rate Risk (Continued):

Based on the statutory 20% rate of "The Standard Ratio of Interest Rate Risk Due to Banking Book" determined by the BRSA for the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book the interest rate limits of the Bank is determined with a more conservative approach.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates).

End of the Current Period (31.12.2023)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey [1]	-	-	-	-	-	2.560	2.560
Banks [1]	4.844.282	-	-	-	-	80.783	4.925.065
Financial assets measured at fair value through profit or loss	-	-	-	-	-	591.455	591.455
Money market placements	17.034.644	-	-	-	-	-	17.034.644
Financial assets measured at fair value through other comprehensive income [3]	1.203.398	1.904.250	6.601.145	5.435.363	58.097	18.362	15.220.615
Loans [2]	17.718.666	20.026.577	14.619.345	7.899.191	22.154.533	319.302	82.737.614
Financial assets measured at amortised cost	65.857	-	7.346.495	2.431.941	3.774.223	-	13.618.516
Other assets [4]	65.715	-	-	-	-	651.290	717.005
Total Assets[5]	**40.932.562**	**21.930.827**	**28.566.985**	**15.766.495**	**25.986.853**	**1.663.752**	**134.847.474**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.884.276	-	-	-	-	-	2.884.276
Miscellaneous payables	-	-	-	-	-	373.726	373.726
Marketable securities issued	-	-	3.321.427	-	-	-	3.321.427
Funds provided from other financial institutions	7.092.461	28.630.222	33.411.641	7.594.593	24.706.324	-	101.435.241
Other liabilities [4],[6]	472.047	-	6.038.208	-	3.712.899	16.609.650	26.832.804
Total Liabilities	**10.448.784**	**28.630.222**	**42.771.276**	**7.594.593**	**28.419.223**	**16.983.376**	**134.847.474**
Long position on balance sheet	30.483.778	-	-	8.171.902	-	-	38.655.680
Short position on balance sheet	-	(6.699.395)	(14.204.291)	-	(2.432.370)	(15.319.624)	(38.655.680)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	(33.007)	(37.771)	-	-	-	(70.778)
Total Position	**30.483.778**	**(6.732.402)**	**(14.242.062)**	**8.171.902**	**(2.432.370)**	**(15.319.624)**	**(70.778)**

(1) Balances without maturity are shown in "Non-interest Bearing" column.
(2) Net balance of non-performing loans is shown in "Non-interest Bearing" column.
(3) Securities representing share in capital are shown in "Non-interest Bearing" column.
(4) Deferred tax asset, shareholders' equity and other non-interest-bearing assets and liabilities are shown in "Non-Interest Bearing" column.
(5) The expected credit losses for financial assets and other assets are reflected to the related items.
(6) Subordinated loans are shown in the "Other Liabilities" line.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Interest Rate Risk (Continued):

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Prior Period (31.12.2022)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye [1]	-	-	-	-	-	835	835
Banks [1]	8.675.865	-	-	-	-	68.737	8.744.602
Financial assets measured at fair value through profit or loss	-	-	-	-	-	289.829	289.829
Money market placements	6.629.640	-	-	-	-	-	6.629.640
Financial assets measured at fair value through other comprehensive income [3]	1.745.918	2.017.235	2.370.608	2.488.099	7.909	17.174	8.646.943
Loans [2]	22.810.273	10.780.057	7.004.373	5.959.813	12.351.587	326.555	59.232.658
Financial assets measured at amortised cost	15.774	67.843	544.180	4.622.130	2.310.595	-	7.560.522
Other assets [4]	31.094	-	-	-	-	462.029	493.123
Total Assets [5]	**39.908.564**	**12.865.135**	**9.919.161**	**13.070.042**	**14.670.091**	**1.165.159**	**91.598.152**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.960.566	-	-	-	-	-	2.960.566
Miscellaneous payables	-	-	-	-	-	335.061	335.061
Marketable securities issued	-	-	2.018.433	-	-	-	2.018.433
Funds provided from other financial institutions	8.095.295	17.337.135	23.790.791	6.646.375	12.837.325	-	68.706.921
Other liabilities [4]	245.491	-	-	3.528.830	2.301.046	11.501.804	17.577.171
Total Liabilities	**11.301.352**	**17.337.135**	**25.809.224**	**10.175.205**	**15.138.371**	**11.836.865**	**91.598.152**
Long position on balance sheet	28.607.212	-	-	2.894.837	-	-	31.502.049
Short position on balance sheet	-	(4.472.000)	(15.890.063)	-	(468.280)	(10.671.706)	(31.502.049)
Long position on off-balance sheet	8.811	167	2.215	-	-	-	11.193
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	**28.616.023**	**(4.471.833)**	**(15.887.848)**	**2.894.837**	**(468.280)**	**(10.671.706)**	**11.193**

(1) Balances without maturity are shown in "Non-interest Bearing" column.
(2) Net balance of non-performing loans is shown in "Non-interest Bearing" column.
(3) Securities representing share in capital are shown in "Non-interest Bearing" column.
(4) Deferred tax asset, shareholders' equity and other non-interest bearing assets and liabilities are shown in "Non-interest Bearing" column.
(5) The expected credit losses for financial assets and other assets are reflected to the related items.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Interest Rate Risk (Continued):

Average interest rates applied to monetary financial instruments (%):

End of the Current Period (31.12.2023)	EURO	USD	JPY	TL
Assets [*]				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	4,00	5,60	-	44,16
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	43,48
Financial assets measured at fair value through other comprehensive income	4,55	7,58	-	49,52
Loans	7,19	8,74	-	17,58
Other financial assets measured at amortised cost[**]	4,62	7,68	-	50,76
Liabilities [*]				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	40,57
Miscellaneous payables	-	-	-	-
Marketable securities issued	7,50	-	-	-
Funds accepted by development and investment banks	0,86	4,53	-	43,07
Funds provided from other financial institutions[***]	3,86	6,43	-	20,94

(*) Ratios shown in the table are calculated by using annual interest rates.
(**) The majority of the TL portfolio consists of CPI indexed securities.
(***) Funds from other financial institutions also include subordinated loans.

End of the Prior Period (31.12.2022)	EURO	USD	JPY	TL
Assets [*]				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	3,41	4,58	-	25,94
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,26
Financial assets measured at fair value through other comprehensive income	3,77	6,31	-	24,16
Loans	5,20	7,41	-	11,34
Other financial assets measured at amortised cost[**]	5,11	-	-	49,74
Liabilities [*]				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	10,10
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,13	-	-	-
Funds accepted by development and investment banks	1,74	3,48	-	14,88
Funds provided from other financial institutions[***]	2,76	5,15	-	17,95

(*) Ratios shown in the table are calculated by using annual interest rates.
(**) The majority of the TL portfolio consists of CPI indexed securities.
(***) Funds from other financial institutions also include subordinated loans.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Position Risk of Equity Securities:

None.

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio:

1. Explanations related to liquidity risk management

The Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Bank will incur the consequential loss that it can not anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Bank is specialized, its liquidity need is more predictable as compared to commercial banks and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates of assets and liabilities in the Bank's balance sheet, is assured within the framework of the Asset Liability Committee's decisions. The Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium and long term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Bank is calculated by using "Liquidity Analysis Forms" in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the "Liquidity Emergency Plan Directive of the Bank". The Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 21 December 2022 and numbered 2022-20-11/287. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Bank's reputation.

In the liquidity risk management of the Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Bank's "Risk Management Strategies, Policies and Implementation Principles" and general market conditions are determinants. Therefore, units active in liquidity risk management, especially the Treasury Unit, act within these limitations.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

1. Explanations related to liquidity risk management (Continued):

First limitation on legal requirements set by the BRSA is; as per the regulation on "Calculation of Liquidity Coverage Ratio", minimum limits of 100% and 80% are assigned on consolidated and unconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in "TKB Riskiness Analysis According to Selected Indicators and Risk Groups" report prepared monthly includes;

- Proforma Cash Flows Statement,

- Proforma Currency Balance Sheet,

- Duration of Balance Sheet Items, -in detail- Marketable Securities (by class of financial instruments),

- Summary of liquidity forms sent to BRSA

With proforma cash flows statement, amount of future liquid assets are shown in different scenarios for one-year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Bank, and results of liquidity measurement system are included in the decision-making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Bank's Risk Appetite Structure, Risk Limits and Implementation Principles. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

2. Liquidity coverage ratio

The Bank's liquidity coverage ratios are prepared weekly in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of unconsolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio (Weekly Unconsolidated)							
	Current Period (31.12.2023)				**Prior Period (31.12.2022)**			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	117,72	13.10.2023	220,82	22.12.2023	95,22	04.11.2022	152,45	18.11.2022
Minimum (%)	100,00	29.12.2023	155,34	17.11.2023	53,44	30.09.2022	91,57	14.10.2022

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. 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(*)	
Current Period (31.12.2023)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	9.553.252	2.085.924
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	2.351.698	1.281.672	1.739.120	850.395
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	2.351.698	1.281.672	1.739.120	850.395
Secured funding	-	-	-	-
Other cash outflows	13.579.842	3.362.515	13.579.842	3.362.515
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.579.842	3.362.515	13.579.842	3.362.515
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	8.575.584	6.507.942	428.779	325.397
Other irrevocable or conditionally revocable commitments	3.717.856	3.634.846	3.717.782	3.634.772
TOTAL CASH OUTFLOWS			**19.465.523**	**8.173.079**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	22.443.029	2.236.840	21.545.401	1.520.242
Other cash inflows	13.510.672	11.114.670	13.510.672	11.114.670
TOTAL CASH INFLOWS	**35.953.701**	**13.351.510**	**35.056.073**	**12.634.912**
			Upper Limit Applied Amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			**9.553.252**	**2.085.924**
TOTAL NET CASH OUTFLOWS			**4.866.381**	**2.043.270**
LIQUIDITY COVERAGE RATIO (%)			**196,31**	**102,09**

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Liquidity coverage ratio (Continued):

	Rate of "Percentage to be Taken into Account" not Implemented Total Value(*)		ate of "Percentage to be Taken into Account" Implemented Total Value(*)	
Prior Period (31.12.2022)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	7.419.006	1.822.211
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	1.455.353	967.373	1.118.495	694.549
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	1.455.353	967.373	1.118.495	694.549
Secured funding			-	-
Other cash outflows	13.163.710	5.874.404	13.163.710	5.874.404
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.163.710	5.874.404	13.163.710	5.874.404
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	10.544.421	8.309.344	527.221	415.467
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS	-	-	**14.809.426**	**6.984.420**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	11.467.430	1.919.304	14.515.554	1.611.311
Other cash inflows	13.176.494	8.366.518	13.176.494	8.366.518
TOTAL CASH INFLOWS	**24.643.924**	**10.285.822**	**27.692.048**	**9.977.829**
			Upper Limit Applied Amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			**7.419.006**	**1.822.211**
TOTAL NET CASH OUTFLOWS			**6.214.203**	**2.325.645**
LIQUIDITY COVERAGE RATIO (%)			**119,39**	**78,35**

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

3. Explanations related to liquidity coverage ratio

Significant factors that impact the result of liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio

The significant factors that impact liquidity coverage ratio are net cash outflows and high-quality assets stock. Items taken into consideration in the calculation of the ratio may be changed in time because of economic structure and decisions of the Bank's fund management.

The explanation about elements of the high-quality liquid assets

High quality liquid assets mostly consist of domestic government bonds and Eurobonds.

Content of funds and their composition

The main funding source of the Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 80,2%. 5,2% of the Bank's total funding consists of funds provided from Ministry of Treasury and Finance, borrowers and banks; 9,5% consists of subordinated debt instruments; 2,4% is provided from money markets and 2,7% consists of securities issued.

Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin

Derivative transactions of the Bank are predominantly currency swap purchase-sale transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit/loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

Counterparty and product-based funding sources and concentration limits on collateral

The fund sources of the Bank, whose field of activity is development and investment banking, are generally international development banks and financial institutions; there is no concentration limit on the other party and product basis.

The operational and legal factors that hinder liquidity transfer which is needed by the Bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

4. Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed[1]	Total
Current Period (31.12.2023)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	2.560	-	-	-	-	-	-	2.560
Banks	80.783	4.844.282	-	-	-	-	-	4.925.065
Financial assets measured at fair value through profit or loss	591.455	-	-	-	-	-	-	591.455
Money market placements	-	17.034.644	-	-	-	-	-	17.034.644
Financial assets measured at fair value through other comprehensive income	18.362	1.008.924	2.041.897	6.704.831	5.393.772	52.829	-	15.220.615
Loans	-	1.096.619	4.208.343	14.633.137	43.681.197	18.799.016	319.302	82.737.614
Financial assets measured at amortised cost	-	416.652	73.904	7.309.046	2.045.173	3.773.741	-	13.618.516
Other assets	-	65.715	-	-	-	-	651.290	717.005
Total Assets[2]	**693.160**	**24.466.836**	**6.324.144**	**28.647.014**	**51.120.142**	**22.625.586**	**970.592**	**134.847.474**
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	4.195.359	2.286.235	17.126.691	32.806.493	45.020.463	-	101.435.241
Money market borrowings	-	2.884.276	-	-	-	-	-	2.884.276
Marketable securities issued	-	-	-	65.177	1.221.095	2.035.155	-	3.321.427
Miscellaneous payables	373.726	-	-	-	-	-	-	373.726
Other liabilities[3]	2.437.685	519.310	498.718	6.038.208	-	5.540.515	11.798.368	26.832.804
Total Liabilities	**2.811.411**	**7.598.945**	**2.784.953**	**23.230.076**	**34.027.588**	**52.596.133**	**11.798.368**	**134.847.474**
Liquidity Gap	**(2.118.251)**	**16.867.891**	**3.539.191**	**5.416.938**	**17.092.554**	**(29.970.547)**	**(10.827.776)**	**-**
Net Off-Balance Position	**-**	**(33.007)**	**(37.771)**		**-**	**-**	**-**	**(70.778)**
Derivative Financial Assets	-	10.206.920	809.944		-	-	-	11.016.864
Derivative Financial Liabilities	-	10.239.927	847.715		-	-	-	11.087.642
Non-Cash Loans	**84.924**	**-**	**-**	**85.965**	**-**	**4.583.451**	**-**	**4.754.340**
Prior Period (31.12.2022)								
Total Assets	**376.575**	**17.455.511**	**4.142.539**	**18.822.963**	**35.106.787**	**14.905.193**	**788.584**	**91.598.152**
Total Liabilities	**3.141.202**	**8.943.889**	**1.072.693**	**12.022.247**	**29.609.847**	**29.516.591**	**7.291.683**	**91.598.152**
Liquidity Gap	**(2.764.627)**	**8.511.622**	**3.069.846**	**6.800.716**	**5.496.940**	**(14.611.398)**	**(6.503.099)**	**-**
Net Off-Balance Position	**-**	**8.811**	**167**	**2.215**	**-**	**-**	**-**	**11.193**
Derivative Financial Assets	-	12.412.300	169.078	58.345	-	-	-	12.639.723
Derivative Financial Liabilities	-	12.403.489	168.911	56.130	-	-	-	12.628.530
Non-Cash Loans	**72.364**	**-**	**-**	**118.753**	**68.919**	**2.781.425**	**-**	**3.041.461**

[1] Assets such as fixed assets, associates, subsidiaries, inventory, prepaid expenses, net non-performing receivables and other asset accounts that would not be converted to cash in a short time period and needed to be used in the banking activities, deferred tax asset; liabilities with no maturities, provisions and equity are shown in the undistributed column.

[2] The expected credit losses for financial assets and other assets are reflected in the related items.

[3] Subordinated loans are shown in the "Other Liabilities" line.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

The remaining maturity distribution of contractual financial liabilities:

The following table shows the maturity distribution of the Bank's non-derivative financial liabilities prepared in accordance with the provisions of TFRS 7. The distribution has been prepared based on the earliest dates on which the Bank's liabilities are due to be paid without discounting. The interest payable on these liabilities is included in the table. The recorded values of the related liabilities in the balance sheet do not include these amounts.

Current Period (31.12.2023)	Book Value	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Liabilities							
Funds from Other Financial Institutions	101.435.241	142.776.682	4.417.162	2.994.934	22.170.089	52.505.376	60.689.121
Debts to Money Markets	2.884.276	2.884.276	2.884.276	-	-	-	-
Issued Securities	3.321.427	4.328.670	-	82.255	82.255	1.820.096	2.344.064
Subordinated Debt Instruments	11.578.723	25.261.806	-	-	6.141.140	-	19.120.666
Total	**119.219.667**	**175.251.434**	**7.301.438**	**3.077.189**	**28.393.484**	**54.325.472**	**82.153.851**

Prior Period (31.12.2022)	Book Value	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Yükümlülükler							
Funds from Other Financial Institutions	68.706.921	83.584.116	647.044	1.373.229	14.243.937	33.624.196	33.695.710
Debts to Money Markets	2.960.566	2.960.566	2.960.566	-	-	-	-
Issued Securities	2.018.433	2.121.457	-	-	-	-	2.121.457
Subordinated Debt Instruments	6.947.336	19.095.563	-	-	-	3.754.938	15.340.625
Total	**80.633.256**	**107.761.702**	**3.607.610**	**1.373.229**	**14.243.937**	**37.379.134**	**51.157.792**

The contractual maturity analysis of the Bank's derivative instruments is as follows:

Current Perios (31.12.2023)	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Swap transactions	11.098.952	10.099.891	999.061	-	-	-

Prior Period (31.12.2022)	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Swap transactions	12.629.379	12.382.628	188.407	58.344	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

The following table shows the distribution of the Bank's non-cash loans according to their remaining maturities.

Curent Period (31.12.2023)	Demand	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above	Total
Letters Of Credit	-	-	-	-	-	-	-
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	84.924	-	-	85.965	-	3.974.191	4.145.080
Acceptance loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	609.260	609.260
Total	**84.924**	**-**	**-**	**85.965**	**-**	**4.583.451**	**4.754.340**

Prior Period (31.12.2022)	Demand	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above	Total
Letters Of Credit	-	-	-	118.700	-	-	118.700
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	72.364	-	-	53	68.919	2.339.860	2.481.196
Acceptance loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	441.565	441.565
Total	**72.364**	**-**	**-**	**118.753**	**68.919**	**2.781.425**	**3.041.461**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanation Related to Leverage Ratio:

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2023, the Bank's leverage ratio calculated from the average of three months is 11,77% (31 December 2022: 11,18%). The reason why the current period leverage ratio is higher than the previous period leverage ratio is that the capital amounts have increased at a higher rate than the total risk amount.

On-balance sheet assets	**Current Period (31.12.2023) (*)**	**Prior Period (31.12.2022) (*)**
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	131.471.900	86.558.604
(Assets deducted in determining Tier 1 capital)	-	-
Total risk amount of on-balance sheet assets	131.471.900	86.558.604
Derivative financial instruments and loan derivatives		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk amount of derivative financial instruments and loan derivatives	812.874	993.478
Total risk amount of derivative financial instruments and loan derivatives	812.874	993.478
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	1.783.470	2.311.787
Risk amount from brokerage activities	-	-
Total risk amount of financing transactions secured by marketable security or commodity	1.783.470	2.311.787
Off-balance sheet items		
Gross notional amount of off-balance sheet transactions	13.745.282	14.293.171
(Adjustments amount due to multiplication with credit conversion rates)	(7.413.630)	(9.736.392)
Total risk amount of off-balance sheet transactions	6.331.652	4.556.779
Capital and total risks		
Tier 1 capital	16.520.462	10.552.034
Total risks	140.399.896	94.420.648
Leverage ratio		
Leverage ratio	11,77	11,18

(*) Calculated by taking the average of the last three months financial statements' data.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values:

When fair value of financial assets and liabilities are determined, discounted values are taken into consideration according to remaining maturities. Transactions traded on the stock exchange are valued by using the daily weighted average prices of the last working day on the balance sheet date based on the stock market value.

	Book Value (*)		**Fair Value**	
	Current Period (31.12.2023)	**Prior Period (31.12.2022)**	**Current Period (31.12.2023)**	**Prior Period (31.12.2022)**
Financial Assets	**135.566.654**	**92.231.685**	**136.109.818**	**92.645.168**
Money markets placements	17.046.025	6.634.417	17.046.025	6.634.417
Banks	4.929.464	8.757.978	4.929.464	8.757.978
Financial assets measured at fair value through profit or loss	591.455	289.829	591.455	289.829
Financial assets measured at fair value through other comprehensive income	15.220.615	8.646.943	15.220.615	8.646.943
Financial assets measured at amortised cost	13.620.387	7.562.223	13.519.234	7.760.207
Loans	84.158.708	60.340.295	84.803.025	60.555.794
Financial Liabilities	**116.709.117**	**78.007.751**	**116.742.431**	**77.736.285**
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	101.435.241	68.706.921	102.260.744	69.027.374
Subordinated debt instruments	11.578.723	6.947.336	10.802.460	6.355.504
Securities issued	3.321.427	2.018.433	3.305.501	2.018.346
Sundry creditors	373.726	335.061	373.726	335.061

(*) The book values of financial assets and liabilities in the table are calculated by adding accrual amounts at the end of the period.

Methods and estimations used for the fair value determination of financial instruments which are not presented with their market values in the financial statements:

i- For the fair value determination of loans, interest rates as of balance sheet date are considered.

ii- For the fair value determination of banks, interest rates as of balance sheet date are considered.

iii- In order to calculate the fair value of other financial assets measured at amortized cost, the stock market value as of the balance sheet date has been used.

iv- For the fair value determination of the funds provided from other financial institutions, subordinated debt instruments and securities issued, alternative resource interest rates are considered.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

Information on fair value measurements recognized in the financial statements:

TFRS 7 "Financial Instruments: Disclosures" Standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. Investor valuation and price reports are used for determination of fair values of level 3 assets The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles.

Current Period (31.12.2023)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or Loss	**-**	**-**	**591.455**
Debt securities	-	-	-
Share certificates	-	-	591.455
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	**14.968.360**	**233.893**	**4.186**
Debt securities	14.968.360	233.893	-
Share certificates[1]	-	-	4.186
Other	-	-	-
Derivative Financial Assets	**-**	**65.716**	**-**
Investment in Associates and Subsidiaries[1]	-	-	**-**
Derivative Financial Liabilities	-	**18.299**	-

[1] Non-public subsidiaries, affiliates and unlisted shares are monitored at cost of acquisition. Cost may be an appropriate estimate of fair value. This situation is measured at cost because there is not enough recent information regarding the measurement of fair value or because fair value can be measured by more than one method and among these methods, cost best reflects the fair value estimate

Prior Period (31.12.2022)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or Loss	**-**	**-**	**289.829**
Debt securities	-	-	-
Share certificates	-	-	289.829
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	**8.629.769**	**-**	**3.614**
Debt securities	8.629.769	-	-
Share certificates[1]	-	-	3.614
Other	-	-	-
Derivative Financial Assets	**-**	**31.094**	**-**
Investment in Associates and Subsidiaries[1]	-	-	**-**
Derivative Financial Liabilities	-	**11.157**	-

[1] Non-public subsidiaries, affiliates and unlisted shares are monitored at cost of acquisition. Cost may be an appropriate estimate of fair value. This situation is measured at cost because there is not enough recent information regarding the measurement of fair value or because fair value can be measured by more than one method and among these methods, cost best reflects the fair value estimate

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

The table below shows the movement table of level 3 financial assets.

Level 3 Movement Table	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the Beginning of the Period	**293.443**	**223.653**
Purchases During the Period	108.231	139.036
Disposals Through Sale/Redemptions	(8.372)	(98.411)
Valuation Effect	202.339	29.165
Transfers	-	-
Balance at the End of the Period	**595.641**	**293.443**

IX. Explanations on the Transactions Made on Behalf of Others and Items Held in Trust:

The Bank provides security buying, selling and custody services on behalf and account of others. The Bank also acts as an intermediary in the execution of tourism and infrastructure investments on behalf of the Republic of Turkey Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

The Bank does not carry out any transactions based on faith.

X. Explanations Related to Risk Management:

1. General information on risk management and risk weighted amounts:

The Bank's risk management approach:

It should be emphasized firstly that the Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability Committee and the Credit Evaluation Committee constitute two main committees that play a critical role in the execution of the Bank's activities; which the Asset and Liability Committee ensuring that the assets and liabilities are managed effectively and efficiently by taking into consideration the current and possible economic developments and the factors such as interest, maturity and currency, and establishing coordination and communication between the Senior Management and the Bank's units, and the Credit Evaluation Committee with the function of determining the principles of lending, evaluating the credit-participation risk and the situation of the investment, evaluating the reports prepared on the loan appraisal and in summary taking care of all the lending activities. Within the framework of the short-term strategies determined by the Asset and Liability Committee in line with the vision and strategic objectives of the Bank's Strategic Plan, each of the units in the Bank comply with these targets and the risk budgeting application based on the consolidation of these budgets are applied to contribute to the basic activities of the Bank.

Risk monitoring processes constitute the main determinant of risk management policies in decision making processes in the Bank. The organizational structure of the risk monitoring processes is composed of, the "Internal Control and Compliance" and "Risk Management" Directorates which the duties and authorities established within the Bank with the decision of the Board of Directors pursuant to the Banking Law and the BRSA legislation, the Audit Committee and the Internal Inspection Department. The units within the internal systems of the Bank and the Audit Committee undertake their activities in accordance with the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" dated 11/07/2014 and numbered 29057 of the BRSA.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

1. General information on risk management and risk weighted amounts (Continued):

The Bank's risk management approach (Continued):

The general principle of the risk policies followed by the Bank where committees and the implementation of risk budgeting are actively used in decision-making mechanisms and risk management processes; which was approved by Board of Directors dated 11.01.2016, 2016-01-15/015 stated in the Bank's "Risk Management Strategies, Policies and Implementation Principles", "To specialize in the activities in accordance with the mission, vision and structure determined by the Establishment Law, to take risks that can be identified, controlled and / or managed, and to make efforts to avoid any risks other than the risks inevitable and arising as part of the nature of the activities". While the Bank is specializing in its activities and shaping the asset composition in line with this general principle in accordance with its vision and structure, in the risk management policy it is subject to the principle of "taking risks that can be controlled and / or managed, not taking any risks other than the risks that are unavoidable and to apply this principle as much as possible. In this context, it is the basic principle to ensure that the risks to be taken are defined and manageable.

In addition, to the extent that risk measurement and reporting techniques allow, measurement of the present and future potential impacts of the risks taken is made and written limits for the quantifiable risks arising from the operations of the Bank are determined according to the BRSA regulations. Therefore, the risk appetite of the Bank is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled "Risk Appetite Structure" of Internal Systems and ICAAP Regulations of Banks No. 29057 issued by the BRSA and published in the Official Gazette on 11 July 2014. "Risk Limits and Implementation Principles", which are revised by the Risk Management Department annually in accordance with the Bank's risk policies and accepted by the Board of Directors, are the main policy that determines the Bank's risk appetite structure.

According to the "Risk Limits and Implementation Guidelines" which is the most important indicator of the risk appetite of the Bank, limits, early warning limits and actions to be taken in case of exceeding limit are determined by basic risk groups. In determining limits, the legal limits shape the general framework. However, in addition to the principle of prudence in risk management, specific limits specific to the Bank are also set for each risk type. The early warning limits are intended to prevent limit overs, and the limits are set one level below (or above). Each risk group covered by the Bank's risk limits is monitored by reports made to the Senior Management and the Audit Committee on a daily, weekly, monthly basis by the Risk Management Department and is first informed to the relevant unit in the framework of the actions to be taken in determining the elimination of exceeded limits.

It is clear that both the decision-making mechanisms and the risk management processes are the general principle of risk policies and the Bank has a "risk avoider" risk appetite within the framework of risk limits and implementation principles.

The limits stated in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors within the framework of the 37th article of "Regulation on Internal Systems of Banks" issued by the BRSA for quantifiable risks arising from the activities of the Bank are determined. The Risk Management Department monitors compliance with these limits and regularly reports to the Board of Directors, the Audit Committee and the Senior Management.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

1. General information on risk management and risk weighted amounts (Continued):

The Bank's risk management approach (Continued):

Stress test scenario analyzes carried out by the Bank within the scope of risk management activities include various techniques to measure the potential resilience of the Bank portfolio against unexpected risks. Capital Planning Buffer prepared in accordance with the provisions of the "Stress Test Program" specified in article 43 of "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" and Guidelines for Stress Tests to be Used by Banks in Capital and Liquidity Planning and specified in Article 59 of the Regulation. The results of the implementation of the scenarios determined by the BRSA used in the calculation are sent to the BRSA within the scope of the ISEDES (Internal Capital Adequacy Assessment Process) Report prepared by Risk Management Department annually. In the ISEDES Report, the Bank's capital adequacy level is evaluated by applying the BRSA and the Bank scenarios on the Bank's 3-year Strategic Plan predictions.

The stress test scenario analyzes, which are updated quarterly for the Bank, are also structured in a structure parallel to ISEDES practices. Stress testing is carried out by applying two negative scenarios of the relevant year, determined by the BRSA, to the financial statements and capital adequacy ratio components of the period to be tested.

In the stress test study, shocks are given on the basis of two basic parameters (interest and exchange rate), and by each parameter and each scenario the effects of these shocks on;

i- Balance sheet and statement of profit or loss

ii- Legal equity

iii- Risk Weighted Assets (RWA)

iv- Capital Adequacy Ratio (CAR)

are evaluated.

The first parameter used in the scenario analysis is the exchange rate and the other is the interest rates. Exchange rate and interest shocks are designed as base, negative and extremely negative scenarios sent by BRSA.

On the Bank's securities portfolio, portfolio sensitivity is firstly calculated against changes in interest rates, and two separate scenarios are set forth to compensate for the potential loss arising from adverse interest rate changes.

The Bank's "Proforma Cash Flows Statement" analysis, which is prepared based on the possible cash inflows and outflows in the next one-year period, including seven different scenarios, ranging from 45 percent to 95 percent of "loan collection rates" and implicitly including currency and interest forecasts, it is the most detailed scenario analysis that the Bank has prepared. In this analysis, the effects of different collection ratios on the liquidity risk of the Bank are evaluated.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management:

1. General information on risk management and risk weighted amounts:

Footnotes and related explanations prepared in accordance with the "Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks" published in the Official Gazette No: 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 Decemmber 2023, as the Bank's standard approach was used in the calculation of capital adequacy:

- RWA flow statement under Internal Ratings Based Approach (IRB)

- RWA flow statements of CCR exposures under Internal Model Method (IMM)

- RWA flow statements of market risk exposures under Internal Model Approach

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)
1	Credit risk (excluding counterparty credit risk) (CCR)	99.032.622	74.807.459	7.922.610
2	Of which standardized approach (SA)	99.032.622	74.807.459	7.922.610
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	612.536	692.432	49.003
5	Of which standardized approach for counterparty credit risk (SA-CCR)	612.536	692.432	49.003
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	14.226.213	107.525	1.138.097
17	Of which standardized approach (SA)	14.226.213	107.525	1.138.097
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	3.333.759	1.883.165	266.701
20	Of which basic indicator approach	3.333.759	1.883.165	266.701
21	Of which standardized approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**117.205.130**	**77.490.581**	**9.376.411**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations

General qualitative information on credit risk:

The Bank calculates its legal credit risk as per the framework of the "Regulation on the Measurement and Evaluation of Banks' Capital Adequacy" and Basel II criteria. The management of credit risk is essential in such a way as to ensure that the standard ratio of legal capital adequacy is above the minimum limit of existing regulations.

Within the scope of "Basel II application" under the measure of credit risk, the standard method prescribed by the BRSA is used and this measurement method based on weighting to the classes and guarantees of the loans is embodied in the KR520 form which is reported monthly to the BRSA. There are basically 3 main headings of the form:

- Risk Classes,

- Credit Risk Reduction Techniques and Credit Risk Substitution Effects,

- Distribution by Risk Weights.

In order to determine the credit risk, the Bank's risk weighted assets are classified by "Separation On The Basis of Risk Classes". After the asset is classified according to the risk classes, collaterals received on loans are assessed under Basel II "Credit Risk Mitigation Techniques and Credit Risk Substitution Effects". The credit risk is measured monthly within the standard method framework, by using the algorithm in the "Basel II Credit Rating Classification".

Respecting the credit risk management measurement, monitoring, stress testing and scenario analysis studies in line with the volume, quality and complexity of loans and reporting results are provided to the Audit Committee and the Board of Directors.

Beside the standard method for determining the level of credit risk that the Bank may encounter, by moving from the Bank's loan portfolio structure for risk measurement and monitoring activities;

- Credit Risks by Sectors

- Credit Risks by Region

- Non-performing Loans Analysis

- Concentration Analysis of Credits

- Risks Weights of Loan Collaterals

- Sectoral Risks According to Risk Weights of Loans

- Distribution of Loans by Maturity and Source

- Distribution of Performing Credits are analyzed and reported.

In the Bank's credit risk management policy, diversification of credit portfolio is essential. Although the Bank is not subject to the credit restrictions imposed on banks accepting deposits pursuant to Article 77 of the Banking Law No. 5411, the Bank has determined its credit limits with the "Credit Policy" published with the approval of the Board of Directors. Credit risk limits are determined in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors, and the limits are monitored daily, weekly and monthly by the Risk Management Unit and reported to the Top Management.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations:

General qualitative information on credit risk:

All units, including the departments within the Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management in accordance with the framework of the Banking Law, Internal Systems Regulation, and Bank's Duties, Authorities, Responsibilities, and Organization Principles.

The senior management is responsible for the implementation of the credit risk strategy approved by the board of directors and the development of policies and procedures for the recognition, measurement, monitoring, and control of credit risk, and these policies and procedures include credit risks related to all banking activities in the Bank's portfolio.

The explanations prepared by the "Communiqué on Disclosures About Risk Management to be Announced to Public by Banks" published in the Official Gazette No. 29511 on 23 October 2015, and entered into force as of 31 March 2016, are given below.

The Bank reveals risks of the effects of income/expense, capital loss, liquidity adequacy, etc. that may arise regarding macroeconomic indicators and bank-specific situations with periodic reports and stress test studies. Daily, weekly, monthly and annual reports are produced with the risk measurement models and methods used by the Bank regarding the risk situation of the Bank, and they are regularly reported to the Board of Directors, Audit Committee, and Senior Management. The possible effects on the Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

It is aimed to disseminate the risk appetite framework and culture created by the Bank through the training given to the personnel, risk measurements and reporting, and risk reporting to the Board of Directors, Senior Management and Committees.

As a part of the risk appetite structure, it is aimed to determine the risk appetite level of the Bank through regulations such as the determination of risk limits, limit exceedance exceptions, and early warning levels. Limits are updated periodically, taking into account the developments in the Bank's strategy and risk appetite. Early warning levels indicating that the determined limits are approached have also been determined, and in case the limit levels are approached or exceeded, the relevant units take the necessary actions and arrangements. Risk limits are determined together with the relevant senior managers, including the Manager of the Risk Management Unit and the General Manager of the Bank, and submitted to the Board of Directors for approval following the approval of the Audit Committee. While determining the limits, the macroeconomic environment and market trends, as well as the targets and policies of the Bank are taken into account, and risk concentration limits are determined based on sector, geographical region, country and product.

Since the Bank uses a standard approach in capital adequacy calculations, explanations within the scope of the internal rating-based approach are not included.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Credit quality of assets:

	Current Period (31.12.2023)	Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	848.082	83.310.626	(1.421.094)	82.737.614
2	Debt securities	-	28.824.269	(8.659)	28.815.610
3	Off-balance sheet assets	2	4.754.338	(53.480)	4.700.860
4	**Total**	**848.084**	**116.889.233**	**(1.483.233)**	**116.254.084**

	Prior Period (31.12.2022)	Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	894.374	59.445.921	(1.107.637)	59.232.658
2	Debt securities	-	16.205.801	(19.972)	16.185.829
3	Off-balance sheet assets	2	3.041.459	(49.545)	2.991.916
4	**Total**	**894.376**	**78.693.181**	**(1.177.154)**	**78.410.403**

Changes in non-performing loans and debt securities:

Current Period (31.12.2023)

1	Defaulted loans and debt securities at the end of prior reporting period	894.374
2	Defaulted loans and debt securities from last reporting period	95.249
3	Returned to non-defaulted status	(141.541)
4	Amounts written of	
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	848.082

Prior Period (31.12.2022)

1	Defaulted loans and debt securities at the end of prior reporting period	855.150
2	Defaulted loans and debt securities from last reporting period	230.129
3	Returned to non-defaulted status	(190.905)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	894.374

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Additional disclosures about the credit quality of assets:

The Bank evaluates its financial assets in 3 Stages within the scope of TFRS 9. In this context, for defaulted loans (3.Stage) and loans that have not yet defaulted, but which have significantly increased credit risk from the date of the loan's issuance (2.Stage), the Bank calculates the expected lifetime credit loss. The Bank's other financial assets covered by TFRS 9 (1.Stage); the Bank reflects the probability of default within 12 months after the reporting date as the expected loss provision.

