

Social and Environmental Banking

70 Years of Expertise



Şekerbank 

Integrated Annual Report 2023

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OUR BRANCHES

CONTACT INFORMATION

70 years of expertise in social, environmental and governance focused banking

- We are the only private bank servicing the seven regions of Türkiye with a branch network quadruple the size of our competitors.
- We are the top private deposit bank in Türkiye to dedicate the largest portion of its portfolio to SME loans.
- We are the only private bank in Türkiye whose founding purpose is the financing of sustainable agriculture.
- We stand as the first bank in Türkiye to offer an energy efficiency financing product.
- We are the first bank in Türkiye to receive a corporate governance rating.
- We are one of the leading private banks with a well-established widespread deposit structure.

Our financial performance, bolstered by the Transformation Program, empowers us to confidently carry our legacy into the future, as we aim to emerge as a regional frontrunner in social and environmental banking.

✔ Data with statement of assurance by KPMG

✔ Data with statement of assurance by Türk Loyd

USD **100** MILLION
LOAN FOR THE
EARTHQUAKE REGION

BANKING FOR SOCIAL DEVELOPMENT

Our unparalleled branch network extends across all seven regions of Türkiye, nearly quadrupling our peers'. As a bank dedicated to expanding financial accessibility nationwide, we continue to support micro-enterprises, small enterprises, and SMEs in their production and employment efforts through the loan agreement worth USD 100 million signed with the U.S. International Development Finance Corporation (DFC) for the recovery and development of the region affected by the February 6 earthquakes.

BANKING FOR PRODUCTION

We are the top private deposit bank in Türkiye that dedicates the largest portion of its portfolio to SME loans. As part of our Transformation Program, we remain committed to promoting financially inclusive production by renewing our SME loan allocation system, including the end-to-end decision support infrastructure, models, and decision-making processes.

54.5%

OF OUR LOAN PORTFOLIO
SUPPORTS SMEs



BANKING FOR SUSTAINABLE AGRICULTURE

We are the only private bank in Türkiye whose founding purpose is the financing of sustainable agriculture. Building on our historic commitment to sustainable agriculture, we continue to empower over 150 thousand small-scale farmers through our Family Farming Banking initiative.

SUPPORTING OVER
150 thousand
FARMERS WITH FAMILY
FARMING BANKING



EKOKREDİ INTRODUCED
~123 thousand
PEOPLE TO ENERGY EFFICIENCY



BANKING FOR ENERGY EFFICIENCY

We stand as the first bank in Türkiye to offer an energy efficiency financing product. Through EKO kredi, we are expanding our reach, adding new customers across all segments to the growing community of approximately 123 thousand individuals we support in making energy-efficient investments, while also promoting awareness about energy efficiency.



74.3%
OF OUR DEPOSITS ARE
SAVINGS ACCOUNTS

BANKING FOR INCLUSIVE SAVINGS

With 74.3% of our total customer deposits coming from savings accounts, we showcase our enduring strength in widespread deposit structure in the Turkish banking industry.



ABOUT THE REPORT

As Şekerbank, we present our integrated Annual Report, representing an important milestone in our sustainability journey, to our stakeholders and the public.

As Şekerbank, we measure our sustainability performance annually and share the value we create for our stakeholders with the public through our sustainability reporting activities since 2013.

In 2023, our 70th anniversary year, we set out our 75th anniversary vision with the strategy of "becoming the regional leader in social and environmental banking" with the aim of transforming all our activities into an environmental, social and governance (ESG) oriented structure.

In setting our sustainable banking business goals, we adopted an integrated thinking approach to more comprehensively measure and report the social, economic and environmental value we have created alongside our financial performance.

We manage our Sustainable Banking activities in a holistic and integrated manner.

Scope of the Report

Şekerbank 2023 Integrated Annual Report presents the results of our activities between January 1, 2023-December 31, 2023. These activities include our financial and non-financial environmental, social and governance performance indicators, and our future targets. In the report, "Bank" and "Our Bank" all refer to Şekerbank T.A.Ş. and, unless specified otherwise, the data and information in the report covers Şekerbank T.A.Ş.'s banking activities in Türkiye, which operates with 238 branches, 7 regional directorates and the Head Office located in Istanbul.

Integrated Thinking Approach

We evaluate the inputs and impacts of our value creation model, which we created on the basis of capital elements in accordance with the Integrated Reporting Framework of the Value Reporting Foundation (VRF), and our risk and opportunity management with an integrated thinking approach, and present them to the public and our stakeholders.

Regulatory Framework

This report was prepared in accordance with the Global Reporting Initiative (GRI) 2021 Standards and in compliance with the Turkish Sustainability Reporting Standards. GRI Standards were observed in determining material topics and disclosing performance indicators. The Sustainability Accounting Standards Board (SASB) Standards, World Economic Forum (WEF) Stakeholder Capitalism Core Metrics, recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and United Nations Environment Programme Finance Initiative (UNEP FI) Principles for



Responsible Banking were adopted as guidelines while creating the report content. The Report relies on Integrated Reporting Framework and Integrated Thinking Principles in line with the International Financial Reporting Standards (IFRS), and is aligned with the requirements of the United Nations Global Compact (UNGC) principles, to which Şekerbank is a party, and includes our Bank's direct contributions to the United Nations Sustainable Development Goals (SDGs) and their sub-goals.

Legal Compliance

Şekerbank 2023 Integrated Annual Report complies with the regulations of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB).

Independent Audit

Our financial data in this report was audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte). We included the audit results in the Independent Audit Company's Compliance Opinion section of this report. Our Bank's non-financial data was audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) and Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. We included the Assurance Reports prepared by the independent audit companies and indicating the data assured by KPMG in the annexes of this report. In the annexes of this Report, we included the independent verification statement regarding greenhouse gas emissions and water consumption data that we submitted as part of the Carbon Disclosure Project (CDP), the CMB Sustainability Principles Compliance Report, the

United Nations Global Compact 2023 Communication on Progress, SASB Sustainability Accounting Standard for Commercial Banks FN-CB Index, the United Nations Women's Empowerment Principles (WEPs) 2023 Communication on Progress, and the World Economic Forum Stakeholder Capitalism Index.

Communication and Coordination

Şekerbank 2023 Integrated Annual Report was prepared under the coordination of the Şekerbank Financial Institutions, Sustainability and Investor Relations Department, the Corporate Communications and Advertising Department, and the Financial Control Department.

Please send your feedback on the report to these e-mail addresses: sustainability@sekerbank.com.tr haberlesme@sekerbank.com.tr

CHAIRMAN'S MESSAGE

We continued our efforts toward the sustainable development of our country in 2023, as we celebrated our Bank's 70th anniversary along with the 100th anniversary of our Republic.



We proudly enter our 70th year with performances exceeding the industry averages in many areas thanks to the solid foundations we have built for sustainable growth.

31.45%

**Consolidated
Capital Adequacy
Ratio**

Esteemed Shareholders,

In 2023, the global economy witnessed a turning point as the battle against the soaring inflation, triggered by the expansive fiscal and monetary policies during the pandemic, began to bear tangible results. After an aggressive rate hike campaign totaling 425 basis points in 2022, the Federal Reserve (Fed), signaled the end of its hiking cycle with a final 100 basis-point increase. Similarly, the European Central Bank (ECB), having elevated rates by 250 basis points in 2022, also marked the conclusion of its tightening phase with a 200-basis point increase. Consequently, in 2023, consumer inflation decreased from 6.5% to 3.1% in the U.S., and from 8.6% to 2.4% in the Eurozone. In tandem, the weighted global inflation fell from 9.6% to 5.5%. Notably, emerging economies like Brazil, which initiated rate hikes ahead of others, began to cut rates in 2023. Despite financial markets pricing in for anticipated rate reductions, following cues from central banks in developed countries signaling an end to rate hike phases, official statements suggest that the fight against inflation is still not over, and tight monetary policies will be maintained as necessary.

Tight monetary policies, while sparing developed countries from recessions, have put pressure on global growth expectations amid uncertainties about China's growth performance and contributed to the relative stability of commodity prices. In the wake of energy

security concerns sparked by the Russia-Ukraine War in 2022, oil prices witnessed a decline, moving from an average of USD 99 in the previous year to USD 82 in 2023. The stable course of commodity prices has also supported inflation outlooks and aided central banks in their policy adjustments. However, ongoing and increasing geopolitical risks, production cuts by oil-exporting countries, the Red-Sea-related potential disruptions to global trade routes, and many other factors leave little room for a downward movement in prices and suggest that 2024 will not be an easy year for the global economy.

Our country's top priority has been healing the wounds caused by the devastating earthquakes. Efforts towards rehabilitation have been accelerated through regulatory adjustments in tax revenues and the swift initiation of reconstruction activities in the cities affected by the earthquakes. New economic policies adopted after the general elections held in May have prioritized these recovery efforts alongside combating inflation for sustainable and stable growth, showcasing a comprehensive policy vision. In a decisive and holistic strategy by the economic administration, the Central Bank of the Republic of Türkiye (CBRT) hiked rates by 34 basis points from June through the end of the year and embraced a gradual simplification policy in the macroprudential framework to strengthen market functionality.

These measures have yielded concrete results: our country's CDS spread decreased from 700 to 280 throughout the year, while the second half of the year saw an inflow of USD 4.9 billion into the stock and bond markets thanks to the increased interest of foreign investors in lira-denominated assets. During the same period, the CBRT reserves increased significantly, reaching an all-time high of USD 145.5 billion.

CHAIRMAN'S MESSAGE

Our enhanced capital structure, bolstered by our improved profitability and asset quality, has led to the international credit rating agency, Fitch Ratings upgrading our National Long-Term Rating for the third time in the past two years.

133
USD million
**Financial Support to
the Earthquake Region**

The consistent and comprehensive policy framework in the Medium-Term Program announced in September as well as in inflation reports offer a reassuring road map for achieving the desired goals. The Organization for Economic Co-operation and Development (OECD) noted in its recent report that the Turkish economy, which is expected to grow by over 4% in 2023, is poised to outperform the global economy with a projected growth rate of 2.9% in the next year.

The OECD forecasts a 2.9% growth for the global economy this year, with a slight dip to 2.7% expected in 2024. It attributes this moderation to tight monetary policies and a sluggish rise in global trade, suggesting these factors will continue to constrain global growth, and anticipates only a modest rebound in 2025.

Even amidst these global economic challenges, the outlook for Türkiye remains optimistic. In 2023, the nation recorded an unprecedented export volume of USD 255.8 billion, generated 800 thousand jobs, and achieved a significant reduction in unemployment to 8.2%. Furthermore, Türkiye has demonstrated a strong performance in tourism revenues at USD 50 billion. We fully believe that the Turkish economy will attain low inflation, which is essential for sustainable, stable growth and social welfare, as the effects of the steps taken become evident in the second half of 2024, and will perpetuate its narrative of success fueled by a steadfast commitment to production, investment, and employment.

The year 2023 marked a significant milestone for both our Republic and Şekerbank. In October, we celebrated our Bank's 70th anniversary along with the 100th anniversary of our Republic.

We proudly enter our 70th year with performances exceeding the industry averages in many areas thanks to the solid foundations we have built for sustainable growth with the significant transformation spanning from our technological infrastructure to all decision-making processes.



In 2024, we will continue to grow by creating value for our Bank, our country, and all our stakeholders.

32%
**Increase in
Asset Size**

In 2023, we increased our consolidated total assets by 32% on an annual basis to TL 90.7 billion. With our Bank's robust profitability performance in recent years, our equity base has become even stronger. At the end of 2023, our consolidated capital adequacy ratio stood at 31.45% and significantly exceeded the industry average, while our consolidated return on equity was 34.56%.

Our enhanced capital structure, bolstered by our improved profitability and asset quality, has led to the international credit rating agency, Fitch Ratings upgrading our National Long-Term Rating for the third time in the past two years.

Furthermore, as part of the seven-year loan agreement worth USD 100 million signed in August with the U.S. International Development Finance Corporation (DFC), which is the U.S. Government's development finance institution, we continue to heal the wounds of those affected by the earthquakes centered in Kahramanmaraş by providing a total support of USD 133 million, including USD 33 million from our Bank's own resources.

In 2024, we will continue to grow by creating value for our Bank, our country, and all our stakeholders – a pledge we have honored for the past 70 years.

I would like to express my deep respect for the founders of Şekerbank and extend my gratitude to our customers, shareholders, domestic and international business partners, regulatory bodies, public authorities, and all Şekerbank employees contributing to the value we create for our country.

Yours sincerely,

Dr. Hasan Basri Göktaş
Chairman of the Board of Directors
Executive Board Member

In 2023, we increased our consolidated total assets by 32% on an annual basis to TL 90.7 billion.

GENERAL MANAGER'S MESSAGE

The Bank's Transformation Program launched in 2019 with the goal of achieving an end-to-end transformation that will underpin Şekerbank's sustainable growth, was completed in 2023, enabling Şekerbank to outperform the industry in almost every field and usher in a new period of growth in line with its 75th anniversary vision.



Thanks to an accelerated internal capital generation capacity spurred by enhanced profitability and a growth strategy that emphasizes the efficient utilization of capital, our capital adequacy ratio steadily increased, reaching 27.22% on a solo basis and 31.45% on a consolidated basis at the end of 2023.

41.4%

**Unconsolidated
Return on Equity**

Esteemed Stakeholders,

Celebrating a pivotal milestone in 2023, Şekerbank has been distinguished for 70 years by its foundational commitment to social and environmental banking, carving a unique niche among Türkiye's private-capital deposit banks. The Bank's Transformation Program launched in 2019 with the goal of achieving an end-to-end transformation that will underpin Şekerbank's sustainable growth, was completed in 2023, enabling Şekerbank to outperform the industry in almost every field and usher in a new period of growth in line with its 75th anniversary vision.

Through the diligent execution of projects and investments under our five-year Transformation Program, coupled with our disciplined focus on effective risk management, we have markedly improved asset quality, reduced funding costs, optimized capital utilization, and promoted robust, efficient growth via data-driven decision-making. This has laid a solid foundation for our growth trajectory initiated in the last quarter of 2023.