In case of payment failure of borrowers to the Bank due to temporary liquidity shortage loans and other receivables, including overdue interest, are restructured within the scope of the Provision Regulation by opening additional loans when necessary in order to provide liquidity strength to the borrower and to ensure the collection of the Bank's receivables.

Temporary liquidity shortage is considered as a manageable cash deficit caused by a loan borrower who has the solvency to pay his obligations on time and in full becoming irregular due to fluctuations in fund inflows and outflows, sales revenues or operating income arising from normal activities due to an unexpected and temporary reason.

Restructured loans will continue to be monitored in the groups in which they are classified and monitored until that date. During this period, provision for these receivables will continue to be allocated at the expected loss provision rates applied to the group in which they are monitored.

Breakdown of non-performing loans and respective provisions by geographic regions

Current Period (31.12.2023)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	848.082	528.780
European Countries	-	-
OECD Countries	-	-
Total	**848.082**	**528.780**

Prior Period (31.12.2022)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	894.374	567.821
European Countries	-	-
OECD Countries	-	-
Total	**894.374**	**567.821**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Additional disclosures about the credit quality of assets (Continued):

Information in terms of major sectors and type of counterparties

Current Period (31.12.2023)	Loans	Non-Performing Loans	Expected Loss Provision	Total (Net)
Agriculture	**426.371**	**-**	**498**	**425.873**
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	426.371	-	498	425.873
Industry	**72.145.595**	**751.728**	**1.309.764**	**71.587.559**
Mining and quarry	392.602	-	5.755	386.847
Manufacturing	32.510.780	6.403	180.230	32.336.953
Electricity, gas and water	39.242.213	745.325	1.123.779	38.863.759
Construction	**1.010.628**	**-**	**13.243**	**997.385**
Service	**9.728.032**	**95.220**	**96.455**	**9.726.797**
Wholesale and retail trade	-	-	-	-
Hotel and restaurant services	1.171.405	91.756	47.947	1.215.214
Transportation and communication	-	-	-	-
Financial institutions	8.214.342	-	44.391	8.169.951
Real estate and leasing services	-	-	-	-
Self-employment services	-	-	-	-
Educational services	84.986	-	422	84.564
Health and social services	257.299	3.464	3.695	257.068
Other	**-**	**1.134**	**1.134**	**-**
Total	**83.310.626**	**848.082**	**1.421.094**	**82.737.614**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties

(Prior Period 31.12.2022)	Loans	Non-Performing Loans	Expected Loss Provision	Total (Net)
Agriculture	**-**	**-**	**-**	**-**
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	**42.973.937**	**850.019**	**1.012.119**	**42.811.837**
Mining and quarry	-	-	-	-
Manufacturing	15.934.000	7.053	65.189	15.875.864
Electricity, gas and water	27.039.937	842.966	946.930	26.935.973
Construction	**698.848**	**-**	**5.294**	**693.554**
Service	**15.258.960**	**43.221**	**87.660**	**15.214.521**
Wholesale and retail trade	214.821	-	2.396	212.425
Hotel and restaurant services	1.341.560	39.972	46.462	1.335.070
Transportation and communication	215.210	-	1.143	214.067
Financial institutions	12.755.856	-	28.802	12.727.054
Real estate and leasing services	253.916	-	3.405	250.511
Self-employment services	-	-	-	-
Educational services	84.540	-	261	84.279
Health and social services	393.057	3.249	5.191	391.115
Other	**514.176**	**1.134**	**2.564**	**512.746**
Total	**59.445.921**	**894.374**	**1.107.637**	**59.232.658**

Maturity analysis for non-performing loans

Current Period (31.12.2023)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	-	68.030	709.012	36.314	33.592
Other	-	-	-	-	1.134
Total	**-**	**68.030**	**709.012**	**36.314**	**34.726**

Prior Period (31.12.2022)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	-	-	842.966	-	50.274
Other	-	-	-	-	1.134
Total	**-**	**-**	**842.966**	**-**	**51.408**

Breakdown of restructured receivables by whether provision has been allocated or not

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Loan Balance	Expected Loss Provisions	Loan Balance	Expected Loss Provisions
Restructured from Performing Loans	1.185.182	79.615	604.972	21.569
Restructured from Non-Performing Loans	745.325	472.090	22.848	145
Toplam	**1.930.507**	**551.705**	**627.820**	**21.714**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Qualitive requirements to be disclosed to the public regarding credit risk mitigation techniques:

In the calculation of the amounts subject to credit risk, the Bank evaluates the loans in terms of risk weight, taking into consideration the risk classes, grading notes and risk reduction elements within the context of "Communiqué on Credit Risk Mitigation Techniques".

The Bank does not make on-balance sheet and off-balance sheet netting within the scope of credit risk mitigation. Applications related to valuation and management of collateral are carried out in line with the "Communiqué on Credit Risk Mitigation Techniques". Main guarantees taken by the Bank in the context of credit risk mitigation techniques are financial guarantees (cash) and guarantees (Turkish Treasury and banks). Monetary guarantees are evaluated with the most recent values as of the reporting date in the credit risk reduction process. In the event that a bank loan customer receives guarantees obtained from other institutions, the credit risk worthiness of the guaranteeing institution in the credit risk reduction process is taken into consideration. Risk-reducing effects of collaterals are taken into account through standard volatility adjustments in the portfolios in which the comprehensive financial guarantee method is used.

Overview of credit risk mitigation techniques:

	Current Period (31.12.2023)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	4.307.948	79.850.760	100%	-	-	-	-
2	Debt Instruments	-	28.824.269	100%	-	-	-	-
3	**Total**	**4.307.948**	**108.675.029**	**100%**	-	-	-	-
4	Overdue	-	848.082	100%	-	-	-	-

	Prior Period (31.12.2022)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
41	Loans	3.014.941	57.325.354	100%	-	-	-	-
2	Debt Instruments	-	16.205.801	100%	-	-	-	-
3	**Total**	**3.014.941**	**73.531.155**	**100%**	-	-	-	-
4	Overdue	-	894.374	100%	-	-	-	-

Qualitative information on ratings used by banks while calculating credit risk with standard approach :

The risk weigths of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank" are determined pursuant to the regulations. Any external risk ratings which are determined by any international rating agency are not used.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects:

The Bank calculates the credit risk with a standard approach and do not use a rating grade.

Current Period (31.12.2023)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
Risk Class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Exposures to central governments and central banks	15.426.669	-	17.152.893	-	8.127.217	47,4%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	30.466.555	262.919	36.330.127	131.465	18.671.455	51,2%
Exposures to corporates	72.318.476	12.657.072	65.332.441	4.754.331	70.086.772	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.762	-	51.762	-	18.117	35,0%
Exposures secured by commercial property	2.726.045	-	2.720.997	-	1.579.441	58,0%
Past-due receivables	319.302	-	319.302	-	184.772	57,9%
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	228.437	54	228.437	54	228.491	100,0%
Other exposures	651.322	-	619.070	-	618.048	99,8%
Equity share investments	-	-	-	-	-	-
Total	**122.188.568**	**12.920.045**	**122.755.029**	**4.885.850**	**99.514.314**	**78,0%**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects (Continued):

Prior Period (31.12.2022)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
Risk Class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Exposures to central governments and central banks	13.576.048	-	14.124.977	-	7.263.824	51,4%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.060.345	127.915	33.698.974	63.963	20.397.748	60,4%
Exposures to corporates	45.465.120	14.824.353	43.223.442	2.982.102	46.205.544	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	48.384	-	48.384	-	16.934	35,0%
Exposures secured by commercial property	1.173.371	-	1.173.371	-	682.090	58,1%
Past-due receivables	326.553	-	326.553	-	163.277	50,0%
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	129.401	6.006	129.401	6.006	135.407	100,0%
Other exposures	440.760	-	440.759	-	438.587	99,5%
Equity share investments	-	-	-	-	-	-
Total	**92.219.982**	**14.958.275**	**93.165.861**	**3.052.071**	**75.303.411**	**78,3%**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights:

The Bank calculates the credit risk with the standard approach and does not use a rating score.

Current Period (31.12.2023)												
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to central governments and central banks	9.025.676	-	-	-	-	-	-	8.127.217	-	-	-	17.152.893
2	Exposures to regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	68.372	-	15.208.902	-	-	10.629.701	-	10.309.931	-	-	244.686	36.461.592
7	Exposures to corporates	-	-	-	-	-	-	-	70.086.772	-	-	-	70.086.772
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	51.762	-	-	-	-	-	-	51.762
10	Exposures secured by commercial property	-	-	-	-	-	2.283.112	-	437.885	-	-	-	2.720.997
11	Past-due receivables	-	-	-	-	-	269.060	-	50.242	-	-	-	319.302
12	Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	228.491		-	-	228.491
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	1.021	-	-	-	-	-	-	618.049	-	-	-	619.070
18	**Total**	**9.095.069**	**-**	**15.208.902**	**-**	**51.762**	**13.181.873**	**-**	**89.858.587**		**-**	**244.686**	**127.640.879**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights (Continued):

	Prior Period (31.12.2022)												
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to central governments and central banks	6.861.153	-	-	-	-	-	-	7.263.824	-	-	-	14.124.977
2	Exposures to regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	128.516	-	15.514.703	-	-	1.403.024	-	16.590.778	-	-	125.916	33.762.937
7	Exposures to corporates	-	-	-	-	-	-	-	46.205.544	-	-	-	46.205.544
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	48.384	-	-	-	-	-	-	48.384
10	Exposures secured by commercial property	-	-	-	-	-	982.563	-	190.808	-	-	-	1.173.371
11	Past-due receivables	-	-	-	-	-	326.553	-	-	-	-	-	326.553
12	Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	135.407		-	-	135.407
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	2.172	-	-	-	-	-	-	438.587	-	-	-	440.759
18	**Total**	**6.991.841**	**-**	**15.514.703**	**-**	**48.384**	**2.712.140**	**-**	**70.824.948**		**-**	**125.916**	**96.217.932**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

3. Explanations on counterparty credit risk:

Evaluation of counterparty credit risk according to measurement methods:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet over the counter derivative transactions, by taking into account risk capacities.

Transactions made by the Treasury Department including counter-party risks such as over the counter forward, swaps and options are reported daily to the Senior Management and Risk Management Department. All transactions made with counterparty are considered within the limits of the counterparty. Exceeded limits are reported daily to the responsible managers and are recorded with all measures taken to overcome these limitations.

	Current Period (31.12.2023)	**Replacement Cost**	**Potential Credit Risk Amount**	**EEPE**	**Alpha Used for Computing Regulatory EAD**	**EAD Post-CRM**	**Risk Weighted Amounts**
1	Standardized Approach - CCR (for derivatives)	50.728	527.402		1,4	809.381	610.166
2	Internal Model Method (for derivative transactions and security financing transactions)			-	-	-	-
3	Simple financial collateral method used for CRM (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for CRM (for securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and credit securities financing transactions					118.499	2.370
6	**Total**						**612.536**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Evaluation of counterparty credit risk according to measurement methods:

	Prior Period (31.12.2022)	Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	159.367	516.261		1,4	945.880	682.781
2	Internal Model Method (for derivative transactions and security financing transactions)			-	-	-	-
3	Simple financial collateral method used for CRM (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for CRM (for securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and credit securities financing transactions					86.642	9.651
6	**Total**						**692.432**

Capital requirement for Credit Valuation Adjustments (CVA):

Derivative transactions of the Bank consists of forward foreign exchange buying-selling and swap money buying-selling transactions. There are no interest-based swap transactions, option contracts and other derivative transactions. The Bank has no derivative products to be created to differentiate them from the main contract.

	Current Period (31.12.2023)	Risk Amount (After using credit risk mitigation techniques)	Risk-Weighted Amounts
	Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
1	(i) Value-at-risk component (including 3*multiplier)	-	-
2	(ii) Stress value-at-risk (including 3*multiplier)	-	-
3	Total amount of portfolios subject to CVA capital requirement according to the standard method	809.381	130.670
4	Total amount subject to CVA capital requirement	809.381	130.670

Capital Requirement for CVA (Continued):

	Prior Period (31.12.2022)	Risk Amount (After using credit risk mitigation techniques)	Risk-Weighted Amounts
	Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
1	(i) Value-at-risk component (including 3*multiplier)	-	-
2	(ii) Stress value-at-risk (including 3*multiplier)	-	-
3	Total amount of portfolios subject to CVA capital requirement according to the standard method	945.880	196.143
4	Total amount subject to CVA capital requirement	945.880	196.143

Standard approach - counterparty credit risk based on risk classes and risk weights:

Current Period (31.12.2023)									
Risk Weights/Risk Class	%0	%10	%20	%50	%75	%100	%150	Other	Total credit exposure (*)
Exposures to central governments and central banks	7.180	-	-	-	-	321.987	-	-	321.987
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	68.372	-	-	-	-	285.655	-	244.686	290.549
Exposures to corporates	-	-		-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	**75.552**	**-**	**-**	**-**	**-**	**607.642**	**-**	**244.686**	**612.536**

(*) Total credit risk: The amount to be taken into account in the calculation of capital adequacy after credit risk reduction is applied.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights:

Prior Period (31.12.2022)									
Risk Weights/Risk Class	%0	%10	%20	%50	%75	%100	%150	Other	Total credit exposure (*)
Exposures to central governments and central banks	38.385	-	48.257	-	-	-	-	-	9.651
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	128.516	-	13.982	-	-	677.466	-	125.916	682.781
Exposures to corporates	-	-		-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	**166.901**	**125.916**	**62.239**	**-**	**-**	**677.466**	**-**	**125.916**	**692.432**

(*) Total credit risk: The amount to be taken into account in the calculation of capital adequacy after credit risk reduction is applied.

3. Explanations on counterparty credit risk (Continued):

Collaterals for counterparty credit risk:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet derivative transactions, by taking into account risk capacities.

Current Period (31.12.2023)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given			
	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals received	Collaterals given
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	276.707	-	247.294	2.737.755
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**276.707**	**-**	**247.294**	**2.737.755**

Prior Period (31.12.2022)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given			
	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals received	Collaterals given
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	266.911	-		2.918.261
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**266.911**	**-**	**-**	**2.918.261**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Credit derivatives

None.

Exposures to central counterparties (CCP)

Current Period (31.12.2023)	Risk Amount After CRM	RWA
Total risks arising from qualified transactions where one of the parties is CCP	**304.383**	**2.698**
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	126.187	2.698
(i) OTC derivatives	-	-
(ii) Other derivative transactions	126.187	2.524
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	169.512	-
Free initial deposit	-	-
The amount put into the guarantee fund	8.684	174
The amount promised to be put into the guarantee fund	-	-
Total risks arising from non-qualified transactions where one of the parties is CCP	-	-
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	-	-
(i) OTC derivatives	-	-
(ii) Other derivative transactions	-	-
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	-	-
Free initial deposit	-	-
The amount put into the guarantee fund	-	-
The amount promised to be put into the guarantee fund	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Prior Period (31.12.2022)	Risk Amount After CRM	RWA
Total risks arising from qualified transactions where one of the parties is CCP	**275.728**	**2.855**
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	125.916	2.518
(i) OTC derivatives	-	-
(ii) Other derivative transactions	125.916	2.518
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	132.965	-
Free initial deposit	-	-
The amount put into the guarantee fund	16.847	337
The amount promised to be put into the guarantee fund	-	-
Total risks arising from non-qualified transactions where one of the parties is CCP	-	-
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	-	-
(i) OTC derivatives	-	-
(ii) Other derivative transactions	-	-
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	-	-
Free initial deposit	-	-
The amount put into the guarantee fund	-	-
The amount promised to be put into the guarantee fund	-	-

Explanations on securitizations

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

4. Explanations on market risk:

Qualitative information to be publicly disclosed on market risk:

The Bank is exposed to market risk depending on the fluctuations that may occur in the financial market as a result of its activities, in exchange rates, interest rates and stock prices.

The Bank calculates and legally reports its market risk by using the standard method within the framework of the provisions of the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy" published in the Official Gazette No. 29511 dated 23 October 2015.

In addition to the monthly standardized methodology, the market risk is calculated on a daily basis using the Value At Risk ("VaR") approach. The VaR calculated by using the internal model to predict the potential loss in financial market conditions, the stress tests and scenario analysis results, including the price changes occurring in the crises that occurred in previous years or the probable effects of different interest and exchange rate shocks on existing portfolios are reported to Audit Committee and top management.

In accordance with the "Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process" published on the Official Gazette dated 11 July 2014 and numbered 29057, the limits of these risks are determined by taking into account the main risks borne by the Bank and such risk limits are determined within the framework of changing market conditions and Bank strategies "Risk Appetite Structure, Risk Limits and Implementation Principles" which are frequently revised and approved by the Board of Directors.

The reports prepared within the framework of compliance with the risk limits are regularly presented to the Board of Directors, the Audit Committee and senior management.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

4. Explanations on market risk (Continued):

PR1-Market risk amounts based on standard approach:

		Current Period (31.12.2023)	Prior Period (31.12.2022)
		RWA	RWA
	Direct (cash) Products		
1	Interest rate risk (general and specific)	14.150.941	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	75.272	107.525
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	**Total**	**14.226.213**	**107.525**

5. Link between the financial statements and risk amounts:

Explanations on differences between the amounts prepared as per TAS and the risk amounts:

"Credit Risks" are calculated over the securities classified as "Financial assets at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income".

Repurchase and reverse repo transactions of the Bank are subject to "Counterparty Credit Risks" and the Capital Obligation against Counterparty Credit Risk is calculated and reported under the "Credit Risk". In addition, "Market Risk" is calculated over the securities used in the "Reverse Repo" transactions.

The amount included in the "Off-balance sheet amounts" line of the B2 table is reported as "Subject to Credit risk" by multiplying with "Credit Conversion Rates".

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences and matching between accounting consolidation and legal consolidation:

	Carrying values in financial statements prepared as per TAS within the scope of legal consolidation	Items in accordance with TMS				
Current Period (31.12.2023)		Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with the Central Bank	2.560	2.560	-	-	-	-
Financial assets held for trading	318.816	318.816	-	-	-	-
Financial assets at fair value through profit or loss	272.639	272.639	-	-	-	-
Banks	4.925.065	4.925.064	-	-	-	-
Money market receivables	17.034.644	16.795.103	239.542			
Financial assets at fair value through other comprehensive income	15.220.615	1.322.568	-	-	13.898.047	-
Derivative financial assets	65.716	65.716	-	-	-	-
Loans and receivables	82.737.614	82.737.614	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Financial assets measured at amortised cost	13.618.516	13.618.515	-	-	-	-
Associates	10.586	10.586	-	-	-	-
Subsidiaries	16.746	16.746				
Lease receivables	3	3	-	-	-	-
Tangible assets (net)	42.366	42.366	-	-	-	-
Intangible assets (net)	32.252	-	-	-	-	32.252
Investment properties (net)	-	-	-	-	-	-
Tax asset	322.823	322.823	-	-	-	-
Other assets	226.513	226.514	-	-	-	-
Total Assets	**134.847.474**	**120.677.633**	**239.542**	**-**	**13.898.047**	**32.252**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

	Carrying values in financial statements prepared as per TAS within the scope of legal consolidation	Items in accordance with TMS				
Current Period (31.12.2023)		Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities						
Deposit	-	-	-	-	-	-
Derivative financial liabilities held for trading	18.299	-	18.299	-	-	-
Funds borrowed	97.947.040	-	-	-	-	-
Money market funds	2.884.276	-	2.884.276	-	-	-
Issued securities	3.321.427	-	-	-	-	-
Funds	6.397.933	-	-	-	-	-
Miscellaneous payables	373.726	-	-	-	-	-
Other external funding's payable	448.306	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Debts from leasing transactions	20.737	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-
Provisions	428.541	-	-	-	-	-
Tax liability	545.981	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations		-	-	-	-	-
Subordinated debts	11.578.723	-	-	-	-	-
Shareholders' equity	10.882.485	-	--	-	-	-
Total liabilities and equity	**134.847.474**	**-**	**2.902.575**	**-**	**-**	**-**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences and matching between accounting consolidation and legal consolidation:

	Carrying values in financial statements prepared as per TAS within the scope of legal consolidation	Items in accordance with TMS				
Prior Period (31.12.2022)		Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with the Central Bank	835	835	-	-	-	-
Financial assets held for trading	132.363	132.363	-	-	-	-
Financial assets at fair value through profit or loss	157.466	157.466	-	-	-	-
Banks	8.744.602	8.744.602	-	-	-	-
Money market receivables	6.629.640	6.629.640	-			
Financial assets at fair value through other comprehensive income	8.646.943	8.646.943	-	-	-	-
Derivative financial assets	31.094	31.094	-	-	-	-
Loans and receivables	59.232.658	59.232.658	-	-	-	-
Factoring receivables	-		-	-	-	-
Financial assets measured at amortised cost	7.560.519	7.560.519	-	-	-	-
Associates	10.586	10.586	-	-	-	-
Subsidiaries	4.050	4.050				
Lease receivables	3	3	-	-	-	-
Tangible assets (net)	88.099	88.099	-	-	-	-
Intangible assets (net)	21.596	-	-	-	-	21.596
Investment properties (net)	-	-	-	-	-	-
Tax asset	168.840	168.840	-	-	-	-
Other assets	168.858	168.858	-	-	-	-
Total Assets	**91.598.152**	**91.576.556**	**-**	**-**	**-**	**21.596**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

	Carrying values in financial statements prepared as per TAS within the scope of legal consolidation	Items in accordance with TMS				
Prior Period (31.12.2022)		Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities						
Deposit	-	-	-	-	-	-
Derivative financial liabilities held for trading	11.157	-	-	-	-	-
Funds borrowed	63.339.728	-	-	-	-	-
Money market funds	2.960.566	-	2.960.566	-	-	-
Issued securities	2.018.433	-	-	-	-	-
Funds	8.418.825	-	-	-	-	-
Miscellaneous payables	346.952	-	-	-	-	-
Other external funding's payable	237.922	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Debts from leasing transactions	22.889	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-
Provisions	164.441	-	-	-	-	-
Tax liability	286.521	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-
Subordinated debts	6.947.336	-	-	-	-	-
Shareholders' equity	6.843.382	-	-	-	-	-
Total liabilities and equity	**91.598.152**	**-**	**2.960.566**	**-**	**-**	**-**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Main sources of differences between the risk amounts and carrying values in financial statements prepared as per TAS:

	Current Period (31.12.2023)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	134.847.474	120.677.633	-	239.542	13.898.047
2	Carrying values of liabilities in accordance with TAS within legal consolidation	134.847.474	-	-	2.884.276	-
3	**Total net amount under legal consolidation**	-	120.677.636	-	(2.644.734)	13.898.047
4	Off-balance sheet items	36.444.918	14.340.411	-	22.104.507	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (other than line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk amounts	**171.292.392**	**135.018.047**	**-**	**19.459.773**	**13.898.047**

	Prior Period (31.12.2022)	Total	Subject to credit risk	Securitizati on positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	91.598.153	91.576.557	-	-	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	91.598.153	-	-	2.960.566	-
3	Total net amount under legal consolidation	-	**91.576.557**	-	**(2.960.566)**	-
4	Off-balance sheet items	40.760.504	14.958.274	-	25.802.230	-
5	Valuation differences	-	-	-		-
6	Differences arising from netting of differences (other than line 2)	-		-		-
7	Differences arising from consideration of provisions			-		-
8	Differences arising from the applications of the BRSA	-	-	-		-
	Risk amounts	**132.358.657**	**106.534.831**	**-**	**22.841.664**	**-**

There is no significant difference between the amounts reported in the financial statements by TAS and the risk amounts used within the scope of capital adequacy.

6. Explanations on operational risk:

According to the Bank's Operational Risk Management Policy, operational risk management practices are developed taking into account the fact that errors and irregularities are overlooked as a result of failures in internal controls, the Bank's management and staff do not act in accordance with time and conditions, errors and failures in information technology systems, losses that may arise from disasters such as earthquakes, fires, floods, and losses caused by other factors that may occur on the Bank and sector basis.

The amount based on the operational risk at the Bank is determined by Article 14 of the "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks". It is calculated using the basic indicator method within the scope of the article. The value found by multiplying the average of fifteen percent of the bank's year-end gross income amounts realized as of the last three years by twelve and a half is taken into account as the amount based on operational risk.

Annual gross income is calculated by adding net interest income, net fee and commission income, dividend income from shares other than subsidiary and affiliate shares, commercial profit/loss (net) and other operating income, profit/loss from the sale of assets tracked in securities accounts to be held to maturity, extraordinary income and insurance indemnity amounts to net interest income as shown in the statement of profit or loss of financial reports.

Current Period (31.12.2023)	**31.12.2020**	**31.12.2021**	**31.12.2022**	Total / Positive GI year number	Ratio (%)	Total
Gross income	770.717	1.486.643	3.076.654	1.778.005	15	266.701
Amount subject to operational risk (Total*12,5)						**3.333.759**

Prior Period (31.12.2022)	**31.12.2019**	**31.12.2020**	**31.12.2021**	Total / Positive GI year number	Ratio (%)	Total
Gross income	755.704	770.717	1.486.643	1.004.355	15	150.653
Amount subject to operational risk (Total*12,5)						**1.883.165**

The Operational Risk Management Policy, which has been renewed to determine the policy, principles, approach and basic elements on Operational Risk management in order to set out the risks that the Bank will be exposed to in line with its general strategies and long-term goals and the strategies it will follow for these risks, has been approved by the Board of Directors as of 30.12.2020. With this policy, it is aimed to contribute to the establishment of an settled and consistent "Operational Risk Culture" throughout the Bank through the identification, detection, measurement, evaluation and reporting of Operational Risks. It is envisaged that audit findings, internal loss data, risk control and self-assessment report, operational risk analysis report, external data, business process map and key risk indicators will be used in the identification and evaluation of operational risk. In order to analyze the operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are planned to be carried out. As part of reducing operational risks and improving the effectiveness of the operational risk management process, controlling the risks incurred by applying established policies and procedures, reducing them using risk reduction techniques such as insurance, transferring them to another area, using methods such as the use of basic elements that will increase the effectiveness of operational risk management can be listed as the main elements that will increase the effectiveness of operational risk management.

The Bank's Support Services procedures, emergency and contingency plans, which enable the transfer of operational risks by obtaining some necessary support services from specialized organizations, as well as special policies, procedures and controls on money laundering and terrorist financing, which may cause operational risks, management of IT risks, are also envisaged to be established.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Risk Management (Continued):

6. Explanations on operational risk (Continued):

In the Bank, all operational risks are within the framework of defining, evaluating, monitoring and controlling / reducing risks. All operational risks in the Bank, within the framework of the identification, evaluation, monitoring and control/reduction of risks, is managed under the supervision of the Board of Directors and the Audit Committee. The results of the activities of the Internal Audit Unit and Internal Control and Compliance Unit for monitoring operational risks are monitored and evaluated by the Audit Committee.

Legal measurements for Operational Risk are made using the Basic Indicator Method within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. Studies of other measurement methods for Measurement of Operational Risks within the scope of Basel and BRSA regulations are carried out by the Risk Management Unit.

7. Interest rate risk on banking accounts:

Bank calculates the interest rate risk on banking book according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" and reports to the BRSA monthly.

Interest Rate Risk on Banking Book report includes receivables from Central Bank, money market placements, receivables from banks, financial assets at fair value through other comprehensive ıncome (excluding government bonds), receivables from reverse-repo transactions, loans and receivables, other financial assets measured at amortised cost and other receivables in the asset side, and payables to central bank, money market borrowings, payables to banks, funds obtained from repo transactions, ıssued bonds, borrowings, subordinated debt and other payables on the liabilities side.

Economic value differences due to the interest rate instabilities calculated according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" are presented below for each currency.

	Current Period (31.12.2023) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(141.928)	(0,73)%
2	TL	(-) 400 base points	124.270	0,64%
3	EURO	(+) 200 base points	209.535	1,08%
4	EURO	(-) 200 base points	(262.744)	(1,36)%
5	USD	(+) 200 base points	(103.505)	(0,54)%
6	USD	(-) 200 base points	118.633	0,61%
	Total (For Positive Shocks)		(35.898)	(0,19)%
	Total (For Negative Shocks)		(19.841)	(0,10)%

	Prior Period (31.12.2022) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(228.504)	(1,77)%
2	TL	(-) 400 base points	228.102	1,77%
3	EURO	(+) 200 base points	57.421	0,44%
4	EURO	(-) 200 base points	(75.169)	(0,58)%
5	USD	(+) 200 base points	(86.266)	(0,67)%
6	USD	(-) 200 base points	97.283	0,75%
	Total (For Positive Shocks)		(257.349)	(1,99)%
	Total (For Negative Shocks)		250.216	1,94%

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS

I. Explanations and Notes Related to Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

1.1.1. Information on cash and balances with the Central Bank of the Republic of Türkiye:

	Current Period (31.12.2023)		**Prior Period (31.12.2022)**	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign currency	26	-	44	-
CBRT	2.534	-	791	-
Other	-	-	-	-
Total	**2.560**	**-**	**835**	**-**

1.1.1.a) Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Türkiye's Communiqué No: 2005/1 "Reserve Requirements".

1.1.1.b) Information on the account of Central Bank of the Republic of Türkiye:

	Current Period (31.12.2023)		**Prior Period (31.12.2022)**	
	TL	**FC**	**TL**	**FC**
Unrestricted demand deposit	2.534	-	791	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	**2.534**	**-**	**791**	**-**

1.1.2. Information on banks:

	Current Period (31.12.2023)		**Prior Period (31.12.2022)**	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic	3.758.538	1.099.070	7.771.783	921.416
Foreign	-	71.856	-	64.779
Foreign head office and branches	-	-	-	-
Total	**3.758.538**	**1.170.926**	**7.771.783**	**986.195**

	Unrestricted Amount		**Restricted Amount**	
	Current Period (31.12.2023)	**Prior Period (31.12.2022)**	**Current Period (31.12.2023)**	**Prior Period (31.12.2022)**
EU countries	47.652	43.478	-	-
USA, Canada	24.204	21.301	-	-
OECD countries	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	**71.856**	**64.779**	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

1.1. Information on cash and cash equivalents (Continued):

1.1.3. Information on money market placements:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market placements	16.806.484	-	6.634.417	-
Receivables from reverse repo transactions	239.541	-	-	-
Total	**17.046.025**	**-**	**6.634.417**	**-**

1.1.4. Information on expected credit loss provisions for financial assets:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Cash and balances with Central Bank	-	-	-	-
Banks	4.399	-	13.376	-
Receivables from money market	11.382	-	4.777	-
Total	**15.781**	**-**	**18.153**	**-**

1.2. Financial assets measured at fair value through profit/loss subject to repurchase agreements (Net):

None.

1.2.a) Financial assets measured at fair value through profit/loss given as collateral or blocked (Net):

None.

1.3. Information on financial assets measured at fair value through other comprehensive income:

1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	706.459	-	486.436	-
Other	-	-	-	-
Total	**706.459**	**-**	**486.436**	**-**

1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	16.734	1.572.231	834.674	793.984
Other	-	-	-	-
Total	**16.734**	**1.572.231**	**834.674**	**793.984**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):

1.3.a-3) Information on financial assets measured at fair value through other comprehensive income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Debt Securities	15.203.882	8.643.578
Quoted on a stock exchange	15.203.882	8.643.578
Unquoted	-	-
Share Certificates	19.200	18.629
Quoted on a stock exchange	-	-
Unquoted	19.200	18.629
Provision for impairment (-)	(2.467)	(15.264)
Total	**15.220.615**	**8.646.943**

1.4. Information on derivative financial assets:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	65.528	188	31.094	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	**65.528**	**188**	**31.094**	**-**

2. Explanations on financial assets measured at amortised cost (Net):

2.1. Information on loans:

2.1.a) Information on all types of loans and advances given to shareholders and employees of the Bank:

None

2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under close monitoring:

Cash Loans Current Period (31.12.2023)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	**79.108.932**	**2.720.250**	**605.196**	**-**
Working capital loans	8.603.353	-	6.002	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.214.342	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	62.291.237	2.720.250	599.194	-
Specialized loans	**799.284**	**76.964**	**-**	**-**
Other receivables	-	-	-	-
Total	**79.908.216**	**2.797.214**	**605.196**	**-**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

Cash Loans Prior Period (31.12.2022)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	**55.729.460**	**2.290.326**	**303.883**	**-**
Working capital loans	6.963.343	-	3.473	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	12.755.856	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	36.010.261	2.290.326	300.410	-
Specialized loans	**910.031**	**168.389**	**43.832**	**-**
Other receivables	-	-	-	-
Total	**56.639.491**	**2.458.715**	**347.715**	**-**

First and Second Stage Expected Loss Reserves	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months expected credit losses	624.594	-	394.864	-
Significant increase in credit risk	-	267.720	-	144.952

2.1.c) Information on the distribution of cash loans according to maturity structure:

Cash Loans Current Period (31.12.2023)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinancing
Short-Term Loans	-	-	6.002	-
Medium and Long-Term Loans	79.908.216	2.797.214	599.194	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.c) Information on the distribution of cash loans according to maturity structure:

Cash Loans Prior Period (31.12.2022)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinancing
Short-Term Loans	-	-	3.473	-
Medium and Long-Term Loans	56.639.491	2.458.715	344.242	-

2.1.ç) Information about loan movements:

	Stage I	Stage II	Stage III	Total
Beginning of Term (31.12.2022)	**56.639.491**	**2.806.430**	**894.374**	**60.340.295**
In-Term Supplement	19.689.239	94.442	95.249	19.878.930
Closed During the Period	(23.820.452)	(663.001)	(141.541)	(24.624.994)
Sold Loans	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	(279.482)	-	(279.482)
Transfer to Stage 2	(94.442)	-	-	(94.442)
Transfer to Stage 3	-	(95.249)	-	(95.249)
Foreign Exchange Effect	27.494.380	1.539.270	-	29.033.650
End of Term (31.12.2023)	**79.908.216**	**3.402.410**	**848.082**	**84.158.708**

2.1.d) Net value, collateral type and risk matching of collaterals of standard loans:

Type of Collateral	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Net Value of Collateral(*)	Credit Balance	Net Value of Collateral(*)	Credit Balance
Letter of Guarantee	29.886.086	32.857.560	16.453.500	17.790.550
Real Estate Mortgage	15.393.162	15.781.700	8.976.483	12.616.555
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	12.078.300	12.078.300	4.165.642	4.165.642
Unsecured	-	19.190.656	-	22.066.744
Total	**57.357.548**	**79.908.216**	**29.595.625**	**56.639.491**

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.e) Net value, collateral type and risk matching of collaterals of loans under close monitoring:

Type of Collateral	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Net Value of Collateral(*)	Credit Balance	Net Value of Collateral(*)	Credit Balance
Letter of Guarantee	1.296.695	1.296.695	1.327.478	1.327.478
Real Estate Mortgage	2.060.988	2.060.988	1.457.421	1.457.421
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	38.327	38.327	21.531	21.531
Unsecured	-	6.400	-	-
Total	**3.396.010**	**3.402.410**	**2.806.430**	**2.806.430**

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

2.1.f) Information about consumer loans, personal credit cards, staff loans and staff credit cards:

As of the balance sheet date, there are no consumer loans, personal credit cards, personnel loans and personnel credit cards.

2.1.g) Information about installment commercial loans and corporate credit cards:

As of the balance sheet date, there are no installment commercial loans and corporate credit cards issued by the Bank.

2.1.ğ) Distribution of loans according to users:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Public	301.788	-
Private	83.856.920	59.445.921
Total	**84.158.708**	**59.445.921**

2.1.h) Distribution of domestic and international loans:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Domestic Loans	84.158.708	59.445.921
Foreign Loans	-	-
Total	**84.158.708**	**59.445.921**

2.1.ı) Loans given to subsidiaries and associates:

The loan amounting to 3.859 TL extended to Arıcak A.Ş., the Bank's subsidiary, is followed in Group V loans. A default (third stage expected loss) provision of 3.859 TL has been set aside for the loan in question.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.i) Default (third stage) provisions:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Loans with limited collectability	494.166	516.495
Loans with doubtful collectability	-	-
Uncollectible loans	34.614	51.326
Toplam	**528.780**	**567.821**

2.1.j) Information on non-performing receivables (Net):

2.1.j-1) Information on non-performing loans and restructured loans:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (31.12.2023)			
Gross amounts before provisions	68.031	-	34.726
Restructured loans	745.325	-	-
Prior Period (31.12.2022)			
Gross amounts before provisions	768.152	-	51.408
Restructured loans	74.814	-	-

2.1.j-2) Information on the movement of total non-performing receivables:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Prior period end balance (31.12.2022)	**842.966**	**-**	**51.408**
Additions (+)	90.826	-	4.423
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	-	-	-
Collections (-)	(120.436)	-	(21.105)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance (31.12.2023)	**813.356**	**-**	**34.726**
Provision (-)	(494.166)	-	(34.614)
Net balance on balance sheet	**319.190**	**-**	**112**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.j-3) Information on accruals of interest, rediscount and valuation effect and their provisions calculated for under follow-up loans of banks which provide expected credit loss according to TFRS 9:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (31.12.2023)			
Interest accruals and rediscount with valuation differences	94.657	-	45
Provision amount (-)	(94.657)	-	(45)
Net Balance	-	-	-
Prior Period (31.12.2022)			
Interest accruals and rediscount with valuation differences	71.467	-	24
Provision amount (-)	(71.467)	-	(24)
Net Balance	**-**	**-**	**-**

2.1.j-4) Information on non-performing receivables arising from loans granted in foreign currency:

None.

2.1.j-5) Information on gross and net amounts of non-performing loans by user groups:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net) (31.12.2023)	**319.190**	**-**	**112**
Loans to Real Persons and Legal Entities (Gross)	813.356	-	34.726
Provision amount (-)	(494.166)	-	(34.614)
Loans to Real Persons and Legal Entities (Net)	319.190	-	112
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net) (31.12.2022)	**326.471**	**-**	**82**
Loans to Real Persons and Legal Entities (Gross)	842.966	-	51.408
Provision amount (-)	(516.495)	-	(51.326)
Loans to Real Persons and Legal Entities (Net)	326.471	-	82
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.j-6) Net value, collateral type and risk matching of collaterals of non-performing loans:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Type of Collateral	Net Value of Collateral(*)	Credit Balance	Net Value of Collateral(*)	Credit Balance
Letter of Guarantee	68.031	68.031	-	-
Real Estate Mortgage	769.378	770.537	883.923	884.856
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	-	-	-	-
Unsecured	-	9.514	-	9.518
Total	**837.409**	**848.082**	**883.923**	**894.374**

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

2.1.k) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements included in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set Aside, these elements are converted into cash as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is ensured.

If there is no collateral element, even if a certificate of insolvency is obtained for the debtor, legal follow-up is resorted to by conducting intensive intelligence at various periods and trying to detect subsequently acquired assets.

Before and after legal proceedings; as a result of the examinations to be carried out by the Bank regarding the financial information of the creditor company, efforts are made to liquidate the receivables through an agreement regarding the companies that are deemed to be viable and will contribute to production if brought into the economy.

2.1.l) Explanations on write-off policy:

Within the scope of the "Regulation on the Amendment of the Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be Allocated for Them", which entered into force through publication in the Official Gazette dated 6 July 2021 and numbered 31533, the part of the loans classified as "Fifth Group- Loans in the Type of Loss" and which are allocated for the expected lifetime loan loss, the part of which does not have reasonable expectations for recovery, are deducted from the records within the period deemed appropriate by the Bank in accordance with TFRS 9 from the first reporting period following their classification in this group. As 31 December 2023, the Bank has no loans deducted from the records (31 December 2022: None).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.2. Information on receivables from lease transactions (Net):

The amount of the Bank's receivables arising from leasing transactions is TL 3 (31 December 2022: TL 1).

2.3. Information on factoring receivables:

None.

2.4.a) Information on government securities measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government Bonds	2.057.668	2.432.127
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**2.057.668**	**2.432.127**

2.4.b) Information on government securities given as collateral or blocked financial assets measured at amortised cost:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government Bonds	7.378.696	3.772.831
Treasury Bills	-	67.842
Other Government Debt Securities	-	-
Total	**7.378.696**	**3.840.673**

2.4.c) Information on government securities measured at amortised cost:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government Bonds	13.077.571	7.025.924
Treasury Bills	-	67.842
Other Government Debt Securities	482.369	468.457
Total	**13.559.940**	**7.562.223**

2.4.d) Information on other financial assets measured at amortised cost:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Debt Securities	13.620.387	7.562.223
Quoted on a Stock Exchange	13.620.387	7.562.223
Unquoted	-	-
Provision for impairment (-)	-	-
Total	**13.620.387**	**7.562.223**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2.4.e) Movements of other financial assets measured at amortized cost during the year:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	7.562.223	3.012.392
Foreign currency difference on monetary assets	2.479.122	988.830
Purchases during the year (*)	4.675.290	3.618.945
Disposals through sales and redemptions (**)	(1.096.248)	(57.944)
Provision for impairment (-)	-	-
Balance at the end of the period	**13.620.387**	**7.562.223**

(*) TL 2.175.960 arises from the rediscount increase in purchases during the year (31 December 2022: TL 1.143.154).
(**) Disposals through sales and redemptions consist of TL 258.738 after coupon redemption rediscount reduction amount (31 December 2022: TL 57.944).

3. Assets held for sale and discontinued operations (Net):

None.

4. Information on equity investments:

4.1. Information on associates:

4.1.a) General information on associates:

	Title	Address (City/Country)	Bank's Share Ratio - If Different, Voting Ratio (%)	Bank's Risk Group Share Ratio (%)
	Maksan A.Ş.	Malatya	20	31,14

4.1.b) Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
	411.378	243.088	12.691	-	-	124.054	100.471	-

(*)The financial information of Maksan A.Ş. is provided from the unreviewed financial statements as of 30 September 2023. Prior period profit/loss amount is provided from the unreviewed financial statements as of 30 September 2022.

4.1.c) Movement of associates:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**10.586**	**10.119**
Movements during the period	**-**	**467**
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposal	-	-
TFRS 9 classification change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	467
Balance at the end of the period	**10.586**	**10.586**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

4.1.ç) Sectoral information about associates and their carrying amounts:

The Bank does not have any associates qualified as financial corporation.

4.1.d) Associates quoted in the stock exchange:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

4. Information on equity investments (Continued):

4.2. Information on subsidiaries (Net):

4.2.a) General information about subsidiaries

By the application of the company's Board of Directors and approval of the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements. The Bank has provided a provision for its entire capital share in its subsidiary Arıcak A.Ş., which is in the process of liquidation.

The Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50, and in Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800 that was increased to TL 20.000 on 13 July 2023.

	Title	Address (City/Country)	Bank's Share Ratio - If Different, Voting Ratio (%)	Bank's Risk Group Share Ratio (%)
1	Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul	100	100
2	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	100	100

4.2.b) Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	855.850	526	-	-	131.928	432	44	-
2	23.256	16.407	2.135	-	-	(4.443)	8.986	-

(*)The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. is provided from the unaudited and inflation accounting not applied financial statements as of 31 December 2023. Prior period profit/loss amounts are provided from the unreviewed financial statements as of 31 December 2022.

4.2.c) Movement of subsidiaries:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**4.050**	**3.050**
Movements during the period	**12.696**	**1.000**
Additions	6.536	-
Bonus shares certificates	9.464	1.000
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	(3.304)	-
Balance at the end of the period	**16.746**	**4.050**
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

4.2. Bağlı ortaklıklara ilişkin bilgiler (Net) (Devamı):

4.2.ç) Sectoral information about subsidiaries and their carrying amounts:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	16.746	4.050

4.2.d) Subsidiaries quoted on the stock exchange:

None.

4.3. Information on jointly controlled entities (joint ventures):

The Bank has no joint ventures.

5. Positive differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

6. Information on tangible assets:

Current Period (31.12.2023)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	18.227	37.740	22.872	46.008	124.847
Provision for impairment	-	(651)	-	-	(651)
Movements during the period					
-Additions	2.585	311.368	1.956	10.192	326.101
-Disposals (-)	-	(346.228)	(5.917)	(4.220)	(356.365)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**20.812**	**2.229**	**18.911**	**51.980**	**93.932**
Accumulated Depreciation					
Balance at the beginning of the period	13.440	-	2.326	20.331	36.097
Movements during the period					
-Depreciation charge	7.372	-	4.018	9.551	20.941
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	-	(1.435)	(4.037)	(5.472)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**20.812**	**-**	**4.909**	**25.845**	**51.566**
Net book value at the end of the period	**-**	**2.229**	**14.002**	**26.135**	**42.366**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

6. Information on tangible assets:

Prior Period (31.12.2022)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	15.983	11.806	739	26.605	55.133
Provision for impairment	-	(729)	-	-	(729)
Movements during the period					
-Additions	2.244	36.600	22.133	22.281	83.258
-Disposals (-)	-	(10.666)	-	(2.878)	(13.544)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	78	-	-	78
Balance at the end of the period	**18.227**	**37.089**	**22.872**	**46.008**	**124.196**
Accumulated Depreciation					
Balance at the beginning of the period	8.845	247	505	17.383	26.980
Movements during the period					
-Depreciation charge	4.595	-	1.821	5.522	11.938
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	(247)	-	(2.574)	(2.821)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**13.440**	**-**	**2.326**	**20.331**	**36.097**
Net book value at the end of the period	**4.787**	**37.089**	**20.546**	**25.677**	**88.099**

7. Information on intangible assets:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Cost		
Balance at the beginning of the period	39.774	34.808
Movements during the period	-	-
-Additions	18.738	4.966
- Disposals	-	-
Balance at the end of the period	**58.512**	**39.774**
Accumulated Amortisation		
Balance at the beginning of the period	18.178	12.935
Movements during the period	-	-
-Amortization charge	8.082	5.243
-Disposals	-	-
Balance at the end of the period	**26.260**	**18.178**
Net book value at the end of the period	**32.252**	**21.596**

8. Information on investment properties:

None.

9. Information on current tax assets:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

10. Information on deferred tax assets:

As of 31 December 2023, the Bank has a deferred tax asset of TL 322.840 (31 December 2022: TL 168.840). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2023, the Bank has no tax assets calculated over the period loss or tax deduction (31 December 2022: None).

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Deferred Tax Asset		
Amortizations	24.277	-
Interest rediscounts	2.815	1.933
Employee benefits provisions	18.990	7.450
Securities portfolio internal yield-exchange rate difference	-	49.496
Personnel bonus premium provision	60.949	20.673
TFRS 9 Provision	289.035	152.374
TFRS 16 Leases	-	2
Other	33.385	634
Total Deferred Tax Asset	**429.451**	**232.562**
Deferred Tax Liability		
Amortizations	-	1.295
Securities portfolio - Financial	13.684	608
Securities portfolio - Non-financial	78.545	56.835
TFRS 16 Leases	174	-
Derivative financial assets	14.225	4.984
Total Deferred Tax Liability	**106.628**	**63.722**
Net Deferred Tax Asset/(Liability)	**322.823**	**168.840**

11. Information on other assets:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Inventory	2.118	787
Prepaid expenses	218.069	146.828
Temporary account debtor	5.947	2.565
Sundry receivables	385	18.959
Total	**226.519**	**169.139**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued):

1. Information on maturity structure of deposits:

The Bank is not accepting deposits.

2. Information on funds borrowed:

2.a) Information on banks and other financial institutions:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
From Central Bank of the Republic of Turkey (*)	17.995.416	-	8.959.064	-
From domestic banks and institutions	-	4.666.865	-	3.712.821
From foreign banks, institutions and funds	-	75.284.759	-	50.667.843
Total	**17.995.416**	**79.951.624**	**8.959.064**	**54.380.664**

(*) The securities amounting to TL 34.276.146 (31 December 2022: TL 15.195.563) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were disbursed were endorsed to the Central Bank of the Republic of Türkiye.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Short-term	-	10.414.970	-	7.819.544
Medium and long-term	17.995.416	69.536.654	8.959.064	46.561.120
Total	**17.995.416**	**79.951.624**	**8.959.064**	**54.380.664**

2.c) Additional information for the areas of liability concentrations:

As the Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans, securities issued and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, German Development Bank, Asian Infrastructure Investment Bank, Japan Bank for International Cooperation and China Development Bank . Domestic loans originate from the Republic of Türkiye Ministry of Treasury and Finance and Central Bank of the Republic of Türkiye.

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Debts to Money Markets	223.415	-	-	-
Funds Provided from Repo Transactions	2.660.861	-	2.960.566	-
Total	**2.884.276**	**-**	**2.960.566**	**-**

4. Information on securities issued (Net):

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Bonds	-	3.321.427	-	2.018.433
Total	**-**	**3.321.427**	**-**	**2.018.433**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

5. Explanations on funds:

Of the TL 6.397.933 provided by the Bank (31 December 2022: TL 8.418.825), TL 328.577 is from the World Bank, TL 1.813 is from the European Commission Fund, and TL 22.350 is from the Republic of Türkiye Ministry of Treasury and Finance and TL 6.045.193 consists of funds from borrowers and banks.

6. Explanations on financial liabilities at fair value through profit and loss:

None.

7. Negative differences table for derivative financial liabilities:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Forward transactions	-	-	-	-
Swap transactions	15.195	3.104	11.157	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**15.195**	**3.104**	**11.157**	**-**

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Gross	Net	Gross	Net
Less than 1 year	7.298	5.253	12.168	9.751
1-4 years	18.092	15.484	12.842	10.036
More than 4 years	-	-	3.264	3.102
Total	**25.390**	**20.737**	**28.274**	**22.889**

10. Negative differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

11. Explanations on Provisions:

11.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

There is no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables (31 December 2022: None).

11.b) Expected loss provisions provided for unindemnified non-cash loans:

As of 31 December 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 53.480 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

11. Explanations on Provisions (Continued):

11.c) Other provisions:

i) As of 31 December 2023, there are 128 lawsuits filed against the Bank and there is a risk amount of TL 16.931. The Bank has provided litigation provision amounting to TL 8.597 (31 December 2022: TL 2.405) for the lawsuits that are expected or highly probable to be concluded against the Bank. Other provisions amounting to TL 100.000 (31 December 2022: None) are provided for probable risks.

ii) The Bank accounts provisions for employee benefits in accordance with the Turkish Accounting Standards No:19 and recognizes it in financial statements. As of 31 December 2023, the Bank allocated provision for severance pay amounting to TL 42.185 (31 December 2022: TL 20.042), for unused vacation accruals amounting to TL 21.114 (31 December 2022: TL 9.757) and within the scope of TAS 19, employee benefits provision amounting to TL 203.165 (31 December 2022: TL 82.692) has been reserved.

11.c-1) Information regarding severance pay provisions:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**20.042**	**10.166**
Expenses during the period	22.966	9.576
Actuarial loss/gain	-	655
Paid during the period	(823)	(355)
Balance at the end of the period	**42.185**	**20.042**

12.a) Information on current tax liability:

12.a-1) Information on tax provision:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Corporate Tax and Deferred Tax	**TL**	**FC**	**TL**	**FC**
Corporate tax payable	498.718	-	260.197	-
Deferred tax liability	-	-	-	-
Total	**498.718**	**-**	**260.197**	**-**

12.a-2) Information on taxes payable:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Corporate tax payable	498.718	260.197
Taxation on income on marketable securities	5.393	3.475
Property tax	-	38
Banking insurance transaction tax (BITT)	14.269	9.057
Foreign exchange transaction tax	287	119
Value added tax payable	1.542	531
Other	15.504	8.336
Total	**535.713**	**281.753**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

12.a) Information on current tax liability (Continued):

12.a-3) Information on premiums:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Social security premiums- Employee	3.756	1.726
Social security premiums- Employer	5.496	2.527
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	69	47
Pension fund membership fees and provisions- Employer	86	59
Unemployment insurance- Employee	268	123
Unemployment insurance- Employer	536	247
Other	57	39
Total	**10.268**	**4.768**

13. Information on deferred tax liabilities:

None.

14. Information about liabilities for fixed assets held for sale and discontinued operations:

The Bank has no fixed asset liabilities related to assets held for sale or discontinued operations.

15. Information on subordinated debt instruments:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	**YP**	**TP**	**YP**
Debt instruments to be included in additional capital calculation	3.712.899	6.038.208	2.301.046	3.528.830
Subordinated loans	3.712.899	6.038.208	2.301.046	3.528.830
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1.827.616	-	1.117.460
Subordinated loans	-	1.827.616	-	1.117.460
Subordinated debt instruments	-	-	-	-
Total	**3.712.899**	**7.865.824**	**2.301.046**	**4.646.290**

16. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:

Other foreign resources item of the balance sheet does not exceed 10% of the balance sheet total.

17. Information on shareholders' equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Common stock	2.500.000	2.500.000
Preferred stock	-	-

17.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so, amount of registered capital ceiling:

Capital System	**Paid in Capital**	**Ceiling**
Registered capital	2.500.000	10.000.000

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued):

17.c) Other information regarding the capital increases made in the current period and their sources and the increased capital shares:

There is no capital increase in the current period.

17.ç) Information regarding the portion added to capital from capital reserves in the current period:

There is no portion added to the capital from capital reserves in the current period.

17.d) Capital commitments until the end of the last fiscal year and the following interim period, the general purpose of these commitments and the estimated resources required for these commitments:

There has been no commitment to capital expenditure.

17.e) Information on legal reserves:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
I. Legal reserve	205.398	120.829
II. Legal reserve	14.471	14.471
Special reserves	-	-
Total	**219.869**	**135.300**

17.f) Information on extraordinary reserves:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	3.695.073	2.088.274
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	**3.695.073**	**2.088.274**

17.g) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:

The Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

17.ğ) Information on preferred shares:

The Bank has no preferred shares

17.h) Information on accumulated other comprehensive income or expenses to be reclassified to profit or loss:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	10.931	-	1.467	-
Valuation difference	62.055	87.350	175.060	(11.919)
Foreign exchange difference	-	-	-	-
Exchange	**72.986**	**87.350**	**176.527**	**(11.919)**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

1.a) Nature and amount of irrevocable loan commitments:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Forward asset purchase and sales commitments	1.420.366	533.977
Other irrevocable commitments	262.965	133.913
Total	**1.683.331**	**667.890**

1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:

As of 31 December 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 53.840 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

1.b-1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:

The Bank has guarantees given amounting to TL 609.260 (31 December 2022: TL 441.565). The Bank has no letters of credit (31 December 2022: TL 118.700) and bank loans as of the current period.

1.b-2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

The total amount of the Bank's letters of guarantee is TL 4.145.080 (31 December 2022: TL 2.481.196). TL 1 of this amount (31 December 2022: TL 1) is a customs guarantee letter and TL 84.923 is performance guarantee letters.

1.c-1) Total non-cash loans:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Non-cash loans for providing cash loans	4.669.416	441.565
With original maturity of one year or less	-	-
With original maturity more than one year	4.669.416	441.565
Other non-cash loans	84.924	2.599.896
Total	**4.754.340**	**3.041.461**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued):

1.c-2) Information about risk concentration on sector basis within the non-cash loans account:

	Current Period (31.12.2023)				Prior Period (31.12.2022)			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	84.915	100,00%	4.669.416	100,00%	632.674	100,00%	2.408.778	100,00%
Mining and quarrying	-	-	-	-	-	-	-	-
Manufacturing Industry	2.488	-	-	-	1	-	-	-
Electricity, Gas, Water	82.427	100,00%	4.669.416	100,00%	632.673	100,00%	2.408.778	100,00%
Building	-	-	-	-	-	-	-	-
Services	9	-	-	-	9	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel and Restaurant Services	-	-	-	-	-	-	-	-
Transportation and Communications	-	-	-	-	-	-	-	-
Financial Institutions	9	-	-	-	9	-	-	-
Real Estate and Rental Service	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	**84.924**	**100,00%**	**4.669.416**	**100,00%**	**632.683**	**100,00%**	**2.408.778**	**100,00%**

1.c-3) Non-cash loans classified in group I and II:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	I. Group		I. Group	
Non-Cash Loans	**TL**	**FC**	**TL**	**FC**
Letters of Guarantee	84.922	4.060.156	72.416	2.408.778
Letters of Credit	-	-	-	118.700
Other Warranties	-	609.260	-	441.565
Total	**84.922**	**4.669.416**	**72.416**	**2.969.043**

2. Explanations regarding derivative transactions:

The Bank's derivative transactions consist of swap currency buying and selling transactions. As of 31 December 2023 and 31 December 2022, the breakdown of swap transactions on a foreign currency basis and their equivalents in TL is as follows:

	Current Period (31.12.2023)				Prior Period (31.12.2022)			
	Forward Purchase	**Forward Sale**	**Swap Purchase**	**Swap Sale**	**Forward Purchase**	**Forward Sale**	**Swap Purchase**	**Swap Sale**
TL	-	-	982.007	9.153.209	-	-	4.004.626	7.543.854
USD	-	-	6.794.888	1.934.433	-	-	7.161.779	3.405.293
EUR	-	-	3.239.969		-	-	1.473.318	1.679.383
Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**11.016.864**	**11.087.642**	**-**	**-**	**12.639.723**	**12.628.530**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued):

3. Information on contingent liabilities and assets:

Istanbul Venture Capital Initiative (IVCI - A Luxemburg Investment Company Fund) was founded as a stock company having variable capital and subject to laws of Luxemburg. The Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 million and its capital was increased to EUR 160 million with new participants in March 2009. The Bank's participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

As of the balance sheet date, the Bank has paid EUR 9.998.342 of the EUR 10 million commitment, while EUR 1.658 has not been paid yet.

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund, TL 15.000 in the Innovative and Advanced Technologies Venture Capital Investment Fund, USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank's subsidiary Development Venture Capital Portfolio Management Inc. is the founder and manager. It has been paid a capital share of TL 25.000 to Participation Venture Capital Investment Fund; TL 15.000 to the Innovative and Advanced Technologies Venture Capital Investment Fund; USD 1,5 million to the Development ODTÜ Teknokent Venture Capital Investment Fund and as of the balance sheet date, the total commitment to these funds has been paid.

The Bank has committed to invest TL 430.000 in the TKYB Capital Fund, of which Türkiye Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. It has been paid a capital share of TL 167.089 and as of the balance sheet date, TL 262.911 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf on others:

The Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss:

1.a) Information related to interest income on loans:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Interest on loans(*)				
Short term loans	-	-	223	6.958
Medium and long term loans	1.941.631	4.933.847	743.870	2.276.404
Interest on non-performing loans	233.053	-	99.063	-
Premiums received from resource utilization support fund	-	-	-	-
Total	**2.174.684**	**4.933.847**	**843.156**	**2.283.362**

(*) Includes fees and commissions received from cash-loans.

1.b) Information related to interest income on banks:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye	-	-	-	-
From domestic banks	2.836.440	14.743	1.002.350	31.462
From foreign banks	-	3.838	-	847
From foreign head offices and branches	-	-	-	-
Total	**2.836.440**	**18.581**	**1.002.350**	**32.309**

1.c) Information related to interest income on marketable securities:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	-	-	18	-
Financial assets measured at fair value through other comprehensive income	571.979	504.766	515.243	171.835
Financial assets measured at amortised cost	2.227.445	294.395	1.008.614	178.526
Total	**2.799.424**	**799.161**	**1.523.875**	**350.361**

1.ç) Information related to interest income from associates and subsidiaries:

None.

1.d) Information on interest income from money market transactions:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market transactions	2.602.971	787	452.287	581
Reverse repurchase agreements	8.593	-	2.663	-
Total	**2.611.564**	**787**	**454.950**	**581**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

2.a) Information related to interest expense on borrowings:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Banks(*)	1.660.274	254.073	576.410	15.077
Central Bank of the Republic of Türkiye	1.660.274	-	576.410	-
Domestic banks	-	-	-	122
Foreign banks	-	254.073	-	14.955
Foreign head office and branches	-	-	-	-
Other Institutions(*)	1.412.300	3.902.030	802.473	1.553.805
Total	**3.072.574**	**4.156.103**	**1.378.883**	**1.568.882**

(*) Includes fees and commissions payable to cash-loans.

2.b) Information related to interest expenses to associates and subsidiaries:

None.

2.c) Information related to interest on securities issued:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	FC	TP	FC
Interests paid on securities issued	-	182.028	-	27.463

2.ç) Information related to interest on money market transactions:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market transactions	11.140	-	28	-
Repurchase agreements	517.455	-	271.246	-
Total	**528.595**	-	**271.274**	-

2.d) Leasing interest expenses:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Immovables	999	-	1.854	-
Movables	1.909	-	448	-
Total	**2.908**	**-**	**2.302**	**-**

3. Information related to dividend income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Financial assets measured at fair value through profit or loss	6.151	43.446
Financial assets measured at fair value through other comprehensive income	4.851	3.475
Other	11.874	1.019
Total	**22.876**	**47.940**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

4. Information related to trading income/loss:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Gain	**6.508.654**	**1.887.151**
Gains on capital market operations	177.986	116.149
Gains on derivative financial instruments	4.241.721	1.610.506
Foreign exchange gains	2.088.947	160.496
Loss (-)	**(7.112.160)**	**(1.833.265)**
Losses from the capital market operations	(15.515)	(11.173)
Losses on derivative financial instruments	(2.255.617)	(1.320.916)
Foreign exchange losses	(4.841.028)	(501.176)

5. Information related to other operating income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Income from sale of assets	70.582	28.039
Reversals from prior years' provisions	127.888	80.459
Other	19.635	36.651
Total	**218.105**	**145.149**

In general, the Bank's other operating income consists of cancellations of expected loss provisions, share depreciation provisions and provisions within the scope of TAS 19 set aside in previous years and income from sales of asset.

6. Bank's expected credit loss expenses and other provision expenses:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Expected credit loss provisions	492.033	495.232
12 month expected credit loss (Stage 1)	232.206	259.524
Significant increase in credit risk (Stage 2)	122.768	62.924
Non-performing Loans (Stage 3)	137.059	172.784
Marketable securities impairment expense	-	86.951
Financial assets measured at fair value through profit or loss	-	86.818
Financial assets measured at fair value through other comprehensive income	-	133
Subsidiaries, associates and joint ventures provision expenses for impairment	3.304	-
Associates	-	-
Subsidiaries	3.304	-
Joint ventures	-	-
Other provision expenses	344.702	99.827
Total	**840.039**	**682.010**

(*) TL 100.000 of the other provision expenses has been allocated for probable risks (31 December 2022: None), TL 35.346 of the other provision expenses consist of provision expenses for employee termination benefits and vacation liabilities (31 December 2022: 16.680 TL), TL 203.165 consists of provision expenses within the scope of TAS 19 (31 December 2022: 82.692 TL), while TL 6.192 consists of provision for litigation expenses (31 December 2022: 455 TL).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

7. Information related to other operating expenses:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Provision for employee termination benefits(*)	22.966	10.887
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	20.941	11.938
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	8.082	5.243
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	96.081	47.117
Leasing expenses related to TFRS 16 exceptions	236	136
Maintenance expenses	709	171
Advertisement expenses	57	75
Other expenses (**)	95.079	46.735
Loss on sale of assets	-	-
Other (***)	228.817	42.295
Total	**376.887**	**117.480**

(*) "Provision for Severance Pay" and "Provision for Short-Term Employee Rights" expenses are shown in the "Other Provision Expenses" line in the statement of profit or loss.

(**) Other expenses amounted to TL 4.051 from cleaning expenses (31 December 2022: TL 1.875), TL 13.119 from communication expenses (31 December 2022: TL 8.434), TL 19.796 from computer usage expenses (31 December 2022: TL 8.760), TL 1.836 from heating, lighting and water expenses (31 December 2022: TL 1.315), TL 23.889 from vehicle expenses (31 December 2022: TL 11.071), TL 1.287 from subscription fees (31 December 2022: TL 747), TL 12.039 from participation in common expenses (31 December 2022: TL 6.713), TL 5.269 from insurance expenses (31 December 2022: TL 2.603), TL 9.914 from sundry expenses (31 December 2022: TL 2.241) and TL 3.879 remaining portion (31 December 2022: TL 2.976) consists of other miscellaneous expenses.

(***) TL 76.649 of the other is from taxes, duties, fees and fund expenses (31 December 2022: TL 22.988), TL 25.519 from audit and consultancy fees (31 December 2022: TL 10.434), TL 9.676 from BRSA participation share (31 December 2022: TL 5.615), TL 110.411 from extraordinary expenses (31 December 2022: None) and the remaining part amounting to TL 6.562 (31 December 2022: TL 3.258) consists of other miscellaneous expenses.

8. Announcement of the fees related to the services received from the independent auditor or independent audit firm:

By the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below, excluding VAT amounts. These fees do not include the fees for the services provided to the Bank's subsidiaries.

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Independent audit fee for the reporting period	1.917	1.023
Fee for tax advisory services	105	83
Fee for other assurance services	557	212
Fees for services other than independent auditing	-	81
Total	**2.579**	**1.399**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

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

The Bank's profit before tax from continuing operations in the accounting period ending on 31 December 2023 is TL 5.642.607 (31 December 2022: TL 2.320.610). Bank has no discontinued operations.

10. Information on tax provision of continued and discontinued operations:

In the accounting period ending on 31 December 2023, the Bank's income tax provision from continuing operations amounting to TL 1.599.2322 (31 December 2022: TL 629.242) consists of TL 1.762.541 of current tax charge (31 December 2022: TL 770.809) and TL 163.309 of deferred tax income effect (31 December 2022: TL 141.567).

	1 January-31 December 2023	1 January-31 December 2022
Reconciliation of Tax Provision		
Profit/Loss Before Tax	5.642.607	2.320.610
Applicable Tax Rate	**30%**	**25%**
Calculated Tax	1.692.782	580.153
Reconciliation of Allocated and Calculated Tax Provision		
Other (Effect of expenses not allowed by law, discounts, etc.)	(93.550)	49.089
Tax Provision	**1.599.232**	**629.242**

11. Information on net profit and loss of continued and discontinued operations:

The Bank earned a net profit of TL 4.043.375 from continuing operations between 1 January 2023 - 31 December 2023 (period between 1 January 2022 - 31 December 2022: TL 1.691.368 profit).

12. Information on net profit/loss:

12.a) The nature and amount of income and expenses from ordinary banking operations, if their feature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

12.b) The effect of the change in accounting estimates to the net profit / loss; including the effects to the future period, if any:

There are no changes in accounting estimates.

13. If the other items in the statement of profit or loss exceed 10 % of the statement of profit or loss total, sub-accounts amounting to at least 20 % of these items are presented below:

The total amount of other fees and commissions received in the profit or loss statement for the accounting period ending on 31 December 2023 is 64.201 TL (31 December 2022: 31.994 TL). Of this amount, 28.703 TL (31 December 2022: 14.660 TL) consists of investment banking service income and 13.210 TL (31 December 2022: 4.428 TL) consists of CBRT investment advance commissions.

The total amount of other fees and commissions given in the statement of profit or loss for the accounting period ending on 31 December 2023 is 45.635 TL (31 December 2022: 22.179 TL). Of this amount, 13.481 TL (31 December 2022: 6.656 TL) consists of credit guarantee fund limit commissions, and 24.483 TL (31 December 2022: 10.382 TL) consists of stock market transaction commissions.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

V. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

The paid nominal capital amount in the legal records is TL 2.500.000 (31 December 2022: TL 2.500.000), as of the balance sheet date, the legal reserve funds balance is TL 219.869 (31 December 2022: TL 135.300), the extraordinary reserve funds balance is TL 3.695.073 (31 December 2022: TL 2.088.274) other profit reserves are TL 54.226 (31 December 2022: TL 54.226). The fair value difference of TL 149.405, which is the entire amount of valuation difference of securities, results from the change in value of financial assets measured at fair value through other comprehensive income.

VI. Explanations and Notes Related to Cash Flows Statement:

1. Explanations related to "other" items and "effect of change in foreign currency rates on cash and cash equivalents" in statement of cash flows:

The Bank's net cash inflow from banking activities amounts to TL 8.004.403 (31 December 2022: TL 11.723.842). The portion of the net cash inflow resulting from banking activities amounting to TL 3.966.737 (31 December 2022: TL 10.431.331) is from the change of active and passive accounts; the portion amounting to TL 4.037.666 (31 December 2022: TL 1.292.511) arises from operating profit. The item "Net Increase (Decrease) in Other Debts" included in the change of active and liability accounts arises from funds received, funds provided from repo transactions, miscellaneous debts, other foreign sources and changes in taxes, duties, fees and premiums to be paid as TL (3.479.967) (31 December 2022: TL 8.766.654). The "Other" item included in the operating profit consists of other operating expenses excluding fees and commissions paid and personnel expenses and was realized as TL (1.130.069) (31 December 2022: TL (1.101.666)). There is no cash inflow from financing activities due to the cash capital increase or subordinated loan in 2023.The effect of the change in foreign exchange rate on cash and cash equivalent assets includes the exchange rate difference between the exchange rate on the day the foreign currency cash and cash equivalent assets were traded and the exchange rate on the reporting date and amounted to TL 2.022.255 (31 December 2022: TL 766.822).

2. Cash and cash equivalents at the beginning of the period:

	31.12.2022	31.12.2021
Cash	69.571	34.504
Cash in TL and foreign currencies	45	24
Demand deposits at banks	69.526	34.480
Cash equivalents	15.229.754	4.227.741
Interbank money market	6.603.772	990.878
Time deposits at banks	8.625.982	3.236.863
Total cash and cash equivalents	15.299.325	4.262.245

The total value found as a result of the transactions realized in the previous period gives the total of cash and cash equivalent assets of the current period.

3. Cash and cash equivalents at the end of the period:

	31.12.2023	31.12.2022
Cash	83.343	69.571
Cash in TL and foreign currencies	26	45
Demand deposits at banks	83.317	69.526
Cash equivalents	21.318.757	15.229.754
Interbank money market	16.535.221	6.603.772
Time deposits at banks	4.783.536	8.625.982
Total cash and cash equivalents	21.402.100	15.299.325

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

VII. Explanations Related to Risk Group of the Bank:

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Bank adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.859	-	-	-	-	-
Closing Balance (*)	3.859	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.859 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.859 is set aside for the expected loss in the third stage.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.834	-	-	-	-	-
Closing Balance (*)	3.859	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

c) Information on forward transactions, option contracts and similar other transactions between the Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Bank:

Total amount of benefits provided to the Bank's top management is TL 38.650 (31 December 2022: TL 19.525).

VIII. Explanations Related to Domestic, Foreign and Off-shore Branches and Representatives Offices Abroad:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Operations of the Bank:

The summary of information on the Bank's rating by International Rating Agencies:

The international ratings of the Bank are performed by Fitch on 22 September 2023.

	2023
Foreign Currency	
Long Term	B
Short Term	B
Outlook	Stable
Turkish Lira	
Long Term	B
Short Term	B
Outlook	Stable
National	
Long Term	AAA (TUR)
Government Support Note	b
Outlook	Stable

.

	2022
Foreign Currency	
Long Term	B
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	B
Short Term	B
Outlook	Negative
National	
Long Term	AAA (TUR)
Government Support Note	b
Outlook	Negative

II. Explanations and Notes Related to Subsequent Events:

BRSA, with its decision dated 11 January 2024 and numbered 10825, decided for banks, financial leasing, factoring, financing, savings financing and asset management companies to implement TAS 29 Financial Reporting Standard in High Inflation Economies for the periods beginning on 1 January 2025.

With the decision of the Bank's Board of Directors dated 16 January 2024, in order to increase placement opportunities, the Bank's issued capital of TL 2.500.000 within the registered capital ceiling determined as TL 10.000.000 to be increased by TL 3.000.000 to TL 5.500.000 entirely covered in cash.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2023

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

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on Independent Auditor's Report:

The Bank's financial statements as of and for the period ended 31 December 2023 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the audit report dated 8 February 2024 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes Prepared by Independent Auditor:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Financial Statements as at and for the Year Ended 31 December 2023 With Independent Auditor's Audit Report

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Independent Auditor's Report

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi and its subsidiaries as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.,
a Turkish corporation and a member firm of the KPMG network of independent
member firms affiliated with KPMG International Cooperative, a Swiss entity

Key Audit Matters

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

Impairment of loans measured at amortised cost

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

Key audit matter	***How the matter is addressed in our audit***
As of 31 December 2023, loans amount 62% of the Group's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: • determination of significant increase in credit risk since initial recognition of loans in financial statements. • incorporating the forward looking macroeconomic information in calculation of credit risk. • design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit	Our procedures for auditing the impairment of loans measured at amortised cost include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment processes were with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that are defined in the Bank's impairment model compared with the Regulation and Standard. • We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. in this context, the current status of the loan customer has been evaluated on prospective information and macroeconomic variables. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated.

loss varies to the staging of the financial assets. The Bank calculates expected credit losses on a collective basis. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.	• We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the consolidated financial statements related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2023 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

8 February 2024
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2023

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

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

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- DISCLOSURES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries whose financial statements are consolidated within the framework of this financial report are as follows:

Subsidiaries
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.
Kalkınma Yatırım Varlık Kiralama A.Ş.