The implementation of loan allocation decision support systems, along with early warning and collection models, for advanced SME and agricultural loans in 2019, as well as our collective focus on improving asset quality across the organization, has enabled us to slash our non-performing loan balance by 70% over the past five years, and by 39% in 2023 alone. Furthermore, we

have adopted a prudent balance sheet management approach by maintaining our non-performing loan coverage ratios at levels consistently higher than industry averages in each period.

Benefiting from our historically low cost of risk levels driven by improved asset quality and our widespread deposit costs managed much more strategically with analytical deposit pricing models, we have witnessed a steady rise in sustainable profitability over the past five years. According to our non-consolidated financial statements for 2023, our year-end net profit increased by 63% to TL 2.4 billion, while our return on equity stood at 41.4%.

Thanks to an accelerated internal capital generation capacity spurred by enhanced profitability and a growth strategy that emphasizes the efficient utilization of capital, our capital adequacy ratio steadily increased, reaching 27.22% on a solo basis and 31.45% on a consolidated basis at the end of 2023.

The continuous improvement in our financial performance, especially in asset quality and sustainable profitability, and our satisfactory capital ratios were recognized with successive rating upgrades in 2022 and 2023 from international credit rating agencies such as Fitch Ratings and Moody's.

Celebrating its 70th anniversary in 2023 with a bolstered financial performance, Şekerbank has underscored its commitment to a unified strategy centered on environmental, social, and governance (ESG) principles. This approach highlights the Bank's longstanding dedication to socially inclusive and environmentally sustainable banking—a practice gaining ever more significance both in Türkiye and around the world. Accordingly, our Bank's 75th year vision is to "be a regional

GENERAL MANAGER'S MESSAGE

We aim to showcase a globally exemplary banking model centered on environmental, social, and governance (ESG) principles by crafting a new chapter of success for Şekerbank in the upcoming period through an efficient, focused and responsible growth strategy.

63%

Increase in Net Profit

leader in social and environmental banking." To achieve this key vision, Şekerbank began a new transformation journey to elevate its competitive advantages in sustainable banking to international standards.

As a bank that has obtained its foreign loans solely for social and environmental purposes, we believe that our Bank's environmental, social, and governance (ESG) strategy, will be further recognized as a crucial factor for international fund providers in the upcoming period. We also believe that the responsibilities taken by banks that provide social impact, support women entrepreneurs, create employment, and finance export-oriented, high-technology investment projects and initiatives that will facilitate the recovery of the provinces affected by the earthquakes, will be supported by the economy administration within this period.

The Medium-Term Program (MTP) announced by our Esteemed President in September 2023 strategically prioritizes a growth model based on investments, exports, employment and production to ensure financial stability. This program inherently aligns with Şekerbank's focus on social and environmental banking.

With the changes made in economic policies in June 2023, the Central Bank of the Republic of Türkiye (CBRT) has taken steps to tighten monetary policy and simplify the macroprudential framework. Consequently, credit growth has reached a more stable pace that will meet the financing needs of the real economy, especially after August. To that end, in line with macroeconomic policies, Şekerbank increased its credit growth rate, particularly as of September, and raised its total loan volume to TL 42.6 billion by the end of the year with an annual growth of 22% in Turkish lira loans.

Şekerbank stands out as the leading private-capital deposit bank in Türkiye for dedicating the largest portion of its loan portfolio -54.5%- to SME loans. It also holds the unique position of being the sole private bank established with the mission of financing sustainable agriculture.

Şekerbank's historic role as a pioneer in inclusive banking, rooted in its extensive and well-established network with 72% of branches located outside major metropolises, is set to be further strengthened by a strategic push towards digitalization. To serve this end, we have prioritized mobile banking solutions for tradespeople and farmers in our digital channel investments carried out as part of the Transformation Program, with our tablet banking infrastructure enabling the tradespeople and farmers in rural areas to access loans without having to go to a branch. We will continue our digitalization investments in the coming period to launch brand-new practices in our industry with the goal of expanding access to financing for segments that have not been introduced to banking services.

We assume a pioneering role in financing energy efficiency and assessing environmental and social risks in credit processes regarding accelerating the banking industry's transition to sustainable banking practices, which is among the main goals determined under the "Green Transformation" heading of the Medium-Term Program. Through EKOredi, Türkiye's first banking product to finance energy efficiency investments, we are dedicated to spreading the green transformation to remote regions by adding exporting SMEs and commercial customers to our network, augmenting the 123 thousand businesses, farmers, and individual clients we have supported since 2009.

We maintained our strength in widespread deposits, a testament to our extensive branch network that is nearly quadruple the size of other banks at our asset level and a strong brand image warmly embraced across Anatolia. By year's end, the share of savings below TL 1 million in individual

deposits was 37% across the Turkish banking industry, while Şekerbank boasted a higher rate of 43%. The share of savings deposits in total customer deposits stood at 74.3%, exceeding the industry average. In line with the goal of making lira-denominated assets the primary store of value in the financial system, one of the key policies adopted in the Medium-Term Program, we increased our lira deposits by 20% year-on-year. Our non-consolidated financial statements for 2023 show that our total deposit volume reached TL 52.9 billion.

It's also significant to highlight that the enhanced predictability resulting from the policies executed under the Medium-Term Program has contributed to a reduction in our country's risk premium. This improvement has bolstered the finance industry's ability to access international financing. Encouraged by the long-standing relationships we have built with development-oriented international financial institutions thanks to our Bank's activities aimed at providing social and environmental benefits as well as our steadily increasing financial performance over the past five years, we signed an important agreement in 2023 to provide long-term foreign funding to our country. We signed a seven-year loan agreement worth USD 100 million with the U.S. International Development Finance Corporation (DFC), the development finance institution of the U.S. Government. With the project, which reached a total worth of USD 133 million with an addition of USD 33 million from our Bank's own resources, we aim to further expand access to financing for women and SMEs in the next seven years and to support widespread employment for the sustainable development of the earthquake region.

The year 2024 offers a more supportive framework for the economic performance of developing countries. The planned steps taken by the economy administration as part of the Medium-Term Program, coupled with the resulting successes, have improved predictability in Türkiye. The strong determination towards ensuring price stability and financial stability in the Turkish economy as well as the ongoing growth performance will enable Türkiye to stand out among developing countries. When all these developments are considered in conjunction with Şekerbank's strong financial structure and its deep expertise that supports Türkiye's inclusive and sustainable growth, we can see that the next five years herald a period of significant advancement for Şekerbank. We aim to showcase a globally exemplary banking model centered on environmental, social, and governance (ESG) principles by crafting a new chapter of success for Şekerbank in the upcoming period through an efficient, focused and responsible growth strategy.

As we steadfastly progress towards our 75th anniversary vision, I would like to thank our valued employees for the successful results we achieved in 2023 and also to our esteemed customers, local and international stakeholders who supported us on this journey, international financial institutions, public authorities, shareholders, and our Board of Directors.

Yours sincerely,

Aybala Şimşek Galpin
General Manager

The Medium-Term Program (MTP) strategically prioritizes a growth model based on investments, exports, employment and production to ensure financial stability. This program inherently aligns with Şekerbank's focus on social and environmental banking.

OUR STRONG PERFORMANCE IN 2023

Our financial, operational, and sustainability achievements in 2023 mark a significant step forward.

FINANCIAL INDICATORS



Total Assets

TL 81.4 billion



Capital adequacy ratio

27.22%



Net profit

TL 2,446 million



Total deposits

TL 52.9 billion



Net loans

TL 41.2 billion

OPERATIONAL INDICATORS



238 branches

Branch network spanning 67 provinces and 90 off-center districts



72%

Ratio of branches outside the three major metropolises



73 thousand

Number of Şeker Mobil new users



65%[✓]

Effective digital customer growth rate



150 thousand+

Number of Harvest Card customers



~45 thousand

POS member merchants



350 thousand+

Number of farmers served



121[✓]

Disabled-friendly ATMs



993,132

Number of Call Center transactions



4.04/5.00[✓]

Call Center customer satisfaction ratio

SUSTAINABILITY INDICATORS



Total number of employees

3,703[✓]



Total number of transactions made through digital channels

7,2 million+



Water footprint per employee

11.34 m³



CDP Water Security Program

A-



Women employees' ratio

53.8%[✓]



Loans evaluated within ESG

34,745 thousand[✓]



Saving on paper with paperless banking

351 tons[✓]



CDP Climate Change Program

A



Average training time per employee

25.62 hours[✓]



Number of active customers on Women's Banking

155 thousand



Total financing for energy efficiency investment

TL 1,6 billion+[✓]



Emissions per employee

1.77 tCO₂e

INDEXES, INITIATIVES AND SUSTAINABILITY RATING AGENCIES THAT ŞEKERBANK IS INVOLVED IN

INDEXES



Borsa Istanbul Sustainability Index



United Nations Global Compact-UNGC

INITIATIVES

In support of



Women's Empowerment Principles - WEPs



Science Based Targets Initiative-SBTi



UNEP FI Principles for Responsible Banking



United Nations Environment Programme Finance Initiative (UNEP FI)



UNGC Forward Faster Initiative

SUSTAINABILITY RATING ORGANIZATIONS



Carbon Disclosure Project-CDP



London Stock Exchange Group (LSEG)



Sustainalytics ESG



Client Protection Certification (Cerise SPTF)

SUSTAINABILITY REPORTING



Value Reporting Foundation-VRF



Integrated Reporting Framework



Global Reporting Initiative-GRI



Sustainability Accounting Standards Board-SASB



Task Force on Climate-Related Financial Disclosure-TCFD



Finance for Biodiversity Foundation

CORPORATE PROFILE

As we carry our deep-rooted heritage into the future, we will continue to create value for all our stakeholders by combining the local with the global and providing banking services to all segments of society.

1953

Date of Establishment

Founded on October 12, 1953 as a cooperative bank in Eskişehir to provide financing for agriculture and the sugar industry, Şekerbank is the only institution among the banks established at that time to support the agricultural industry that is still operating strongly today and still maintains the social development mission that was decisive in its establishment.

72%

Ratio of Branches in Anatolia

With 238 branches, 72% of which are in Anatolia and most of which have been serving in the same location for more than half a century, we are the only bank that has a branch network about four times the size of its peer group, across seven regions of Türkiye. With the support of this strong branch network, by maintaining a banking tradition that covers all segments of society, we take justified pride of being one of the most established brands of the Turkish Banking sector with both our customer base consisting of farmers and SMEs with whom we have grown together for generations and our extensive and robust deposit structure. We are one of the banks in the Turkish banking sector that allocates the highest share to SME loans with 54.5% in its loan portfolio.

Guided by International Finance Corporation (IFC), a World Bank Group institution, Şekerbank is among the first institutions in Türkiye to have considered environmental and social impacts in its lending activities.

As a reflection of our community and human-oriented banking mission, we have broken many grounds in sustainable banking. A pioneer in sustainable banking not only with its banking activities but also with its legacy of governance, Şekerbank became the first bank in Türkiye to receive a corporate governance rating and to be included in the Borsa Istanbul Corporate Governance Index in 2008. We continue to play a pioneering role in corporate governance today as well.

Guided by International Finance Corporation (IFC), a World Bank Group institution, Şekerbank is among the first institutions in Türkiye to have considered environmental and social impacts in its lending activities. We developed EKOkredi in 2009, the first banking product in Türkiye to finance energy efficiency investments, and introduced energy savings to nearly 123 thousand people until today. Our efforts to provide financing within the scope of EKOkredi and raise social awareness on energy efficiency were appreciated by public authorities. In 2012, our EKOkredi product became the only project from the finance sector to represent our country at the "Rio+20 United Nations Conference on Sustainable Development" as a result of the evaluation conducted under the coordination of the Ministry of Development within the scope of the best sustainable banking practices.



Number of EKOkredi Users

~123 thousand

In 2011, thanks to our deep-rooted expertise in SME and agricultural banking, we established an important financing bridge between international financial institutions and Türkiye's SMEs by issuing the "First Securities in the World that are Backed by SME Loans." Today as well, while loans related to environmental and social issues constitute the external resources on our balance sheet, our responsible banking mission, ongoing for seven decades, continues to win acclaim from international financial institutions.

With the "Family Farming Banking," a first in Türkiye and in the world, that we started in 2014 for the mergers of land fragments, energy efficiency investments and financing of modern agricultural techniques for the purpose of preventing migration from village to city, we provided close to TL 18.06 billion of financing support to nearly 150 thousand farming families in the last nine years.

We successfully entered our 70th year with a performance above the industry in many areas thanks to the major transformation we realized in our technological infrastructure, in all our decision processes from credit decision systems to deposit pricing and in our business manner within the scope of the Transformation Program we carried out between 2019-2023 in order to carry our Bank more strongly into the future. The significant improvement we achieved in asset quality, sustainable profitability, and our equity base with the "Transformation Program" was also appreciated by international rating agencies and led to rating increases.

We continued to demonstrate our commitment to our mission of creating value for Türkiye with the steps we took in the aftermath of the earthquake disaster in February 2023, which deeply saddened us all. In line with our pioneering role in rural banking and financial inclusion, we worked hard to bring international resources to hundreds of thousands of people in need. Within this scope, we signed a 7-year, USD 100 million loan agreement with the US International Development Finance Corporation (DFC), a part of the US Government, for the development of the earthquake region, and we were honored that our Bank played a role in this important collaboration.

Our greatest goal is to add more value to the environment and society and make it permanent while maintaining our founding mission at all times. As we carry our deep-rooted heritage into the future, we will continue to create value for all our stakeholders by combining the local with the global and providing banking services to all segments of society.

ŞEKERBANK'S SHAREHOLDING STRUCTURE AND SUBSIDIARIES

SHAREHOLDING STRUCTURE

SHAREHOLDERS	NUMBER OF SHARES	TOTAL NOMINAL VALUE (TL)	% OF SHARES
Şekerbank T.A.Ş. Voluntary Pension Fund (SEMVAK) and Affiliates	639,807,810.80	639,807,810.80	34.40
Samruk Kazyna Invest LLP	224,353,417.47	224,353,417.47	12.06
Şekerbank T.A.Ş. Personnel Social Security Foundation	122,530,103.73	122,530,103.73	6.59
Other	873,308,668.00	873,308,668.00	46.95
Total	1,860,000,000.00	1,860,000,000.00	100.00

The Bank's capital does not have any privileged shares as of 31.12.2023. There is not a real person shareholder with a share exceeding 5%.

Şekerbank T.A.Ş. Personnel Social Security Foundation

6.59%

Samruk Kazyna Invest LLP

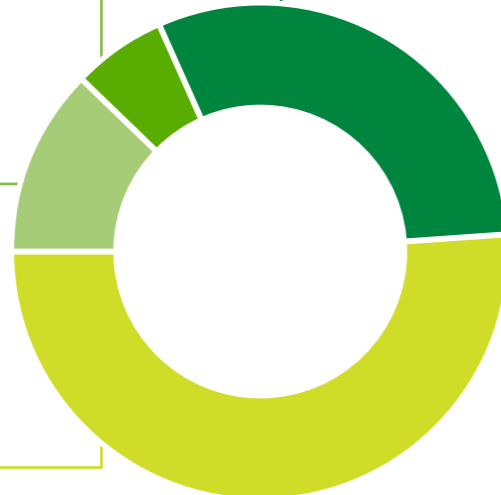
12.06%

Other

46.95%

Şekerbank T.A.Ş. Voluntary Pension Fund (SEMVAK) and Affiliates

34.40%



Subsidiaries of Şekerbank

Şeker Yatırım Menkul Değerler A.Ş. (Şeker Securities)

Şeker Securities was founded on December 24, 1996 in accordance with the Capital Market Law and applicable regulations to engage in the capital market activities. Şekerbank T.A.Ş. is the founding shareholder of Şeker Securities.

Şeker Securities offers domestic and international capital market products to individual and corporate customers at its Head Office building in Levent, Istanbul, two branches and through its websites and mobile applications under an agency agreement for order submission between Şeker Securities and Şekerbank.

Operating as a "Broker Company with Broad Authority" within the framework of the authorization certificates obtained from the Capital Markets Board, Şeker Securities provides brokerage services for all capital market products and services. Şeker Securities' activities can be summarized under 6 main headings.

- Transaction Brokerage
- Portfolio Brokerage
- Private Portfolio Management
- Investment Consulting
- Brokerage and Underwriting of Public Offerings
- General Custodian Services

The public offering of Şeker Securities shares was realized in the Primary Market of Borsa Istanbul between November 30 - December 01, 2023 with the "Sale on the Stock Exchange - Fixed Price Demand Collection and Sales Method."

A total of 52,500,000 shares with a nominal value of TL 52,500,000, including 35,000,000 shares added due to the increase in the issued capital of Şeker Securities from TL 120,000,000 to

TL 155,000,000 and 17,500,000 shares owned by Şekerbank T.A.Ş., one of its existing shareholders, were offered to the public on December 6, 2023. Şeker Securities' public offering size was realized at TL 367.5 million and its free float rate was 33.87%.

Şeker Faktoring A.Ş. (Şeker Factoring)

Şeker Factoring was established in 2000 to provide domestic and international factoring services. Headquartered in Istanbul, Şeker Factoring has eight branches, namely Ankara, Izmir, Bursa, Denizli, Gaziantep, Antalya, İkitelli, and Dudullu, apart from the Head Office.

Şeker Finansal Kiralama A.Ş. (Şeker Leasing)

Founded in 1997, Şeker Leasing engages in all types of financial leasing activities and has a broad customer portfolio composed of many companies operating in a wide range of sectors. Şeker Leasing, which is headquartered in Istanbul, has a branch in Ankara. The shares of Şeker Leasing are traded on Borsa Istanbul (BIST) since July 21, 2004.

Şekerbank (Kıbrıs) Ltd.

Şekerbank (Kıbrıs) Ltd. was established in Nicosia in 1996 as a subsidiary of Şekerbank. Today, Şekerbank (Kıbrıs) Ltd. continues its activities as a privately owned local commercial bank with six branches in Nicosia Center, Famagusta, Kyrenia, Güzelyurt, İskele and Akdoğan.

Şeker International Banking Unit Ltd.

Founded in 1994 in Nicosia, the Turkish Republic of Northern Cyprus, Şekerbank Offshore Ltd. was renamed as Şekerbank International Banking Unit Ltd. in 2009 and as Şeker International Banking Unit Ltd. in 2022. Şeker International Banking Unit Ltd. continues its activities in the field of offshore banking.

Şeker Gayrimenkul Yatırım Ortaklığı A.Ş. (Şeker REIT)

Founded in 2017, Şeker Proje Geliştirme ve Gayrimenkul Yatırım Anonim Şirketi was changed to Şeker Real Estate Investment Trust at the start of 2020. The Company is a registered capital joint-stock company in the form of a capital market institution that can manage a portfolio consisting of real estates, real estate projects, rights based on real estate, capital market instruments and other assets and rights to be determined by the Capital Market Board, as well as perform other activities permitted under capital market legislation. In 2022, Şeker REIT increased its paid-in capital of TL 610,166,462 to TL 813,555,283 and offered its 203,388,821 shares (each with a nominal value of TL 1) to the public started to be traded in Borsa Istanbul as of June 7, 2022.

Şeker REIT has a wide and extensive real estate portfolio consisting of a total of 151 properties, including 150 properties in 20 provinces in Türkiye and 1 property abroad.

KEY FINANCIAL INDICATORS

Backed by our Transformation Program investments and a disciplined focus on effective risk management, we made significant progress towards sustainable profitability and we have achieved overperforming the sector average in the financial statements for 2023.

SELECTED UNCONSOLIDATED FINANCIAL INDICATORS

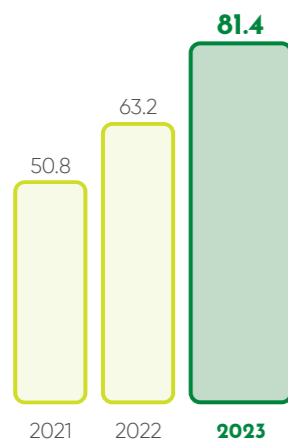
(TL THOUSAND)	2019	2020	2021	2022	2023
Total Assets	30,596,129	37,504,455	50,756,043	63,244,174	81,367,575
Total Loans (Net)	19,834,152	23,966,460	28,819,203	34,257,718	41,179,297
Shareholders' Equity	1,976,583	2,636,078	2,957,944	4,695,094	7,603,823
Total Deposits	24,547,812	30,743,678	37,008,958	46,773,491	52,928,849
Net Profit/Loss	(684,082)	52,617	254,698	1,502,150	2,445,692

UNCONSOLIDATED FINANCIAL RATIOS

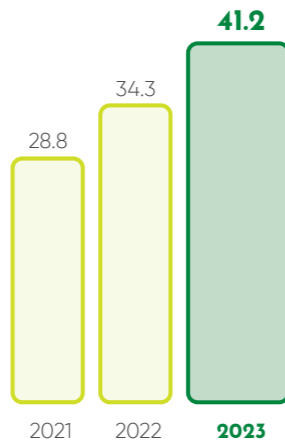
(%)	2019	2020	2021	2022	2023
Capital Adequacy Ratio	13.40	14.47	16.67	20.72	27.22
Securities/Total Assets	11.61	12.60	11.72	18.70	15.24
Total Loans (Net)/Total Assets	64.83	63.90	56.78	54.17	50.61
Total Deposits/Total Assets	80.23	81.97	72.92	73.96	65.05



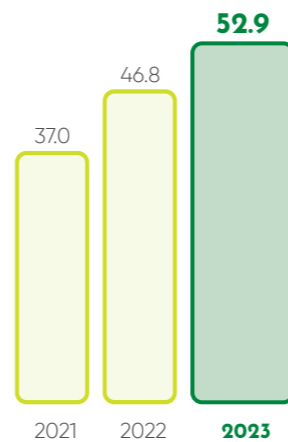
TOTAL ASSETS
(TL BILLION)



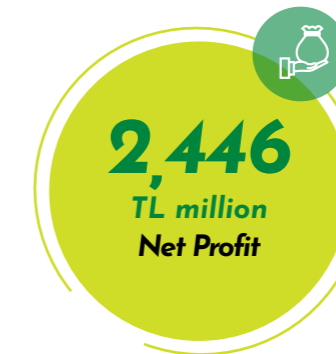
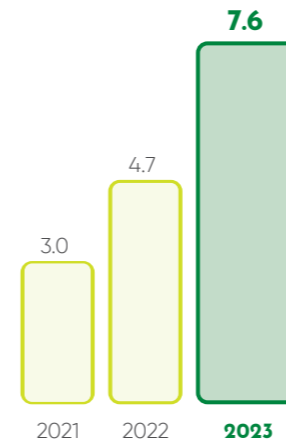
TOTAL LOANS (NET)
(TL BILLION)



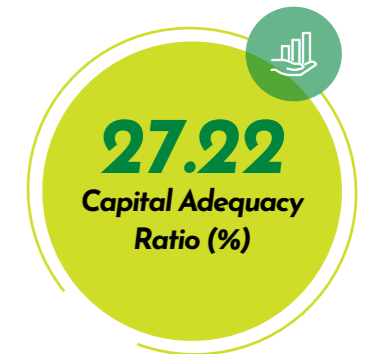
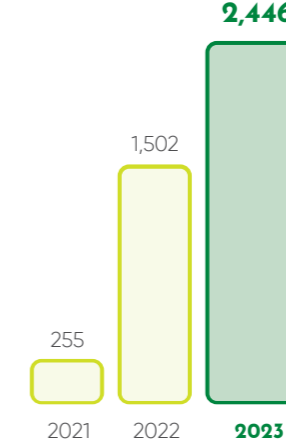
TOTAL DEPOSITS
(TL BILLION)



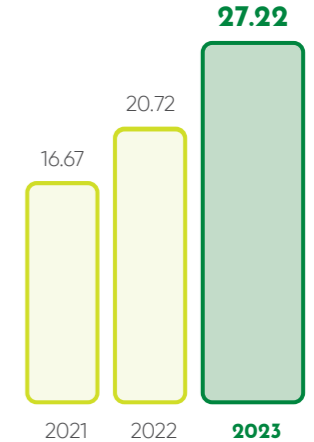
SHAREHOLDERS' EQUITY
(TL BILLION)



NET PROFIT
(TL MILLION)



CAPITAL ADEQUACY RATIO (%)



ŞEKERBANK'S STRATEGY AND POSITION IN THE SECTOR

With its unique and distinctive position in the Turkish banking sector, Şekerbank has pioneered many initiatives in sustainable banking, and aims to be the regional leader in social and environmental banking.



100%
Social and Environmentally Focused Foreign Resources

Şekerbank was established on October 12, 1953 as an exemplary collective enterprise model of the young Republic of Türkiye in line with the goal of a holistic sustainable development with its economic, social and cultural dimensions. The Bank has been founded by the collaboration of 11 sugar beet producers' cooperatives with hundreds of thousands of members from all over Türkiye and three sugar factories with the aim of supporting the sugar industry and agricultural production, Şekerbank is committed to preserve and fulfill its mission of community and people-oriented banking, since its foundation.

With a well-established branch network spread across all regions of Türkiye, approximately four times that of its peer group, the Bank covers a geography and population far beyond its asset size.

Şekerbank has consistently played a pioneering role in the Turkish banking sector in supporting small producers, promoting widespread savings and financing SMEs.

As a reflection of the collective culture stemming from its foundation, Şekerbank has consistently played a pioneering role in the Turkish banking sector in supporting small producers, promoting widespread savings and financing SMEs. As a matter of fact, Şekerbank allocates the highest share of its loan portfolio to SMEs amongst the privately owned deposit bank in Türkiye.

With its unique and distinctive position in the Turkish banking sector, Şekerbank has pioneered many initiatives in sustainable banking to date aligning its operations with the United Nations Sustainable Development Goals as of 2015. Şekerbank has adapted its historical leadership in financial inclusion to its activities to combat climate change and has carried out significant efforts since 2009 to raise awareness about energy efficiency across the society.

Within the scope of the Transformation Program carried out during 2019-2023, Şekerbank renewed its entire technological infrastructure, decision-making processes and digital channels and significantly increased its financial performance with the support of the investments it made. The notable improvements achieved in asset quality, sustainable profitability and consequently in the equity base with the support of the projects undertaken in Transformation

Program. The achievements was duly appreciated by international rating agencies resulting in consecutive upgrades in both 2022 and 2023.

In 2023, as Şekerbank entered its 70th year with a strengthened financial performance, the Bank has made its strategy much clearer with the aim of transforming all its activities into an environmental, social and governance (ESG) oriented structure, with the awareness of the importance of the areas in which the Bank has in-depth expertise is becoming more and more important on a global and local scale. The Bank's 75th anniversary vision is 'To be the regional leader in social and environmental banking'.

The Bank's profound expertise in SME and agricultural banking along with its competence in reaching rural population is appreciated by development-oriented International Financial Institutions, and all of the loans obtained from abroad are dedicated to social and environmental purposes. With the support of its widespread and well-established branch network, 72% of which are located outside the three major metropolitan areas, the Bank continues to be a constant destination for widespread retail savings. While diversifying our funding structure with the international resources we are also leveraging the analytical deposit models established under the Transformation Program carrying forward its strength in widespread deposits into the future

Şekerbank undertakes a special mission in terms of establishing food security, which has become the most important agenda item globally due to climate change and geopolitical tensions. Prioritizing small-scale producers and family farmers in agricultural lending, we adopt a growth strategy that targets the entire value chain in financing sustainable agriculture.

Parallel to the outlined scope of the Medium Term Program announced in 2023, investments, exports, employment and production-oriented growth model, which are strategically prioritized to ensure financial stability, also constitutes the essence of Şekerbank's strategy.

As part of the Transformation Program, the Bank has renewed its entire SME loan decision support system infrastructure, models and decision processes. The healthy growth in SME loans over the past five years is a significant indicator of the continuity of the improvement in asset quality. With the support of its advanced credit decision systems, Şekerbank aims to gradually increase its market share in SME lending, surpassing the sector average growth rate, constituting 54.5% of its total loans as of the end of 2023.