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

Dr. Raci KAYA **Chairman of the Board**	**İbrahim H. ÖZTOP** **CEO and Board Member**	**Erdal ERDEM** **Chairman of Audit Committee**	**Zeynep BOĞA** **Deputy Chairman of Audit Committee**
Kerem DÖNMEZ **Member of Audit Committee**	**Ömer KARADEMİR** **Member of Audit Committee**	**Nuri Yasin KÜLAHÇI** **Executive Vice President**	**Aydın TOSUN** **Head of Financial Affairs**

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

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

SECTION ONE
General Information

I.	Establishment Date of the Parent Bank, Initial Articles of Association, History of the Parent Bank Including the Changes of These Articles	268
II.	Capital Structure of the Parent Bank, Shareholders that Retain Direct or Indirect Control and Management of the Parent Bank Solely or Together, Changes about These Issues During the Year and Disclosures about the Group	268
III.	Explanations Regarding the Parent Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Parent Bank, if any	269-270
IV.	Information about Persons and Institutions that Have Qualified Shares Attributable to the Parent Bank	270
V.	Summary of Functions and Lines of Activities of the Parent Bank	270
VI.	Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted From Equity or Not Subject to Any of These Three Methods	270
VII.	Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts between the Parent Bank and Its Subsidiaries	270

SECTION TWO
Consolidated Financial Statements

I.	Consolidated Balance Sheet (Statement of Financial Position)	272-273
II.	Consolidated Statement of Off-Balance Sheet Accounts	274
III.	Consolidated Statement of Profit or Loss	275
IV.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	276
V.	Consolidated Statement of Changes in Shareholders' Equity	277
VI.	Consolidated Statement of Cash Flows	278
VII.	Statement of Profit Distribution	279

SECTION THREE
Accounting Policies

I.	Explanations on Basis of Presentation	280
II.	Basis of Valuation Used in the Preparation of Consolidated Financial Statements	281
III.	Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions	281
IV.	Explanations on Consolidated Partnerships	282
V.	Representation of Affiliates, Subsidiaries and Jointly Controlled Partners not Included in Consolidation in the Consolidated Financial Statements	282
VI.	Explanations on Futures, Option Contracts and Derivative Instruments	282
VII.	Explanations on Interest Income and Expenses	283
VIII.	Explanations on Fees and Commission Income and Expenses	283
IX .	Explanations on Financial Assets	283-286
X.	Explanations on Impairment of Financial Assets	286-289
XI.	Explanations on Offsetting of Financial Assets and Liabilities	290
XII.	Explanations on Sales and Repurchase Agreements and Lending of Securities	290
XIII.	Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities	290
XIV.	Explanations on Goodwill and Other Intangible Assets	290
XV.	Explanations on Tangible Fixed Assets	291
XVI.	Explanations on Leasing Transactions	291-292
XVII.	Explanations on Provisions and Contingent Liabilities	292
XVIII.	Explanations on Employee Benefit Liabilities	292
XIX.	Explanations on Taxation	293-295
XX.	Additional Explanations on Borrowings	296
XXI.	Explanations on Shares Issued	296
XXII.	Explanations on Bill Guarantees and Acceptances	296
XXIII.	Explanations on Government Incentives	296
XXIV.	Earnings Per Share	296-297
XXV.	Related Parties	297
XXVI.	Explanations on Segment Reporting	297-298

SECTION FOUR
Consolidated Information on Financial Structure and Risk Management

I.	Explanations Related to Consolidated Equity	299-315
II.	Explanations Related to Consolidated Credit Risk	316-324
III.	Explanations Related to Consolidated Currency Risk	325-327
IV.	Explanations Related to Consolidated Interest Rate Risk	327-331
V.	Explanations Related to Consolidated Position Risk of Equity Securities	332
VI.	Explanations Related to Consolidated Liquidity Risk Management and Liquidity Coverage Ratio	332-339
VII.	Explanations Related to Consolidated Leverage Ratio	340
VIII.	Explanations on the Presentation of Financial Assets and Liabilities at Fair Values	341-342
IX.	Explanations on the Transactions Made on Behalf of Others and Items Held in Trust	343
X.	Explanations Related to Consolidated Risk Management	343-375

SECTION FIVE
Explanations and Notes Related to the Consolidated Financial Statements

I.	Explanations and Notes Related to Consolidated Assets	376-391
II.	Explanations and Notes Related to Consolidated Liabilities	392-397
III.	Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts	398-400
IV.	Explanations and Notes Related to Statement of Consolidated Profit or Loss	401-405
V.	Explanations and Notes Related to Consolidated Statement of Changes in Shareholders' Equity	406
VI.	Explanations and Notes Related to Cash Flows Statement	406
VII.	Explanations Related to Risk Group of the Parent Bank	407
VIII.	Explanations Related to Domestic, Foreign, Off-shore Branches and Representative Offices Abroad	407

SECTION SIX
Other Explanations

I.	Other Explanations Related to Operations of the Bank	408
II.	Explanations and Notes Related to Subsequent Events	408

SECTION SEVEN
Independent Auditor's Report

I.	Explanations on Independent Auditors' Report	409
II.	Explanations and Notes Prepared by Independent Auditor	409

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Chairman and Members of the Board of Directors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	33
Ömer KARADEMİR	Deputy Chairman of the Board	25.03.2022	Master's Degree	17
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	27
Erdal ERDEM	Board Member	10.07.2020	Bachelor's Degree	28
Zeynep BOĞA	Board Member	04.08.2023	Master's Degree	18
Zekeriya ÇOŞTU	Board Member	04.08.2023	Master's Degree	16
Kerem DÖNMEZ	Board Member	04.08.2023	Master's Degree	16

General Manager, Executive Vice Presidents:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Information Security, Legal Affairs, CEO Office Directorate and all other areas	16.08.2018	Master's Degree	27
Satı BALCI	EVP / Subsidiaries and Corporate Relations, Loan Operations, Treasury and Capital Markets Operations, Türkiye Development Fund	07.11.2017	Bachelor's Degree	35
Seçil KIZILKAYA YILDIZ	EVP / Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor's Degree	24
Emine Özlem CİNEMRE	EVP / Treasury, Development Finance ve Financial Institutions(*), Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	36
Ali YUNUSLAR	EVP / IT Application Development, IT System and Infrastructure, Enterprise Architecture and Project Management	08.02.2022	Master's Degree	22
Yeşim ŞİMŞEK	EVP / Corporate Banking and Project Finance, Corporate Banking Sales	06.06.2022	Bachelor's Degree	33
Muzaffer Gökhan SONGÜL	EVP / Loan Allocation, Loan Monitoring	05.09.2022	Master's Degree	20
Nuri Yasin KÜLAHÇI	EVP / Human Resources, Support Services, Financial Affairs, Strategy and Organization, Budget and Cost Management	18.10.2022	Master's Degree	18

(*) With an amendment made on 10 July 2023, Development Finance Institutions and Financial Institutions Units were merged as Development Finance and Financial Institutions Unit. The duties and responsibilities of the Office of the Board of Directors have been transferred to the Legal Affairs Unit and the name of the CEO and Board of Directors Office Services Unit has been changed to the CEO Office Directorate.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Chief Internal Inspector:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Kaan Ramazan ÇAKALI	Chief Internal Inspector	27.05.2019	Doctorate	20

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.

IV. Information About Persons and Institutions that Have Qualified Shares Attributable to the Parent Bank:

Republic of Türkiye Ministry of Treasury and Finance owns 99,08% of the shares of the Parent Bank.

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

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner. As of 31 December 2023, the Bank has 1 branch operating in Ankara.

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Balance Sheet (Statement of Financial Position) as of 31 December 2023

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

I.	CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS	Notes (Section Five I)	Audited Current Period 31 December 2023 TL	FC	TOTAL	Audited Prior Period 31 December 2022 TL	FC	TOTAL
I.	**FINANCIAL ASSETS (NET)**	**(1)**	**22.306.290**	**15.543.948**	**37.850.238**	**18.032.209**	**6.310.761**	**24.342.970**
1.1	**Cash and Cash Equivalents**		**20.801.443**	**1.171.009**	**21.972.452**	**14.388.909**	**986.195**	**15.375.104**
1.1.1	Cash and Balances with Central Bank		2.560	-	2.560	835	-	835
1.1.2	Banks		3.768.650	1.171.009	4.939.659	7.771.810	986.195	8.758.005
1.1.3	Money Markets		17.046.025	-	17.046.025	6.634.417	-	6.634.417
1.1.4	Expected Loss Provision (-)		(15.792)	-	(15.792)	(18.153)	-	(18.153)
1.2	**Financial Assets Measured at Fair Value Through Profit or Loss**		**318.816**	**272.639**	**591.455**	**132.363**	**157.466**	**289.829**
1.2.1	Government Securities		-	-	-	-	-	-
1.2.2	Equity Securities		318.816	272.639	591.455	132.363	157.466	289.829
1.2.3	Other Financial Assets		-	-	-	-	-	-
1.3	**Financial Assets Measured at Fair Value Through Other Comprehensive Income**		**1.120.503**	**14.100.112**	**15.220.615**	**3.479.843**	**5.167.100**	**8.646.943**
1.3.1	Government Securities		868.246	7.758.688	8.626.934	2.346.094	3.580.286	5.926.380
1.3.2	Equity Securities		18.362	-	18.362	17.174	-	17.174
1.3.3	Other Financial Assets		233.895	6.341.424	6.575.319	1.116.575	1.586.814	2.703.389
1.4	**Derivative Financial Assets**		**65.528**	**188**	**65.716**	**31.094**	-	**31.094**
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		65.528	188	65.716	31.094	-	31.094
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)**	**(2)**	**25.811.677**	**71.399.398**	**97.211.075**	**13.018.947**	**53.876.990**	**66.895.937**
2.1	**Loans**		**19.333.681**	**64.825.027**	**84.158.708**	**10.460.592**	**49.879.703**	**60.340.295**
2.2	**Lease Receivables**		-	-	-	**1**	-	**1**
2.3	**Factoring Receivables**		-	-	-	-	-	-
2.4	**Other Financial Assets Measured at Amortised Cost**		**7.900.966**	**6.574.371**	**14.475.337**	**3.667.974**	**3.997.287**	**7.665.261**
2.4.1	Government Securities		7.046.016	6.513.924	13.559.940	3.564.936	3.997.287	7.562.223
2.4.2	Other Financial Assets		854.950	60.447	915.397	103.038	-	103.038
2.5	**Expected Loss Provision (-)**		**(1.422.970)**	-	**(1.422.970)**	**(1.109.620)**	-	**(1.109.620)**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(3)**	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**	**(4)**	**10.586**	-	**10.586**	**10.586**	-	**10.586**
4.1	**Associates (Net)**		**10.586**	-	**10.586**	**10.586**	-	**10.586**
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		10.586	-	10.586	10.586	-	10.586
4.2	**Subsidiaries (Net)**		-	-	-	-	-	-
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	**Joint Ventures (Net)**		-	-	-	-	-	-
4.3.1	Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(6)**	**43.010**	-	**43.010**	**89.436**	-	**89.436**
VI.	**INTANGIBLE ASSETS (Net)**	**(7)**	**32.323**	-	**32.323**	**21.673**	-	**21.673**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		32.323	-	32.323	21.673	-	21.673
VII.	**INVESTMENT PROPERTY (Net)**	**(8)**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSET**	**(9)**	**5**	-	**5**	-	-	-
IX.	**DEFERRED TAX ASSET**	**(10)**	**324.243**	-	**324.243**	**169.179**	-	**169.179**
X.	**OTHER ASSETS**	**(12)**	**68.742**	**159.464**	**228.206**	**51.637**	**118.378**	**170.015**
	TOTAL ASSETS		**48.596.876**	**87.102.810**	**135.699.686**	**31.393.667**	**60.306.129**	**91.699.796**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Balance Sheet (Statement of Financial Position) as of 31 December 2023

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

I.	CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES	Notes (Section Five II)	Audited Current Period 31 December 2023 TL	FC	TOTAL	Audited Prior Period 31 December 2022 TL	FC	TOTAL
I.	**DEPOSITS**	**(1)**	-	-	-	-	-	-
II.	**FUNDS BORROWED**	**(2)**	**17.995.416**	**79.951.624**	**97.947.040**	**8.959.064**	**54.380.664**	**63.339.728**
III.	**MONEY MARKET FUNDS**	**(3)**	**2.874.989**	-	**2.874.989**	**2.945.163**	-	**2.945.163**
IV.	**SECURITIES ISSUED (Net)**	**(4)**	**854.950**	**3.321.427**	**4.176.377**	**103.023**	**2.018.433**	**2.121.456**
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		854.950	-	854.950	103.023	-	103.023
4.3	Bonds		-	3.321.427	3.321.427	-	2.018.433	2.018.433
V.	**FUNDS**	**(5)**	**2.676.239**	**3.721.694**	**6.397.933**	**6.158.015**	**2.260.810**	**8.418.825**
5.1	Borrower Funds		325.241	2.584.491	2.909.732	1.626.575	1.425.057	3.051.632
5.2	Other		2.350.998	1.137.203	3.488.201	4.531.440	835.753	5.367.193
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**	**(6)**	-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(7)**	**15.195**	**3.104**	**18.299**	**11.157**	-	**11.157**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		15.195	3.104	18.299	11.157	-	11.157
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITES**	**(8)**	-	-	-	-	-	-
IX.	**LEASE LIABILITIES (Net)**	**(9)**	**21.326**	-	**21.326**	**24.161**	-	**24.161**
X.	**PROVISIONS**	**(11)**	**433.171**	-	**433.171**	**165.756**	-	**165.756**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		271.094	-	271.094	113.806	-	113.806
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		162.077	-	162.077	51.950	-	51.950
XI.	**CURRENT TAX LIABILITY**	**(12)**	**547.485**	-	**547.485**	**287.483**	-	**287.483**
XII.	**DEFERRED TAX LIABILITY**	**(13)**	-	-	-	-	-	-
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(14)**	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(15)**	**3.712.899**	**7.865.824**	**11.578.723**	**2.301.046**	**4.646.290**	**6.947.336**
14.1	Loans		3.712.899	7.865.824	11.578.723	2.301.046	4.646.290	6.947.336
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**	**(16)**	**476.658**	**345.013**	**821.671**	**268.447**	**316.544**	**584.991**
XVI.	**SHAREHOLDERS' EQUITY**	**(17)**	**10.795.322**	**87.350**	**10.882.672**	**6.865.659**	**(11.919)**	**6.853.740**
16.1	Paid-in capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2	Capital Reserves		210.112	-	210.112	210.112	-	210.112
16.2.1	Share Premium		4.038	-	4.038	4.038	-	4.038
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(506)	-	(506)	(506)	-	(506)
16.4	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		72.986	87.350	160.336	176.527	(11.919)	164.608
16.5	Profit Reserves		3.969.773	-	3.969.773	2.277.957	-	2.277.957
16.5.1	Legal Reserves		220.440	-	220.440	135.423	-	135.423
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		3.695.073	-	3.695.073	2.088.274	-	2.088.274
16.5.4	Other Profit Reserves		54.260	-	54.260	54.260	-	54.260
16.6	Profit or (Loss)		4.042.957	-	4.042.957	1.701.569	-	1.701.569
16.6.1	Prior Periods' Profit or (Loss)		289	-	289	1.171	-	1.171
16.6.2	Current Period Profit or (Loss)		4.042.668	-	4.042.668	1.700.398	-	1.700.398
16.7	Minority Shares		-	-	-	-	-	-
	TOTAL LIABILITIES		**40.403.650**	**95.296.036**	**135.699.686**	**28.088.974**	**63.610.822**	**91.699.796**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Off-Balance Sheet as of 31 December 2023

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

II.	CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Notes (Section Five III)	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS (I+II+III)**		**11.876.311**	**24.568.607**	**36.444.918**	**15.895.680**	**24.864.825**	**40.760.505**
I.	**GUARANTEES AND WARRANTIES**	**(1)**	**84.924**	**4.669.416**	**4.754.340**	**72.418**	**2.969.043**	**3.041.461**
1.1	Letters of Guarantee		84.924	4.060.156	4.145.080	72.418	2.408.778	2.481.196
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		1	-	1	1	-	1
1.1.3	Other Letters of Guarantee		84.923	4.060.156	4.145.079	72.417	2.408.778	2.481.195
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	-	-	-	118.700	118.700
1.3.1	Documentary Letters of Credit		-	-	-	-	118.700	118.700
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 the Republic of Türkiye		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	609.260	609.260	-	441.565	441.565
1.9	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	**(1,3)**	**1.656.171**	**7.929.901**	**9.586.072**	**4.274.782**	**8.176.009**	**12.450.791**
2.1	Irrevocable Commitments		390.901	1.292.430	1.683.331	376.782	291.108	667.890
2.1.1	Asset Purchase and Sale Commitments		127.990	1.292.376	1.420.366	248.875	285.102	533.977
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		262.911	54	262.965	127.907	6.906	133.913
2.2	Revocable Commitments		1.265.270	6.637.471	7.902.741	3.898.000	7.884.901	11.782.901
2.2.1	Revocable Loan Granting Commitments		1.265.270	6.637.471	7.902.741	3.898.000	7.884.901	11.782.901
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**10.135.216**	**11.969.290**	**22.104.506**	**11.548.480**	**13.719.773**	**25.268.253**
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		10.135.216	11.969.290	22.104.506	11.548.480	13.719.773	25.268.253
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		10.135.216	11.969.290	22.104.506	11.548.480	13.719.773	25.268.253
3.2.2.1	Foreign Currency Swap-Buy		982.007	10.034.857	11.016.864	4.004.626	8.635.097	12.639.723
3.2.2.2	Foreign Currency Swap-Sell		9.153.209	1.934.433	11.087.642	7.543.854	5.084.676	12.628.530
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**131.922.770**	**446.065.549**	**577.988.319**	**34.846.478**	**138.878.523**	**173.725.001**
IV.	**ITEMS HELD IN CUSTODY**		**118.371**	**-**	**118.371**	**145.502**	**-**	**145.502**
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		118.371	-	118.371	145.502	-	145.502
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**131.804.399**	**446.065.549**	**577.869.948**	**34.700.976**	**138.878.523**	**173.579.499**
5.1	Marketable Securities		15.655.237	-	15.655.237	14.456.671	-	14.456.671
5.2	Guarantee Notes		2.390	4.853.729	4.856.119	23.802	8.409.098	8.432.900
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		110.341.770	413.292.111	523.633.881	18.515.370	112.182.375	130.697.745
5.6	Other Pledged Items		5.668.808	23.577.339	29.246.147	1.552.935	14.503.877	16.056.812
5.7	Pledged Items-Depository		136.194	4.342.370	4.478.564	152.198	3.783.173	3.935.371
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**143.799.081**	**470.634.156**	**614.433.237**	**50.742.158**	**163.743.348**	**214.485.506**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Profit or Loss for the Period Ended 31 December 2023

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

III.	CONSOLIDATED STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Notes (Section Five IV)	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
I.	**INTEREST INCOME**	**(1)**	**16.178.890**	**6.493.201**
1.1	Interest on Loans		7.108.531	3.126.518
1.2	Interest on Reserve Requirements		-	-
1.3	Interest on Banks		2.859.352	1.034.659
1.4	Interest on Money Market Transactions		2.612.351	455.531
1.5	Interest on Marketable Securities Portfolio		3.598.585	1.874.236
1.5.1	Fair Value Through Profit or Loss		-	18
1.5.2	Fair Value Through Other Comprehensive Income		1.076.745	687.078
1.5.3	Measured at Amortised Cost		2.521.840	1.187.140
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		71	2.257
II.	**INTEREST EXPENSE (-)**	**(2)**	**(8.653.879)**	**(3.488.937)**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		(7.228.677)	(2.947.765)
2.3	Interest Expense on Money Market Transactions		(528.112)	(269.817)
2.4	Interest on Securities Issued		(182.028)	(27.463)
2.5	Measured at Amortised Expense		(3.066)	(2.477)
2.6	Other Interest Expenses		(711.996)	(241.415)
III.	**NET INTEREST INCOME (I - II)**		**7.525.011**	**3.004.264**
IV.	**NET FEES AND COMMISSIONS INCOME**		**137.029**	**99.883**
4.1	Fees and Commissions Received		313.988	121.342
4.1.1	Non-cash Loans		90.520	59.206
4.1.2	Other	**(13)**	223.468	62.136
4.2	Fees and Commissions Paid		(176.959)	(21.459)
4.2.1	Non-cash Loans		(14)	-
4.2.2	Other	**(13)**	(176.945)	(21.459)
V.	**DIVIDEND INCOME**	**(3)**	**22.876**	**47.940**
VI.	**TRADING PROFIT / (LOSS) (Net)**	**(4)**	**(603.480)**	**53.886**
6.1	Trading Gains / (Losses) on Securities		162.471	104.976
6.2	Gains / (Losses) on Derivative Financial Transactions		1.986.104	289.590
6.3	Foreign Exchange Gains / (Losses)		(2.752.055)	(340.680)
VII.	**OTHER OPERATING INCOME**	**(5)**	**223.334**	**145.675**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**7.304.770**	**3.351.648**
IX.	**EXPECTED CREDIT LOSS (-)**	**(6)**	**(492.037)**	**(495.232)**
X.	**OTHER PROVISION EXPENSE (-)**	**(6)**	**(345.475)**	**(186.833)**
XI.	**PERSONNEL EXPENSE (-)**		**(460.422)**	**(221.325)**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**(365.833)**	**(115.549)**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**5.641.003**	**2.332.709**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		-	-
XV.	**INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		-	-
XVI.	**INCOME/(LOSS) ON NET MONETARY POSITION**		-	-
XVII.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+…+XVI)**	**(9)**	**5.641.003**	**2.332.709**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(10)**	**(1.598.335)**	**(632.311)**
18.1	Current Tax Provision		(1.762.726)	(774.028)
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		164.391	141.717
XIX	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)**	**(11)**	**4.042.668**	**1.700.398**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)**		-	-
XXIII	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**	**(12)**	**4.042.668**	**1.700.398**
XXV.	**NET PROFIT/(LOSS) (XIX+XXIV)**		4.042.668	1.700.398
25.1	Group Profit / Loss	**(14)**	-	-
25.2	Minority Shares Profit / Loss (-)		0,016	0,008
	Earning/(Loss) per share (in TL full)			

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Period Ended 31 December 2023

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

IV.	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
I.	**CURRENT PERIOD PROFIT/LOSS**	**4.042.668**	**1.700.398**
II.	**OTHER COMPREHENSIVE INCOME**	**(4.272)**	**188.359**
2.1	**Not Reclassified to Profit or Loss**	**-**	**492**
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	656
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	(164)
2.2	**Reclassified to Profit or Loss**	**(4.272)**	**187.867**
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(4.409)	254.441
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	9.464	1.467
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(9.327)	(68.041)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**4.038.396**	**1.888.757**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 December 2023

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

V.	CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Equity Excluding Minority Shares	Minority Shares	Total Equity
						1	2	3	4	5	6				
	Prior Period 31 December 2022														
I.	**Balance at the beginning of the period**	**2.000.000**	**3.747**	-	**206.074**	-	**(998)**	-	-	**1.463.876**	**816.197**	-	**4.465.637**	-	**4.465.637**
II.	**Adjustment in accordance with TAS 8**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**	**2.000.000**	**3.747**	-	**206.074**	-	**(998)**	-	-	**1.463.876**	**816.197**	-	**4.465.637**	-	**4.465.637**
IV.	**Total comprehensive income (loss)**	-	-	-	-	-	**492**	-	-	-	-	**1.700.398**	**1.888.757**	-	**1.888.757**
V.	**Capital increase in cash**	**500.000**	**291**	-	-	-	-	-	-	-	-	-	**500.291**	-	**500.291**
VI.	**Capital increase through internal reserves**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Issued capital inflation adjustment difference**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	**Convertible bonds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated debt**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase (decrease) through other changes, equity**	-	-	-	-	-	-	-	-	**34**	**21**	-	**55**	-	**55**
XI.	**Profit distribution**	-	-	-	-	-	-	-	-	**814.047**	**(815.047)**	-	**(1.000)**	-	**(1.000)**
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(814.047)	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	814.047	(1.000)	-	(1.000)	-	(1.000)
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+.....+X+XI)	**2.500.000**	**4.038**	-	**206.074**	-	**(506)**	-	-	**2.277.957**	**1.171**	**1.700.398**	**6.853.740**	-	**6.853.740**
	Current Period 31 December 2023														
I.	**Balance at the beginning of the period**	**2.500.000**	**4.038**	-	**206.074**	-	**(506)**	-	-	**2.277.957**	**1.701.569**	-	**6.853.740**	-	**6.853.740**
II.	**Adjustment in accordance with TAS 8**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**	**2.500.000**	**4.038**	-	**206.074**	-	**(506)**	-	-	**2.277.957**	**1.701.569**	-	**6.853.740**	-	**6.853.740**
IV.	**Total comprehensive income (loss)**	-	-	-	-	-	-	-	-	**1.467**	**9.464**	**4.042.668**	**4.038.396**	-	**4.038.396**
V.	**Capital increase in cash**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital increase through internal reserves**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Issued capital inflation adjustment difference**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	**Convertible bonds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated debt**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase (decrease) through other changes, equity**	-	-	-	-	-	-	-	-	**1.691.816**	**(1.701.280)**	-	**(9.464)**	-	**(9.464)**
XI.	**Profit distribution**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	1.691.816	(1.691.816)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	(9.464)	-	(9.464)	-	(9.464)
	Balances (III+IV+.....+X+XI)	**2.500.000**	**4.038**	-	**206.074**	-	**(506)**	-	-	**3.969.773**	**289**	**4.042.668**	**10.882.672**	-	**10.882.672**

1. Accumulated revaluation increases/decreases of fixed assets,
2. Accumulated remeasurement gains/losses of defined benefit plans,
3. Other (Shares of other comprehensive income of investments valued by the equity method that will not be reclassified to profit/loss and accumulated amounts of other comprehensive income elements that will not be reclassified to profit or loss)
4. Foreign currency translation differences,
5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income,
6. Other (represents cash flow hedging gains/losses, shares of other comprehensive income of investments valued by the equity method to be classified in profit/loss, and accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Cash Flows for the Period Ended 31 December 2023

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

VI.	CONSOLIDATED STATEMENT OF CASH FLOWS	Notes (Section Five V)	Audited Current Period 1 January-31 December 2023	Audited Prior Period 1 January-31 December 2022
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**	(1)	**4.041.997**	**1.291.986**
1.1.1	Interest Received		12.839.463	4.719.128
1.1.2	Interest Paid		(5.885.250)	(1.959.750)
1.1.3	Dividend Received		22.876	47.940
1.1.4	Fees and Commissions Received		154.721	91.200
1.1.5	Other Income		-	90.074
1.1.6	Collections from Previously Written-off Loans and Other Receivables		141.541	190.905
1.1.7	Payments to Personnel and Service Suppliers		(541.332)	(235.946)
1.1.8	Taxes Paid		(1.580.820)	(527.805)
1.1.9	Other	(1)	(1.109.202)	(1.123.760)
1.2	**Changes in Operating Assets and Liabilities**	(1)	**3.966.737**	**10.431.335**
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(142.400)	(75.292)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3	Net (increase) / decrease in loans		4.571.645	(8.513.124)
1.2.4	Net (increase) / decrease in other assets		420.236	(45.498)
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		2.597.223	10.298.591
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(1)	(3.479.967)	8.766.658
I.	**Net Cash Provided from Banking Operations**	(1)	**8.008.734**	**11.723.321**
B.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**(3.900.905)**	**(5.244.608)**
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment		(14.733)	(46.658)
2.4	Disposals of property and equipment		421.475	38.762
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(22.856.316)	(9.709.685)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		19.831.165	6.828.580
2.7	Purchase of Financial Assets Measured at Amortised Cost		(3.099.315)	(2.350.640)
2.8	Sale of Financial Assets Measured at Amortised Cost		1.437.495	-
2.9	Other		379.324	(4.967)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from Financing Activities**	(1)	**(17.229)**	**3.791.522**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	3.300.030
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Equity Instruments		-	500.291
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(17.229)	(8.799)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**	(1)	**2.022.255**	**766.822**
V.	**Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)**		**6.112.855**	**11.037.057**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(2)	**15.299.352**	**4.262.295**
VII.	**Cash and Cash Equivalents at the End of the Period**	(3)	**21.412.207**	**15.299.352**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Profit Distrubiton for the Period Ended 31 December 2023

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

VII.	STATEMENT OF PROFIT DISTRIBUTION	Audited Current Period 1 January-31 December 2023(*)	Audited Prior Period(**) 1 January-31 December 2022
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	5.642.607	2.320.610
1.2	TAXES AND DUTIES PAYABLE(-)	(1.599.232)	(629.242)
1.2.1	Corporate Tax (Income tax)	(1.762.541)	(770.809)
1.2.2	Income witholding tax	-	-
1.2.3	Other taxes and duties	163.309	141.567
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**4.043.375**	**1.691.368**
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(84.569)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**4.043.375**	**1.606.799**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES(**)	-	1.606.799
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION OF RESERVES**		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE(***)**		
3.1	TO OWNERS OF ORDINARY SHARES	0,016	0,008
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,6	0,8
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILAGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the dividend distribution proposal for 2023 to be submitted to the General Assembly for approval has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the 2023 dividend distribution table.
(**) The profit of 2022 was transferred to legal reserves, general reserves and other profit reserves with the decision of the General Assembly.
(***) Shown with full TL amount.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on Basis of Presentation:

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

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

The accompanying financial statements and explanations and notes to these statements as of 31 December 2023 have been prepared in accordance with the "Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof'' published in the Official Gazette numbered 28337, dated 28 June 2012, "Communiqué on the Preparation of Consolidated Financial Statements of Banks'' published in the Official Gazette numbered 26340, dated 8 November 2006 and "Communiqué on Disclosures About Risk Management to be Announced to Public by Banks" published in the Official Gazette numbered 29511, dated 23 October 2015 and amendments and changes to these communiqués.

b. Changes in accounting policies and disclosures:

In the announcement dated 23 November 2023 made by the POA, it was stated that the financial statements of companies applying TFRS for the annual reporting period ending on or after 31 December 2023 must be presented adjusted for the inflation effect within the scope of Financial Reporting in High Inflation Economies ("TAS 29"), however authorities or organizations authorized to regulate and supervise their fields are given the freedom to determine different transition dates for the implementation of inflation accounting. In this context, BRSA, with its decision dated 12 December 2023 and numbered 10744, decided that the financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TMS 29. The Capital Markets Board ("CMB"), with its Board Decision dated 28 December 2023 and numbered 81/1820, will issue the following documents in accordance with the provisions of TAS 29, starting from the annual financial reports of issuers and capital market institutions subject to financial reporting regulations for the accounting periods ending as of 31 December 2023, decided to apply inflation accounting.

While preparing the consolidated financial statements, the Parent Bank used the financial statements of its subsidiaries Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., which are not subject to inflation accounting in accordance with TAS 29.

c. Other issues:

Due to the negative effects caused by the Kahramanmaraş centered earthquakes on 6 February 2023, affecting many of our provinces and shocking our whole country, in accordance with the Official Gazette numbered 32098, dated Wednesday, 8 February 2023, state of emergency was declared in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa provinces for three months.

Developments related to the said natural disaster are closely monitored and their effects on the Bank's financial position and operations are followed by the Bank's Senior Management.

The estimated effect of the earthquake is taken into consideration in the expected loan loss provisions calculation and reflected in the financial statements dated 31 December 2023. The earthquake effect on the expected loan loss provisions is disclosed in Note X "Explanations on Impairment of Financial Assets".

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Accounting policies for the preparation of consolidated financial statements and valuation principles used are applied in accordance with BRSA Accounting and Financial Reporting Legislation. Those accounting policies and valuation principles are explained below notes through II - XXV.

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

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

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

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

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

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

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

During foreign currency transactions, procedures detailed below are applied.

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on consolidated partnerships:

a. Consolidation principles applied:

Consolidated financial statements are prepared in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" and "TFRS - 10 Consolidated Financial Statements" published in the Official Gazette dated 8 November 2006 and numbered 26340.

b. Consolidation principles of subsidiaries

Subsidiaries, whose capital or management is directly or indirectly controlled by the Parent Bank, have the power over the investment made by the Parent Bank and the ability to use its power over the investee in order to affect the amount of returns it has and the amount of returns it will gain due to its relationship with the invested legal entity. partnerships it has.

Subsidiaries are consolidated using the full consolidation method on the basis of operating results, asset and equity sizes. According to the full consolidation method, one hundred percent of the subsidiaries' assets, liabilities, income, expenses and off-balance sheet items are consolidated with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the investments of the Bank in its subsidiaries and the capital of its subsidiaries have been clarified. Balances arising from the transactions between the partnerships within the scope of consolidation have been mutually offset.

The Parent Bank and its consolidated subsidiaries will be referred to as the "Group" in the remainder of the report.

The title of the partnerships within the scope of consolidation, the location of the headquarters, the activity subject, the effective and direct shareholding ratio are as follows:

Title	Center of Activities (City/Country)	Main Area of Activity	Effective Partnership Ratios (%)	Direct and indirect partnership rates (%)
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Portfolio Management	100	100
Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul/Türkiye	Asset Lease	100	100

V. Representation of affiliates, subsidiaries and jointly controlled partners not included in consolidation in the consolidated financial statements:

Subsidiaries, subsidiaries and jointly controlled partners that are not included in the scope of consolidation are recognized at cost in accordance with "TAS - 27 Separate Financial Statements" and reflected in the consolidated financial statements after deducting if it has any provision for loss in value.

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on Interest Income and Expenses:

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

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

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

VIII. Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

IX. Explanations on Financial Assets:

Financial assets mainly constitute the Group's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements. The Group adds its financial assets to the financial statements in accordance with the provisions of the "Importing and Excluding the Financial Statements" section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss by:

- The business model used by the entity for the management of financial assets,

- Properties of contractual cash flows of a financial asset.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued)

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets. Purchase and sale transactions of these financial assets are accounted according to their "delivery date". The classification of financial assets is decided on the date of their acquisition, taking into account "Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model". When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

Financial Assets Measured at Fair Value through Profit or Loss:

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

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

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

Financial Assets Measured at Fair Value Through Other Comprehensive Income:

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

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

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

In the event that the financial assets reflected to other comprehensive income are disposed of in the case of the real value difference, the value increases/decreases pursued in the equity values value increase fund account are reflected in the statement of profit or loss.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued)

Equity Instruments Measured at Fair Value Through Other Comprehensive Income

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

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

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

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

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

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

The Parent Bank's securities portfolio includes consumer price (CPI) indexed bonds classified as financial assets measured at fair value through other comprehensive income and other financial assets measured at amortised cost. The reference indices used in the calculation of the actual coupon collection amounts of these securities are based on the CPI of two months ago as stated in CPI-Indexed Bonds Investor's Guide of Republic of Türkiye Ministry of Treasury and Finance's. The valuation of the said securities is made according to the effective interest method within the framework of the reference index formula specified in this guide.

Loans

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Loans (Continued)

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

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

Cash and Cash Equivalents:

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

X. Explanations on Impairment of Financial Assets:

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

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

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

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

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

(b) time value of money,

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

Significant Increase in Credit Risk

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Significant Increase in Credit Risk (Continued)

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

Definition of Default

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

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

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

12-Month Expected Loss

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Lifetime Expected Loss

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

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

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

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

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

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

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

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

The Parent Bank anticipates that the negative effects of the earthquakes that were experienced Kahramanmaraş centered on 6 February 2023, affecting many of our provinces and shocking our whole country, will continue for a certain period of time on the companies operating in the region. The Bank analyzed the effects of the earthquake on the companies in its loan portfolio and re-evaluated the risk levels of the companies, assuming that the foreseen risk is not systematic and reflected the earthquake effect to the expected loan loss calculation as of 31 December 2023.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XI. Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Group has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

XII. Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are followed in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as "Subject to Repurchase Agreements" and are valued at fair values or at discounted values using effective interest rate method according to the holding purposes in the Bank portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under ''Money Market Placements'' line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

XIII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:

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

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

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

XIV. Explanations on Goodwill and Other Intangible Assets:

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

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

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33% or 6,67%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on Tangible Fixed Assets:

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

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

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

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

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

There are no changes in the economic life forecast that have a significant impact in the current period or are expected to have a significant impact in subsequent periods.

XVI. Explanations on Leasing Transactions:

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

The Parent Bank as a Lessee

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

The Group, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Group's TL alternative source cost.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on Leasing Transactions (Continued)

The Parent Bank as a Lessor

According to the "TFRS 16 Leases" Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.

XVII. Explanations on Provisions and Contingent Liabilities:

In the consolidated financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation.

Provisions other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with 'Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets' (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

XVIII. Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS 19 "Employee Benefits".