Şekerbank has adopted the goal of transforming its corporate and commercial loan portfolio into environmental and social loans and has identified renewable energy, energy efficiency, exports, investments, and social development, with priority given to the development of the earthquake region, as key focus areas in its growth strategy.

Şekerbank has shaped its digital banking and data strategy in line with its social and environmental banking mission. Offering a highly granular risk and marketing approach to its customers thanks to its strong customer database, the Bank carries its expertise in the field to digital channels through fintech collaborations and research and development studies in the fields of alternative data and microfinancing in order to reinforce its pioneering role in financial inclusion. The Bank aims to reach 2 million new customers in the next five years with the support of its ever-improving digital channels.

One of the main areas of Şekerbank's inclusive banking activities is women's banking. In 2023, our bank provided 634 million TL loans to 2,086 female customers across all segments, adhering to the criteria of the '2X Challenge' platform developed by development-focused international financial institutions. Furthermore, 53.8% of our total workforce is women.

In 2009, the Bank developed EKO kredi, the first banking product in Türkiye dedicated to energy efficiency investments, and since then the Bank has introduced more than 122 thousand individuals, businesses and farmers to energy savings. In the same year, Şekerbank marked an initiative another first in the Turkish banking sector by establishing a Social and Environmental Management System that takes into account environmental and social impacts in lending decisions under the guidance of the International Finance Corporation (IFC), a World Bank organization.

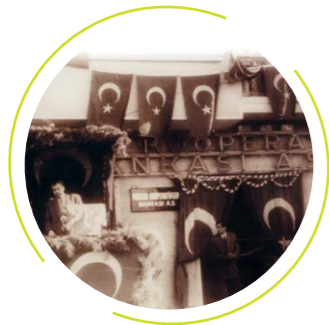
Again Şekerbank has taken a pioneering role in the governance dimension of sustainability, the Bank is the first bank in Türkiye received a corporate governance rating and subsequently entered in the Borsa Istanbul's Corporate Governance Index in 2008. The Bank's employees are also members of the Şekerbank T.A.Ş. Voluntary Pension Fund (SEMVAK), the main shareholder of Şekerbank, and all human resources policies are based on promoting equality, diversity and developing a corporate culture against discrimination.

Şekerbank's priority to provide transparent and sustainable services to its customers has been certified and the Bank is the only bank in Türkiye holding a Gold Certificate on the Cerise+SPTF platform, a global network for customer protection in financial services.

With an efficient, healthy and broad-based growth strategy, Şekerbank is determined to further accelerate the successful financial performance and 'become a regional leader in social and environmental banking'.

OUR 70-YEAR STORY

On October 12, 1953, we were founded as an exemplary collective enterprise model of the young Republic of Türkiye, in line with the goal of holistic sustainable development in the economic, social and cultural dimensions.



1953

Pancar Kooperatifleri Bankası A.Ş.

Şekerbank's foundation was laid with the establishment of Pancar Kooperatifleri Bankası (Sugar Beet Cooperatives Bank) in Eskişehir on October 12, 1953. The Bank's mission during those early years was to meet the funding needs of sugar beet producers and their industry.



1956

From Eskişehir to Ankara

The Bank's headquarters was relocated to Ankara and with the Council of Ministers' decree, its name was changed to Şekerbank Türk Anonim Şirketi.



1970s

New Products and Services

It is a period of change and growth for the Bank. The Bank gradually evolved from a cooperatives' bank to a full-service bank capable of providing a full range of products and services. The Bank opened a representative office in Cologne, Germany in 1972. By 1979, Şekerbank's service network totaled 134 branches.



1980s

A Period of Focusing on Commercial Banking

During this period, Şekerbank focused on commercial banking. By 1983, the number of branches had risen to 161. As foreign trade brokerage operations increase, correspondent relations become stronger. The Şeker Çocuk (Şeker Child) Magazine has been launched and Şekerbank opened one of Türkiye's first bank art galleries in Ankara.



1993

Private Bank Status

A total of 10% of the outstanding shares of T. Şeker Fabrikaları A.Ş. were acquired by Pankobirlik (7%) and Şekerbank Voluntary Pension Fund (3%) from the State Partnership Administration of Türkiye. As a result, Şekerbank ceased to be part of the public sector. Subsequently, the Bank was restructured with a private sector commercial bank approach.



1997

Initial Public Offering

Şekerbank completed an initial public offering of its shares and became institutionalized. With a major corporate development initiative implemented, the foundation for a more modern and contemporary Şekerbank was laid.



2000

Transfer of Shares

Şekerbank's majority shares changed hands: a 51% stake was acquired by Şekerbank T.A.Ş. Voluntary Pension Fund and Şekerbank Personnel Social Security Foundation.



2002-2004

2002 | Customer-Oriented Service

Şekerbank initiated a comprehensive restructuring program to be transformed into a customer-oriented, multi-channel bank.

2003 | 50th Anniversary

Şekerbank became one of the cornerstones of the Turkish banking sector in its 50th year.

2004 | The Redesigned Corporate Identity

Şekerbank relocated its headquarters to a new office building in Istanbul; in addition, the Bank redesigned its corporate identity and logo.



2007

Türkiye's Fastest Growing Bank

Şekerbank implemented a strategic business plan of the financial world and it reflects the performance of the leading publications of The Banker magazine's annual "Top 1,000 World Banks" in the study of the world's top 50 banks with the highest rate of growth in the world, ranking 6th and becoming the "Türkiye's Fastest Growing Bank."

OUR 70-YEAR STORY



2008-2009

2008 | First Turkish Bank Assigned a Corporate Governance Rating

Şekerbank became the first bank in Türkiye with a corporate governance rating due to the evaluation of ISS Corporate Services Inc., one of the most reputable rating agencies of the world in the field of corporate governance, certified by the Capital Markets Board. The evaluation was based on "shareholders, public disclosure and transparency, stakeholders and board of directors" criteria.

2009 | EKOkredi Launched

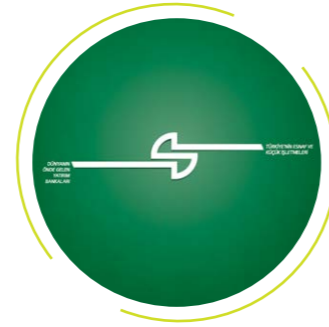
Şekerbank launched EKOkredi, a groundbreaking product in Türkiye to finance energy savings and efficiency initiatives targeted at the protection of natural resources and waste prevention. It was selected as the Banking Product of the Year in 2009.



2010

One of the Five Turkish Banks Included in the CDP report

Şekerbank is one of the first banks that participated in the CDP (Carbon Disclosure Project) 2010 report in Türkiye, one of the world's leading platforms for combating climate change.



2011

First SME-Backed Covered Bond Issuance in the World

Şekerbank issued Türkiye's first SME-Backed Covered Bond. The bond issuance, which was the first Turkish lira-denominated borrowing transaction structured in international capital markets, was also the world's first Covered Bond issuance covered by SME loans. With this covered bond program, a major financial bridge between international financial institutions and Türkiye's craftsmen and small enterprises has been established.

Contemporary Art in Anatolia with Açıkecran

In line with its sustainable development strategy and the corporate objective of increasing access to contemporary art and culture, Şekerbank founded Açıkecran New Media Arts in May 2011. Rather than being a conventional gallery project that is limited to a physical venue, Açıkecran is a contemporary art platform that embraces the wide range of possibilities of new digital media and that is accessible to the public via the Bank's branches. Açıkecran hosts curated exhibitions that bring together major artists and new talents. At Açıkecran, Şekerbank provides local communities with an opportunity to meet contemporary art through its extensive branch network.



2012

Türkiye's "Sustainable Development" Representative

As a result of an assessment conducted by Türkiye's Ministry of Development, Şekerbank's EKOkredi project was named one of the best country applications in sustainable development and green economy at the Rio+20 United Nations Conference on Sustainable Development. Şekerbank participated in Rio+20 as the sole representative of the Turkish financial services industry.



2013

"Open Door for Small Businesses" Platform

Şekerbank created a groundbreaking platform for more than 1.5 million tradesmen in Türkiye during its 60th anniversary year. Under the auspices of the Ministry of Customs and Trade, Confederation of Turkish Tradesmen and Craftsmen (TESK) said life support and the private sector, government, NGOs and consumers, shopkeepers brings together the "Open Door for Small Businesses" platform covered Şekerbank consumers an incentive to shop at tradesmen.



2014

Nobel Laureate Prof. Robert J. Shiller is at the "Financing of Sustainable Development Conference"

At the Financing Sustainable Development Conference held as part of the Bank's 60th anniversary celebration, Şekerbank hosted one of the world's leading economists, the winner of the 2013 Nobel Prize for Economics, Robert J. Shiller, a Sterling Professor at Yale University, which is the Ivy League Institution's highest academic rank.

A First in the World: "Family Farming Banking"

To stem the tide of rural-urban migration and provide support to rural development, Şekerbank launched "Family Farming Banking" a first of its kind worldwide. The Bank, with the aim of supporting agricultural production, which is the purpose of the establishment of the project, provides the first of its kind in the sector to the farmer whose income decreases and left their rural areas for reasons such as dividing and shrinking agricultural land by inheritance, limited irrigation opportunities, non-application of modern agricultural techniques. Through the effective communication of the project, significant awareness was generated among the public about the importance of agriculture and rural development.



2015

Şekerbank Moves to New Headquarters

During its 62nd anniversary year, Şekerbank moved into its new headquarters in Istanbul, a landmark building that bears its name. The new headquarters is located in Levent, a central district that is home to many important financial institutions. The structure stands out for its unique architectural style that symbolizes the Bank's long history and has quickly become a key factor of prestige for Şekerbank.

The Bank that Received Türkiye's First 5-Year Syndicated Loan

In line with the mission of "Community Banking," Şekerbank receives a syndicated loan of USD 115 million, delivering long-term resources obtained from international financial institutions to a wider customer base. The loan, which is the first 5-year syndicated loan in Türkiye, is provided for use in financing SMEs, supporting foreign trade and energy efficiency investments. The loan, consisting of four different tranches: TL, EUR and USD, with different terms of up to 5 years, is provided with the participation of leading Asian and European organizations under the leadership of the Dutch Development Bank and the Korean Development Bank. Şekerbank continues to be close to the real sector with these foreign resources acquired, to finance foreign trade and to support energy efficiency investments from individuals to businesses in a widespread structure.

OUR 70-YEAR STORY



2016

Şekerbank Wins "Leaders in Water Management" Award

Thanks to its pioneering work in energy efficiency, Şekerbank, which has garnered a number of environment-related national and international awards in the past, also received the "CDP 2016 Türkiye Water Leadership" award. The Bank ranks among the leading companies in this area in Türkiye. Şekerbank is also a voluntary member of the Carbon Disclosure Project (CDP) "Water Program," a platform that aims to fight climate change by globally reporting the environmental impact of participating companies to international investors.



2017

Signatory to the "Declaration on Sustainable Finance"

Since 2009, Şekerbank has assessed the environmental and social impacts of its lending processes - and is one of the first banks in Türkiye to conduct this assessment. Keeping in line with its leading role in financing sustainable development, Şekerbank signed the Declaration on Sustainable Finance - a statement of commitment to consider environmental and social impacts in project finance - together with six leading banks in Türkiye.



2018

Şekerbank Celebrates Its 65th Anniversary!

Şekerbank, which has supported entrepreneurship and production for the development of Türkiye for 65 years, taking human values at the center of the business culture and its deep-rooted history full of success stories, celebrates its 65th anniversary on October 12, which is an important milestone.

Şekerbank is Listed on the BIST Sustainability Index

Playing a pioneering role in financing sustainable development since its inception, Şekerbank is listed on the BIST Sustainability Index, where companies traded on the Stock Exchange in Istanbul and whose corporate sustainability performances are at a high-level.



2019

Şekerbank is Swifter and More Secure with Its New Data Center

Şekerbank, which has renewed its technological infrastructure from end to end within the scope of the Transformation Program, provides a significant efficiency increase by accelerating banking operations four times with the new data center it has moved to the headquarters building. Physical and cyber security systems and equipped with the most advanced technological equipment, precision and digital data, a new data center, which is of a high standard in terms of process safety, earthquake, fire, heat, moisture and gives you uninterrupted service against risk factors such as energy outages.



2020

Şekerbank Increased Its Capital by 61%

Şekerbank was founded in 1953 by hundreds of thousands of farmers and small-scale investors with a broad capital base. Despite the global uncertainty caused by the Covid-19 pandemic, Şekerbank completed its capital-raising efforts with strong shareholder interest and increased its paid-in capital by 61% to TL 1.86 billion.



2021

Digital Support for Production from Şekerbank

Şekerbank invests in its "Digital Transformation Program" to develop many novel online banking solutions on mobile and tablet devices for tradespeople, farmers and SMEs, while prioritizing support for production. Working towards the goal of expanding financial accessibility through digital banking, the Bank has created a digital infrastructure that allows tradespeople, farmers and SMEs, whose financial needs have increased during the pandemic, to apply for a loan at any time and any place.



2022

Şekerbank's Successful Financial Performance Raises International Credit Ratings

Şekerbank renewed all processes and the technological infrastructure of the "Digital Transformation Program." Within the scope of the program, Şekerbank achieved a significant improvement in terms of its credit portfolio quality and the steps taken toward efficiency affected its financial results by increasing its credit rating. On May 23, 2022, International Rating Agency Fitch Ratings increased Şekerbank's Long-Term National Rating from BB+(tur) to BBB-(tur) thanks to the improvement in Şekerbank's creditworthiness and financial performance. On October 14, 2022, another International Rating Agency Moody's increased all the long-term ratings of the Bank taking into consideration the significant improvement in the financial performance of Şekerbank in the last three years, primarily in terms of asset quality and sustainable profitability.

OUR 70-YEAR STORY



2023

Foreign funding of USD 100 million to Şekerbank from the United States Government

Şekerbank and the U.S. International Development Finance Corporation (DFC), the U.S. government's development finance institution, signed a USD 100 million loan agreement for the development of the region affected by the February 6 earthquakes. With the addition of USD 33 million from Şekerbank's own resources, the total project amount reached USD 133 million.

Third rating upgrade from Fitch Ratings in the last two years

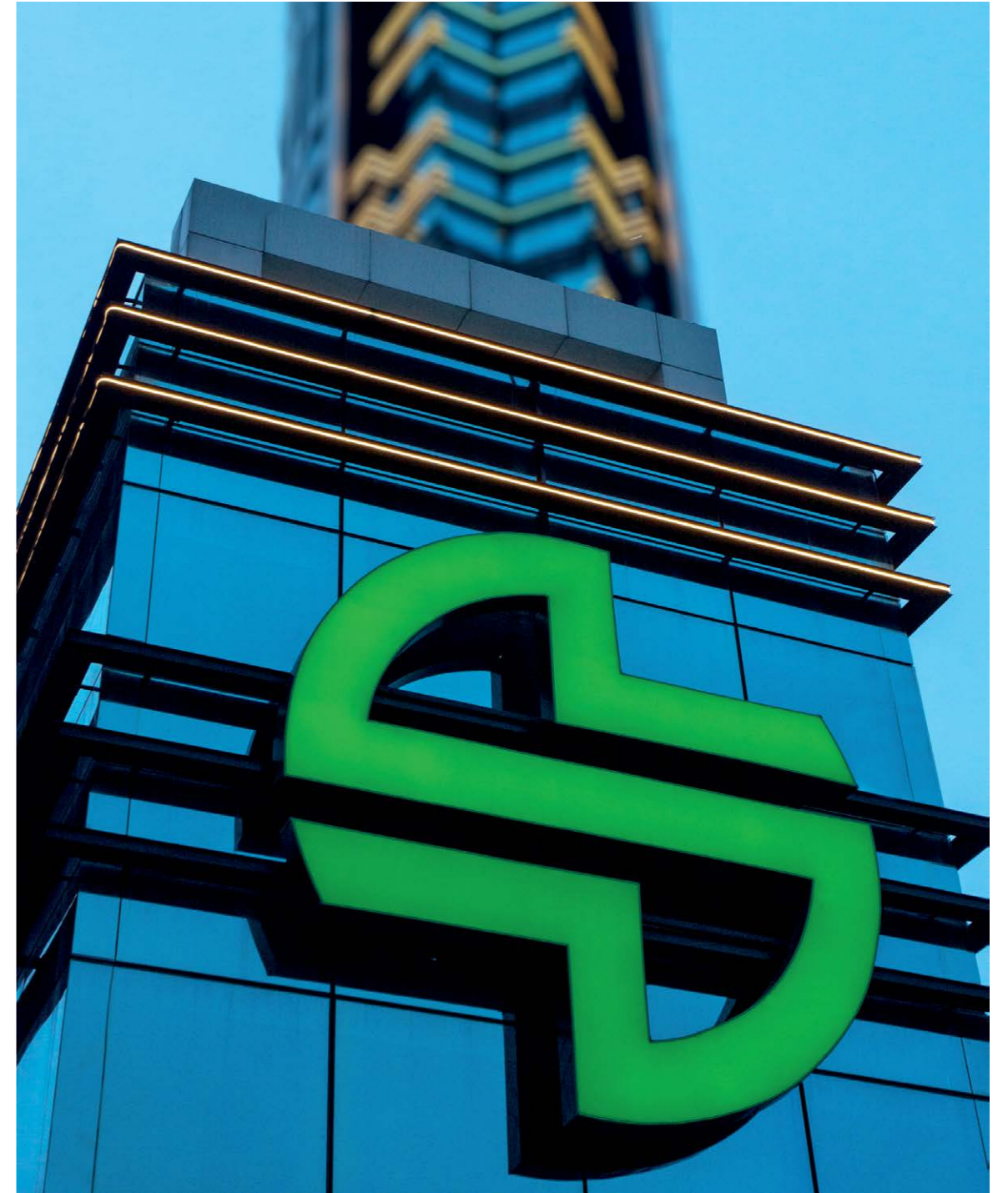
The international credit rating agency Fitch Ratings raised Şekerbank's Long-Term National Rating from "BBB(tur)" to "BBB+(tur)" and revised the Bank's Long-Term Foreign Currency and Long-Term Local Currency rating outlooks from negative to stable. Fitch Ratings raised Şekerbank's Long-Term National Rating twice, in May 2022 and in 2023, thus lifting the Bank's rating for the third time in the last two years.

Enhanced sustainability performance from Şekerbank

Şekerbank rose by two notches to the rating of Leadership level A, with a high performance according to the results of the Climate Change Program 2023. By disclosing its environmental data to the world, the Bank once again demonstrated its commitment to a zero-carbon sustainable future. Maintaining its Leadership level A- score in the Water Security Program again this year, the Bank ranks among the world's Water Leaders due to improvement measures conducted in accordance with optimal water resource management principles.

Leadership in Supplier Engagement Rating

As of the end of 2023, Şekerbank evaluated all of its suppliers, 83% of which are local and 17% of which are global. Due of the CDP reporting carried out in 2023, Şekerbank was recognized among the leaders of the "Supplier Engagement Rating" list.



As a bank recognized with numerous local and international awards for pioneering efforts that serve as models in our industry, we will continue to populate our deep-rooted history with success stories, supporting grassroots savings and production for Türkiye's sustainable development.

YEAR 2023 IN THE WORLD AND IN TÜRKİYE

In 2023, the global dialogue focused on the adoption of tight monetary policies necessitated by high inflation rates, and their consequences took center stage in discussions worldwide.



4.5%

Growth Rate of Turkish Economy*

Global Macroeconomic Outlook

In 2022, the most significant issue facing the global economy was the disruption of price dynamics due to the economic policies implemented during the pandemic and the resulting supply-demand imbalances, led to the highest inflation levels of the past forty years in many countries due to the sharp increase in energy prices with the start of the Russian-Ukrainian War. In 2022, as the

With economic activity supported by the strong course of consumption expenditures throughout the year, the Turkish economy recorded an average annual growth of 4% in the first half of the year and 5.0% in the second half of the year, culminating in a growth rate of 4.5% for the year overall.

central banks turned to tight monetary policies and global financing conditions tightened, the Fed raised interest rates by 425 basis points and the ECB by 250 basis points, and annual inflation in the US and the Eurozone reached 9.1% and 10.6%, respectively, before ending the year at 6.5% and 9.2%.

In 2023, the global dialogue focused on the adoption of tight monetary policies necessitated by high inflation rates, and their consequences took center stage in discussions worldwide. Central banks in developed economies continued their interest rate hike cycles in line with their communications throughout the year, which indicated that the tightening in monetary policy would last and this stance would be maintained for a long time. Having pursued a policy of rapid increases in policy rates in the previous year, the Fed raised its target funding rate by 100 basis points to 5.5% in 2023, while the ECB raised its policy rate by 200 basis points to 4.5%.

Although there were concerns at the start of the year that the tight monetary policies implemented by central banks in developed countries could cause a sharp slowdown in economic activity and create a global recession, economic activity remained strong throughout the year, especially in the US. The Fed forecasts that the

US economy will grow by 2.6% in 2023, higher than expectations formed at the beginning of the year. The labor market in the US also maintained its strong outlook throughout 2023. While the unemployment rate ended the year at a low level of 3.7%, employment growth continued every month, reaching a total of 2.7 million in 2023.

Europe, the region most affected by negative effects of the Russia-Ukraine war, recorded a noticeable slowdown in economic activity. The ECB forecasts that the Eurozone will record a weak growth rate of 0.6% in 2023 due to the weak growth performance in Germany, which was driven by the contraction in industrial production. Nevertheless, contrary to concerns at the beginning of the year, the labor market remained strong in the Eurozone, which has not entered a recession and is not expected to do so anytime soon. In the latest data, the unemployment rate was announced to be 6.5%, close to historic lows.

Although the fact that tight monetary policies did not have a negative impact on employment raised concerns about the effectiveness of monetary policies in combating inflation, annual inflation fell from 6.5% to 3.1% in the US and from 9.2% to 2.9% in the Eurozone in 2023. In 2023, when global inflation also declined from 9.7% to 5.5%, the most important factor alleviating inflationary pressures was the calm course of energy prices. Oil prices, which increased by 40% in 2022 compared to the annual average due to energy supply concerns due to Russian-Ukrainian War, followed a calm course in 2023 on the back of the weakness in expectations for China's growth following the normalization in prices, despite production cuts by exporting countries, and declined by 17% on year over year average.

Central banks in developed countries signaled that they had completed their interest rate hike cycles as of the end of 2023 and stated that the fight against inflation was not over yet and that tight monetary policies would continue to be implemented for a longer period of time. Although the tightening steps in policies have been completed and headline inflation levels have declined significantly, core inflation remains above headline inflation at 3.9% in the US and 3.4% in the Eurozone. Ongoing and escalating geopolitical risks create significant risks to commodity prices, while production cuts by oil exporters limit any downward movement in prices. While goods inflation declined rapidly due to the calm course of energy prices, services inflation remains high in many countries. Under these conditions, we foresee central banks of advanced economies to start their interest rate cut cycles in 2024, but we expect monetary policies to remain restrictive for economic activity as our main scenario is for this process to start towards the last quarter of the year.

Outlook of the Turkish Economy

The earthquake disaster we experienced in February left a deep sorrow with the losses it caused. It is inevitable that a disaster of this magnitude will have a significant impact on the economy. It is natural that the disaster, which caused an estimated USD 103.6 billion in damage according to the Ministry of Treasury and Finance's report, has caused an increase in public expenditures to meet the needs of our affected citizens and to bring our cities back to their feet through the reconstruction process. To meet the increased public expenditures, a supplementary budget was submitted to the

Parliament in July and steps were taken to support the revenue side by increasing tax rates. The budget balance performed well despite earthquake-related expenditures. As of end-2023, the budget deficit stood at TL 1.4 trillion, below the TL 1.6 trillion projected in the Medium Term Program and 5.4% of GDP. Excluding compulsory earthquake expenditures, the budget deficit declined to 1.7% of GDP, almost half of the 3% Maastricht Criterion. In this sense, fiscal discipline remained strong.

Although industrial production recovered from the shock of the earthquake faster than expected, it displayed a weak performance throughout the year due to the pressure of low foreign demand due to the weak economic activity in the European Union, our main export market. With economic activity supported by the strong course of consumption expenditures throughout the year, the Turkish economy recorded an average annual growth of 4% in the first half of the year and 5.0% in the second half of the year, culminating in a growth rate of 4.5% for the year overall.

Despite the strong economic activity, trade deficit narrowed by 3.2% y-o-y to USD 106 billion, as a result of flat import demand with the support of energy prices and our export performance, which did not contract on the back of our diversified markets despite weak EU demand. Tourism revenues, which remained strong in 2022, continued their strong performance in 2023 and reached USD 45.1 billion in the first eleven months of the year, up 15% year-on-year. With the strong support of tourism revenues, the 12-month current account deficit narrowed for the fourth consecutive month to USD 47.9 billion in November. We expect the year-end current account deficit to slightly exceed the MTP forecast of USD 42.5 billion.

YEAR 2023 IN THE WORLD AND IN TÜRKİYE

The effects of the new program were seen in many areas, with our country risk premium declining from 700 in May to 280 in December.

The banking sector achieved strong profitability, posting a net profit of TL 620.5 billion in 2023, up 29% compared to the previous year.

Following the general elections in May, economic policies were transformed to a program that prioritized the fight against inflation. In the second half of the year, the CBRT raised the policy rate by 34 points from 8.5% to 42.5% as part of the tightening steps. In addition, quantitative tightening steps were also taken and a gradual simplification process was initiated in the macroprudential policy set, which will enhance market operability.

The effects of the new program were seen in many areas, with our country risk premium declining from 700 in May to 280 in December. Foreign investors' interest in Turkish Lira-denominated assets increased and portfolio flows, which had seen an outflow of USD 1.6 billion from the beginning of the year until June, recorded an inflow of USD 5.0 billion from June until the end of the year. In the same period, Central Bank's gross FX

reserves increased by USD 42.6 billion. In 2022, an exit target was set for the FX Protected Deposit (FXPD) instrument, which was introduced in August, and with the arrangements made, the volume of FXPD deposits declined by USD 37 billion as of August, while FX deposit accounts decreased by USD 2.5 billion in the same period.

Having declined to 39.6% y-o-y in the first half of the year thanks to the support of the base effect and the calm course of energy prices and exchange rates, CPI closed the year at 64.8% as the effects of exchange rate and tax hikes were reflected on prices over time.

Disinflation will be a long process that requires patience. As with other macro indicators, we find the roadmap laid out in the Medium-Term Program consistent and realistic in the fight against inflation. We expect the tightening steps, the first effects of which we have already seen, to lead to a meaningful pullback in inflation in 2024 by causing a slowdown in domestic demand.

Banking Sector in 2023

The banking sector maintained its strong outlook in 2023 and continued to support the growth and production of our economy. The volume of loans extended by the banking sector increased by 54% y-o-y in 2023, reaching

TL 11.6 trillion. The sector's asset size grew by 63.9% year-on-year, while the size of shareholders' equity increased by 51% year-on-year.

The banking sector achieved strong profitability, posting a net profit of TL 620.5 billion in 2023, up 29% compared to the previous year. During the period of high profits, the sector maintained its strong structure and kept its capital adequacy ratio at 19% in 2023, well above the legal requirement. In the same period, the ratio of non-performing loans to total loans declined from 2.1% to 1.6%.

Total deposit volume in the sector grew by 68% to reach TL 14.9 trillion. In 2023, the share of foreign currency deposits in total deposits declined from 46.1% to 40.1%, while the volume of FX deposits declined by TL 745 billion in the last four months of the year.

Prospects for the Future

In 2024, assuming that geopolitical risks will not cause a new shock to commodity prices and China's growth performance will remain within current expectations, we believe that central banks in advanced economies will start cutting interest rates only towards the last quarter of the year due to the rigidity in services inflation and upside risks to the inflation outlook. Despite the decline in nominal interest rates due to the improvement in inflation expectations, we expect central banks in advanced economies to continue to apply high real interest rates in order to maintain the tight monetary policy stance.

The general scenario is for global economic growth to remain weak in 2024 as a result of tight monetary policies.