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Bank and the social security institution legislation, the retirement pension is related to the ones related to the Law No: 5434 and the severance payment is calculated to those related to the Law No: 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate -unless it is negative- applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,91% (31 December 2022: 1,91%). The maximum amount of full TL 35.058,58 effective from 1 July 2023 has been taken into consideration in calculation of provision for employment termination benefits (31 December 2022: full TL 19.982,83).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on Taxation:

Current Tax

In the first paragraph of Article 32 of the Law No. 5520 titled "Corporate Tax and Provisional Tax Rate", regarding the enforcement of Article 21 of the "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6 February 2023 and Amendments to Some Laws and the Decree Law No. 375", which came into force by being published in the Official Gazette dated 15 July 2023 and numbered 32249, starting from the declarations that must be submitted as of 1 October 2023, corporate income tax rate to be applied to corporate earnings for the 2023 taxation period is 30% for banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations' income through a permanent establishment or permanent representative in Türkiye and dividends paid to companies' resident in Türkiye (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied. Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. On the other hand, in accordance with the Law No. 7338, which was published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th provisional tax return covering the months of October-December was repealed. Accordingly, the 4th provisional tax declaration will not be filed in 2023 and beyond. Despite the offset, if there is temporary prepaid tax remaining, this amount can be refunded in cash or can be offset against other financial debts to the state. According to Real Estate Sales Exemption in the Article 5.1.e. of Corporate Tax Law which is one of the important tax exemptions applied by the Bank, a 50% exemption is applied to the profits arising from the sale of real estate that has been in the assets of institutions for at least two full years (730 days), while exemption rate is 25% for profits arising from sales of real estate that has been in the assets of institutions before 15 July 2023, the date of entry into force of the Law No. 7456; within the scope of this article Corporate Tax exemption will not be applied to real estate acquired after 15 July 2023. 75% of the profits arising from the sale of founder's shares, usufruct shares and preemptive rights held for the same period as the participation shares are exempt from corporate tax.This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX . Explanations on Taxation (Continued):

Current Tax (Continued)

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Türkiye, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

With the "Tax Procedure Law and the Law on Amendments to the Corporate Tax Law" adopted on the agenda of the Grand National Assembly of Türkiye on 20 January 2022, the implementation of inflation accounting has been postponed to start from the balance sheet dated 31 December 2023.

Regulations regarding the implementation of Inflation Accounting were determined with the Tax Procedure Law Communiqué No. 555, which entered into force after being published in the Official Gazette No. 32415 dated 30 December 2023. Valuation differences for 2023 will be transferred to equity and will not be associated with the statement of profit or loss. Previous year's profit resulting from inflation correction of the balance sheet at the end of the 2023 accounting period (determined after correction) will not be subject to tax and previous year's losses will not be accepted as loss.

On the other hand, in accordance with Article 17 of Law No. 7491 dated 28 December 2023 and numbered 32413, "Banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign exchange institutions" , asset management companies and capital markets, the profit/loss difference resulting from the inflation adjustment made in the 2024 and 2025 accounting periods will not be taken into account in determining the earnings. 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 foresaid provision valuation differences resulting from the inflation adjustment will not affect the tax base.

According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However financial losses can not be offsetted from last year's profits. In Türkiye, there is no practice of reaching an agreement with the tax authority regarding the taxes to be paid.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX . Explanations on Taxation (Continued):

Current Tax (Continued)

Corporate tax declarations are submitted to the relevant tax office by the evening of the 30th day of the fourth month following the month in which the accounting period is closed, and the accrued tax is paid by the evening of the 30th day. However, the authorities authorized for tax inspection may examine the accounting records within five years, and if incorrect transactions are detected, the tax amounts to be paid may change.

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standard Relating to Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period. Within the scope of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, deferred tax calculations were made by taking into account the 30% corporate tax rate to be applied for banks and certain financial institutions.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset. Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XX. Additional Explanations on Borrowings:

The Parent Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Domestic resources are provided from Central Bank of the Republic of Türkiye, international organizations such as Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Parent Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Bank are medium and long term loans from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, Japan Bank for International Cooperation, Asian Infrastructure Investment Bank, German Development Bank, China Development Bank and the securities issued as allocated to French Development Agency are recorded to related accounts on the date and with the cost of procurement.

The Parent Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Parent Bank has not issued any convertible bonds.

XXI. Explanations on Shares Issued:

The Parent Bank does not have issued shares in the current period.

XXII. Explanations on Bill Guarantees and Acceptances:

Commitments regarding bill guarantees and acceptances of the Parent Bank are presented in the "Off Balance Sheet" commitments. In the current and previous period, the Parent Bank has no bills and acceptances.

XXIII. Explanations on Government Incentives:

There are no government incentives utilized by the Group in the current and prior period.

XXIV. Earnings Per Share:

The earnings per share stated in the statement of profit or loss are calculated by dividing the net profit/loss by the weighted average number of shares issued during the relevant year.

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Net Profit for the Period	4.042.668	1.700.398
Weighted Average Number of Ordinary Shares Issued (Thousand)	250.000.000	200.547.945
Profit Per Share (in Full TL)	**0,01617**	**0,00848**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Earnings Per Share (Continued)

In Türkiye, companies can increase their capital by distributing "free shares" from their previous year's earnings to their existing shareholders. Such distributions of "free shares" are taken into consideration as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is calculated by taking into account the retrospective effects of these share distributions. In case of the number of issued shares increases after the balance sheet date due to the distribution of the number of free shares before the date of preparation of the financial statements, the calculation of earnings per share is made taking into account the total number of new shares.

There is no new paid-in shares issued in 2023 (2022: 500 million shares with price issued).

XXV. Related Parties

For the purposes of these financial statements, shareholders, senior executives and members of the board of directors, their families and companies controlled or affiliated by them, as well as subsidiaries and joint ventures subject to joint management have been accepted as related parties within the scope of the TAS 24 Related Party Disclosures Standard. Transactions with related parties are shown in footnote V of Chapter Five.

XXVI. Explanations on Segment Reporting:

As part of its mission, the Parent Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee. The Parent Bank derives almost all of its income from within the country.

Within the scope of investment banking activities, the Parent Bank's treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

The information table regarding the consolidated operation segmentation prepared as of 31 December 2023 is given below.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXVI. Explanations on Segment Reporting (Continued)

Current Period (31.12.2023)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Group
Net Interest Income/(Expense)	7.853.610	(325.604)	(2.995)	7.525.011
Net Fees And Commissions Income/(Expense)	(28.017)	121.482	43.564	137.029
Other Income	2.045.747	325.686	25.603	2.397.036
Other Expense	-	(3.249.643)	(1.168.430)	(4.418.073)
Profit Before Tax	9.871.340	(3.128.079)	(1.102.258)	5.641.003
Tax Provision	-	-	(1.598.335)	(1.598.335)
Net Profit For The Period	**9.871.340**	**(3.128.079)**	**(2.700.593)**	**4.042.668**
Group Profit / Loss	**9.871.340**	**(3.128.079)**	**(2.700.593)**	**4.042.668**
Minority Rights Profit / Loss (-)	**-**	**-**	**-**	**-**
Current Period (31.12.2023)				
Segment Assets	50.858.937	83.531.920	1.298.243	135.689.100
Associates And Subsidiaries	-	10.586	-	10.586
Total Assets	**50.858.937**	**83.542.506**	**1.298.243**	**135.699.686**
Segment Liabilities	6.028.749	116.163.142	2.625.123	124.817.014
Shareholders' Equity	-	-	10.882.672	10.882.672
Total Liabilities	**6.028.749**	**116.163.142**	**13.507.795**	**135.699.686**

Prior Period (31.12.2022)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Group
Net Interest Income/(Expense)	3.094.609	(90.125)	(220)	3.004.264
Net Fees And Commissions İncome/(Expense)	(22.179)	81.658	40.404	99.883
Other Income	394.566	162.671	31.930	589.167
Other Expense	(22.680)	(900.183)	(437.742)	(1.360.605)
Profit Before Tax	3.444.316	(745.979)	(365.628)	2.332.709
Tax Provision	-	-	(632.311)	(632.311)
Net Profit For The Period	**3.444.316**	**(745.979)**	**(997.939)**	**1.700.398**
Group Profit / Loss	**3.444.316**	**(745.979)**	**(997.939)**	**1.700.398**
Minority Rights Profit / Loss (-)	**-**	**-**	**-**	**-**
Prior Period (31.12.2022)				
Segment Assets	31.699.500	59.706.187	283.523	91.689.210
Associates And Subsidiaries	-	10.586	-	10.586
Total Assets	**31.699.500**	**59.716.773**	**283.523**	**91.699.796**
Segment Liabilities	3.059.343	80.773.867	1.012.846	84.846.056
Shareholders' Equity	-	-	6.853.740	6.853.740
Total Liabilities	**3.059.343**	**80.773.867**	**7.866.586**	**91.699.796**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Consolidated Equity:

Consolidated equity amount and capital adequacy standard ratio are calculated within the framework of 'Regulation Regarding Equities of Banks' and 'Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy'.

The Group's equity amount as of 31 December 2023 is TL 19.762.269, (31 December 2022: TL 12.925.735) and its capital adequacy ratio is 16,74% (31 December 2022:16,66%). The capital adequacy ratio of the Group is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (31.12.2023)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	3.969.773
Other Comprehensive Income according to TAS	208.244
Profit	4.042.957
Net profit for the period	4.042.668
Retained Earnings	289
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	10.931
Minority Shares	-
Common Equity Tier I Capital Before Deductions	**10.942.017**
Deductions from Common Equity Tier I Capital	-
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1.240
Leasehold Improvements on Operational Leases (-)	995
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	32.323
The remaining portion of the deferred tax asset based on taxable income to be obtained in future periods, excluding deferred tax assets based on temporary differences, after offsetting it with the relevant deferred tax liability	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Securitization gains	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-
Mortgage Servicing Rights not deducted	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	324.243
Other items to be Defined by the BRSA	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-
Total Deductions From Common Equity Tier I Capital	**358.801**
Total Common Equity Tier I Capital	**10.583.216**
ADDITIONAL TIER 1 CAPITAL	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	6.384.375
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of Third Parties in Additional Tier 1 Capital	
Shares of Third Parties in Additional Tier 1 Capital (Those within the scope of Temporary Article 3)	
Additional Tier 1 Capital Before Deductions	**6.384.375**
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	**6.384.375**
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**16.967.591**
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.827.616
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of Third Parties in the contribution capital	
Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	967.062
Total Deductions from Tier II Capital	**2.794.678**
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**2.794.678**
Total Equity (Total Tier I and Tier II Capital)	**19.762.269**
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**208.243**
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-
CAPITAL	
Total Capital (Total of Tier I Capital and Tier II Capital)	19.762.269
Total Risk Weighted Assets	118.075.918
CAPITAL ADEQUACY RATIOS	
Consolidated CET1 Capital Ratio (%)	8,96
Consolidated Tier I Capital Ratio (%)	14,37
Capital Adequacy Ratio (%)	16,74
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	967.062
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	967.062
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	387.505
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4	-
(Effective between 1.1.2018-1.1.2022)	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Prior Period (31.12.2022)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	2.279.128
Other Comprehensive Income according to TAS	231.407
Profit	1.700.398
Net profit for the period	1.700.398
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.467
Minority shares	-
Common Equity Tier I Capital Before Deductions	**6.922.512**
Deductions from Common Equity Tier I Capital	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	18.975
Leasehold Improvements on Operational Leases	3.465
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.673
The remaining portion of the deferred tax asset based on taxable income to be obtained in future periods, excluding deferred tax assets based on temporary differences, after offsetting it with the relevant deferred tax liability	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-
Securitization gains	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	169.179
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions From Common Equity Tier I Capital	**213.292**
Total Common Equity Tier I Capital	**6.709.220**
ADDITIONAL TIER 1 CAPITAL	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.486.455
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of third parties in additional Tier 1 capital	
Shares of third parties in the additional tier capital (within the scope of Provisional Article 3)	
Additional Tier 1 Capital Before Deductions	**4.486.455**
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Investments made by the Bank in equity items issued by banks and financial institutions that invest in the Bank's additional core capital items and meeting the conditions specified in Article 7 of the Regulation	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	**4.486.455**
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**11.195.675**
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.117.460
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of third parties in the contribution capital	
Shares of third parties in the contribution capital (within the scope of Temporary Article 3)	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	612.600
Total Deductions from Tier II Capital	**1.730.060**
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**1.730.060**
Total Equity (Total Tier I and Tier II Capital)	**12.925.735**
Total Tier I Capital and Tier II Capital (Total Equity)	-
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**231.407**
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

CAPITAL	
Total Capital (Total of Tier I Capital and Tier II Capital)	12.925.735
Total Risk Weighted Assets	77.598.352
CAPITAL ADEQUACY RATIOS	
Consolidated CET1 Capital Ratio (%)	8,65
Consolidated Tier I Capital Ratio (%)	14,43
Capital Adequacy Ratio (%)	16,66
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	612.600
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	612.600
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	387.505
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4	-
(Effective between 1.1.2018-1.1.2022)	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Explanations on the reconciliation of consolidated capital items to balance sheet:

Current Period (31.12.2023)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1.Paid-in-Capital	2.500.000	206.074	2.706.074
2.Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	160.336	58.839	219.175
5.Profit Reserves	3.969.773	-	3.969.773
6.Profit or Loss	4.042.957	-	4.042.957
6.1. Prior Periods' Profit/(Loss)	289	-	289
6.2. Current Period Profit/(Loss)	4.042.668	-	4.042.668
Deductions from Common Equity Tier I Capital (-)	-	(358.295)	(358.295)
Common Equity Tier I Capital	**10.882.672**	**(299.456)**	**10.583.216**
Subordinated Loans	-	6.384.375	6.384.375
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**10.882.672**	**6.084.919**	**16.967.591**
Subordinated Loans	-	1.827.616	1.827.616
General Provisions	-	967.062	967.062
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	**-**	**2.794.678**	**2.794.678**
Deductions from Total Capital (-)	-	-	-
Total	**10.882.672**	**8.879.597**	**19.762.269**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

Explanations on the reconciliation of consolidated capital items to balance sheet (Continued):

Prior Period (31.12.2022)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1.Paid-in-Capital	2.500.000	206.074	2.706.074
2.Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	164.608	68.266	232.874
5.Profit Reserves	2.277.957	1.171	2.279.128
6.Profit or Loss	1.701.569	(1.171)	1.700.398
6.1. Prior Periods' Profit/(Loss)	1.171	(1.171)	-
6.2. Current Period Profit/(Loss)	1.700.398	-	1.700.398
Deductions from Common Equity Tier I Capital (-)	-	(212.786)	(212.786)
Common Equity Tier I Capital	**6.853.740**	**(144.520)**	**6.709.220**
Subordinated Loans	-	4.486.455	4.486.455
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**6.853.740**	**4.341.935**	**11.195.675**
Subordinated Loans	-	1.117.460	1.117.460
General Provisions	-	612.600	612.600
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	**-**	**1.730.060**	**1.730.060**
Deductions from Total Capital (-)	-	-	-
Total	**6.853.740**	**6.071.995**	**12.925.735**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

Information on borrowing instruments to be included in the consolidated equity calculation:

Current Period (31.12.2023)	
Issuer-Loan supplier	Bank / Republic of Türkiye Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.828
Nominal value of instrument (TL million)	1.828
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

Information on borrowing instruments to be included in the consolidated equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / Republic of Türkiye Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.117
Nominal value of instrument (TL million)	1.117
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (31.12.2023)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	4.884
Nominal value of instrument (TL million)	4.884
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer- Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.986
Nominal value of instrument (TL million)	2.986
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (31.12.2023)	
Issuer	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 tranches)
Nominal value of instrument (TL million)	1.500 (in 3 tranches)
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	09.03.2022
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	11-12-13 years at the earliest in tranches
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Variable interest rate
Interest rate and related index value	0% Real interest rate and CPI indexed
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 tranches)
Nominal value of instrument (TL million)	1.500 (in 3 tranches)
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	09.03.2022
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	11-12-13 years at the earliest in tranches
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Variable interest rate
Interest rate and related index value	0% Real interest rate and CPI indexed
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk

Credit risk refers to the possibility of losses that the Parent Bank may incur due to the loan customer's inability to fulfill its obligations partially or completely on time by not complying with the requirements of the concluded contract. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of its loans within the framework of the legal regulations and restrictions of the BRSA, taking into account the best practices.

The most basic banking service that the Parent Bank uses to finance medium and long term investments, which is its main function, is “project evaluation-based lending activity”. Taking into account the proportional size within the balance sheet structure, credit risk constitutes the most important risk item of the Bank.

The general principle of the risk policies to be followed by the Parent Bank is to specialize in the activities that are in accordance with the tasks, vision and structure determined by the Establishment Law, to take risks that can be defined, controlled and/or managed in this sense, to make an effort not to take risks other than the risks that occur due to the structure of its activities and are inevitable. Based on the basic principle of ensuring that the risks to be taken in this context are also defined and manageable risks, the Bank has only manageable risks depending on the sensitivity shown to ensure that credit facilities are compatible with the credit source conditions, except for the credit risk and counterparty risk that occur and are unavoidable due to the need for lending.

In the Parent Bank that has a fully functioning mechanisms based on activities, actively used committees and risk budgeting practices in decision-making and risk management processes, Credit Evaluation Committee continues its activities in order to determine the procedures and principles of the Bank's crediting, to evaluate the projects to be credited within the scope of the Bank's Environmental and Social Policy, to ensure coordination between the units in charge of credit transactions, to assess credit risk and the condition of the loan portfolio, to take decisions on loan allocation, postponement of loan receivables, installments, reorganization of conditions, the procedures and principles regarding the Bank's loan policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions and to determine strategies for customers in trouble / legal follow-up.

The majority of the Parent Bank’s loan placements are allocated with the approval of the Credit Evaluation Committee and the Board of Directors in accordance with the reports prepared by the Financial Analysis and Valuation Unit and the Credit Allocation Unit in accordance with the relevant legal regulations. Since the Bank’s placements are in the form of project financing, the amount of loans that can be extended to a company is mainly determined as a result of project evaluation studies, and loan disbursements are made in a controlled manner and by monitoring expenditures.

As for the companies that have been granted loans by the Parent Bank, whose loans have been postponed or connected to the payback plan, the financial data of the companies are regularly monitored until the collection and liquidation of the risk is completed. For companies whose risk exceeds a certain amount or where there is a need for on-site inspection, inspection and determination are carried out both at the company headquarters and at the site of the facility. A Monitoring Report is being prepared, including the recommendations developed as a result of the reviews and evaluations.

The credit worthiness of the borrowers of loans and other receivables is monitored regularly in accordance with the relevant legislation, and in case of an increase in the risk level of the loan borrower, the credit limits are reviewed and additional collateral is obtained if necessary.

In the utilization of the provided resources, the sectors suitable for the borrowing conditions are determined and credited. By monitoring the sectoral distribution of loan customers, this distribution is taken into account in placement decisions and goals.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

The Parent Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of its loans within the framework of the legal regulations and restrictions of the BRSA, taking into account the best practices. The Bank provides the identification, measurement and management of the credit risks contained in all of its products and activities, without being limited to credit products only. The issue of whether the credit decision support systems are compatible with the structure, size and complexity of the Parent Bank's activities is constantly reviewed, developed and adjustments are made to the system when necessary by the Board of Directors.

The Parent Bank is registered under Article 54 of the Banking Law No. 5411. it is not subject to the general credit restrictions defined in the article. However, in the Bank's “Loans Policy” and “Risk Limits and Application Principles” documents, it has defined loan restrictions parallel to the restrictions contained in the law. In order to determine the level of credit risk that the Bank may face, the Risk Management Unit actively participates in the measurement, analysis and monitoring process and regularly reports to the Board of Directors and the Audit Committee to Senior Management.

Within the framework of the policies determined within the scope of the BRSA Accounting and Financial Reporting Legislation;

The Parent Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, for defaulted loans (3.Stage) and loans that have not yet defaulted, but which have significantly increased credit risk of the loan’s disbursement (2.Stage), the Parent Bank calculates the expected lifetime credit loss. For other financial assets covered by TFRS 9 (1.Stage) the Bank reflects the calculation containing the probability of default within 12 months after the reporting date as the expected loss provision.

Futures and other derivative product transactions are carried out at the Bank within the framework of asset-liability management, taking into account the legal limits. The credit risk assumed due to such transactions is managed together with the potential risks arising from market movements. There is no option agreement in the Parent Bank.

In accordance with the TFRS 9 Policy approved by the Board of Directors, the Bank allocates provisions as stipulated in the “Regulation on the Classification of Loans and the Procedures and Principles Related to the Provisions to be Allocated for Them” and the “Communiqué on the Turkish Financial Reporting Standard for TFRS 9 Financial Instruments”.

Risk Categories	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Risk Amount(*)	Average Risk Amount	Risk Amount(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	15.426.669	14.233.890	13.222.381	9.948.065
Conditional and unconditional receivables to banks and brokerage houses	32.061.878	33.547.570	32.526.920	23.288.479
Conditional and unconditional corporate receivables	77.072.807	64.164.312	48.447.222	40.105.893
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional receivables secured by real estate property	2.777.807	1.843.164	1.221.755	949.699
Overdue receivables	319.302	323.958	326.553	375.174
Receivables defined in high risk category by BRSA	-	-	-	-
Receivables as a collective investment establishment	228.491	174.264	135.407	178.563
Other receivables	606.148	449.655	439.338	315.530

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Restructured loans whose amortization schedule has been changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Parent Bank Bank’s credit risk policies. Accordingly, commercial activities of debtors are analyzed and repayments are monitored whether they are in line with the repayments schedules or not, and necessary precautions are taken.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Since the Parent Bank does not have any risks within the scope of private sector loans and trading accounts in banking accounts in other countries, cyclical capital buffer is not calculated.

a) The share of the Parent Bank's receivables from the first 100 and 200 cash loan customers in the total cash loan portfolio is 86,60% and 98,02%, respectively (31 December 2022: 88,03% and 98,19%).

b) The share of cash and non-cash receivables from the Parent Bank's first 100 and 200 loan customers in total on-balance sheet and off-balance sheet assets is 55,61% and 62,50%, respectively (31 December 2022: 59,34% and 65,81%).

c) The share of the Parent Bank's receivables from the first 100 and 200 non-cash loan customers in the total non-cash loan portfolio is 100% (31 December 2022: 100%).

The allocated expected credit loss provision for 1. and 2. Stage is TL 892.314 (31 December 2022: TL 539.816).

The expected loss provisions were not taken into account in the calculation of the above-mentioned ratios.

Profile of Significant Risks in Important Regions

	Risk Categories (***)							
	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category By The Board	Collective Investment Institution Like Investments	Other Receivables
Current Period (31.12.2023)								
Domestic	15.426.669	31.989.834	77.072.807	2.777.807	319.302	-	-	-
European Union (EU) Countries	-	12	-	-	-	-	228.491	-
OECD Countries (*)	-	72.032	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	10.586
Unallocated Assets (**)	-	-	-	-	-	-	-	595.562
Total	**15.426.669**	**32.061.878**	**77.072.807**	**2.777.807**	**319.302**	-	**228.491**	**606.148**
Prior Period (31.12.2022)								
Domestic	13.222.381	32.462.030	48.447.222	1.221.755	326.553	-	129.401	-
European Union (EU) Countries	-	104	-	-	-	-	6.006	-
OECD Countries (*)	-	64.786	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	10.586
Unallocated Assets (**)	-	-	-	-	-	-	-	428.752
Total	**13.222.381**	**32.526.920**	**48.447.222**	**1.221.755**	**326.553**	-	**135.407**	**439.338**

(*) OECD countries other than EU countries, USA and Canada.
(**) Asset and liability items that can not be allocated on a consistent basis.
(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Risk profile by sectors or counterparties:

Current Period (31 December 2023)	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Collective Investment Institution Like Investments	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	**465.449**	**42.713**	-	-	-	**376.519**	**131.643**	**508.162**
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	39.078	42.713	-	-	-	-	81.791	81.791
Fishery	-	-	426.371	-	-	-	-	376.519	49.852	426.371
Manufacturing	-	-	**73.358.635**	**2.030.894**	**269.060**	-	-	**16.999.206**	**58.659.383**	**75.658.589**
Mining and Quarrying	-	-	395.088	-	-	-	-	2.486	392.602	395.088
Production	-	-	28.084.495	1.706.576	112	-	-	13.751.249	16.039.934	29.791.183
Electricity, Gas, Water	-	-	44.879.052	324.318	268.948	-	-	3.245.471	42.226.847	45.472.318
Construction	-	-	**492.905**	**517.724**	-	-	-	**908.459**	**102.170**	**1.010.629**
Services	**15.426.669**	**32.061.878**	**2.755.818**	**186.476**	**50.242**	**228.491**	**606.148**	**30.572.274**	**20.743.448**	**51.315.722**
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	4	999.876	171.530	50.242	-	-	432.835	788.817	1.221.652
Transportation and Telecommunication	-	-	819.344	-	-	-	-	161.412	657.932	819.344
Financial Institutions	15.426.669	32.061.874	609.260	-	-	228.491	606.148	29.966.638	18.965.804	48.932.442
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	70.040	14.946	-	-	-	11.389	73.597	84.986
Health and Social Services	-	-	257.298	-	-	-	-	-	257.298	257.298
Others	-	-	-	-	-	-	-	-	-	-
Total	**15.426.669**	**32.061.878**	**77.072.807**	**2.777.807**	**319.302**	**228.491**	**606.148**	**48.856.458**	**79.636.644**	**128.493.102**

There are no balances in the following classes.
2-Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and other commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
11- Conditional and unconditional retail receivables
12-Mortgage secured securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Stock Investments

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Risk profile by sectors or counterparties:

Prior Period (31 December 2022)	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Collective Investment Institution Like Investments	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	225.121	-	-	-	-	225.121	-	225.121
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	225.121	-	-	-	-	225.121	-	225.121
Manufacturing	-	-	45.710.626	860.137	326.553	-	-	8.777.983	38.119.333	46.897.316
Mining and Quarrying	-	-	241.540	-	-	-	-	2.486	239.054	241.540
Production	-	-	15.881.407	573.679	82	-	-	7.494.445	8.960.723	16.455.168
Electricity, Gas, Water	-	-	29.587.679	286.458	326.471	-	-	1.281.052	28.919.556	30.200.608
Construction	-	-	358.932	-	-	-	-	253.916	105.016	358.932
Services	13.222.381	32.526.920	2.152.543	361.618	-	135.407	439.339	23.134.130	25.704.078	48.838.208
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.340.409	214.421	-	-	-	464.848	1.089.987	1.554.835
Transportation and Telecommunication	-	-	95.978	-	-	-	-	95.978	-	95.978
Financial Institutions	13.222.381	32.526.915	441.565	125.398	-	135.407	439.339	22.554.553	24.336.452	46.891.005
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	62.741	21.799	-	-	-	18.751	65.789	84.540
Health and Social Services	-	-	211.850	-	-	-	-	-	211.850	211.850
Others	-	-	-	-	-	-	-	-	-	-
Total	**13.222.381**	**32.526.920**	**48.447.222**	**1.221.755**	**326.553**	**135.407**	**439.339**	**32.391.150**	**63.928.427**	**96.319.577**

There are no balances in the following classes.
1-Conditional and unconditional receivables from regional or local governments
2-Conditional and unconditional receivables from administrative and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Receivables defined in the high risk by the Board
12-Mortgage secured securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Stock investment

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2023)	Term to Maturity: One Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Maturity	Total
Contingent and non-contingent receivables from central governments or central banks	299.212	-	6.521.205	976.671	7.300.414	329.167	15.426.669
Contingent and non-contingent receivables from banks and brokerage institutions	17.147.732	4.379.716	1.791.284	1.852.639	5.632.450	1.258.057	32.061.878
Contingent and non-contingent corporate receivables	954.052	3.520.489	3.658.011	8.090.808	60.849.447	-	77.072.807
Receivables secured by real estate mortgage with and without conditions	36.646	135.225	137.205	310.774	2.157.958	-	2.777.807
Receivables overdue for collection	-	-	-	-	-	319.302	319.302
Investments in the nature of a collective investment organization	-	-	-	-	-	228.491	228.491
Other receivables	-	-	-	-	-	606.148	606.148
Total	**18.437.642**	**8.035.430**	**12.107.704**	**11.230.892**	**75.940.269**	**2.741.165**	**128.493.102**

Risk Categories Prior Period (31.12.2022)	Term to Maturity: One Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Maturity	Total
Contingent and non-contingent receivables from central governments or central banks	344.746	903.261	1.598.141	816.145	9.472.611	87.477	13.222.381
Contingent and non-contingent receivables from banks and brokerage institutions	16.162.408	1.146.312	316.654	8.525.473	5.408.235	967.838	32.526.920
Contingent and non-contingent corporate receivables	525.467	1.885.867	2.540.116	5.139.581	38.356.191	-	48.447.222
Receivables secured by real estate mortgage with and without conditions	13.963	50.111	67.496	134.992	955.193	-	1.221.755
Receivables overdue for collection	-	-	-	-	-	326.554	326.554
Investments in the nature of a collective investment organization	-	-	-	-	-	135.407	135.407
Other receivables	-	-	-	-	-	439.338	439.338
Total	**17.046.584**	**3.985.551**	**4.522.407**	**14.616.191**	**54.192.230**	**1.956.614**	**96.319.577**

Information on Risk Categories

For the determination of risk weights for risk classes defined in the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", all counter parties are treated as non-rated since no rating agency is authorized.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Credit Risk by Risk Weights - Standard Approach(*)

Current Period (31.12.2023) Risk Weights	0%	2%	10%	20%	25%	35%	50%	75%	100%	200%	250%	Other Risk Weights	Deductions from Equity
Before Credit Risk Mitigation	9.095.069	244.686	-	15.219.014	-	51.762	7.922.062	-	95.960.509	-	-	-	32.252
After Credit Risk Mitigation	9.095.069	244.686	-	15.219.014	-	51.762	13.181.873	-	90.700.698	-	-	-	-

(*) Excluding counterparty credit risk and securitization positions

Prior Period (31.12.2022) Risk Weights	0%	2%	10%	20%	25%	35%	50%	%75	100%	200%	250%	Other Risk Weights	Deductions from Equity
Before Credit Risk Mitigation	6.991.841	125.916	-	15.514.703	-	48.384	1.373.058	-	72.164.030	-	-	-	23.724
After Credit Risk Mitigation	6.991.841	125.916	-	15.514.703	-	48.384	2.712.140	-	70.824.948	-	-	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Miscellaneous Information According to Important Sectors or Counterparty Type:

The Parent Bank classifies its loans and allocates provisions within the framework of TFRS 9 Policy approved by the Board of Directors. In this context, for impaired loans the Bank calculates lifetime expected credit loss and reflects it as provision when the credit risk of the loan has not yet gone into default but has increased significantly from the date of disbursement (Stage 2) and in case of default (Stage 3).

The Bank has determined the "Significant Increase in Credit Risk" and "Classification" criteria in the TFRS 9 Provisions Methodology document approved by the Board of Directors, and its loans are classified and provisions are set aside in line with these criterias.

Current Period (31.12.2023) Major Sectors / Counter Parties	**Loans**		**Provisions**
	Impaired Loans (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agriculture	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	**3.130.758**	**751.728**	**745.794**
Mining and Quarrying	-	-	-
Production	459.682	6.403	8.021
Electricity, Gas and Water	2.671.076	745.325	737.773
Construction	**-**	**-**	**-**
Services	**271.652**	**95.220**	**49.572**
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	76.964	91.756	45.914
Transportation and Telecommunication	-	-	-
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	37.015	-	7
Health and Social Services	157.673	3.464	3.651
Others	**-**	**1.134**	**1.134**
Total	**3.402.410**	**848.082**	**796.500**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Miscellaneous Information According to Important Sectors or Counterparty Type (Continued)

	Loans		Provisions
	Impaired Loans (TFRS 9)		
Prior Period (31.12.2022) Major Sectors / Counter Parties	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agriculture	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	**2.229.029**	**850.019**	**666.581**
Mining and Quarrying	-	-	-
Production	212.051	7.053	7.095
Electricity, Gas and Water	2.016.978	842.966	659.486
Construction	**-**	**-**	**-**
Services	**571.759**	**43.221**	**45.056**
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	209.873	39.972	40.420
Transportation and Telecommunication	215.210	-	1.143
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	27.830	-	35
Health and Social Services	118.846	3.249	3.458
Others	**5.642**	**1.134**	**1.136**
Total	**2.806.430**	**894.374**	**712.773**

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2023)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	567.821	42.357	(81.398)	-	528.780
2. Stage 1 and 2 Provisions	613.635	365.936	(10.962)	-	968.609

Prior Period (31.12.2022)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	528.440	101.293	(61.912)	-	567.821
2. Stage 1 and 2 Provisions	291.187	330.092	(7.644)	-	613.635

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Consolidated Currency Risk :

The Parent Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The currency risk management policy of the Bank is defined as, keeping the "Foreign Currency Net General Position/Equity Standard" ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Parent Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the currency risk faced by the Parent Bank daily is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future currency risks (including foreign currency-indexed assets and liabilities).

The Parent Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off-balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the Bank, the risk of foreign exchange rate of the Parent Bank is determined based on the Foreign Currency Net General Position/Equity ratio determined by the BRSA. The limit of the ratio has been determined as 10% effective from the decision date, as of the BRSA's decision dated 9 March 2023 and numbered 10534.

The foreign exchange buying rates of the Parent Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

Date	**USD**	**EURO**	**100 JPY**
29/12/2023	29,4151	32,5625	20,8840
28/12/2023	29,4164	32,6846	20,8538
27/12/2023	29,3699	32,4302	20,6409
26/12/2023	29,2649	32,2587	20,5975
25/12/2023	29,0385	31,9714	20,4338

The simple arithmetic average value of the Bank's foreign exchange purchase rate for the last thirty days from the date of the financial statements is US Dollar: TL 29,0531, Euro: TL 31,7366, CHF: TL 33,6787.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Consolidated Currency Risk (Continued):

Information on the currency risk of the Parent Bank:

Current Period (31.12.2023)	EURO	USD	Other FC(*)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	244.697	924.317	1.995	1.171.009
Financial assets measured at fair value through profit or loss	228.437	44.202	-	272.639
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	4.347.464	9.752.648	-	14.100.112
Loans	22.943.971	41.881.056	-	64.825.027
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	6.513.924	60.447	-	6.574.371
Derivative financial assets held for trading	-	188		188
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	49.914	109.550	-	159.464
Total assets	**34.328.407**	**52.772.408**	**1.995**	**87.102.810**
Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	25.060.718	56.028.109	-	81.088.827
Securities issued	3.321.427	-	-	3.321.427
Subordinated debt instruments	7.865.824	-	-	7.865.824
Sundry creditors	66.354	278.659	-	345.013
Derivative financial liabilities held for trading	-	3.104	-	3.104
Other liabilities	740.316	1.931.525	-	2.671.841
Total liabilities	**37.054.639**	**58.241.397**	**-**	**95.296.036**
Net balance sheet position	(2.726.232)	(5.468.989)	1.995	(8.193.226)
Net off-balance sheet position	3.239.969	8.729.321	-	11.969.290
Assets on derivative instruments	3.239.969	6.794.888	-	10.034.857
Liabilities on derivative instruments	-	1.934.433	-	1.934.433
Non-cash loans	2.353.770	2.315.646	-	4.669.416
Prior Period (31.12.2022)				
Total assets	**22.765.983**	**37.538.871**	**1.275**	**60.306.129**
Total liabilities	**22.341.959**	**41.268.818**	**45**	**63.610.822**
Net balance sheet position	424.024	(3.729.947)	1.230	(3.304.693)
Net off-balance sheet position	(206.065)	3.756.486	-	3.550.421
Assets on derivative instruments	1.473.318	7.161.779	-	8.635.097
Liabilities on derivative instruments	(1.679.383)	(3.405.293)	-	(5.084.676)
Non-cash loans	1.341.516	1.627.527	-	2.969.043

(*) The foreign currencies presented in the other FC column of assets comprise 19% GBP, 64% CHF and 17% JPY.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Consolidated Currency Risk (Continued):

Currency Risk Sensitivity:

The table below shows the Bank's sensitivity to the 10% change in the US Dollar and Euro exchange rates.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
USD	10	319.029	2.578	981.130	287.469
EURO	10	49.643	23.063	414.765	229.241
Other	10	200	128	-	-

(*) It refers to the values before the tax effect is deducted.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
USD	10	(319.029)	(2.578)	(981.130)	(287.469)
EURO	10	(49.643)	(23.063)	(414.765)	(229.241)
Other	10	(200)	(128)	-	-

(*) It refers to the values before the tax effect is deducted.

IV. Explanations Related to Consolidated Interest Rate Risk:

Interest rate risk refers to the probability of losses that the Bank may incur due to movements in interest rates, depending on the position status of financial instruments. Changes in interest rates affect the level of return on assets and the cost of liabilities. The interest rate risk arising from banking accounts includes repricing risk, yield curve risk, base risk and optionality risk.

Interest rates determined by market actors, especially central banks, have a decisive role on the economic value of the Parent Bank's balance sheet and the Bank's income-expense balance. Sudden interest rate shocks in the market causes the gap between the interest rate applied to the Parent Bank's yielding assets and the interest rate paid to the cost-effective liabilities to be opened. The opening of this interest rate gap may cause the Parent Bank's interest income to be negatively affected by fluctuations in market rates and the Bank's profitability to decrease.