In Türkiye, domestic demand, which we expect to slow down in the fight against inflation, will weigh on growth performance, but public spending will remain supportive for growth as the reconstruction process in the earthquake zone continues. In addition, the likelihood that the EU will start the interest rate cut process before the US is getting stronger every day. This will support our export performance by enabling an earlier revival of economic activity in our main export market. Against this backdrop, we expect the Turkish economy to grow by 4% in 2024.

We expect the Central Bank of the Republic of Türkiye to complete the interest rate hike cycle with another 250 basis points hike in January. In 2024, we expect to see the effects of the tightening steps taken in monetary policy in 2023 more clearly and consumer inflation to start declining after rising above 70% in May and to be realized at 40% by the end of the year.

We anticipate a more moderate outlook in the balance of payments compared to the last two years, supported by the controlled slowdown in domestic demand and tourism revenues, which we expect to remain high. We expect portfolio flows to be supportive for the financial account as foreign investors' interest in Turkish Lira-denominated assets increases.

2024 will be a crucial year for achieving price stability, which is a prerequisite for sustainable and stable growth performance. We believe that this goal, which is embraced by all stakeholders, can be achieved in the next few years with the determined management of the Central Bank's tight monetary policy stance.

54%
**Banking Sector
Loan Volume
Growth Rate**

ŞEKERBANK IN 2023

We organized financial literacy training for women's cooperatives in technical cooperation with the Food and Agriculture Organization of the United Nations (FAO).



Financial literacy training support from Şekerbank to a United Nations program

Şekerbank, which implemented dedicated lending processes for women producer cooperatives to support women's participation in collective production, also organized financial literacy training for women's cooperatives

in technical cooperation with the Food and Agriculture Organization of the United Nations (FAO). Within the scope of the "Cooperative Support Program," launched by FAO in 2019 to reveal the potential of women producers in rural development, 17 women-led cooperatives operating across Türkiye participated in the training held at Şekerbank Head Office.

Support for SMEs in the tourism sector

To provide uninterrupted support to Türkiye's productive segments, Şekerbank created a dedicated "Tourism Package" for tourism SMEs - a driving force in economic growth and regional development. Applicable to all suppliers with tourism-based incomes, especially hotels, hostels and travel agencies, the campaign offered businesses maturities of up to 12 months and advantageous interest rates on KGF-guaranteed loans, as well as POS fee exemptions, discounts of up to 10% on insurance products, and exemptions from EFT/transfer transaction fees via internet and mobile applications.

We took our place among the supporters of the Task Force on Climate-related Financial Disclosure (TCFD), which brings together the world's leading organizations in the transition to a low carbon economy.



"Golden Day of Saving" resumes

To encourage small investments and bring 'under-the-mattress' savings into the economy, we re-launched the "Golden Day of Saving." Offered valuations on even 0.01 grams of gold, savers were able to deposit their gold jewelry and coins in gold accounts opened at our branches and thus protect their savings against risks of theft, loss and natural disasters with the Bank's assurance.

Şekerbank adds a new collaboration to its decarbonization support efforts

The Bank signed a collaboration agreement with Schneider Electric, a company specialized in digital automation and energy management, including service points for electric vehicles. Through the collaboration, we began to offer financing via EKOkredi, with terms of up to 12 months, to customers seeking to install electric charging stations. Consistently supporting decarbonization by means of our sustainability approach, which is at the center of our activities, we created a financial infrastructure for the installation of EV-charging stations in apartments and housing estates.

Şekerbank expands the "Harvest Mobile" service scope

Şekerbank expanded the scope of the "Harvest Mobile" application, launched for our customers who are farmers. Thanks to the addition of the Farmer Registration System (ÇKS), the Ministry Information Pool, the Ask a Question for Agricultural Financing, and the Agricultural Insurance Pool (TARSİM) services, Harvest Mobile now offers farmers the opportunity to access relevant institutions more easily and perform transactions even faster.

An Android POS application that makes life easier for SMEs

As Şekerbank, we continue to make a difference, providing fast and secure services in financing production. Accordingly, we offered SME customers the opportunity to maximize the customer experience by enabling their sales, invoicing and collection transactions to be transferred to a digital environment via a single application through the new Android POS solution. Delivering efficiency and cost advantages to our SME customers, our Android POS application offers SMEs unlimited e-document generation, online archiving, SMS/email delivery, and instant access via a QR-coded slip.

Support from Şekerbank in the fight against the climate crisis

Standing out with our vision of reporting at global standards in sustainability management, the Bank took its place among supporters of the Task Force on Climate-Related Financial Disclosures (TCFD), which brings together the world's leading organizations in the transition to a low carbon economy. Şekerbank brought a global perspective to efforts to combat the climate crisis under the guidance of TCFD, which develops recommendations to mitigate the impacts of climate risks on the global financial system.

Şekerbank maintains its support for women's cooperatives

In addition to the advantages of Hepsiburada's "Technology Power for Entrepreneur Women" program, we provided digital advertising support of TL 10 thousand to each women's cooperative and access to financing with banking products and services. Within the scope of the collaboration, we aimed to reach a total of TL 2 million worth of HepsAds digital advertising support and create a sales volume of TL 20 million.

ŞEKERBANK IN 2023

Through the loan agreement we signed with the U.S. International Development Finance Corporation (DFC), we provided USD 100 million of long-term funding for the development of the earthquake region.



100
USD million

**Resource for the
Earthquake Region**

Foreign funding of USD 100 million to the earthquake region

We signed a USD 100 million loan agreement, with a 7-year maturity, with the U.S. International Development Finance Corporation (DFC), the U.S. government's development finance institution, with priority for the development of the region affected by the February 6 earthquakes. The financing project, reaching a total of USD 133 million with the addition of USD 33 million from the Bank's own resources, aims to increase employment and expand financial inclusion by supporting SMEs.

Şekerbank supports customers' digital transformation

With the Digital Transformation program, we digitalized all our products and services end-to-end and launched the Şekerbank Electronic Invoice (ŞEF) system, a cash management platform that also allows customers who are e-Transformation taxpayers to meet all their needs digitally. By combining e-Invoice, e-Signature, e-Archive, e-Waybill, e-SMM, e-MM, e-Ledger, the pre-accounting program, and e-Commerce Marketplace Integration products under a single roof, we offered customers effective cash flow management and high operational efficiency.

Şekerbank always stands with farmers

As Şekerbank, we continued to offer privileges for the financing needs of farmers through stock financing and TMO (Turkish Grain Board) product price loans. The Bank offered the special opportunity for farmers who wish to store their products and preserve their value, thus enabling farmers to meet their needs expeditiously with stock financing and TMO (Turkish Grain Board) product price loans. With the stock financing loans, farmers who received product payments through the Bank and stored their products have the opportunity to both meet their financing needs and sell their products according to their value.

Şekerbank holds the International Client Protection Certification

Within the framework of our Responsible and Sustainable Banking approach, we carry out efforts to protect the rights of our customers and to prevent any negativities that may arise in this regard. Şekerbank was included in the Client Protection Pathway process of Cerise SPTF, an international organization, and was audited by MFR (MicroFinanza Rating), accredited by Cerise SPTF. Awarded the gold certification, the Bank was evaluated during the audit process and one-on-one focus group studies with its customers were conducted.

Şekerbank's deposit account makes money as it is used

We continued to encourage small savings by launching the "TAM Account" deposit account for savers who want to utilize their savings with additional advantages. Through the "TAM Account," which increases savings, we offered additional return opportunities to customers who actively use banking products and services, from card spending to regular payment orders and from loans to mutual fund purchases.

Şekerbank Meets with the Farmers of Producing Anatolia

As Şekerbank, we continued to visit rural areas and meet with producers through our "Meetings with Farmers of Producing Anatolia" project, which we launched in 2022 and extended across Türkiye. The project is aimed to boost the financial literacy level of producers, and to



raise awareness among producers regarding the importance of digitalization as well as traditional methods in agriculture by using resources effectively. In addition, the project aims to contribute to the national economy by generating regular income.

Third rating upgrade from Fitch to Şekerbank in the last two years

Raising the Bank's long-term national rating twice, in May 2022 and in 2023, Fitch Ratings, the international credit rating agency, raised our long-term national rating from BBB(tur) to BBB+(tur) in December due to our strengthened financial performance. Fitch Ratings affirmed the Bank's long-term foreign currency and long-term local currency ratings as B- and revised the outlook upwards to "Stable," citing our increased creditworthiness in local currency, in line with the improvement in the Bank's profitability and asset quality, as well as its strengthened capital structure.

Support Package for Women's Power in Export from Şekerbank

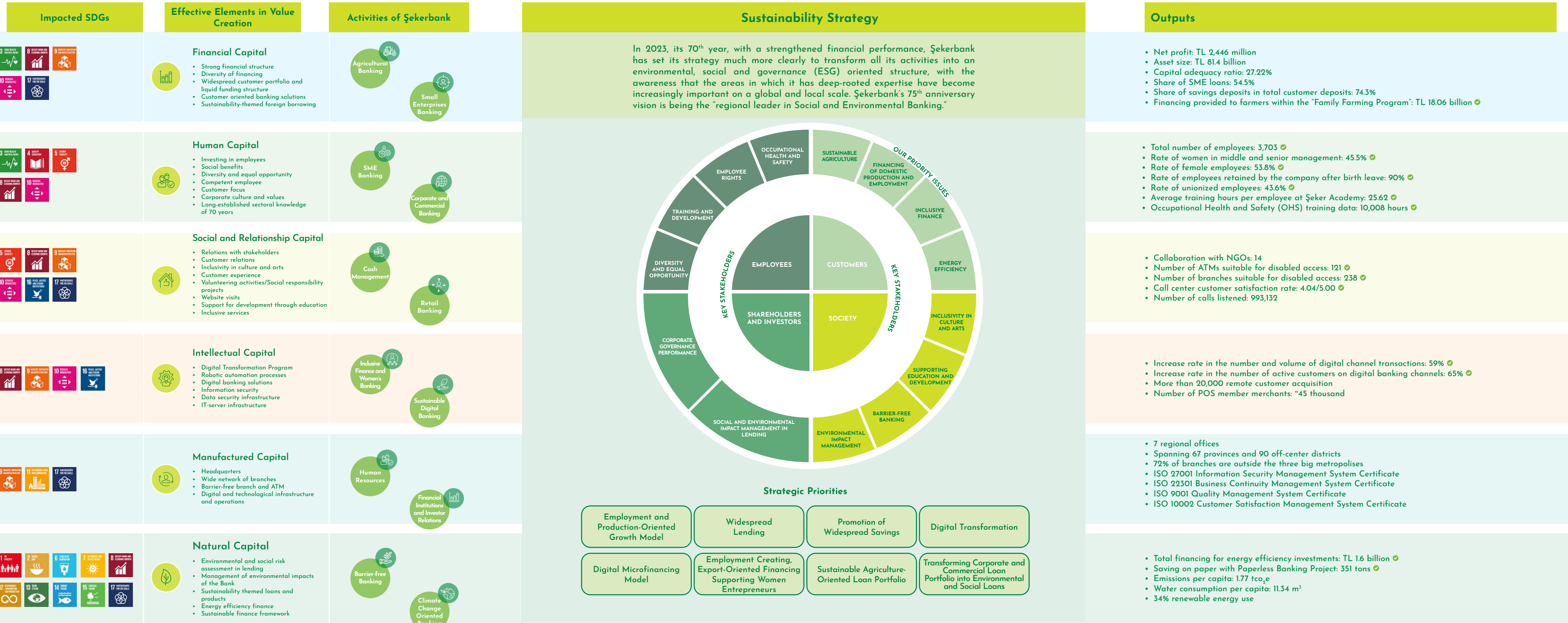
Supporting women's active participation in business life by raising their competitiveness, Şekerbank prepared the "Support Package for Women's Power in Export," for exporters, led by women and adopting the policy of increasing women's employment, within the framework of the protocol signed with İhracatı Geliştirme A.Ş. (İGE). Within the scope of the package, the Bank supported women's employment in exports by providing loans featuring a grace period of up to six months and a maturity advantage of up to 24 months for the financing needs of women exporters up to TL 10 million with the guarantee of İGE.

Şekerbank a signatory to the "Finance for Biodiversity Foundation"

In line with our Sustainable Banking identity and UNEP FI Responsible Banking Principles, we became a supporter of the "Finance for Biodiversity Foundation," established in 2021.

In addition to the advantages of Hepsiburada's "Technology Power for Entrepreneur Women" program, we provided digital advertising support of TL 10 thousand to each women's cooperative and access to financing with banking products and services.

ŞEKERBANK'S VALUE CREATION MODEL



Value Created

- Sustainable growth
- Strong balance sheet
- Contribution to the national economy
- Contribution to the mission of "Community Banking"
- Contribution to the financing of SMEs and employment
- Open communication with investors

- Contributing to the local employment
- Maintaining the corporate culture
- Human resources power with modern competencies
- Employee satisfaction and engagement
- Safe work environment
- Career development

- Contribution to the interaction among stakeholders
- Contribution to social development in social, economic and cultural aspects
- A suite of products and services accessible for all segments
- Inclusivity
- Supporting education, culture and arts
- Supporting sustainable development

- Improving customer experience
- Deepening the use of digital channels
- Developing the service provided to the customer with data analysis
- Improving decision-making processes

- Local banking
- Support to rural development
- Continuity of local culture
- Informing customers in rural areas through financial literacy trainings

- Sustainable management and effective use of natural resources
- Ensuring environmental awareness
- Contributing to initiatives for energy use and productivity
- Contributing to reducing the environmental effects of stakeholders through sustainability-focused investments

SUSTAINABLE BANKING APPROACH AND SUSTAINABILITY GOVERNANCE

We set an exemplary and pioneering model in Türkiye with our inclusive, environmentally sensitive and social benefit-oriented Sustainable Banking activities.

Sustainable Banking Approach

Founded as a cooperative bank on October 12, 1953 with the aim of supporting economic development and the agricultural industry based on rural development by farming entrepreneurs, who were members of hundreds of thousands of beet cooperatives in Anatolia, our Bank continues its "Community Banking" mission, which expresses its founding philosophy, with the vision of becoming the regional leader in social and environmental banking today.

Our inclusive, environmentally sensitive and social benefit-oriented Sustainable Banking activities offer an exemplary and pioneering model in Türkiye in the field of banking. In addition to our collective capital structure, this unique role is built on our strong customer base, especially in mainly rural locations with solid agricultural activities where we operate a well-established and broad branch network, with employees that are especially skilled in local banking competency.

We support the international platforms of which we are a member and work to align our operations with the principles set by these initiatives.

We grouped our activities under four strategic categories given below; all of which aim to support sustainable economic growth in a socially inclusive and environmentally sustainable manner:

- Sustainable Agriculture
- Inclusive Finance and Women's Banking
- Supporting SMEs and Employment
- Energy Efficiency and Combatting Climate Change.

Our value creation model developed in compliance with our sustainability strategy complements the sustainable banking approach taken by our Bank. We support sustainability indices and international platforms, which we rely on in the field of sustainability and to which we are a party, such as the United Nations Global Compact (UNGC), Carbon Disclosure Project (CDP), Climate Change and Water Security Programs, Women's Empowerment Principles (WEPs), United Nations Responsible Banking Principles (PRB), the United Nations Environment Programme Finance Initiative (UNEPFI), UNGC Forward and Faster Initiative, Task Force on Climate-related Financial Disclosure (TCFD), and Finance for Biodiversity Foundation and strive to harmonize our activities with the principles set by these initiatives.



By actively participating in the Experience Sharing Groups established by the UNGC, we take advantage of the opportunities to present our Bank's best practices in this area, and we carry out activities to support gender equality for Türkiye with other companies. In 2023, under the "UNGC Young SDG Innovators Program" organized with the participation of UNGC signatory companies on a global scale, our Sustainable Development Banking and Retail Sales and Marketing teams participated in training and innovation camps for 10 months and shared the innovative solutions they produced under the guidance of mentors and experts with UNGC national and international participants. In order to improve our diversity and inclusion efforts, and to integrate them into our activities, we participated in "Diversity and Inclusion Workshops" and experience sharing groups organized by UNGC and benefited from experience sharing.

Risk and opportunity analyses related to climate change, development of sustainable financing instruments in environmental and social areas, increasing the share of our Bank in sustainability loans, and impact assessments of sustainable finance on the Bank's customers were at the center of our efforts in 2023. In 2023, we finalized our

efforts to implement Integrated Management Systems, which we started in 2022 to create an integrated management system for our Bank, and completed the installation of ISO 14001 Environmental Management System and ISO 9001 Quality Management System. In order to monitor and strengthen our sustainability performance, we continued our efforts to reduce the carbon footprint of our Bank and our customers. In line with the sustainable financing approach we have adopted, we updated our list of prohibited activity areas by including the financing of coal, which is critical for global warming with its high carbon emissions, in our list of prohibited industries. In line with our responsible and sustainable banking approach, we decided not to provide financing for coal power plants, mines, and coal transportation (land, air, and sea) activities.

With the Social and Environmental Management System, which we established in 2009 under the guidance of International Finance Cooperation (IFC), a World Bank Group institution, and updated over the years in line with evolving national and international regulations, we are among the first institutions in Türkiye to have considered the environmental and social impacts in its lending decisions, and we continue to break new ground in sustainable

banking, setting an example in the industry. We realize our operations through evaluating our customers with question sets specially prepared for environmental and social risk assessment, and we confirm the efficiency of the question sets with field visits.

Using the NACE coded international data classification criteria which specifies the areas of activity of businesses, we established our environmental and social risk assessment system based on the risk classification of the European Bank for Reconstruction and Development (EBRD). We evaluated our customers with a deepened and detailed risk perception under the internationally comparable classification system on the basis of NACE codes as A high risk, B medium risk, and C low risk.

We carry out our sustainability efforts in cooperation with the digital teams of our Bank by utilizing our digitalized processes. The Green Business Certificate Module we included into our main banking system enables to closely monitor and measure our performance in accordance with our sustainability targets and offer our customers appropriate services and products.

SUSTAINABLE BANKING APPROACH AND SUSTAINABILITY GOVERNANCE

We provide support to our branches that have carbon and water footprint values above the average with emission reduction trainings and informative emails.



A
CDP Climate Change Rating

As Şekerbank, we developed an in-house web-based Carbon Footprint Application to monitor and calculate the carbon and water footprint of our Bank and all our customers who request it within the scope of the Carbon Disclosure Project (CDP), which we have been reporting since 2010.

25%
Reduction in the Scope 1+2 total*

We encourage all branches and regional directorates of our Bank to enter their carbon and water footprint data into the web-based application every month with periodic and automatic reminders.

We developed an in-house web-based Carbon Footprint Application to monitor and calculate the carbon and water footprint of our Bank and all our customers who request it within the scope of CDP.

*Based on the base year 2021.

The data collected with the software offered in the application allows us to calculate carbon emissions and water footprint and track them through reporting, comparison and grouping modules. We evaluate the data we obtained from the application with detailed examination and analysis methods and comparisons. We provide support to our branches that have carbon and water footprint values above the average with emission reduction trainings and informative emails. In case emissions are high due to a technical problem (water leakage, equipment malfunction, etc.), we contact the technical support teams of the company and take action quickly.

This application serves as a calculation tool for all Şekerbank customers who want to measure their carbon and water footprint, and makes it easier to detect unusual consumption data.

All emissions reported and verified by Şekerbank in the application within the scope of CDP are calculated and independently verified in accordance with international standards within the framework of Scope 1, 2 and 3. Through the location-based consumption screens in the application, we can track the consumption rates of our Bank and customers on a location basis and report them separately.

Thanks to the Carbon Footprint Application, which we developed in line with our decarbonization target in our Net Zero journey, we can quickly take the necessary actions for emission reduction.

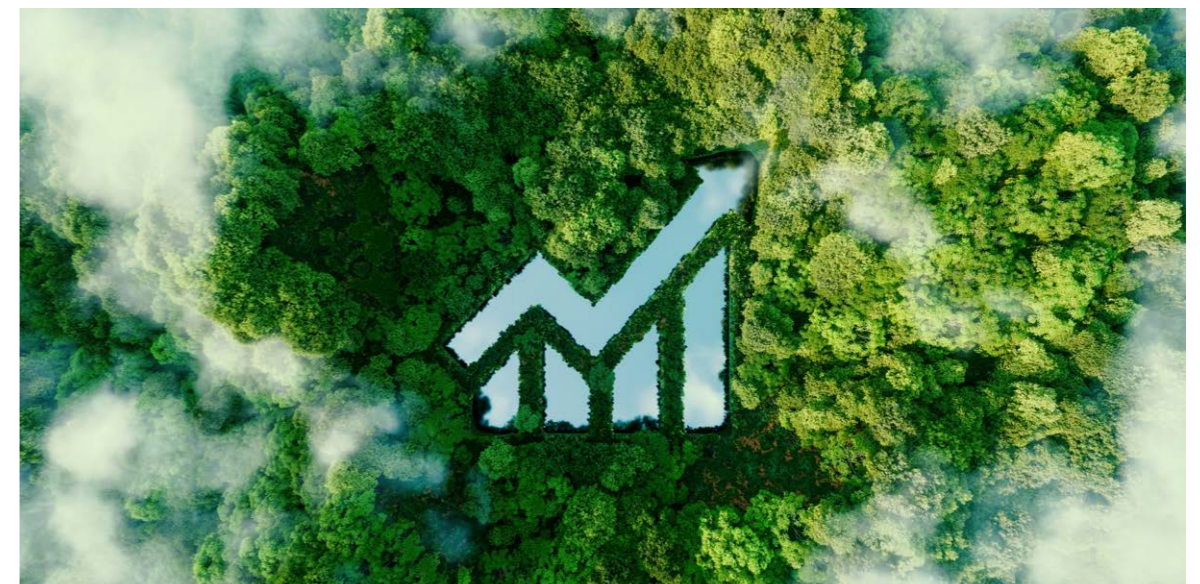
Thanks to the Carbon Footprint Application, which we developed in line with our decarbonization target in our Net Zero journey, we can calculate emissions on a monthly and annual basis and quickly take the necessary actions for emission reduction.

Thanks to the ease of calculation and tracking offered by the application, we achieved a 25% reduction in the total Scope 1+2 emissions compared to 2021, our base year.

The Carbon Footprint Application, which allows us to digitalize our sustainability efforts and create an annual data memory, has made the data verification phase more efficient by preventing data loss and increased productivity by reducing operational burden. In the next phase of the project, we plan to include our suppliers in our web-based application. Our Bank's Carbon Footprint Project was cited as an example of good practice by the World Business Council for Sustainable Development (WBCSD) and featured on its central digital platform The Climate Drive, which provides information and solutions for companies to decarbonize their business areas to accelerate climate action.

Initiatives guiding our main sustainability commitments:

- 2030 Agenda and United Nations Sustainable Development Goals
- Science Based Targets Initiative
- Finance for Biodiversity Commitment
- United Nations Global Compact
- UNEP FI Principles for Responsible Banking
- Task Force on Climate-related Financial Disclosures
- UNGC Forward Faster Initiative



SUSTAINABLE BANKING APPROACH AND SUSTAINABILITY GOVERNANCE

In 2023, we worked to establish the Climate Risks Committee in order to monitor and effectively manage the risks posed by the climate crisis within the framework of national and international regulations.

Sustainability Governance

In 2020, we established the Sustainability Committee reporting to the Board of Directors of our Bank and made our organizational structure effective to integrate our sustainability strategy into our business models. We strengthened our governance structure to create long-term value for all our stakeholders and contribute to local-global targets, with the policies determined by our Board and our sustainability mission. The members of our Sustainable Banking Committee, which includes a Member of the Board as an Observer Member and is chaired by the General Manager of our Bank, consist of related assistant general managers, group heads and unit managers. The Committee convenes at least once a year to discuss sustainability issues.

In accordance with the main strategy determined by the Board of Directors of our Bank, the Sustainable Banking Committee takes an active role in determining implementation strategies by considering economic, environmental, social, and governance factors, developing the efforts at our Bank by coordinating all operations as part of sustainability, progressing the activities in line with the

sustainability framework and strategy, and integrating the awareness of sustainable development into all activities.

Our Sustainable Banking Committee, which presents social and environmental policies and projects to the Board of Directors to strengthen our Bank's sustainability strategy and integrate it into the Bank's structure in line with the United Nations Sustainable Development Goals, is of critical importance in strengthening the bond between our main strategies and practices.

In 2023, the prominent activities of the Sustainable Banking Committee included the establishment of the Integrated Management System, the preparation for the Client Protection Certification, the follow-up of the target setting and verification process under the Science Based Targets Initiative (SBTi), the evaluation of the outputs of the COP28 United Nations Climate Change Conference, the calculation of the vulnerabilities and risks of our customers in our portfolio within the European Union's Carbon Border Adjustment Mechanism (CBAM), the green asset ratio drafted by the Banking Regulation and Supervision Agency (BRSA) and the follow-up of international

developments. The Sustainable Banking Committee, which undertook the management of the information processes related to the indices and organizations that our Bank is included in, convened twice in 2023. Sub-working groups reporting to the Committee continued their work by meeting regularly on a monthly basis.

In 2023, efforts were made to establish the Climate Risks Committee in order to monitor and effectively manage the risks posed by the climate crisis within the framework of national and international regulations. The Climate Risks Committee, which aims to work in coordination with business units, risk teams and sustainability teams among its members, operates in the main task areas of identifying and reporting the possible climate risks that our Bank will face, creating the actions to be taken, classifying and reporting our loan portfolio in line with climate risks, and advancing the software development processes on the subject.

The Diversity and Inclusion Working Group, which reports to the Sustainable Banking Committee, started its activities in 2023 with the participation of the Human Resources and Sustainable Development Banking units.

Sustainable Banking Committee ✓



SUSTAINABLE DEVELOPMENT BANKING

Since our foundation, we have been creating value with our sustainable banking approach and working to raise sustainability awareness among all our stakeholders in our sphere of influence.



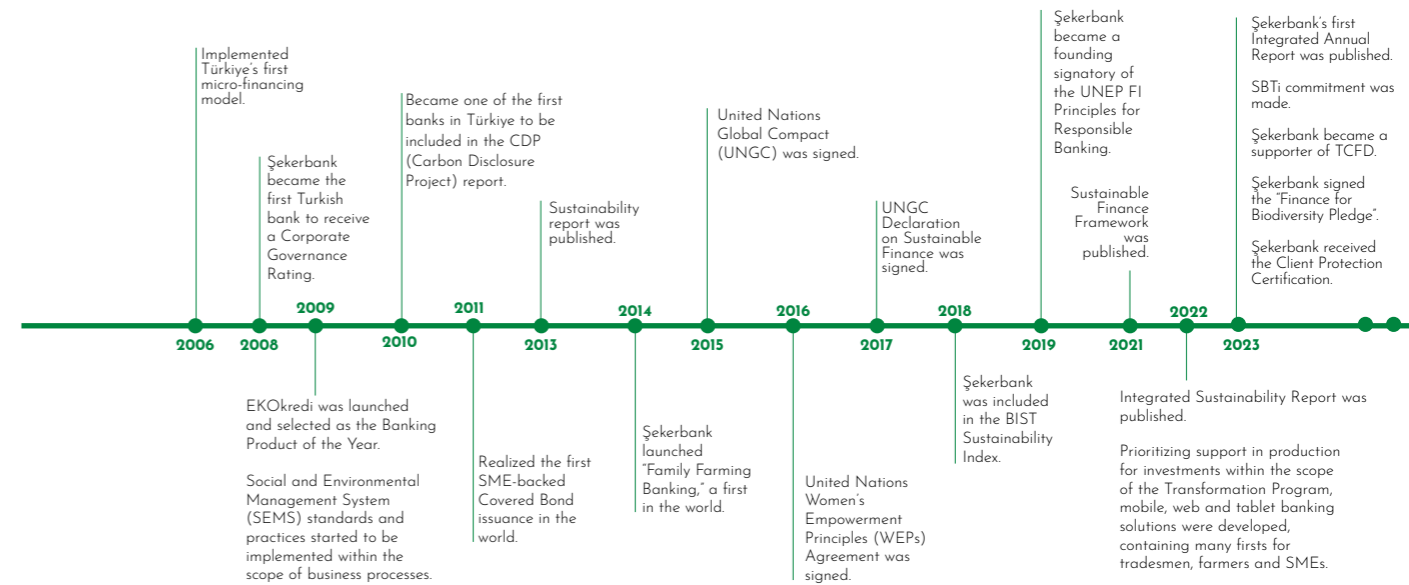
We have been creating value with a sustainable banking approach for 70 years since our foundation and work to raise sustainability awareness among all stakeholders in our sphere of influence. Since 2015, we have defined our sustainability strategy within the framework of the United Nations Sustainable Banking Development Goals and have been participating in sustainability platforms operating on a global scale.