The Parent Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Considering that almost the entire loan portfolio consists of variable-rate loans and is financed by borrowing, changes in borrowing costs are reflected in variable-rate loans, and the other loans are financed by Bank equity, it is unlikely that there will be interest rate risk due to interest rate changes.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued)

Within the framework of the Parent Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Bank. For this reason, the Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the bank's securities portfolio management will cause adverse effects on the financial structure of the bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.

Based on the statutory 20% rate of "The Standard Ratio of Interest Rate Risk Due to Banking Book" determined by the BRSA for the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book the interest rate limits of the Bank is determined with a more conservative approach.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued):

End of the Current Period (31.12.2023)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye [1]	-	-	-	-	-	2.560	2.560
Banks [1]	4.844.282	10.088	-	-	-	80.879	4.935.249
Financial assets measured at fair value through profit or loss	-	-	-	-	-	591.455	591.455
Money market placements	17.034.644	-	-	-	-	-	17.034.644
Financial assets measured at fair value through other comprehensive income [3]	1.203.398	1.904.250	6.601.145	5.435.363	58.097	18.362	15.220.615
Loans [2]	17.718.666	20.026.577	14.619.345	7.899.191	22.154.533	319.302	82.737.614
Financial assets measured at amortised cost	65.857	-	8.201.445	2.431.941	3.774.223	-	14.473.466
Other assets [4]	65.715	-	-	-	-	638.368	704.083
Total Assets [5]	**40.932.562**	**21.940.915**	**29.421.935**	**15.766.495**	**25.986.853**	**1.650.926**	**135.699.686**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.874.989	-	-	-	-	-	2.874.989
Miscellaneous payables	-	-	-	-	-	373.726	373.726
Marketable securities issued	-	-	4.176.377	-	-	-	4.176.377
Funds provided from other financial institutions	7.092.461	28.630.222	33.411.641	7.594.593	24.706.324	-	101.435.241
Other liabilities [4] [6]	472.047	-	6.038.208	-	3.712.899	16.616.199	26.839.353
Total Liabilities	**10.439.497**	**28.630.222**	**43.626.226**	**7.594.593**	**28.419.223**	**16.989.925**	**135.699.686**
Long position on balance sheet	30.493.065	-	-	8.171.902	-	-	38.664.967
Short position on balance sheet	-	(6.689.307)	(14.204.291)	-	(2.432.370)	(15.338.999)	(38.664.967)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	(33.007)	(37.771)	-	-	-	(70.778)
Total Position	30.493.065	(6.722.314)	(14.242.062)	8.171.902	(2.432.370)	(15.338.999)	(70.778)

[1] Balances without maturity are shown in 'Non-interest Bearing' column.
[2] Net balance of non-performing loans is shown in 'Non-interest Bearing' column.
[3] Securities representing share in capital are shown in 'Non-interest Bearing' column.
[4] Deferred tax asset, shareholders' equity and other non-interest-bearing assets and liabilities are shown in 'Non-Interest Bearing' column.
[5] The expected credit losses for financial assets and other assets are reflected to the related items.
[6] Subordinated loans are shown in the "Other Liabilities" line.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued):

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Prior Period (31.12.2022)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye [1]	-	-	-	-	-	835	835
Banks [1]	8.675.865	-	-	-	-	68.764	8.744.629
Financial assets measured at fair value through profit or loss	-	-	-	-	-	289.829	289.829
Money market placements	6.629.640	-	-	-	-	-	6.629.640
Financial assets measured at fair value through other comprehensive income [3]	1.745.918	2.017.235	2.370.608	2.488.099	7.909	17.174	8.646.943
Loans [2]	22.810.273	10.780.057	7.004.373	5.959.813	12.351.587	326.555	59.232.658
Financial assets measured at amortised cost	15.774	67.843	647.218	4.622.130	2.310.595	-	7.663.560
Other assets [4]	31.094	-	-	-	-	460.608	491.702
Total Assets [5]	**39.908.564**	**12.865.135**	**10.022.199**	**13.070.042**	**14.670.091**	**1.163.765**	**91.699.796**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.945.163	-	-	-	-	-	2.945.163
Miscellaneous payables	-	-	-	-	-	335.061	335.061
Marketable securities issued	103.023	-	2.018.433	-	-	-	2.121.456
Funds provided from other financial institutions	8.095.295	17.337.135	23.790.791	6.646.375	12.837.325	-	68.706.921
Other liabilities [4]	245.608	-	-	3.528.830	2.301.046	11.515.711	17.591.195
Total Liabilities	**11.389.089**	**17.337.135**	**25.809.224**	**10.175.205**	**15.138.371**	**11.850.772**	**91.699.796**
Long position on balance sheet	28.519.475	-	-	2.894.837	-	-	31.414.312
Short position on balance sheet	-	(4.472.000)	(15.787.025)	-	(468.280)	(10.687.007)	(31.414.312)
Long position on off-balance sheet	8.811	167	2.215	-	-	-	11.193
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	**28.528.286**	**(4.471.833)**	**(15.784.810)**	**2.894.837**	**(468.280)**	**(10.687.007)**	**11.193**

[1] Balances without maturity are shown in 'Non-interest Bearing' column.
[2] Net balance of non-performing loans is shown in 'Non-interest Bearing' column.
[3] Securities representing share in capital are shown in 'Non-interest Bearing' column.
[4] Deferred tax asset, shareholders' equity and other non-interest-bearing assets and liabilities are shown in 'Non-interest Bearing' column.
[5] The expected credit losses for financial assets and other assets are reflected to the related items.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued):

Average interest rates applied to monetary financial instruments (%):

End of the Current Period (31.12.2023)	EURO	USD	JPY	TL
Assets [*]				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	4,00	5,60	-	44,16
Financial assets measured at fair value through profit or loss	-	-	-	-
Money market placements	-	-	-	43,48
Financial assets measured at fair value through other comprehensive income	4,55	7,58	-	49,52
Loans	7,19	8,74	-	17,58
Other financial assets measured at amortised cost[**]	4,62	7,68	-	50,76
Liabilities [*]				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	40,57
Miscellaneous payables	-	-	-	-
Marketable securities issued	7,50	-	-	-
Funds accepted by development and investment banks	0,86	4,53	-	43,07
Funds provided from other financial institutions[***]	3,86	6,43	-	20,94

[*] Ratios shown in the table are calculated by using annual interest rates.
[**] The majority of the TL portfolio consists of CPI indexed securities.
[***] Funds from other financial institutions also include subordinated loans.

End of the Prior Period (31.12.2022)	EURO	USD	JPY	TL
Assets [*]				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	3,41	4,58		25,94
Financial assets measured at fair value through profit or loss	-	-	-	-
Money market placements	-	-	-	14,26
Financial assets measured at fair value through other comprehensive income	3,77	6,31		24,16
Loans	5,20	7,41	-	11,34
Other financial assets measured at amortised cost [**]	5,11	-	-	49,74
Liabilities [*]				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	10,10
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,13	-	-	-
Funds accepted by development and investment banks	1,74	3,48	-	14,88
Funds provided from other financial institutions [***]	2,76	5,15	-	17,95

[*] Ratios shown in the table are calculated by using annual interest rates.
[**] The majority of the TL portfolio consists of CPI indexed securities.
[***] Funds from other financial institutions also include subordinated loans.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Position Risk of Equity Securities:

None.

VI. Explanations Related to Consolidated Liquidity Risk Management and Liquidity Coverage Ratio:

1. Explanations on Consolidated Liquidity Risk Management

The Parent Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Parent Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to the Parent Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Parent Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Parent Bank is specialized, its liquidity need is more predictable as compared to commercial banks and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates of assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Committee's decisions. The Parent Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium- and long-term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Parent Bank is calculated by using "Liquidity Analysis Forms" in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the "Liquidity Emergency Plan Directive of the Bank". The Parent Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 21 December 2022 and numbered 2022-20-11/287. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Parent Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Parent Bank's reputation. In the liquidity risk management of the Parent Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Parent Bank's "Risk Management Strategies, Policies and Implementation Principles" and general market conditions are determinants. Therefore, units active in liquidity risk management, especially the Treasury Unit, act within these limitations.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

1. Consolidated Liquidity Risk Management (Continued):

First limitation on legal requirements set by the BRSA is; as per the regulation on "Calculation of Liquidity Coverage Ratio", minimum limits of 100% and 80% are assigned on consolidated and unconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in "TKB Riskiness Analysis According to Selected Indicators and Risk Groups" report prepared monthly includes;

- Proforma Cash Flows Statement,

- Proforma Currency Balance Sheet,

- Duration of Balance Sheet Items, -in detail- Marketable Securities (by class of financial instruments),

- Summary of liquidity forms sent to BRSA

with proforma cash flows statement, amount of future liquid assets are shown in different scenarios for one-year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Parent Bank, and results of liquidity measurement system are included in the decision-making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Bank's Risk Appetite Structure, Risk Limits and Implementation Principles. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

2. Consolidated liquidity coverage ratio

The Bank's liquidity coverage ratios are prepared weekly in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of consolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio(Weekly Consolidated)							
	Current Period (31.12.2023)				**Prior Period (31.12.2022)**			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	117,72	13.10.2023	221,03	22.12.2023	95,22	04.11.2022	152,76	18.11.2022
Minimum (%)	100,00	29.12.2023	155,57	17.11.2023	53,44	01.10.2022	91,69	14.10.2022

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Consolidated Liquidity Risk Management and Liquidity 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(*)	
Current Period (31.12.2023)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	9.568.250	2.086.010
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	2.357.373	1.281.672	1.742.637	850.395
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	2.357.373	1.281.672	1.742.637	850.395
Secured funding			-	-
Other cash outflows	13.579.842	3.362.515	13.579.842	3.362.515
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.579.842	3.362.515	13.579.842	3.362.515
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	8.575.584	6.507.942	428.779	325.397
Other irrevocable or conditionally revocable commitments	3.717.856	3.634.846	3.717.782	3.634.772
TOTAL CASH OUTFLOWS	-	-	**19.469.040**	**8.173.079**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	22.448.000	2.236.840	21.550.371	1.520.242
Other cash inflows	13.510.672	11.114.670	13.510.672	11.114.670
TOTAL CASH INFLOWS	**35.958.672**	**13.351.510**	**35.061.043**	**12.634.912**
			Upper Limit Applied Amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			**9.568.250**	**2.086.010**
TOTAL NET CASH OUTFLOWS			**4.867.260**	**2.043.270**
LIQUIDITY COVERAGE RATIO (%)			**196,58**	**102,09**

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Consolidated Liquidity Risk Management and Liquidity 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 (31.12.2022)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	7.427.820	1.824.584
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	1.438.961	961.280	1.114.019	692.226
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	1.438.961	961.280	1.114.019	692.226
Secured funding			-	-
Other cash outflows	13.096.231	5.804.198	13.096.231	5.804.198
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.096.231	5.804.198	13.096.231	5.804.198
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	10.549.522	8.314.445	527.476	415.722
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			**14.737.726**	**6.912.146**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	11.478.471	1.932.501	14.580.737	1.618.503
Other cash inflows	13.110.272	8.319.064	13.110.272	8.319.064
TOTAL CASH INFLOWS	**24.588.743**	**10.251.565**	**27.691.009**	**9.937.567**
			Upper Limit Applied Amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			**7.427.820**	**1.824.584**
TOTAL NET CASH OUTFLOWS			**6.214.349**	**2.309.299**
LIQUIDITY COVERAGE RATIO (%)			**119,53**	**79,01**

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

3. Explanations related to consolidated liquidity coverage ratio

Significant factors that impact the result of consolidated liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio

The significant factors that impact liquidity coverage ratio are net cash outflows and high-quality assets stock. Items taken into consideration in the calculation of the ratio may be changed in time because of economic structure and decisions of the Bank's fund management.

The explanation about elements of the high-quality liquid assets

High quality liquid assets mostly consist of domestic government bonds and eurobonds.

Content of funds and their composition

The main funding source of the Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 79,6%. 5,2% of the Bank's total funding consists of funds provided from Ministry of Treasury and Finance, borrowers and banks; 9,4% consists of subordinated debt instruments; 2,3% is provided from money markets and 3,4% consists of securities issued.

Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin

Derivative transactions of the Parent Bank are predominantly currency swap purchase-sale transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit/loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

Counterparty and product-based funding sources and concentration limits on collateral

The fund sources of the Parent Bank, whose field of activity is development and investment banking, are generally international development banks and financial institutions; there is no concentration limit on the other party and product basis.

The operational and legal factors that hinder consolidated liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

4. Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1)	Total
Current Period (31.12.2023)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	2.560	-	-	-	-	-	-	2.560
Banks	80.879	4.854.370	-	-	-	-	-	4.935.249
Financial assets measured at fair value through profit or loss	591.455	-	-	-	-	-	-	591.455
Money market placements	-	17.034.644	-	-	-	-	-	17.034.644
Financial assets measured at fair value through other comprehensive income	18.362	1.008.924	2.041.897	6.704.831	5.393.772	52.829	-	15.220.615
Loans	-	1.096.619	4.208.343	14.633.137	43.681.197	18.799.016	319.302	82.737.614
Financial assets measured at amortised cost	-	416.652	516.843	7.721.057	2.045.173	3.773.741	-	14.473.466
Other assets	-	65.715	-	-	-	-	638.368	704.083
Total Assets(2)	**693.256**	**24.476.924**	**6.767.083**	**29.059.025**	**51.120.142**	**22.625.586**	**957.670**	**135.699.686**
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	4.195.359	2.286.235	17.126.691	32.806.493	45.020.463	-	101.435.241
Money market borrowings	-	2.874.989	-	-	-	-	-	2.874.989
Marketable securities issued	-	-	442.939	477.188	1.221.095	2.035.155	-	4.176.377
Miscellaneous payables	373.726	-	-	-	-	-	-	373.726
Other liabilities(3)	2.437.685	519.310	498.718	6.038.208	-	5.540.515	11.804.917	26.839.353
Total Liabilities	**2.811.411**	**7.589.658**	**3.227.892**	**23.642.087**	**34.027.588**	**52.596.133**	**11.804.917**	**135.699.686**
Liquidity Gap	**-2.118.155**	**16.887.266**	**3.539.191**	**5.416.938**	**17.092.554**	**(29.970.547)**	**(10.847.247)**	**-**
Net Off-Balance Position	**-**	**(33.007)**	**(37.771)**	**-**	**-**	**-**	**-**	**(70.778)**
Derivative Financial Assets	-	10.206.920	809.944	-	-	-	-	11.016.864
Derivative Financial Liabilities	-	10.239.927	847.715	-	-	-	-	11.087.642
Non-Cash Loans	**84.924**	**-**	**-**	**85.965**	**-**	**4.583.451**	**-**	**4.754.340**
Prior Period (31.12.2022)								
Total Assets	**376.602**	**17.455.511**	**4.142.539**	**18.926.001**	**35.106.787**	**14.905.193**	**787.163**	**91.699.796**
Total Liabilities	**3.141.099**	**8.928.706**	**1.072.693**	**12.125.270**	**29.609.847**	**29.516.591**	**7.305.590**	**91.699.796**
Liquidity Gap	**(2.764.497)**	**8.526.805**	**3.069.846**	**6.800.731**	**5.496.940**	**(14.611.398)**	**(6.518.427)**	**-**
Net Off-Balance Position	**-**	**8.811**	**167**	**2.215**	**-**	**-**	**-**	**11.193**
Derivative Financial Assets	-	12.412.300	169.078	58.345	-	-	-	**12.639.723**
Derivative Financial Liabilities	-	12.403.489	168.911	56.130	-	-	-	**12.628.530**
Non-Cash Loans	**72.364**	**-**	**-**	**118.753**	**68.919**	**2.781.425**	**-**	**3.041.461**

(1) Assets such as fixed assets, associates, subsidiaries, inventory, prepaid expenses, net non-performing receivables and other asset accounts that would not be converted to cash in a short time period and needed to be used in the banking activities, deferred tax asset; liabilities with no maturities, provisions and equity are shown in the undistributed column.

(2) The expected credit losses for financial assets and other assets are reflected in the related items.

(3) Subordinated loans are shown in the "Other Liabilities" line.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations regarding consolidated liquidity risk management and liquidity coverage ratio (Continued):

Remaining maturity distribution of contractual financial liabilities:

The following table shows the maturity distribution of the Bank's non-derivative financial liabilities prepared in accordance with the provisions of TFRS 7. The distribution has been prepared based on the earliest dates on which the Bank's liabilities are due to be paid without discounting. The interest payable on these liabilities is included in the table. The recorded values of the related liabilities in the balance sheet do not include these amounts.

Current Period (31.12.2023)	Book Value	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Liabilities							
Funds from Other Financial Institutions	101.435.241	142.776.682	4.417.162	2.994.934	22.170.089	52.505.376	60.689.121
Debts to Money Markets	2.874.989	2.874.989	2.874.989	-	-	-	-
Issued Securities	4.176.377	5.183.620	-	525.194	494.266	1.820.096	2.344.064
Subordinated Debt Instruments	11.578.723	25.261.806	-	-	6.141.140	-	19.120.666
Total	**120.065.330**	**176.097.097**	**7.292.151**	**3.520.128**	**28.805.495**	**54.325.472**	**82.153.851**

Prior Period (31.12.2022)	Book Value	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Liabilities							
Funds from Other Financial Institutions	68.706.921	83.584.116	647.044	1.373.229	14.243.937	33.624.196	33.695.710
Debts to Money Markets	2.945.163	2.945.163	2.945.163	-	-	-	-
Issued Securities	2.121.456	2.224.480	-	103.023	-	-	2.121.457
Subordinated Debt Instruments	6.947.336	19.095.563	-	-	-	3.754.938	15.340.625
Total	**80.720.876**	**107.849.322**	**3.592.207**	**1.476.252**	**14.243.937**	**37.379.134**	**51.157.792**

Contractual maturity analysis of the Parent Bank's derivative instruments is as follows:

Current Period (31.12.2023)	Total	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Swap Transactions	11.098.952	10.099.891	999.061	-	-	-

Prior Period (31.12.2022)	Total	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Swap Transactions	12.629.379	12.382.628	188.407	58.344	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations regarding consolidated liquidity risk management and liquidity coverage ratio (Continued):

Remaining maturity distribution of contractual financial liabilities (Continued)

The following table shows the distribution of the Bank's non-cash loans according to their remaining maturities.

Current Period (31.12.2023)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above	Total
Letters of Credit	-	-	-	-	-	-	-
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	84.924	-	-	85.965	-	3.974.191	4.145.080
Acceptance loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	609.260	609.260
Total	**84.924**	**-**	**-**	**85.965**	**-**	**4.583.451**	**4.754.340**

Prior Period (31.12.2022)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above	Total
Letters of Credit	-	-	-	118.700	-	-	118.700
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	72.364	-	-	53	68.919	2.339.860	2.481.196
Acceptance loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	441.565	441.565
Total	**72.364**	**-**	**-**	**118.753**	**68.919**	**2.781.425**	**3.041.461**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanation Related to Consolidated Leverage Ratio

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2023, the Group's leverage ratio calculated from the average of three months is 11,72% (31 December 2022: 11,18%). The reason why the current period leverage ratio is higher than the previous period leverage ratio is that the capital amounts have increased at a higher rate than the total risk amount.

Summary comparison table of total asset amount and total risk amount in consolidated financial statements prepared in accordance with TAS:

		Current Period[1][2] (31.12.2023)	Prior Period[1][3] (31.12.2022)
1	The total amount of assets included in the consolidated financial statements issued in accordance with TAS	179.826.057	87.928.741
2	The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements'	48.719.279	1.774.772
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts of such instruments	812.874	993.478
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts	(2.303.955)	(2.912.289)
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts of such items	(7.413.630)	(9.736.392)
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts of such items	135.074.217	86.623.730
7	**Total risk amount**	**140.996.766**	**94.441.311**

[1] The amounts in the table show the averages of the last nine months of the relevant period.
[2] The current period amount of the consolidated financial statements prepared in accordance with the 6th paragraph of the 5th article of the Communiqué on the Preparation of the Consolidated Financial Statements of Banks has been prepared by using the reviewed financial statements of non-financial corporations dated 30 June 2023.
[3] The previous period amount of the consolidated financial statements prepared in accordance with the 6th paragraph of the 5th article of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks has been prepared by using the audited financial statements of the non-financial corporations dated 31 December 2022.

On-balance sheet assets (*)	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	132.072.403	86.593.707
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	132.072.403	86.593.707
Derivative financial instruments and loan derivatives		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk of derivative financial instruments and loan derivatives	812.874	993.478
Total derivative financial instruments and loan derivatives exposure	812.874	993.478
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	1.779.837	2.297.347
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	1.779.837	2.297.347
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	13.745.282	14.293.171
(Adjustments for conversion to credit equivalent amounts)	(7.413.630)	(9.736.392)
Total risks of off-balance sheet items	6.331.652	4.556.779
Capital and total risks		
Tier 1 capital	16.519.940	10.560.222
Total risks	140.996.766	94.441.311
Leverage ratio		
Leverage ratio	11,72	11,18

(*) Calculated by taking the average of the last three months financial statements' data.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values:

When fair value of financial assets and liabilities are determined, discounted values are taken into consideration according to remaining maturities. Transactions traded on the stock exchange are valued by using the daily weighted average prices of the last working day on the balance sheet date based on the stock market value.

	Book Value (*)		Fair Value	
	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
Financial Assets	**136.431.799**	**92.334.750**	**136.974.963**	**92.748.206**
Money markets placements	17.046.025	6.634.417	17.046.025	6.634.417
Banks	4.939.659	8.758.005	4.939.659	8.757.978
Financial assets measured at fair value through profit or loss	591.455	289.829	591.455	289.829
Financial assets measured at fair value through other comprehensive income	15.220.615	8.646.943	15.220.615	8.646.943
Financial assets measured at amortised cost	14.475.337	7.665.261	14.374.184	7.863.245
Loans	84.158.708	60.340.295	84.803.025	60.555.794
Financial Liabilities	**117.564.067**	**78.110.774**	**117.597.381**	**77.736.285**
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	101.435.241	68.706.921	102.260.744	69.027.374
Subordinated debt instruments	11.578.723	6.947.336	10.802.460	6.355.504
Securities issued	4.176.377	2.121.456	4.160.451	2.018.346
Sundry creditors	373.726	335.061	373.726	335.061

(*) The book values of financial assets and liabilities in the table are calculated by adding accrual amounts at the end of the period.

Methods and estimations used for the fair value determination of financial instruments which are not presented with their market values in the financial statements:

i- For the fair value determination of loans, interest rates as of balance sheet date are considered.

ii- For the fair value determination of banks, interest rates as of balance sheet date are considered.

iii- In order to calculate the fair value of other financial assets measured at amortized cost, the stock market value as of the balance sheet date has been used.

iv- For the fair value determination of the funds provided from other financial institutions, subordinated debt instruments and securities issued, alternative resource interest rates are considered.

Information on fair value measurements recognized in the financial statements:

TFRS 7 "Financial Instruments: Disclosures" Standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations regarding the presentation of consolidated financial assets and liabilities at fair value Continued)

Investor valuation and price reports are used for determination of fair values of level 3 assets The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles.

Current Period (31.12.2023)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or Loss	**-**	**-**	**591.455**
Debt securities	-	-	-
Share certificates	-	-	591.455
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	**14.968.360**	**233.893**	**4.186**
Debt securities	14.968.360	233.893	-
Share certificates[1]	-	-	4.186
Other	-	-	-
Derivative Financial Assets	**-**	**65.716**	**-**
Investment in Associates and Subsidiaries[1]	-	-	**-**
Derivative Financial Liabilities	-	**18.299**	-

[1] Non-public subsidiaries, affiliates and unlisted shares are monitored at cost of acquisition. Cost may be an appropriate estimate of fair value. This situation is measured at cost because there is not enough recent information regarding the measurement of fair value or because fair value can be measured by more than one method and among these methods, cost best reflects the fair value estimate.

Prior Period (31.12.2022)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or Loss	**-**	**-**	**289.829**
Debt securities	-	-	-
Share certificates	-	-	289.829
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	**8.629.769**	**-**	**3.614**
Debt securities	8.629.769	-	-
Share certificates[1]	-	-	3.614
Other	-	-	-
Derivative Financial Assets	**-**	**31.094**	**-**
Investment in Associates and Subsidiaries[1]	-	-	**-**
Derivative Financial Liabilities	-	**11.157**	-

[1] Non-public subsidiaries, affiliates and unlisted shares are monitored at cost of acquisition. Cost may be an appropriate estimate of fair value. This situation is measured at cost because there is not enough recent information regarding the measurement of fair value or because fair value can be measured by more than one method and among these methods, cost best reflects the fair value estimate.

The table below shows the movement table of Level 3 financial assets.

Level 3 Movement Table	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the Beginning of the Period	**293.443**	**223.653**
Purchases During the Period	108.231	139.036
Disposals Through Sale/Redemptions	(8.372)	(98.411)
Valuation Effect	202.339	29.165
Transfers	-	-
Balance at the End of the Period	**595.641**	**293.443**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Explanations on the Transactions Made on Behalf of Others and Items Held in Trust

The Bank provides security buying, selling and custody services on behalf and account of others. The Bank also acts as an intermediary in the execution of tourism and infrastructure investments on behalf of the Republic of Türkiye Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

The Bank does not carry out any transactions based on faith.

X. Explanations Related to Consolidated Risk Management:

1. General explanations regarding risk management and risk-weighted amounts:

The Bank's risk management approach:

It should be emphasized firstly that the Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability Committee and the Credit Evaluation Committee constitute two main committees that play a critical role in the execution of the Bank's activities; which the Asset and Liability Committee ensuring that the assets and liabilities are managed effectively and efficiently by taking into consideration the current and possible economic developments and the factors such as interest, maturity and currency, and establishing coordination and communication between the Senior Management and the Bank's units, and the Credit Evaluation Committee with the function of determining the principles of lending, evaluating the credit-participation risk and the situation of the investment, evaluating the reports prepared on the loan appraisal and in summary taking care of all the lending activities. Within the framework of the short-term strategies determined by the Asset and Liability Committee in line with the vision and strategic objectives of the Bank's Strategic Plan, each of the units in the Bank comply with these targets and the risk budgeting application based on the consolidation of these budgets are applied to contribute to the basic activities of the Bank.

Risk monitoring processes constitute the main determinant of risk management policies in decision making processes in the Bank. The organizational structure of the risk monitoring processes is composed of, the "Internal Control and Compliance" and "Risk Management" Directorates which the duties and authorities established within the Bank with the decision of the Board of Directors pursuant to the Banking Law and the BRSA legislation, the Audit Committee and the Internal Inspection Department. The units within the internal systems of the Bank and the Audit Committee undertake their activities in accordance with the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" dated 11/07/2014 and numbered 29057 of the BRSA.

The general principle of the risk policies followed by the Bank where committees and the implementation of risk budgeting are actively used in decision-making mechanisms and risk management processes; which was approved by Board of Directors dated 11.01.2016, 2016-01-15/015 stated in the Bank's "Risk Management Strategies, Policies and Implementation Principles", "To specialize in the activities in accordance with the mission, vision and structure determined by the Establishment Law, to take risks that can be identified, controlled and / or managed, and to make efforts to avoid any risks other than the risks inevitable and arising as part of the nature of the activities". While the Bank is specializing in its activities and shaping the asset composition in line with this general principle in accordance with its vision and structure, in the risk management policy it is subject to the principle of "taking risks that can be controlled and / or managed, not taking any risks other than the risks that are unavoidable and to apply this principle as much as possible. In this context, it is the basic principle to ensure that the risks to be taken are defined and manageable.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued)

1. General explanations regarding risk management and risk-weighted amounts (Continued)

The Bank's risk management approach (Continued)

In addition, to the extent that risk measurement and reporting techniques allow, measurement of the present and future potential impacts of the risks taken is made and written limits for the quantifiable risks arising from the operations of the Bank are determined according to the BRSA regulations. Therefore, the risk appetite of the Bank is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled "Risk Appetite Structure" of Internal Systems and ICAAP Regulations of Banks No. 29057 issued by the BRSA and published in the Official Gazette on 11 July 2014. "Risk Limits and Implementation Principles", which are revised by the Risk Management Department annually in accordance with the Bank's risk policies and accepted by the Board of Directors, are the main policy that determines the Bank's risk appetite structure.

According to the "Risk Limits and Implementation Guidelines" which is the most important indicator of the risk appetite of the Bank, limits, early warning limits and actions to be taken in case of exceeding limit are determined by basic risk groups. In determining limits, the legal limits shape the general framework. However, in addition to the principle of prudence in risk management, specific limits specific to the Bank are also set for each risk type. The early warning limits are intended to prevent limit overs, and the limits are set one level below (or above). Each risk group covered by the Bank's risk limits is monitored by reports made to the Senior Management and the Audit Committee on a daily, weekly, monthly basis by the Risk Management Department and is first informed to the relevant unit in the framework of the actions to be taken in determining the elimination of exceeded limits.

It is clear that both the decision-making mechanisms and the risk management processes are the general principle of risk policies and the Bank has a "risk avoider" risk appetite within the framework of risk limits and implementation principles.

The limits stated in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors within the framework of the 37th article of "Regulation on Internal Systems of Banks" issued by the BRSA for quantifiable risks arising from the activities of the Bank are determined. The Risk Management Department monitors compliance with these limits and regularly reports to the Board of Directors, the Audit Committee and the Senior Management.

Stress test scenario analyzes carried out by the Bank within the scope of risk management activities include various techniques to measure the potential resilience of the Bank portfolio against unexpected risks. Capital Planning Buffer prepared in accordance with the provisions of the "Stress Test Program" specified in article 43 of "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" and Guidelines for Stress Tests to be Used by Banks in Capital and Liquidity Planning and specified in Article 59 of the Regulation. The results of the implementation of the scenarios determined by the BRSA used in the calculation are sent to the BRSA within the scope of the ISEDES (Internal Capital Adequacy Assessment Process) Report prepared by Risk Management Department annually. In the ISEDES Report, the Bank's capital adequacy level is evaluated by applying the BRSA and our Bank scenarios on the Bank's 3-year Strategic Plan predictions.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued)

1. General explanations regarding risk management and risk-weighted amounts (Continued)

The Bank's risk management approach (Continued)

The stress test scenario analyzes, which are updated quarterly for the Bank, are also structured in a structure parallel to ISEDES practices. Stress testing is carried out by applying two negative scenarios of the relevant year, determined by the BRSA, to the financial statements and capital adequacy ratio components of the period to be tested.

In the stress test study, shocks are given on the basis of two basic parameters (interest and exchange rate), and by each parameter and each scenario the effects of these shocks on;

i- Balance sheet and statement of profit or loss

ii- Legal equity

iii- Risk Weighted Assets (RWA)

iv- Capital Adequacy Ratio (CAR)

are evaluated.

The first parameter used in the scenario analysis is the exchange rate and the other is the interest rates. Exchange rate and interest shocks are designed as base, negative and extremely negative scenarios sent by BRSA.

On the Bank's securities portfolio, portfolio sensitivity is firstly calculated against changes in interest rates, and two separate scenarios are set forth to compensate for the potential loss arising from adverse interest rate changes.

The Bank's "Proforma Cash Flows Statement" analysis, which is prepared based on the possible cash inflows and outflows in the next one-year period, including seven different scenarios, ranging from 45 percent to 95 percent of "loan collection rates" and implicitly including currency and interest forecasts, it is the most detailed scenario analysis that the Bank has prepared. In this analysis, the effects of different collection ratios on the liquidity risk of the Bank are evaluated.

Footnotes and related explanations prepared in accordance with the "Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks" published in the Official Gazette No: 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 Decemmber 2023, as the Bank's standard approach was used in the calculation of capital adequacy:

- RWA flow statement under Internal Ratings Based Approach (IRB)

- RWA flow statements of CCR exposures under Internal Model Method (IMM)

- RWA flow statements of market risk exposures under Internal Model Approach

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X.Explanations Related to Consolidated Risk Management (Continued)

1. General information on risk management and risk weighted amounts:

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)
1	Credit risk (excluding counterparty credit risk) (CCR)	99.876.756	74.909.081	7.990.140
2	Of which standardized approach (SA)	99.876.756	74.909.081	7.990.140
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	612.536	692.432	49.003
5	Of which standardized approach for counterparty credit risk (SA-CCR)	612.536	692.432	49.003
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	14.226.300	107.525	1.138.104
17	Of which standardized approach (SA)	14.226.300	107.525	1.138.104
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	3.360.326	1.889.314	268.826
20	Of which basic indicator approach	3.360.326	1.889.314	268.826
21	Of which standardized approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**118.075.918**	**77.598.352**	**9.446.073**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X.Explanations Related to Consolidated Risk Management (Continued)

2. Credit risk disclosures:

General qualitative information about credit risk:

The Bank calculates its legal credit risk as per the framework of the "Regulation on the Measurement and Evaluation of Banks' Capital Adequacy" and Basel II criteria. The management of credit risk is essential in such a way as to ensure that the standard ratio of legal capital adequacy is above the minimum limit of existing regulations.

Within the scope of "Basel II application" under the measure of credit risk, the standard method prescribed by the BRSA is used and this measurement method based on weighting to the classes and guarantees of the loans is embodied in the KR520 form which is reported monthly to the BRSA. There are basically 3 main headings of the form:

- Risk Classes,
- Credit Risk Reduction Techniques and Credit Risk Substitution Effects,
- Distribution by Risk Weights.

In order to determine the credit risk, the Bank's Risk Weighted Assets are classified by "Separation On The Basis of Risk Classes". After the asset is classified according to the risk classes, collaterals received on loans are assessed under Basel II "Credit Risk Mitigation Techniques and Credit Risk Substitution Effects". The credit risk is measured monthly within the standard method framework, by using the algorithm in the "Basel II Credit Rating Classification".

Respecting the credit risk management measurement, monitoring, stress testing and scenario analysis studies in line with the volume, quality and complexity of loans and reporting results are provided to the Audit Committee and the Board of Directors.

Beside the standard method for determining the level of credit risk that the Bank may encounter, by moving from the Bank's loan portfolio structure for risk measurement and monitoring activities;

- Credit Risks by Sectors
- Credit Risks by Region
- Non-performing Loans Analysis
- Concentration Analysis of Credits
- Risks Weights of Loan Collaterals
- Sectoral Risks According to Risk Weights of Loans
- Distribution of Loans by Maturity and Source
- Distribution of Performing Credits are analyzed and reported.

In the Bank's credit risk management policy, diversification of credit portfolio is essential. Although the Bank is not subject to the credit restrictions imposed on banks accepting deposits pursuant to Article 77 of the Banking Law No. 5411, the Bank has determined its credit limits with the "Credit Policy" published with the approval of the Board of Directors. Credit risk limits are determined in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors, and the limits are monitored daily, weekly and monthly by the Risk Management Unit and reported to the Top Management.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued)

General qualitative information about credit risk (Continued)

All units, including the departments within the Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management in accordance with the framework of the Banking Law, Internal Systems Regulation, and Bank's Duties, Authorities, Responsibilities, and Organization Principles.

The senior management is responsible for the implementation of the credit risk strategy approved by the board of directors and the development of policies and procedures for the recognition, measurement, monitoring, and control of credit risk, and these policies and procedures include credit risks related to all banking activities in the Bank's portfolio.

The explanations prepared by the "Communiqué on Disclosures About Risk Management to be Announced to Public by Banks" published in the Official Gazette No. 29511 on 23 October 2015, and entered into force as of 31 March 2016, are given below.

The Bank reveals risks of the effects of income/expense, capital loss, liquidity adequacy, etc. that may arise regarding macroeconomic indicators and bank-specific situations with periodic reports and stress test studies. Daily, weekly, monthly and annual reports are produced with the risk measurement models and methods used by the Bank regarding the risk situation of the Bank, and they are regularly reported to the Board of Directors, Audit Committee, and Senior Management. The possible effects on the Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

It is aimed to disseminate the risk appetite framework and culture created by the Bank through the training given to the personnel, risk measurements and reporting, and risk reporting to the Board of Directors, Senior Management, and Committees.

As a part of the risk appetite structure, it is aimed to determine the risk appetite level of the Bank through regulations such as the determination of risk limits, limit exceedance exceptions, and early warning levels. Limits are updated periodically, taking into account the developments in the Bank's strategy and risk appetite. Early warning levels indicating that the determined limits are approached have also been determined, and in case the limit levels are approached or exceeded, the relevant units take the necessary actions and arrangements. Risk limits are determined together with the relevant senior managers, including the Manager of the Risk Management Unit and the General Manager of the Bank, and submitted to the Board of Directors for approval following the approval of the Audit Committee. While determining the limits, the macroeconomic environment and market trends, as well as the targets and policies of the Bank are taken into account, and risk concentration limits are determined based on sector, geographical region, country and product.

Since the Bank uses a standard approach in capital adequacy calculations, explanations within the scope of the internal rating-based approach are not included.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Credit quality of assets:

	Current Period (31.12.2023)	Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	848.082	83.310.626	(1.421.094)	82.737.614
2	Debt securities	-	29.679.219	(8.659)	29.670.560
3	Off-balance sheet assets	2	4.754.338	(53.480)	4.700.860
4	**Total**	**848.084**	**117.744.183**	**(1.483.233)**	**117.109.034**

	Prior Period (31.12.2022)	Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	894.374	59.445.921	(1.107.637)	59.232.658
2	Debt securities	-	16.308.839	(19.972)	16.288.867
3	Off-balance sheet assets	2	3.041.459	(49.545)	2.991.916
4	**Total**	**894.376**	**78.796.219**	**(1.177.154)**	**78.513.441**

Changes in non-performing loans and debt securities:

	Current Period (31.12.2023)	
1	Defaulted loans and debt securities at the end of prior reporting period	894.374
2	Defaulted loans and debt securities from last reporting period	95.249
3	Returned to non-defaulted status	(141.541)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	848.082

	Prior Period (31.12.2022)	
1	Defaulted loans and debt securities at the end of prior reporting period	855.150
2	Defaulted loans and debt securities from last reporting period	230.129
3	Returned to non-defaulted status	(190.905)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	894.374

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Additional disclosures regarding the credit quality of assets:

The Bank evaluates its financial assets in 3 Stages within the scope of TFRS 9. In this context, for defaulted loans (3.Stage) and loans that have not yet defaulted, but which have significantly increased credit risk from the date of the loan's issuance (2.Stage), the Bank calculates the expected lifetime credit loss. The Bank's other financial assets covered by TFRS 9 (1.Stage); the Bank reflects the probability of default within 12 months after the reporting date as the expected loss provision.

In case of payment failure of borrowers to the Bank due to temporary liquidity shortage loans and other receivables, including overdue interest, are restructured within the scope of the Provision Regulation by opening additional loans when necessary in order to provide liquidity strength to the borrower and to ensure the collection of the Bank's receivables.

Temporary liquidity shortage is considered as a manageable cash deficit caused by a loan borrower who has the solvency to pay his obligations on time and in full becoming irregular due to fluctuations in fund inflows and outflows, sales revenues or operating income arising from normal activities due to an unexpected and temporary reason.

Restructured loans will continue to be monitored in the groups in which they are classified and monitored until that date. During this period, provision for these receivables will continue to be allocated at the expected loss provision rates applied to the group in which they are monitored.

Breakdown of non-performing loans and respective provisions by geographic regions

Current Period (31.12.2023)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	848.082	528.780
European Countries	-	-
OECD Countries	-	-
Total	**848.082**	**528.780**

Prior Period (31.12.2022)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	894.374	567.821
European Countries	-	-
OECD Countries	-	-
Total	**894.374**	**567.821**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Information in terms of major sectors and type of counterparties

Current Period (31.12.2023)	Loans	Non-Performing Loans	Expected Loss Provision	Total (Net)
Agriculture	**426.371**	**-**	**498**	**425.873**
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	426.371	-	498	425.873
Industry	**72.145.595**	**751.728**	**1.309.764**	**71.587.559**
Mining and quarry	392.602	-	5.755	386.847
Manufacturing	32.510.780	6.403	180.230	32.336.953
Electricity, gas and water	39.242.213	745.325	1.123.779	38.863.759
Construction	**1.010.628**	**-**	**13.243**	**997.385**
Service	**9.728.032**	**95.220**	**96.455**	**9.726.797**
Wholesale and retail trade	-	-	-	-
Hotel and restaurant services	1.171.405	91.756	47.947	1.215.214
Transportation and communication	-	-	-	-
Financial institutions	8.214.342	-	44.391	8.169.951
Real estate and leasing services	-	-	-	-
Self-employment services	-	-	-	-
Educational services	84.986	-	422	84.564
Health and social services	257.299	3.464	3.695	257.068
Other	**-**	**1.134**	**1.134**	**-**
Total	**83.310.626**	**848.082**	**1.421.094**	**82.737.614**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Miscellaneous information by key sectors or counterparty type (Continued):

Prior Period (31.12.2022)	Loans	Non-Performing Loans	Expected Loss Provision	Total (Net)
Agriculture	**-**	**-**	**-**	**-**
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	**42.973.937**	**850.019**	**1.012.119**	**42.811.837**
Mining and quarry	**-**	-	-	**-**
Manufacturing	15.934.000	7.053	65.189	15.875.864
Electricity, gas and water	27.039.937	842.966	946.930	26.935.973
Construction	**698.848**	**-**	**5.294**	**693.554**
Service	**15.258.960**	**43.221**	**87.660**	**15.214.521**
Wholesale and retail trade	214.821	-	2.396	212.425
Hotel and restaurant services	1.341.560	39.972	46.462	1.335.070
Transportation and communication	215.210	-	1.143	214.067
Financial institutions	12.755.856	-	28.802	12.727.054
Real estate and leasing services	253.916	-	3.405	250.511
Self-employment services	-	-	-	-
Educational services	84.540	-	261	84.279
Health and social services	393.057	3.249	5.191	391.115
Other	**514.176**	**1.134**	**2.564**	**512.746**
Total	**59.445.921**	**894.374**	**1.107.637**	**59.232.658**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Maturity analysis for non-performing loans

Current Period (31.12.2023)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	-	68.030	709.012	36.314	33.592
Other	-	-	-	-	1.134
Total	**-**	**68.030**	**709.012**	**36.314**	**34.726**

Prior Period (31.12.2022)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	-	-	842.966	-	50.274
Other	-	-	-	-	1.134
Total	**-**	**-**	**842.966**	**-**	**51.408**

Breakdown of restructured receivables by whether provision has been allocated or not

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Loan Balance	Expected Loss Provisions	Loan Balance	Expected Loss Provisions
Restructured from Performing Loans	1.185.182	79.615	604.972	21.569
Restructured from Non-Performing Loans	745.325	472.090	22.848	145
Total	**1.930.507**	**551.705**	**627.820**	**21.714**

Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques:

In the calculation of the amounts subject to credit risk, the Bank evaluates the loans in terms of risk weight, taking into consideration the risk classes, grading notes and risk reduction elements within the context of "Communiqué on Credit Risk Mitigation Techniques".

The Bank does not make on-balance sheet and off-balance sheet netting within the scope of credit risk mitigation. Applications related to valuation and management of collateral are carried out in line with the "Communiqué on Credit Risk Mitigation Techniques". Main guarantees taken by the Bank in the context of credit risk mitigation techniques are financial guarantees (cash) and guarantees (Turkish Treasury and banks). Monetary guarantees are evaluated with the most recent values as of the reporting date in the credit risk reduction process. In the event that a bank loan customer receives guarantees obtained from other institutions, the credit risk worthiness of the guaranteeing institution in the credit risk reduction process is taken into consideration. Risk-reducing effects of collaterals are taken into account through standard volatility adjustments in the portfolios in which the comprehensive financial guarantee method is used.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Overview of credit risk mitigation techniques:

	Current Period (31.12.2023)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	4.307.948	79.850.760	100%	-	-	-	-
2	Debt Instruments	-	29.679.219	100%	-	-	-	-
3	**Total**	**4.307.948**	**109.529.979**	**100%**	-	-	-	-
4	Overdue	-	848.082	100%	-	-	-	-

	Current Period (31.12.2023)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	3.014.941	57.325.354	100%	-	-	-	-
2	Debt Instruments	-	16.308.839	100%	-	-	-	-
3	**Total**	**3.014.941**	**73.634.193**	**100%**	-	-	-	-
4	Overdue	-	894.374	100%	-	-	-	-

Qualitative information on ratings used by banks while calculating credit risk with standard approach :

The risk weigths of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank" are determined pursuant to the regulations. Any external risk ratings which are determined by any international rating agency are not used.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects

The Parent Bank calculates the credit risk with a standard approach and do not use rating scores.

Current Period (31.12. 2023)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
Risk Class	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
Exposures to central governments and central banks	15.426.669	-	17.152.893	-	8.127.217	47,4%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	30.466.555	262.919	37.195.272	131.465	19.528.511	52,3%
Exposures to corporates	72.318.476	12.657.072	65.332.441	4.754.331	70.086.772	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.762	-	51.762	-	18.117	35,0%
Exposures secured by commercial property	2.726.045	-	2.720.997	-	1.579.441	58,0%
Past-due receivables	319.302	-	319.302	-	184.772	57,9%
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	228.437	54	228.437	54	228.491	100,0%
Other exposures	651.322	-	606.148	-	605.126	99,8%
Equity share investments	-	-	-	-	-	-
Total	**122.188.568**	**12.920.045**	**123.607.252**	**4.885.850**	**100.358.447**	**78,1%**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects (Continued)

Current Period (31.12.2022)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
Risk Class	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
Exposures to central governments and central banks	13.576.048	-	14.124.977	-	7.263.824	51,4%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.163.410	127.916	33.802.039	63.963	20.500.792	60,5%
Exposures to corporates	45.465.120	14.824.353	43.223.442	2.982.102	46.205.544	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	48.384	-	48.384	-	16.935	35,0%
Exposures secured by commercial property	1.173.371	-	1.173.371	-	682.090	58,1%
Past-due receivables	326.553	-	326.553	-	163.277	50,0%
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	129.401	6.006	129.401	6.006	135.407	100,0%
Other exposures	439.338	-	439.338	-	437.165	99,5%
Equity share investments	-	-	-	-	-	-
Total	**92.321.625**	**14.958.275**	**93.267.505**	**3.052.071**	**75.405.034**	**78,3%**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Standard Approach - Exposures by asset classes and risk weights:

The bank calculates credit risk with a standard approach and does not use rating scores.

	Current Period (31.12.2023)											
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to central governments and central banks	9.025.676	-	-	-	-	-	-	8.127.217	-	-	-	17.152.893
2	Exposures to regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	68.372	-	15.219.014	-	-	10.629.701	-	11.164.964	-	-	244.686	37.326.737
7	Exposures to corporates	-	-	-	-	-	-	-	70.086.772	-	-	-	70.086.772
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	51.762	-	-	-	-	-	-	51.762
10	Exposures secured by commercial property	-	-	-	-	-	2.283.112	-	437.885	-	-	-	2.720.997
11	Past-due receivables	-	-	-	-	-	269.060	-	50.242	-	-	-	319.302
12	Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	228.491		-	-	228.491
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	1.021	-	-	-	-	-	-	605.127	-	-	-	606.148
18	**Total**	**9.095.069**	**-**	**15.219.014**	**-**	**51.762**	**13.181.873**	**-**	**90.700.698**		**-**	**244.686**	**128.493.102**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Standard Approach - Exposures by asset classes and risk weights (Continued):

Prior Period (31.12.2022)													
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to central governments and central banks	6.861.153	-	-	-	-	-	-	7.263.824	-	-	-	14.124.977
2	Exposures to regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	128.516	-	15.514.730	-	-	1.403.024	-	16.693.816	-	-	125.916	33.866.002
7	Exposures to corporates	-	-	-	-	-	-	-	46.205.544	-	-	-	46.205.544
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	48.384	-	-	-	-	-	-	48.384
10	Exposures secured by commercial property	-	-	-	-	-	982.563	-	190.808	-	-	-	1.173.371
11	Past-due receivables	-	-	-	-	-	326.553	-	-	-	-	-	326.553
12	Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	135.407	-	-	-	135.407
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	2.172	-	-	-	-	-	-	437.166	-	-	-	439.338
18	**Total**	**6.991.841**	**-**	**15.514.730**	**-**	**48.384**	**2.712.140**	**-**	**70.926.565**	**-**	**-**	**125.916**	**96.319.576**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures:

Qualitative explanation of the evaluation of counterparty credit risk according to measurement methods:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet over the counter derivative transactions, by taking into account risk capacities.

Transactions made by the Treasury Department including counter-party risks such as over the counter forward, swaps and options are reported daily to the Senior Management and Risk Management Department. All transactions made with counterparty are considered within the limits of the counterparty. Exceeded limits are reported daily to the responsible managers and are recorded with all measures taken to overcome these limitations.

Current Period (31.12.2023)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Computing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	50.728	527.402		1,4	809.381	610.166
2	Internal Model Method (for derivative transactions and security financing transactions)			-	-	-	-
3	Simple financial collateral method used for CRM (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for CRM (for securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and credit securities financing transactions					118.499	2.370
6	**Total**						**612.536**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Evaluation of counterparty credit risk according to measurement methods

	Prior Period (31.12.2022)	Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	159.367	516.261		1,4	945.880	682.781
2	Internal Model Method (for derivative transactions and security financing transactions)			-	-	-	-
3	Simple financial collateral method used for CRM (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for CRM (for securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and credit securities financing transactions					86.642	9.651
6	**Total**						**692.432**

Capital obligation for KDA:

Derivative transactions of the Bank consists of forward foreign exchange buying-selling and swap money buying-selling transactions. There are no interest-based swap transactions, option contracts and other derivative transactions. The Bank has no derivative products to be created to differentiate them from the main contract.

	Current Period (31.12.2023)	Risk Amount (After using credit risk mitigation techniques)	Risk-weighted amounts
	Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
1	(i) Value-at-risk component (including 3*multiplier)	-	-
2	(ii) Stress value-at-risk (including 3*multiplier)	-	-
3	Total amount of portfolios subject to CVA capital requirement according to the standard method	809.381	130.670
4	Total amount subject to CVA capital requirement	809.381	130.670

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Capital obligation for KDA (Continued):

	Prior Period (31.12.2022)	Risk Amount (After using credit risk mitigation techniques)	Risk-weighted amounts
	Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
1	(i) Value-at-risk component (including 3*multiplier)	-	-
2	(ii) Stress value-at-risk (including 3*multiplier)	-	-
3	Total amount of portfolios subject to CVA capital requirement according to the standard method	945.880	196.143
4	Total amount subject to CVA capital requirement	945.880	196.143

Standard approach - Counterparty credit risk according to risk classes and risk weights:

Current Period (31.12.2023)									
Risk Weights / Risk Class	0%	10%	20%	50%	75%	100%	150%	Diğer	Total Credit Exposure (*)
Exposures to sovereigns and their central banks	7.180	-	-	-	-	1.987	-	-	321.987
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	68.372	-	-	-	-	285.655	-	244.686	290.549
Exposures to corporates	-	-		-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	**75.552**	**-**	**-**	**-**	**-**	**607.642**	**-**	**244.686**	**612.536**

(*) Total credit risk: The amount to be taken into account in the calculation of capital adequacy after credit risk reduction is applied.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Standard approach - Counterparty credit risk according to risk classes and risk weights (Continued):

Prior Period (31.12.2022)									
Risk Weights / Risk Class	0%	10%	20%	50%	75%	100%	150%	Diğer	Total Credit Exposure (*)
Exposures to central governments and central banks	38.385	-	48.257	-	-	-	-	-	9.651
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	128.516	-	13.982	-	-	677.466	-	125.916	682.781
Exposures to corporates	-	-		-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	**166.901**	**-**	**62.239**	**-**	**-**	**677.466**	**-**	**125.916**	**692.432**

(*) Total credit risk: The amount to be taken into account in the calculation of capital adequacy after credit risk reduction is applied.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Collaterals used for counterparty credit risk (Continued)

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet derivative transactions, by taking into account risk capacities.

Current Period (31.12.2023)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given			
	Unsegregated	Segregated	Unsegregated	Segregated	Collaterals received	Collaterals given
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	276.707	-	247.294	2.737.755
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	**276.707**	-	247.294	**2.737.755**

Prior Period (31.12.2022)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given			
	Unsegregated	Segregated	Unsegregated	Segregated	Collaterals received	Collaterals given
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	266.911	-	-	2.918.261
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**266.911**	**-**	**-**	**2.918.261**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Credit derivatives
None.

Exposures to central counterparties (CCP)

Current Period (31.12.2023)	Risk Amount After CRM	RWA
Total risks arising from qualified transactions where one of the parties is CCP	**304.383**	**2.698**
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	126.187	2.698
(i) OTC derivatives	-	-
(ii) Other derivative transactions	126.187	2.524
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	169.512	-
Free initial deposit	-	-
The amount put into the guarantee fund	8.684	174
The amount promised to be put into the guarantee fund	-	-
Total risks arising from non-qualified transactions where one of the parties is CCP	-	-
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	-	-
(i) OTC derivatives	-	-
(ii) Other derivative transactions	-	-
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	-	-
Free initial deposit	-	-
The amount put into the guarantee fund	-	-
The amount promised to be put into the guarantee fund	-	-

Securitization disclosures

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

4. Market risk disclosures:

Qualitative information to be disclosed to the public regarding market risk:

The Parent Bank is exposed to market risk depending on the fluctuations that may occur in the financial market as a result of its activities, in exchange rates, interest rates and stock prices.

The Parent Bank calculates and legally reports its market risk by using the standard method within the framework of the provisions of the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy" published in the Official Gazette No. 29511 dated 23 October 2015.

In addition to the monthly standardized methodology, the market risk is calculated on a daily basis using the Value At Risk ("VaR") approach. The VaR calculated by using the internal model to predict the potential loss in financial market conditions, the stress tests and scenario analysis results, including the price changes occurring in the crises that occurred in previous years or the probable effects of different interest and exchange rate shocks on existing portfolios are reported to Audit Committee and top management.

In accordance with the "Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process" published on the Official Gazette dated 11 July 2014 and numbered 29057, the limits of these risks are determined by taking into account the main risks borne by the Bank and such risk limits are determined within the framework of changing market conditions and Bank strategies "Risk Appetite Structure, Risk Limits and Implementation Principles" which are frequently revised and approved by the Board of Directors.

The reports prepared within the framework of compliance with the risk limits are regularly presented to the Board of Directors, the Audit Committee and senior management.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

4. Market risk disclosures (Continued):

PR1 - Market risk amounts according to the standard approach:

	Current Period 31.12.2023	Prior Period 31.12.2022
	RAT	RAT
Direct (cash) Products		
Interest rate risk (general and specific)	14.150.941	-
Equity risk (general and specific)	-	-
Foreign exchange risk	75.359	107.525
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization	-	-
Total	**14.226.300**	**107.525**

5. Link between the financial statements and risk amounts:

Explanations on differences between the amounts prepared as per TAS and the risk amounts:

"Credit Risks" are calculated over the securities classified as "Financial assets at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income".

Repurchase and reverse repo transactions of the Bank are subject to "Counterparty Credit Risks" and the Capital Obligation against Counterparty Credit Risk is calculated and reported under the "Credit Risk". In addition, "Market Risk" is calculated over the securities used in the "Reverse Repo" transactions.

The amount included in the "Off-balance sheet amounts" line of the B2 table is reported as "Subject to Credit risk" by multiplying with "Credit Conversion Rates".

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

5. Links between financial statements and risk amounts (Continued):

Differences and matching between the scope of accounting consolidation and legal consolidation:

	Carrying values in financial statements prepared as per TAS(*)	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Current Period (31.12.2023)							
Assets							
Cash and Balances with the Central Bank	1.873	2.560	2.560	-	-	-	-
Financial assets held for trading		318.816	318.816	-	-	-	-
Financial assets at fair value through profit or loss	256.752	272.639	272.639	-	-	-	-
Banks	11.655.094	4.935.249	4.935.249	-	-	-	-
Money market receivables	7.876.167	17.034.644	16.795.102	239.542			
Financial Assets at Fair Value Through Other Comprehensive Income	8.981.676	15.220.615	1.322.568	-	-	13.898.047	-
Derivative Financial Assets	1.264.983	65.715	65.715	-	-	-	-
Loans and Receivables	81.510.661	82.737.614	82.737.614	-	-	-	-
Factoring receivables	-	-					
Financial Assets Measured at Amortised Cost	10.449.189	14.473.466	14.473.466	-	-	-	-
Investments in associates	10.586	10.586	10.586	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
Lease receivables	65	-	-	-	-	-	-
Tangible assets (net)	48.122	43.010	43.010	-	-	-	32.323
Intangible assets (net)	22.072	32.323	-	-	-	-	32.323
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	24.288	324.243	324.243	-	-	-	-
Other assets	195.820	228.206	228.206	-	-	-	-
Total Assets	**122.297.348**	**135.699.686**	**121.529.774**	**239.542**	**-**	**13.898.047**	**32.323**

(*) The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

5. Links between financial statements and risk amounts (Continued):

Differences and matching between the scope of accounting consolidation and legal consolidation (Continued):

			Items in accordance with TAS				
Current Period (31.12.2023)	Carrying values in financial statements prepared as per TAS(*)	Carrying values in financial statements prepared as per TAS within legal consolidation	Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	311.569	18.299	-	18.299	-	-	-
Funds borrowed	91.105.474	97.947.040	-	-	-	-	-
Money markets balances	2.626.272	2.874.989	-	2.874.989	-	-	-
Issued securities	3.241.298	4.176.377	-	-	-	-	-
Funds	5.688.852	6.397.933	-	-	-	-	-
Miscellaneous Payables	-	373.365	-	-	-	-	-
Other external funding's payable	858.691	448.306	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	22.004	21.326	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	237.201	433.171	-	-	-	-	-
Tax liability	195.024	547.485	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	9.384.429	11.578.723	-	-	-	-	-
Shareholders' equity	8.626.534	10.882.672	-	-	-	-	-
Total liabilities and equity	**122.297.348**	**135.699.686**	**-**	**2.893.288**	-	**-**	-

(*) The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

5. Links between financial statements and risk amounts (Continued):

Differences and matching between the scope of accounting consolidation and legal consolidation (Continued):

			Items in accordance with TAS				
Prior Period (31.12.2022)	Carrying values in financial statements prepared as per TAS (*)	Carrying values in financial statements prepared as per TAS within legal consolidation	Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances with the Central Bank	1.541	835	835	-	-	-	-
Financial assets held for trading	-	132.363	132.363	-	-	-	-
Financial assets at fair value through profit or loss	179.249	157.466	157.466	-	-	-	-
Banks	6.004.824	8.744.629	8.744.629	-	-	-	-
Money market receivables	3.612.247	6.629.640	6.629.640				
Financial Assets at Fair Value Through Other Comprehensive Income	5.742.707	8.646.942	8.646.942	-	-	-	-
Derivative Financial Assets	144.077	31.094	31.094	-	-	-	-
Loans and Receivables	49.227.373	59.232.660	59.232.660	-	-	-	-
Factoring receivables	-	-		-	-	-	-
Financial Assets Measured at Amortised Cost	5.736.788	7.663.559	7.663.559	-	-	-	-
Investments in associates	10.586	10.586	10.586	-	-	-	-
Subsidiaries	-	-	-				
Lease receivables	14	1	1	-	-	-	-
Tangible assets (net)	30.290	89.436	89.436	-	-	-	-
Intangible assets (net)	19.884	21.673	-	-	-	-	21.673
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	133.843	169.179	169.179	-	-	-	
Other assets	170.220	169.733	169.733	-	-	-	-
Total Assets	**71.013.643**	**91.699.796**	**91.678.123**		**-**	**-**	**21.673**

(*) The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

5. Links between financial statements and risk amounts (Continued):

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

	Current Period (31.12.2023)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	135.699.686	121.529.774	-	239.542	13.898.047
2	Carrying values of liabilities in accordance with TAS within legal consolidation	135.699.686	-	-	2.874.989	-
3	**Total net amount under legal consolidation**	**-**	**121.529.774**	**-**	**(2.635.447)**	**13.898.047**
4	Off-balance sheet items	36.444.918	14.340.411	-	22.104.507	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (other than line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	**172.144.604**	**135.870.185**	**-**	**19.469.060**	**13.898.047**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

5. Links between financial statements and risk amounts (Continued):

Differences and matching between the scope of accounting consolidation and legal consolidation (Continued):

			Items in accordance with TAS				
Prior Period (31.12.2022)	Carrying values in financial statements prepared as per TAS (*)	Carrying values in financial statements prepared as per TAS within legal consolidation	Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	173.266	11.157	-	-	-	-	-
Funds borrowed	52.205.091	63.339.728	-	2.945.163	-	-	-
Money markets balances	2.947.730	2.945.163	-	-	-	-	-
Issued securities	-	2.121.456	-	-	-	-	-
Funds	3.603.710	8.418.825	-	-	-	-	-
Miscellaneous Payables		347.070	-	-	-	-	-
Other external funding's payable	653.750	237.921	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	-	24.161	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	106.812	165.756	-	-	-	-	-
Tax liability	165.845	287.483	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	5.917.814	6.947.336	-	-	-	-	-
Shareholders' equity	5.239.625	6.853.740	-	-	-	-	-
Total liabilities and equity	**71.013.643**	**91.699.796**	-	**2.945.163**	-	-	-

(*) The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

5. Links between financial statements and risk amounts (Continued):

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

	Prior Period (31.12.2022)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	91.699.796	91.678.123	-	-	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	91.699.796	-	-	2.945.163	-
3	**Total net amount under legal consolidation**	**-**	**91.678.123**	**-**	**(2.945.163)**	**-**
4	Off-balance sheet items	40.760.505	14.958.275	-	25.802.230	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (other than line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-		-
	Risk balances	**132.460.301**	**106.636.398**	**-**	**22.857.067**	**-**

There is no significant difference between the amounts reported in the financial statements by TAS and the risk amounts used within the scope of capital adequacy.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

6. Operational risk disclosures:

According to the Parent Bank's Operational Risk Management Policy, operational risk management practices are developed taking into account the fact that errors and irregularities are overlooked as a result of failures in internal controls, the Bank's management and staff do not act in accordance with time and conditions, errors and failures in information technology systems, losses that may arise from disasters such as earthquakes, fires, floods, and losses caused by other factors that may occur on the Bank and sector basis.

The amount based on the operational risk at the Bank is determined by Article 14 of the "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks". It is calculated using the basic indicator method within the scope of the article. The value found by multiplying the average of fifteen percent of the bank's year-end gross income amounts realized as of the last three years by twelve and a half is taken into account as the amount based on operational risk.

Annual gross income is calculated by adding net interest income, net fee and commission income, dividend income from shares other than subsidiary and affiliate shares, commercial profit/loss (net) and other operating income, profit/loss from the sale of assets tracked in securities accounts to be held to maturity, extraordinary income and insurance indemnity amounts to net interest income as shown in the statement of profit or loss of financial reports.

Current Period (31.12.2023)	**31.12.2020**	**31.12.2021**	**31.12.2022**	Total / Positive BG year amount	Ratio (%)	Total
Gross income	770.710	1.496.489	3.109.323	1.792.174	15	268.826
Amount subject to operational risk (Total*12,5)						**3.360.326**

Prior Period (31.12.2022)	**31.12.2019**	**31.12.2020**	**31.12.2021**	Total / Positive BG year amount	Ratio (%)	Total
Gross income	755.704	770.710	1.496.489	1.007.634	15	151.145
Amount subject to operational risk (Total*12,5)						**1.889.314**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

6. Operational risk disclosures (Continued):

The Operational Risk Management Policy, which has been renewed to determine the policy, principles, approach and basic elements on Operational Risk management in order to set out the risks that the Bank will be exposed to in line with its general strategies and long-term goals and the strategies it will follow for these risks, has been approved by the Board of Directors as of 30.12.2020. With this policy, it is aimed to contribute to the establishment of an settled and consistent "Operational Risk Culture" throughout the Bank through the identification, detection, measurement, evaluation and reporting of Operational Risks. It is envisaged that audit findings, internal loss data, risk control and self-assessment report, operational risk analysis report, external data, business process map and key risk indicators will be used in the identification and evaluation of operational risk. In order to analyze the operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are planned to be carried out. As part of reducing operational risks and improving the effectiveness of the operational risk management process, controlling the risks incurred by applying established policies and procedures, reducing them using risk reduction techniques such as insurance, transferring them to another area, using methods such as the use of basic elements that will increase the effectiveness of operational risk management can be listed as the main elements that will increase the effectiveness of operational risk management.

The Bank's Support Services procedures, emergency and contingency plans, which enable the transfer of operational risks by obtaining some necessary support services from specialized organizations, as well as special policies, procedures and controls on money laundering and terrorist financing, which may cause operational risks, management of IT risks, are also envisaged to be established.

In the Bank, all operational risks are within the framework of defining, evaluating, monitoring and controlling / reducing risks. All operational risks in the Bank, within the framework of the identification, evaluation, monitoring and control/reduction of risks, is managed under the supervision of the Board of Directors and the Audit Committee. The results of the activities of the Internal Audit Unit and Internal Control and Compliance Unit for monitoring operational risks are monitored and evaluated by the Audit Committee.

Legal measurements for Operational Risk are made using the Basic Indicator Method within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. Studies of other measurement methods for Measurement of Operational Risks within the scope of Basel and BRSA regulations are carried out by the Risk Management Unit.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

7. Interest rate risk disclosures in banking accounts:

The Parent Bank calculates the interest rate risk on banking book according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" and reports to the BRSA monthly.

Interest Rate Risk on Banking Book report includes receivables from Central Bank, money market placements, receivables from banks, financial assets at fair value through other comprehensive ıncome (excluding government bonds), receivables from reverse-repo transactions, loans and receivables, other financial assets measured at amortised cost and other receivables in the asset side, and payables to central bank, money market borrowings, payables to banks, funds obtained from repo transactions, ıssued bonds, borrowings, subordinated debt and other payables on the liabilities side.

Economic value differences due to the interest rate instabilities calculated according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" are presented below for each currency.

	Current Period (31.12.2023) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(141.928)	(0,73)%
2	TL	(-) 400 base points	124.270	0,64%
3	EURO	(+) 200 base points	209.535	1,08%
4	EURO	(-) 200 base points	(262.744)	(1,36)%
5	USD	(+) 200 base points	(103.505)	(0,54)%
6	USD	(-) 200 base points	118.633	0,61%
	Total (For Positive Shocks))		(35.898)	(0,19)%
	Total (For Negative Shocks)		(19.841)	(0,10)%

	Prior Period (31.12.2022) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(228.504)	(1,77)%
2	TL	(-) 400 base points	228.102	1,77%
3	EURO	(+) 200 base points	57.421	0,44%
4	EURO	(-) 200 base points	(75.169)	(0,58)%
5	USD	(+) 200 base points	(86.266)	(0,67)%
6	USD	(-) 200 base points	97.283	0,75%
	Total (For Positive Shocks))		(257.349)	(1,99)%
	Total (For Negative Shocks)		250.216	1,94%

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to Consolidated Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

1.1.1 Information on cash and balances with the Central Bank of the Republic of Türkiye:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	26	-	44	-
CBRT	2.534	-	791	-
Other	-	-	-	-
Total	**2.560**	**-**	**835**	**-**

1.1.1.a. Information on required reserve deposits:

Since the Parent Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkiye's Communiqué No: 2005/1 'Reserve Requirements

1.1.1.b. Information on the account of Central Bank of the Republic of Türkiye:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Unrestricted demand deposit	2.534	-	791	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	**2.534**	**-**	**791**	**-**

1.1.2. Information on banks:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Banks				
Domestic	3.768.650	1.099.153	7.771.810	921.416
Foreign	-	71.856	-	64.779
Foreign head office and branches	-	-	-	-
Total	**3.768.650**	**1.171.009**	**7.771.810**	**986.195**

1.1.2.a) Information regarding Foreign Bank Accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
EU Countries	47.652	43.478	-	-
USA and Canada	24.204	21.301	-	-
OECD Countries	-	-	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	**71.856**	**64.779**	**-**	**-**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND FOOTNOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.1. Information on cash and cash equivalents (Continued):

1.1.3. Information on receivables from money markets:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Money Market Placements	16.806.484	-	6.634.417	-
Receivables from Reverse Repo Transactions	239.541	-	-	-
Total	**17.046.025**	**-**	**6.634.417**	**-**

1.1.4 Information on expected loss provisions for financial assets

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Cash and balances with Central Bank		-	-	-
Banks	4.410	-	13.376	-
Receivables from money market	11.382	-	4.777	-
Total	**15.792**	**-**	**18.153**	**-**

1.2. Financial assets measured at fair value through profit or loss subject to repurchase agreements (Net):

None.

1.2.a) Financial assets measured at fair value through profit or loss given as collateral or blocked (Net):

None.

1.3. Information on financial assets measured at fair value through other comprehensive income:

1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	706.459	-	486.436	-
Other	-	-	-	-
Total	**706.459**	**-**	**486.436**	**-**

1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	16.734	1.572.231	834.674	793.984
Other	-	-	-	-
Total	**16.734**	**1.572.231**	**834.674**	**793.984**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):

1.3.a.3) Information on financial assets measured at fair value through other comprehensive income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Debt Securities	15.203.882	8.643.578
Quoted on a stock exchange	15.203.882	8.643.578
Unquoted	-	-
Share Certificates	19.200	18.629
Quoted on a stock exchange	-	-
Unquoted	19.200	18.629
Provision for impairment (-)	(2.467)	(15.264)
Total	**15.220.615**	**8.646.943**

1.4. Information on derivative financial assets:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	65.528	188	31.094	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	**65.528**	**188**	**31.094**	**-**

2. Explanations on financial assets measured at amortised cost (Net):

2.1. Information on loans:

2.1.a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under close monitoring:

Cash Loans Current Period (31.12.2023)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	**79.108.932**	**2.720.250**	**605.196**	**-**
Working capital loans	8.603.353	-	6.002	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.214.342	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	62.291.237	2.720.250	599.194	-
Specialized loans	**799.284**	**76.964**	**-**	**-**
Other receivables	-	-	-	-
Total	**79.908.216**	**2.797.214**	**605.196**	**-**

Cash Loans Prior Period (31.12.2022)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	**55.729.460**	**2.290.326**	**303.883**	**-**
Working capital loans	6.963.343	-	3.473	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	12.755.856	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	36.010.261	2.290.326	300.410	-
Specialized loans	**910.031**	**168.389**	**43.832**	**-**
Other receivables	-	-	-	-
Total	**56.639.491**	**2.458.715**	**347.715**	**-**

First and Second Stage Expected Loss Reserves	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months expected credit losses	624.594	-	394.864	-
Significant increase in credit risk	-	267.720	-	144.952

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.c) Information on the distribution of cash loans according to maturity structure:

Cash Loans Current Period (31.12.2023)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinancing
Short-Term Loans	-	-	6.002	-
Medium and Long-Term Loans	79.908.216	2.797.214	599.194	-

Cash Loans Prior Period (31.12.2022)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinancing
Short-Term Loans	-	-	3.473	-
Medium and Long-Term Loans	56.639.491	2.458.715	344.242	-

2.1.ç) Information about loan movements:

	Stage I	Stage II	Stage III	Total
Beginning of Term (31.12.2022)	**56.639.491**	**2.806.430**	**894.374**	**60.340.295**
In-Term Supplement	19.689.239	94.442	95.249	19.878.930
Closed During the Period	(23.820.452)	(663.001)	(141.541)	(24.624.994)
Sold Loans	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	(279.482)	-	(279.482)
Transfer to Stage 2	(94.442)	-	-	(94.442)
Transfer to Stage 3	-	(95.249)	-	(95.249)
Foreign Exchange Effect	27.494.380	1.539.270	-	29.033.650
End of Term (31.12.2023)	**79.908.216**	**3.402.410**	**848.082**	**84.158.708**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.d) Net value, collateral type and risk matching of collaterals of standard loans:

Type of Collateral	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Net Value of Collateral (*)	Credit Balance	Net Value of Collateral (*)	Credit Balance
Letter of Guarantee	29.886.086	32.857.560	16.453.500	17.790.550
Real Estate Mortgage	15.393.162	15.781.700	8.976.483	12.616.555
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	12.078.300	12.078.300	4.165.642	4.165.642
Unsecured	-	19.190.656	-	22.066.744
Total	**57.357.548**	**79.908.216**	**29.595.625**	**56.639.491**

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

2.1.e) Net value, collateral type and risk matching of collaterals of loans under close monitoring:

Type of Collateral	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Net Value of Collateral (*)	Credit Balance	Net Value of Collateral (*)	Credit Balance
Letter of Guarantee	1.296.695	1.296.695	1.327.478	1.327.478
Real Estate Mortgage	2.060.988	2.060.988	1.457.421	1.457.421
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	38.327	38.327	21.531	21.531
Unsecured	-	6.400	-	-
Total	**3.396.010**	**3.402.410**	**2.806.430**	**2.806.430**

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

2.1.f) Information about consumer loans, personal credit cards, staff loans and staff credit cards:

As of the balance sheet date, there are no consumer loans, personal credit cards, personnel loans and personnel credit cards.

2.1.g) Information about installment commercial loans and corporate credit cards:

As of the balance sheet date, there are no installment commercial loans and corporate credit cards issued by the Bank.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.ğ) Distribution of loans according to users:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Public	301.788	-
Private	83.856.920	59.445.921
Total	**84.158.708**	**59.445.921**

2.1.h) Distribution of domestic and international loans:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Domestic Loans	84.158.708	59.445.921
Foreign Loans	-	-
Total	**84.158.708**	**59.445.921**

2.1.ı) Loans given to subsidiaries and associates:

The loan amounting to TL 3.859 extended to Arıcak A.Ş., the Bank's subsidiary, is followed in Group V loans. A default (third stage expected loss) provision of TL 3.859 has been set aside for the loan in question (31 December 2022: TL 3.859).

2.1.i) Default (third stage) provisions:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Loans with limited collectability	494.166	516.495
Loans with doubtful collectability	-	-
Uncollectible loans	34.614	51.326
Total	**528.780**	**567.821**

2.1.j) Information on non-performing receivables (Net):

2.1.j.1) Information on non-performing loans and restructured loans:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (31.12.2023)			
Gross amounts before provisions	68.031	-	34.726
Restructured loans	745.325	-	-
Prior Period (31.12.2022)			
Gross amounts before provisions	768.152	-	51.408
Restructured loans	74.814	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.j.2) Information on the movement of non-performing receivables:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Prior Period End Balance (31.12.2022)	**842.966**	**-**	**51.408**
Additions (+)	90.826	-	4.423
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	-	-	-
Collections (-)	(120.436)	-	(21.105)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period End Balance (31.12.2023)	**813.356**	**-**	34.726
Provision(-)	(494.166)	-	(34.614)
Net Balance on Balance Sheet	**319.190**	**-**	112

2.1.j.3) Information on accruals of interest, rediscount and valuation effect and their provisions calculated for under follow-up loans of banks which provide expected credit loss according to TFRS 9:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (31.12.2023)			
Interest accruals and rediscount with valuation differences	94.657	-	45
Provision amount (-)	(94.657)	-	(45)
Net Balance	**-**	**-**	**-**
Prior Period (31.12.2022)			
Interest accruals and rediscount with valuation differences	71.467	-	24
Provision amount (-)	(71.467)	-	(24)
Net Balance	**-**	**-**	**-**

2.1.j.4) Information on non-performing receivables arising from loans granted in foreign currency:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.j.5) Information on gross and net amounts of non-performing loans by user groups:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net) (31.12.2023)	**319.190**	**-**	**112**
Loans to Real Persons and Legal Entities (Gross)	813.356	-	34.726
Provision amount (-)	(494.166)	-	(34.614)
Loans to Real Persons and Legal Entities (Net)	319.190	-	112
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net) (31.12.2022)	**326.471**	**-**	**82**
Loans to Real Persons and Legal Entities (Gross)	842.966	-	51.408
Provision amount (-)	(516.495)	-	(51.326)
Loans to Real Persons and Legal Entities (Net)	326.471	-	82
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-

2.1.j.6) Net value, collateral type and risk matching of collaterals of non-performing loans:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Type of Collateral	**Net Value of Collateral (*)**	**Credit Balance**	**Net Value of Collateral (*)**	**Credit Balance**
Letter of Guarantee	68.031	68.031	-	-
Real Estate Mortgage	769.378	770.537	883.923	884.856
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	-	-	-	-
Unsecured	-	9.514	-	9.518
Total	**837.409**	**848.082**	**883.923**	**894.374**

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

2.1.k) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements included in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set Aside, these elements are converted into cash as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is ensured.

If there is no collateral element, even if a certificate of insolvency is obtained for the debtor, legal follow-up is resorted to by conducting intensive intelligence at various periods and trying to detect subsequently acquired assets.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2. 1. Information on loans (Continued):

2.1.k) Main principles of liquidating non-performing loans and other receivables (Continued)

Before and after legal proceedings; as a result of the examinations to be carried out by the Bank regarding the financial information of the creditor company, efforts are made to liquidate the receivables through an agreement regarding the companies that are deemed to be viable and will contribute to production if brought into the economy.

2.1.l) Explanations on write-off policy:

Within the scope of the "Regulation on the Amendment of the Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be Allocated for Them", which entered into force through publication in the Official Gazette dated 6 July 2021 and numbered 31533, the part of the loans classified as "Fifth Group- Loans in the Type of Loss" and which are allocated for the expected lifetime loan loss, the part of which does not have reasonable expectations for recovery, are deducted from the records within the period deemed appropriate by the Bank in accordance with TFRS 9 from the first reporting period following their classification in this group. As 31 December 2023, the Parent Bank has no loans deducted from the records (31 December 2022: None).

2.2. Information on finance lease receivables (Net):

The Group has no receivables arising from leasing transactions. (31 December 2022: TL 1).

2.3. Information on factoring receivables:

None.

2.4.a) Information on government securities other financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government bonds	2.057.668	2.432.127
Treasury bills	-	-
Other government debt securities	-	-
Total	**2.057.668**	**2.432.127**

2.4.b) Information on government securities given as collateral or blocked financial assets measured at amortised cost:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government bonds	7.378.696	3.772.831
Treasury bills	-	67.842
Other government debt securities	-	-
Total	**7.378.696**	**3.840.673**

2.4.c) Information on government securities other financial assets measured at amortised cost:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government bonds	13.077.571	7.025.924
Treasury bills	-	67.842
Other government debt securities	482.369	468.457
Total	**13.559.940**	**7.562.223**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Continued):

2.4.ç) Information on other financial assets measured at amortised cost:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Debt Securities	14.475.337	7.665.261
Quoted on a stock exchange	14.475.337	7.665.261
Unquoted	-	-
Provision for impairment (-)	-	-
Total	**14.475.337**	**7.665.261**

2.4.d) Movement of other financial assets measured at amortised cost:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	7.665.261	3.012.392
Foreign currency difference on monetary assets	2.479.122	988.830
Purchases during the year (*)	5.427.202	3.721.983
Disposals through sales and redemptions (**)	(1.096.248)	(57.944)
Provision for impairment (-)	-	-
Balance at the end of the period	**14.475.337**	**7.665.261**

(*) TL 2.175.960 arises from the rediscount increase in purchases during the year (31 December 2022: TL 1.143.154) and the TL 151.927 from the rediscount increase in issuance of lease certificates (31 December 2022: TL 3.023).

(**) Disposals through sales and redemptions consist of TL 258.738 after coupon redemption rediscount reduction amount (31 December 2022: TL 57.944).

3. Assets held for sale and discontinued operations (Net):

None.

4. Information on equity investments:

4.1. Information on associates:

4.1.a) If there are subsidiaries that are not consolidated in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the relevant Turkish Accounting Standard, the reasons for not consolidation:

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

4.1.b) General information on associates:

	Title	Address (City/Country)	Bank's Share Ratio - If Different, Voting Ratio (%)	Bank's Risk Group Share Ratio (%)
1	Maksan A.Ş.	Malatya	20	31,14

4.1.c) Financial statement information regarding associates in the order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	411.378	243.088	12.691	-	-	124.054	100.471	-

(*) The financial information of Maksan A.Ş. is provided from the unreviewed financial statements as of 30 September 2023. Prior period profit/loss amount is provided from the unreviewed financial statements as of 30 September 2022.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

4. Information on equity investments (Continued):

4.1.ç) Movement of associates:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**10.586**	**10.119**
Movements during the period	**-**	**467**
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposal	-	-
TFRS 9 classification change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	467
Balance at the end of the period	**10.586**	**10.586**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

4.1.d) Sectoral information about associates and their carrying amounts:

None.

4.1.e) Information on consolidated subsidiaries:

None.

4.1.f) Associates quoted in the stock exchange:

None.

4.2. Information on subsidiaries (Net)

The Parent Bank does not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

4.2.a) General information on subsidiaries

By the application of the company's Board of Directors and approval of the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Parent-Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements. The Bank has provided a provision for its entire capital share in its subsidiary Arıcak A.Ş., which is in the process of liquidation.

The Parent Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50, and in Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800 that was increased to TL 20.000 on 13 July 2023.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

4. Information on equity investments (Continued):

4.2.a.1) General information on unconsolidated subsidiaries

None.

4.2.a.2) General information on consolidated subsidiaries

	Title	Address (City/Country)	Bank's share percentage-if different voting rate (%)	Bank's risk group share rate (%)
1	Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul	100	100
2	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	100	100

4.2.a.3) Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	855.850	526	-	-	131.928	432	44	-
2	23.256	16.407	2.135	-	-	(4.443)	8.986	-

(*)The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. is provided from the unaudited and inflation accounting not applied financial statements as of 31 December 2023. Prior period profit/loss amounts are provided from the unreviewed financial statements as of 31 December 2022.

4.2.b) Movement of subsidiaries:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**4.050**	**3.050**
Movements during the period	**12.696**	**1.000**
Additions	6.536	-
Bonus shares certificates	9.464	1.000
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	(3.304)	-
Balance at the end of the period	**16.746**	**4.050**
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

4.2.c) Sectoral information about subsidiaries and their carrying amounts:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	16.746	4.050

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

4. Information on equity investments (Continued):

4.2. Information on subsidiaries (Net) (Continued):

4.2.ç) Subsidiaries quoted on the stock exchange:

None.

4.3. Information on jointly controlled entities (joint ventures):

The Parent Bank has no joint ventures.

5. Positive differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

6. Information on tangible assets:

Current Period (31.12.2023)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	19.184	37.740	23.972	46.008	126.904
Provision for impairment	-	(651)	-	-	(651)
Movements during the period	-	-	-	-	-
-Additions	2.753	311.368	1.968	10.192	326.281
-Disposals (-)	-	(346.228)	(5.917)	(4.220)	(356.365)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**21.937**	**2.229**	**20.023**	**51.980**	**96.169**
Accumulated Depreciation					
Balance at the beginning of the period	13.947	-	2.539	20.331	36.817
Movements during the period	-	-	-	-	-
-Depreciation charge	7.876	-	4.387	9.551	21.814
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	-	(1.435)	(4.037)	(5.472)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**21.823**	**-**	**5.491**	**25.845**	**53.159**
Net book value at the end of the period	**114**	**2.229**	**14.532**	**26.135**	**43.010**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

6. Information on tangible assets (Continued)

Prior Period (31.12.2022)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	16.638	11.806	905	26.605	55.954
Provision for impairment	-	(729)	-	-	(729)
Movements during the period					-
-Additions	2.546	36.600	23.067	22.281	84.494
-Disposals (-)	-	(10.666)	-	(2.878)	(13.544)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	78	-	-	78
Balance at the end of the period	**19.184**	**37.089**	**23.972**	**46.008**	**126.253**
Accumulated Depreciation					
Balance at the beginning of the period	9.038	247	605	17.383	27.273
Movements during the period					-
-Depreciation charge	4.909	-	1.934	5.522	12.365
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	(247)	-	(2.574)	(2.821)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**13.947**	**-**	**2.539**	**20.331**	**36.817**
Net book value at the end of the period	**5.237**	**37.089**	**21.433**	**25.677**	**89.436**

7. Information on intangible assets:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Cost		
Balance at the beginning of the period	39.853	34.810
Movements during the period	-	-
-Additions	18.744	5.043
- Disposals	-	-
Balance at the end of the period	**58.597**	**39.853**
Accumulated Amortisation		
Balance at the beginning of the period	18.180	12.935
Movements during the period	-	-
-Amortization charge	8.094	5.245
-Disposals	-	-
Balance at the end of the period	**26.274**	**18.180**
Net book value at the end of the period	**32.323**	**21.673**

8. Information on investment properties:

None.

9. Information on current tax assets:

The Group's current tax asset is TL 5 (31 December 2022: None).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

10. Information on deferred tax assets:

As of 31 December 2023, the Group has a deferred tax asset of TL 324.243 (31 December 2022: TL 169.179). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2023, the Parent Bank has no tax assets calculated over the period loss or tax deduction (31 December 2022: None).

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Deferred Tax Assets		
Amortizations	24.277	-
Interest rediscounts	2.815	1.933
Employee benefits provisions	19.148	7.455
Securities portfolio internal yield-exchange rate difference	-	49.496
Personnel bonus premium provision	62.072	20.973
TFRS 9 Provision	289.035	152.374
TFRS 16 Leases	17	2
Other	33.507	679
Total Deferred Tax Assets	**430.871**	**232.912**
Deferred Tax Liabilities		
Amortizations	-	1.295
Actuarial differences	-	11
Securities portfolio - Financial	13.684	608
Securities portfolio - Non-financial	78.545	56.835
TFRS 16 Leases	174	-
Derivative financial assets	14.225	4.984
Other	-	-
Total Deferred Tax Liability	**106.628**	**63.733**
Net Deferred Tax Asset /(Liabilities)	**324.243**	**169.179**

11. Non-current assets held for sale and related to discontinued operations:

The Group has no fixed assets held for sale or related to discontinued operations.

12. Information on other assets:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Inventory	2.118	787
Prepaid expenses	218.996	143.862
Temporary account debtor	6.661	2.772
Sundry receivables	431	22.594
Total	**228.206**	**170.015**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities:

1. Information on maturity structure of deposits:

The Parent Bank is not accepting deposits.

2. Information on funds borrowed:

2.a) Information on banks and other financial institutions:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye(*)	17.995.416	-	8.959.064	-
From domestic banks and institutions	-	4.666.865	-	3.712.821
From foreign banks, institutions and funds	-	75.284.759	-	50.667.843
Total	**17.995.416**	**79.951.624**	**8.959.064**	**54.380.664**

(*) The securities amounting to TL 34.276.146 (31 December 2022: TL 15.195.563) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Türkiye were disbursed were endorsed to the Central Bank of the Republic of Türkiye.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Short-term	-	10.414.970	-	7.819.544
Medium and long-term	17.995.416	69.536.654	8.959.064	46.561.120
Total	**17.995.416**	**79.951.624**	**8.959.064**	**54.380.664**

2.c) Additional information for the areas of liability concentrations:

As the Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans, securities issued and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, German Development Bank, Asian Infrastructure Investment Bank, Japan Bank for International Cooperation and China Development Bank . Domestic loans originate from the Republic of Türkiye Ministry of Treasury and Finance and Central Bank of the Republic of Türkiye.

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Debts to money markets	223.415	-	-	-
Funds provided from repo transactions	2.651.574	-	2.945.163	
Total	**2.874.989**	**-**	**2.945.163**	**-**

4. Information on securities issued (Net):

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Asset backed securities	854.950	-	103.023	-
Bonds	-	3.321.427	-	2.018.433
Total	**854.950**	**3.321.427**	**103.023**	2.018.433

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

5. Explanations on funds:

Of the TL 6.397.933 which was provided by the Group (31 December 2022: TL 8.418.825), TL 328.577 is from the World Bank, TL 1.813 is from the European Commission Fund, TL 22.350 is from the Republic of Türkiye Ministry of Treasury and Finance and TL 6.045.193 consists of funds from borrowers and banks.

6. Explanations on financial liabilities at fair value through profit or loss:

None.

7. Negative differences table for derivative financial liabilities:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	15.195	3.104	11.157	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**15.195**	**3.104**	**11.157**	-

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Gross	Net	Gross	Net
Less than 1 year	7.700	5.655	12.861	10.444
1-4 years	18.279	15.671	13.421	10.615
More than 4 years	-	-	3.264	3.102
Total	**25.979**	**21.326**	**29.546**	**24.161**

10. Negative differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

11. Explanations on Provisions:

11.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

There is no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables (31 December 2022: None).

11.b) Expected loss provisions provided for unindemnified non-cash loans:

As of 31 December 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 53.480 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued)

11. Explanations on Provisions: (Continued)

11.c) Other provisions:

i) As of 31 December 2023, there are 128 lawsuits filed against the Group and there is a risk amount of TL 16.931. The Group has provided litigation provision amounting to TL 8.597 (31 December 2022: TL 2.405) for the lawsuits that are expected or highly probable to be concluded against the Bank. Other provisions amounting to TL 100.000 (31 December 2022: None) are provided for probable risks.

ii) The Group accounts provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes it in financial statements. As of 31 December 2023, the Group allocated provision for severance pay amounting to TL 42.665 (31 December 2022: TL 20.062), for unused vacation accruals amounting to TL 21.521 (31 December 2022: TL 9.852) and within the scope of TAS 19 employee benefits provision amounting to TL 203.165 (31 December 2022: TL 83.892) has been reserved.

11.c-1) Information regarding severance pay provisions:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**20.061**	**10.223**
Expenses during the period	23.427	9.538
Actuarial loss/gain	-	655
Paid during the period	(823)	(355)
Balance at the end of the period	**42.665**	**20.061**

12. Information on Current Tax Debt:

12.a) Information on current tax liability:

12.a.1) Information on tax provision:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Corporate Tax and Deferred Tax	**TL**	**FC**	**TL**	**FC**
Corporate tax payable	498.718	-	260.197	-
Deferred tax liability	-	-	-	-
Total	**498.718**	**-**	**260.197**	**-**

12.a.2) Information on taxes payable:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Corporate tax payable	498.903	260.429
Taxation on income on marketable securities	5.393	3.475
Property tax	-	38
Banking insurance transaction tax (BITT)	14.269	9.057
Foreign exchange transaction tax	287	119
Value added tax payable	1.542	531
Other	16.252	8.795
Total	**536.646**	**282.444**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued)

12. Information on Current Tax Debt:

12.a.3) Information on premiums:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Social security premiums- Employee	4.281	1.975
Social security premiums- Employer	5.496	2.527
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	69	47
Pension fund membership fees and provisions- Employer	86	59
Unemployment insurance- Employee	268	123
Unemployment insurance- Employer	582	269
Other	57	39
Total	**10.839**	**5.039**

13. Information on deferred tax liabilities

None.

14. Information on liabilities regarding assets held for sale and discontinued operations:

The Group has no fixed asset liabilities related to assets held for sale or discontinued operations.

15. Information on subordinated debt instruments:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	**FC**	**TL**	**FC**
Debt instruments to be included in additional capital calculation	3.712.899	6.038.208	2.301.046	3.528.830
Subordinated loans	3.712.899	6.038.208	2.301.046	3.528.830
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1.827.616	-	1.117.460
Subordinated loans	-	1.827.616	-	1.117.460
Subordinated debt instruments	-	-	-	-
Total	**3.712.899**	**7.865.824**	**2.301.046**	**4.646.290**

16. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:

Other foreign resources item of the balance sheet does not exceed 10% of the balance sheet total.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

17. Information on shareholders' equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Common stock	2.500.000	2.500.000
Preferred stock	-	-

17.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so, amount of registered capital ceiling:

Capital System	Paid in Capital	Ceiling
Registered capital	2.500.000	10.000.000

17.c) Other information regarding the capital increases made in the current period and their sources and the increased capital shares:

There is no capital increase in the current period.

17.ç) Information on additions from capital reserves to capital in the current period:

There is no portion added to the capital from capital reserves in the current period.

17.d) Capital commitments until the end of the last fiscal year and the following interim period, the general purpose of these commitments and the estimated resources required for these commitments:

There has been no commitment to capital expenditure.

17.e) Information on legal reserves:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
I. Legal reserve	205.969	120.952
II. Legal reserve	14.471	14.471
Special reserves	-	-
Total	**220.440**	**135.423**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

17.f) Information on extraordinary reserves:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	3.695.073	2.088.274
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	**3.695.073**	**2.088.274**

17.g) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:

The Parent Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

17.ğ) Summary information on preferred shares representing the capital:

The Bank has no preferred shares representing the capital.

17.h) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	10.931	-	1.467	-
Valuation difference	62.055	87.350	175.060	(11.919)
Foreign exchange difference	-	-	-	-
Total	**72.986**	**87.350**	**176.527**	**(11.919)**

17.ı) Information on minority shares:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

1.a) Nature and amount of irrevocable loan commitments:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Forward asset purchase and sales commitments	1.420.366	533.977
Other irrevocable commitments	262.965	133.913
Total	**1.683.331**	**667.890**

1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:

As of 31 December 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 53.480 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

1.b.1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:

The Group has guarantees given amounting to TL 609.260 (31 December 2022: TL 441.565). The Group has no letters of credit (31 December 2022: TL 118.700) and bank loans as of the current period

1.b.2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

The total amount of the Parent Bank's letters of guarantee is TL 14.145.080 (31 December 2022: TL 2.481.196). TL 1 of this amount (31 December 2022: TL 1) is a customs guarantee letter and TL 84.923 is a performance guarantee letters.

1.c-1) Total non-cash loans:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Non-cash loans for providing cash loans	4.669.416	441.565
With original maturity of one year or less	-	-
With original maturity more than one year	4.669.416	441.565
Other non-cash loans	84.924	2.599.896
Total	**4.754.340**	**3.041.461**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued)

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

1.c.2) Information about risk concentration on sector basis within the non-cash loans account:

	Current Period (31.12.2023)				Current Period (31.12.2022)			
	TP	(%)	YP	(%)	TP	(%)	YP	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	84.915	100,00	4.669.416	100,00	632.674	100,00	2.408.778	100,00
Mining and quarrying	-	-	-	-	-	-	-	-
Manufacturing Industry	2.488	-	-	-	1	-	-	-
Electricity, Gas, Water	82.427	100,00	4.669.416	100,00	632.673	100,00	2.408.778	100,00
Building	-	-	-	-	-	-	-	-
Services	9	-	-	-	9	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel and Restaurant Services	-	-	-	-	-	-	-	-
Transportation and Communications	-	-	-	-	-	-	-	-
Financial Institutions	9	-	-	-	9	-	-	-
Real Estate and Rental Service	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	**84.924**	**100,00**	**4.669.416**	**100,00**	**632.683**	**100,00**	**2.408.778**	**100,00**

1.c.3) Non-cash loans classified in group I and II:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	I. Grup		I. Grup	
Non-cash loans	**TP**	**YP**	**TP**	**YP**
Letters of guarantee	84.922	4.060.156	72.416	2.408.778
Letters of credit	-	-	-	118.700
Other warranties	-	609.260	-	441.565

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued)

2. Explanations regarding derivative transactions:

The Group's derivative transactions consist of swap currency buying and selling transactions. As of 31 December 2023 and 31 December 2022, the breakdown of swap transactions on a foreign currency basis and their equivalents in TL is as follows:

	Current Period (31.12.2023)				Prior Period (31.12.2022)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	982.007	9.153.209	-	-	4.004.626	7.543.854
USD	-	-	6.794.888	1.934.433	-	-	7.161.779	3.405.293
EUR	-	-	3.239.969		-	-	1.473.318	1.679.383
Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**11.016.864**	**11.087.642**	**-**	**-**	**12.639.723**	**12.628.530**

3. Information on contingent liabilities and assets:

Istanbul Venture Capital Initiative (IVCI - A Luxemburg Investment Company Fund) was founded as a stock company having variable capital and subject to laws of Luxemburg. The Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 million and its capital was increased to EUR 160 million with new participants in March 2009. The Bank's participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

As of the balance sheet date, the Bank has paid EUR 9.998.342 of the EUR 10 million commitment, while EUR 1.658 has not been paid yet.

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund, TL 15.000 in the Innovative and Advanced Technologies Venture Capital Investment Fund, USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank's subsidiary Development Venture Capital Portfolio Management Inc. is the founder and manager. It has been paid a capital share of TL 25.000 to Participation Venture Capital Investment Fund; TL 15.000 to the Innovative and Advanced Technologies Venture Capital Investment Fund; USD 1,5 million to the Development ODTÜ Teknokent Venture Capital Investment Fund and as of the balance sheet date, the total commitment to these funds has been paid.

The Bank has committed to invest TL 430.000 in the TKYB Capital Fund, of which Türkiye Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. It has been paid a capital share of TL 167.089 and as of the balance sheet date, TL 262.911 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf on others

The Parent Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss:

1.a) Information related to interest income on loans:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Interest on loans(*)				
Short term loans	-	-	223	6.958
Medium and long term loans	1.941.631	4.933.847	743.870	2.276.404
Interest on non-performing loans	233.053	-	99.063	-
Total	**2.174.684**	**4.933.847**	**843.156**	**2.283.362**

(*) Includes fees and commissions received from cash-loans.

1.b) Information related to interest income on banks:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye	-	-	-	-
From domestic banks	2.840.771	14.743	1.002.350	31.462
From foreign banks	-	3.838	-	847
From foreign head offices and branches	-	-	-	-
Total	**2.840.771**	**18.581**	**1.002.350**	**32.309**

1.c) Information related to interest income on marketable securities:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	-	-	18	-
Financial assets measured at fair value through other comprehensive income	571.979	504.766	515.243	171.835
Financial assets measured at amortised cost	2.227.445	294.395	1.008.614	178.526
Total	**2.799.424**	**799.161**	**1.523.875**	**350.361**

1.ç) Information related to interest income from associates and subsidiaries:

None.

1.d) Information on interest income from money market transactions:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market transactions	2.602.971	787	452.287	581
Reverse repurchase agreements	8.593	-	2.663	-
Total	**2.611.564**	**787**	**454.950**	**581**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

2.a) Information related to interest expense on borrowings:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Banks(*)	1.660.274	254.073	576.410	15.077
Central Bank of the Republic of Türkiye	1.660.274	-	576.410	-
Domestic banks	-	-	-	122
Foreign banks	-	254.073	-	14.955
Foreign head office and branches	-	-	-	-
Other Institutions(*)	1.412.300	3.902.030	802.473	1.553.805
Total	**3.072.574**	**4.156.103**	**1.378.883**	**1.568.882**

(*) Includes fees and commissions payable to cash-loans.

2.b) Information related to interest expenses to associates and subsidiaries:

None.

2.c) Information related to interest on securities issued:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Interest Paid on Issued Securities	-	182.028	-	27.463

2.ç) Information related to interest on money market transactions:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market transactions	11.140	-	28	-
Repurchase agreements	516.972	-	269.789	-
Total	**528.112**	-	**269.817**	-

2.d) Leasing interest expenses:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Immovables	1.047	-	1.944	-
Movables	2.019	-	533	-
Total	**3.066**	**-**	**2.477**	**-**

3. Information related to dividend income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Financial assets measured at fair value through profit or loss	6.151	43.446
Financial assets measured at fair value through other comprehensive income	4.851	3.475
Other	11.874	1.019
Total	**22.876**	**47.940**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

4. Information related to trading income/loss:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Gain	**6.508.686**	**1.887.151**
Gains on capital market operations	177.986	116.149
Gains on derivative financial instruments	4.241.721	1.610.506
Foreign exchange gains	2.088.979	160.496
Loss (-)	**(7.112.166)**	**(1.833.265)**
Losses from the capital market operations	(15.515)	(11.173)
Losses on derivative financial instruments	(2.255.617)	(1.320.916)
Foreign exchange losses	(4.841.034)	(501.176)

5. Information related to other operating income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Income from sale of assets	70.582	28.039
Reversals from prior years' provisions	127.888	80.459
Other	24.864	37.177
Total	**223.334**	**145.675**

In general, the Parent Bank's other operating income consists of cancellations of expected loss provisions, share depreciation provisions and provisions within the scope of TAS 19 set aside in previous years and income from sales of asset.

6. Group's expected credit loss expenses and other provision expenses:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Expected credit loss provisions	492.037	495.232
12 month expected credit loss (Stage 1)	232.210	259.524
Significant increase in credit risk (Stage 2)	122.768	62.924
Non-performing Loans (Stage 3)	137.059	172.784
Marketable securities impairment expense	-	86.951
Financial assets measured at fair value through profit or loss	-	86.818
Financial assets measured at fair value through other comprehensive income	-	133
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses (*)	345.475	99.882
Total	**837.512**	**682.065**

(*) TL 100.000 of the other provision expenses has been allocated for probable risks (31 December 2022: None), TL 36.120 of the other provision expenses consist of provision expenses for employee termination benefits and vacation liabilities (31 December 2022: TL 16.866), TL 203.165 consists of provision expenses within the scope of TAS 19 (31 December 2022: TL 82.692), TL 6.192 consists of provision for litigation expenses (31 December 2022: TL 455).

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

7. Information related to other operating expenses:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Provision for employee termination benefits(*)	23.447	10.907
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	21.814	12.654
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	8.094	5.243
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	102.390	53.524
Leasing expenses related to TFRS 16 exceptions	236	136
Maintenance expenses	709	171
Advertisement expenses	57	75
Other expenses (**)	101.388	53.142
Loss on sale of assets	-	-
Other (***)	233.535	44.128
Total	**389.280**	**126.456**

(*) "Provision for Severance Pay" and "Provision for Short-Term Employee Rights" expenses are shown in the "Other Provision Expenses" line in the statement of profit or loss.

(**) Other expenses amounted to TL 4.051 from cleaning expenses (31 December 2022: TL 1.875), TL 13. from communication expenses (31 December 2022: TL 8.434), TL 19.796 from computer usage expenses (31 December 2022: TL 8.760), TL 1.836 from heating, lighting and water expenses (31 December 2022: TL 1.315), TL 23.889 from vehicle expenses (31 December 2022: TL 11.071), TL 1.287 from subscription fees (31 December 2022: TL 747), TL 12.039 from participation in common expenses (31 December 2022: TL 6.713), TL 5.269 from insurance expenses (31 December 2022: TL 2.603), TL 9.914 sundry expenses (31 December 2022: TL 2.241) and TL 10.118 remaining portion (31 December 2022: TL 9.383) consists of other miscellaneous expenses.

(***) TL 76.953 of the other is from taxes, duties, fees and fund expenses (31 December 2022: TL 23.113), TL 26.746 from audit and consultancy fees (31 December 2022: TL 10.830), TL 9.676 from BRSA participation share (31 December 2022: TL 5.615), TL 110.411 from extraordinary expenses (31 December 2022: None) and the remaining part amounted to TL 9.749 (31 December 2022: TL 4.570) consists of other miscellaneous expenses.

8. Announcement of the fees related to the services received from the independent auditor or independent audit firm:

By the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in below, excluding VAT amounts.

	Current Period (31.12.2023)	Prior Period (31.12.2022)
The Independent audit fee for the reporting period	2.267	1.198
Fee for tax advisory services	163	113
Fee for other assurance services	563	212
Fees for services other than independent auditing	-	89
Total	**2.993**	**1.612**

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

9. Information related to operating profit/loss before taxes:

The Group's profit before tax from continuing operations in the accounting period ending on 31 December 2023 is TL 5.641.003 (31 December 2022: TL 2.332.709). Group has no discontinued operations.

10. Information on tax provision of continued and discontinued operations:

In the accounting period ending on 31 December 2023, the Group's income tax provision from continuing operations amounting to TL 1.598.335 (31 December 2022: TL 632.311) consists of TL 1.762.726 of current tax charge (31 December 2022: TL 774.028), TL 164.391 of deferred tax income effect (31 December 2022: TL 141.717).

	1 January-31 December 2023	1 January-31 December 2022
Reconciliation of Tax Provision		
Profit/Loss Before Tax	5.641.003	2.332.709
Applicable Tax Rate	**30%**	**25%**
Calculated Tax	1.692.301	583.177
Reconciliation of Allocated and Calculated Tax Provision		
Other (Effect of expenses not allowed by law, discounts, etc.)	(93.966)	49.134
Tax Provision	**1.598.335**	**632.311**

11. Information related to net operating income after taxes:

Group has earned net profit of TL 4.042.668 from continuing operations between 1 January 2023-31 December 2023 (1 January 2022-31 December 2022: TL 1.700.398).

12. Information on net profit/loss:

12.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

12.b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

There are no changes in accounting estimates.

13. If the other items in the statement of profit or loss exceed 10 % of the statement of profit or loss total, sub-accounts amounting to at least 20 % of these items are presented below:

The total amount of other fees and commissions received in the profit or loss statement for the accounting period ending on 31 December 2023 is TL 223.468 (31 December 2022: TL 62.136). Of this amount, TL 28.703 (31 December 2022: TL 14.660) consists of investment banking service income and TL 13.210 (31 December 2022: TL 4.428) consists of CBRT investment advance commissions.

The total amount of other fees and commissions given in the statement of profit or loss for the accounting period ending on 31 December 2023 is TL 176.945 (31 December 2022: TL 21.459). Of this amount, TL 13.481 (31 December 2022: TL 6.656) consists of credit guarantee fund limit commissions, and TL 24.483 (31 December 2022: TL 10.382) consists of stock exchange transaction commissions.

14. Profit / loss attributable to minority rights:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

The paid nominal capital amount in the legal records is TL 2.500.000 (31 December 2022: TL 2.500.000), as of the balance sheet date, the legal reserve funds balance is TL 220.440. (31 December 2022: TL 135.423), the extraordinary reserve funds balance is TL 3.695.073 (31 December 2022: TL 2.088.274) other profit reserves are TL 54.260 (31 December 2022: TL 54.260).

The fair value difference of TL 145.794, which is the entire amount of valuation difference of securities, results from the change in value of financial assets measured at fair value through other comprehensive income.

VI. Explanations and Notes Related to Consolidated Statement Cash Flows:

1. Explanations related to "other" items and "effect of change in foreign currency rates on cash and cash equivalents" in statement of cash flows:

The Parent Bank's net cash inflow from banking activities amounts to TL 8.008.734. (31 December 2022: TL 11.723.319). The portion of the net cash inflow resulting from banking activities amounting to TL 3.966.737 (31 December 2022: TL (10.431.335 is from the change of active and passive accounts; the portion amounting to 4.041.997. (31 December 2022: TL 1.291.984 arises from operating profit. The item "Net Increase (Decrease) in Other Debts" included in the change of active and liability accounts arises from funds received, funds provided from repo transactions, miscellaneous debts, other foreign sources and changes in taxes, duties, fees and premiums to be paid as TL 3.479.967. (31 December 2022: TL 8.766.658). The "Other" item included in the operating profit consists of other operating expenses excluding fees and commissions paid and personnel expenses and was realized as TL (1.109.202) (31 December 2022: TL (1.123.762)). There is no cash inflow from financing activities due to the cash capital increase or subordinated loan in 2023.The effect of the change in foreign exchange rate on cash and cash equivalent assets includes the exchange rate difference between the exchange rate on the day the foreign currency cash and cash equivalent assets were traded and the exchange rate on the reporting date and amounted to TL 2.022.255. (31 December 2022: TL 766.822).

2. Cash and cash equivalents at the beginning of the period:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Cash	69.598	34.554
Cash in TL and foreign currencies	45	24
Demand deposits at banks	69.553	34.530
Cash equivalents	15.229.754	4.227.741
Interbank money market	6.603.772	990.878
Time deposits at banks	8.625.982	3.236.863
Total cash and cash equivalents	15.299.352	4.262.295

The total value found as a result of the transactions realized in the previous period gives the total of cash and cash equivalent assets of the current period.

3. Cash and cash equivalents at the end of the period:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Cash	83.450	69.598
Cash in TL and foreign currencies	26	45
Demand deposits at banks	83.424	69.553
Cash equivalents	21.328.757	15.229.754
Interbank money market	16.535.221	6.603.772
Time deposits at banks	4.793.536	8.625.982
Total cash and cash equivalents	21.412.207	15.299.352

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations Related to Risk Group of the Parent Bank:

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Group adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.859	-	-	-	-	-
Closing Balance (*)	3.859	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.859 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.859 is set aside for the expected loss in the third stage.

b) Prior Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.834	-	-	-	-	-
Closing Balance (*)	3.859	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

c) Information on forward transactions, option contracts and similar other transactions between the Parent Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Parent Bank:

Total amount of benefits provided to the Parent Bank's top management is TL 42.962 (31 December 2022: TL 21.540).

VIII. Explanations Related to Domestic, Foreign and Off-shore Branches and Representatives Offices Abroad:

None.

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Operations of the Parent Bank:

a) The Summary of Information on the Parent Bank's rating by International Rating Agencies:

The international ratings of the Parent Bank are performed by Fitch on 22 September 2023.

	2023
Foreign Currency	
Long Term	B
Short Term	B
Outlook	Stable
Turkish Lira	
Long Term	B
Short Term	B
Outlook	Stable
National	
Long Term	AAA (TUR)
Government Support Note	B
Outlook	Stable

	2022
Foreign Currency	
Long Term	B
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	B
Short Term	B
Outlook	Negative
National	
Long Term	AAA (TUR)
Government Support Note	B
Outlook	Negative

II. Explanations and Notes Related to Subsequent Events:

BRSA, with its decision dated 11 January 2024 and numbered 10825, decided for banks, financial leasing, factoring, financing, savings financing and asset management companies to implement TAS 29 Financial Reporting Standard in High Inflation Economies for the beginning on 1 January 2025.

With the decision of the Bank's Board of Directors dated 16 January 2024, in order to increase placement opportunities, the Bank's issued capital of TL 2.500.000 within the registered capital ceiling determined as TL 10.000.000 to be increased by TL 3.000.000 to TL 5.500.000 entirely covered in cash.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements as of 31 December 2023

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

SECTION SEVEN

INDEPENDENT AUDIT REPORT

I. Explanations on Independent Auditors' Report:

The Parent Bank's consolidated financial statements as of and for the period ended 31 December 2023 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the audit report dated 8 February 2024 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes Prepared by Independent Auditor:

None.

Proudly produced by **FİNAR.**
www.finarkurumsal.com

THE DEVELOPMENT AND INVESTMENT BANK OF TÜRKİYE

DEVELOPMENT
INVESTMENT
BANK OF TÜRKİYE

www.kalkinma.com.tr

100% recyclable paper was used for the printed form of this annual report.