Our Sustainable Banking Committee is responsible for the detailed and inclusive management of our Bank's activities within the scope of determining its strategies within the framework of economic, environmental, social and governance factors and integrating the understanding of sustainable development into all its activities and reports directly to the Board of Directors.

Our Sustainable Banking Service Department undertakes the task of regularly informing all internal and external stakeholders about the outputs that it produces in the field of sustainability and reporting of our corporate sustainability performance within the framework of international standards. Our Bank joined the ranks of TCFD supporters in 2023 and published its declaration table in line with TCFD recommendations. You can take a look at the progress on [page 515](#) in the Annexes section of our report.

We joined the ranks of TCFD supporters in 2023 and published our declaration table in line with TCFD recommendations.

Sustainability Developments



Since 2018, we have been included in the BIST Sustainability Index, which is comprised of companies listed on Borsa Istanbul that demonstrates an exceptional sustainability performance.

The "Sustainable Bond Working Group," which was established in 2022 to be responsible for the selection, evaluation, and reporting to the Sustainable Banking Committee of eligible projects and loans to be (re)financed as part of the sustainable bond issuance, continued its works in 2023 as well.

Since 2018, we have been included in the BIST Sustainability Index, which is comprised of companies listed on Borsa Istanbul that demonstrate an exceptional sustainability performance. In 2022, we joined the ESG indexes of the international rating institutions "LSEG ESG" and "Sustainalytics ESG," which evaluate the environmental, social

and governance activities of public companies, and ensured that our sustainability performance is audited transparently by independent organizations. We continue our efforts to transparently express our Bank's sustainability performance.

Within the framework of its Responsible and Sustainable Banking approach, our Bank carries out efforts to protect the rights of its customers and to prevent any negativities that may arise in this regard. We participated in the Client Protection Pathway prepared by Cerise+SPTF (Social Performance Task Force) which was built in 2005. During the audit performed

with MFR (MicroFinanza Rating) accredited by Cerise+SPTF, focus group activities were conducted with our customers and our compliance to criteria were assessed.

Within this scope, our Bank's priority to provide transparent and sustainable services to its customers was certified. We became the first and only bank in Türkiye to receive the Gold Certificate at the Cerise+SPTF platform, which is a global network for the protection of customers in financial services.

CDP Climate Change Program Rating
A

CDP Water Security Program Rating
A-

Sustainalytics*
Medium Risk

LSEG ESG Score*
81/100

* Index information contains data as of the relevant reporting date.

SUSTAINABLE DEVELOPMENT BANKING

In 2023, we were one of the first participants in the “Forward Faster Initiative” launched in scope of the UNGC to accelerate progress on the Sustainable Development Goals and move closer to the 2030 Agenda.

In 2023, we adopted the commitments of the Finance for Biodiversity Foundation, which calls on global leaders to implement effective measures within 10 years to reverse the loss of nature and ensure ecosystem resilience through a pledge to protect and restore biodiversity through financial activities and investments.

Our Bank was one of the first among the 163 financial institutions worldwide with total assets of USD 21.7 trillion that signed the Finance for Biodiversity Foundation’s Pledge to develop cooperation, share information, interact with companies, assess impact, set targets, and transparently share them with the public before 2025.

In 2023, we were one of the first participants in the Forward Faster Initiative launched at the 78th General Assembly of the United Nations under the UNGC to accelerate progress on the Sustainable Development Goals and move closer to the 2030 Agenda.

As Şekerbank, we prioritize the financing of projects that will create added environmental and social value.

The targets set by our Bank within the scope of the Forward Faster Initiative, which invites companies to make a commitment in five strategic areas, namely living wage, gender equality, climate action, water action, and sustainable financing, are listed below.

Our Target Areas under the UNGC Forward Faster Initiative

- Our Gender Equality Target
- Our Climate Action Target
- Our Fair Living Wage Target
- Our Finance and Investment Target

We started our target verification process in 2023 by sharing our commitments that we determined in line with the Science Based Targets Initiative (SBTi) in order to reach the zero carbon target within the framework of the Paris Agreement in the fight against global climate change. Accordingly, we aim to reduce our carbon emissions by 43% by 2028 and continue our efforts to fight against climate change.

As Şekerbank, we prioritize the financing of projects that will create added environmental and social value. In this context,

we encourage our customers to make sustainable investments and to monitor the climate change and environmental impacts of the projects to which we provide funding. Since 2009, we have been benefiting from the know-how of the World Bank Group’s International Finance Corporation (IFC), and constantly improving its Social and Environmental Management System (SEMS) standards and practices as an indispensable part of our business processes. Using the NACE coded international data classification criteria which specifies the areas of activity of businesses, we established our environmental and social risk assessment system based on the risk classification of the European Bank for Reconstruction and Development (EBRD).

Combining the sustainable banking approach in our Bank’s corporate DNA with a global perspective, we continue to take an active role in international initiatives in this field. As a founding signatory, we are among 129 banks, with total assets exceeding USD 47 trillion, committed to implementing the Principles for Responsible Banking launched by the United Nations Environment Programme Finance Initiative (UNEP FI).

Together with five banks from Türkiye that signed the Principles of Responsible Banking, we continue to undertake a global responsibility that is an exemplar for all sectors in terms of commitment to sustainability. You access the details of the reporting where we present our performance and commitments in this scope in the Sustainability Reports section of our website.

We are among the signatories to the Women’s Empowerment Principles (WEPs), which was established in partnership with the United Nations Global Compact and the United Nations Gender Equality and Women’s Empowerment Unit and aims to empower women to participate in economic life in all sectors and at all levels.

The 9th Sustainable Finance Forum, which has been organized by SKD Türkiye since 2013 and which our Bank supports, was held at Borsa Istanbul in cooperation with Global Compact Türkiye. At the forum, Fatma Nur Çetinel, our Deputy General Manager and Co-Chair of the SKD Sustainable Finance and Risk Management Working Group, moderated the panel called Meeting the Financing Needs of the Regions Affected by the Earthquake through Long-term and Sustainable Resources.

Our Financial Institutions and Investor Relations Unit Manager took part as a speaker in the “Green Transformation and Sustainability Financing from the Perspective of Financial Institutions” panel organized within the framework of “Credit Literacy Week” by the Credit Registry Bureau (KKB).

With our expertise in sustainable banking, as Şekerbank, we attended the “Sustainability Sub-Working Group” meetings formed



by the Banks Association of Türkiye (TBB), which we consider as an opportunity to come together and share experience with our stakeholders in the banking sector. We took an active role in the Banks Association of Türkiye - Sustainability Working Group and Green Asset Ratio Working and Sub-Working Groups, which were established with the aim of developing the criterion set and creating methodologies for calculating the Green Asset Ratio (GAR), which is one of the basic performance indicators in classifying sustainable financing.

As the output of the activities carried out in these working groups, the Banking Regulation and Supervision Agency (BRSA) drafted the Communiqué on the Green Asset Ratio and took the first step in measuring the sustainable financing activities of banks.

We launched our Carbon Footprint Project, our in-house application that performs automatic emission calculation and reporting, where we combine our sustainability efforts with digitalization. Our Bank’s Carbon Footprint Project was cited as an example of good practice by the World Business Council for Sustainable Development (WBCSD).

WBCSD, a sustainable development-oriented network formation that supports companies to acquire tools and competencies that support their development in the field of sustainability, their interaction with strong partnerships, and mutual learning, featured our project on its central digital platform The Climate Drive, which provides information and solutions for companies to decarbonize their business areas to accelerate climate action. We also launched the Green Business Certificate module to enable our customers to access sustainable financing and to accurately interpret and measure our customers’ sustainability performance. With this module, which we integrated into our main banking system, we realize our “know your customer” processes in terms of sustainability, and we offer the right services and products to our customers by differentiating them according to their sustainability performance.

SUSTAINABLE DEVELOPMENT BANKING

As Şekerbank, we will continue to focus on financing inclusive, environmentally sensitive, and social benefit-oriented economic growth with our activities.

Şekerbank's Memberships and Initiatives It Supports

We increase our sphere of influence in the sustainability ecosystem with corporate memberships and the initiatives we support.

National

- Business Council for Sustainable Development in Türkiye (BCSD Türkiye)
- TBB - Banks Association of Türkiye, Role of the Financial Sector in Sustainable Growth Working Group
- FODER-Financial Literacy and Inclusion Association
- ERTA-Integrated Reporting Association Türkiye
- UNGC-United Nations Global Compact Signatories Association

International

- UNEP FI-United Nations Environment Programme Finance Initiative
- UNGC-United Nations Global Compact
- CDP-Carbon Disclosure Project Climate Change and Water Programs
- WEPs-Women's Empowerment Principles
- TCFD-Task Force on Climate-related Financial Disclosures
- UNEP-FI/PRB-United Nations Environment Programme Finance Initiative / Responsible Banking Principles
- IFF-International Finance Institute
- Finance for Biodiversity Foundation



Sustainable Financing Framework is based on our Bank's business strategy and sustainability approach and ensures the provision of sustainable financial products and services within this scope.

As Şekerbank, we closely follow developments regarding the European Union (EU) Green Deal, which envisions the European continent to become carbon neutral by the year 2050. In this context, we set our goals and direct our efforts by using the EU Taxonomy as a foundation for assessing the sustainability of economic activities. By taking international regulations into account, we update our Social and Environmental Management System (SEMS) instruction, which is based on an analysis of the environmental, social, and governance impacts of projects and initiatives that we use during our loan allocation processes and for which we provide financing. We evaluate the projects we will finance according to our green and social compliance criteria, which we harmonized with the relevant international issuance standards. We aim to offer new and innovative sustainable financing products and solutions that all sectors may need in order to accelerate the transition to a low carbon economy in line with our country's goal of achieving net zero emissions by 2053 within the framework of the Paris Climate Agreement.

According to the EU Taxonomy, an economic activity must support six environmental goals in order to be considered sustainable: mitigating

climate change, complying with it, sustainably using and protecting water and ocean resources, moving toward a circular economy, preventing and controlling pollution, protecting and renewing biodiversity and ecosystems, as well as upholding fundamental human and labor rights and causing no appreciable harm to any of the other goals.

Our SEMS instruction, which serves as the foundation for our lending procedure, includes sections for all six EU Taxonomy headings. We monitor and support the capacity developments of our portfolio customers, for whom we provide financing both during and after loan allocation.

The Sustainable Finance Framework, which forms the basis for the green, social, and sustainable bond issuance and includes our green and social compliance criteria prepared in accordance with international issuance standards, is based on our Bank's business strategy and sustainability approach and outlines the social and environmental principles associated with the classification of sustainable financial products and services. The loan/project eligibility criteria specified in this context complements the sustainable banking approach taken by our Bank.

We are committed to supporting a large segment of populations with our Sustainable Finance Framework created in line with our Bank's value creation approach, including farmers, SMEs, tradespeople and entrepreneurs, women entrepreneurs, and business owners - who in general have relatively restricted access to banking services, as well as the financing of energy efficiency as part of combating against climate change. By offering customized loans tailor-made for the needs of target groups, we contribute to the active integration of these groups into the economy, increase local production and employment, and encourage energy efficiency investments in all segments.

Our "Sustainable Bond Working Group," that we set up to be responsible for the selection, evaluation, and reporting to the Sustainable Banking Committee, of eligible projects and loans to be (re)financed as part of the Sustainable Bond Issuance, has started working, and continued its activities in 2023 as well.

MATERIAL ISSUES AND MATERIALITY MATRIX

With the annual materiality analysis conducted each year we identify the issues with high stakeholder expectations, identify the issues we may influence, and review the current list of material issues.

Considering the changing standards and international developments regarding sustainability, we determine the issues we can influence with the participation of our internal and external stakeholders and evaluate our current list of material issues. Our priority issues for 2023 were re-analyzed through stakeholder surveys and department meetings. The materiality analysis, which is a dynamic and sharing-based process, utilizes opinions of many stakeholders, regulations and standards, corporate strategies, and prominent developments on the global agenda.

The topics we reviewed with the "Double Materiality" approach in 2023 were divided into 3 groups as material, highly material, and very highly material.

Double Materiality

In the process of conducting materiality analysis, Şekerbank measures the financial and non-financial impacts of issues with high potential to impact its activities and strategy, taking into account stakeholder views. In 2023, Şekerbank improved its materiality analysis and conducted a double materiality analysis study. With the double materiality analysis, the concepts that our Bank identified as highly material were assessed in terms of risks and opportunities with the approach of our Bank and its stakeholders, so that highly material and strategically important points were subjected to a holistic evaluation.

Steps for identifying material issues

1. Identification of issues

The Bank determines the list of material issues by taking into account past years, its corporate strategy, changing legislation and standards, as well as sectoral practices and global trends.

2. Assessment of issues

For the material issues assessed, positive and negative potential impacts directly caused by Şekerbank or its stakeholders were identified. In addition, existing and potential risks and opportunities arising from environmental and social issues for the financial sector and Şekerbank were analyzed.

3. Assessment of material issues

The United Nations Environment Programme Finance Initiative (UNEP FI) impact analysis tool and the online ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool were used; the assessed and agreed issues were placed in the materiality matrix.

From the areas identified as very highly material for Şekerbank, two issues were selected, and a double materiality analyses was carried out on these issues.

- Combating Climate Change Activities/Adaptation to Climate Change
- Data Privacy, Cyber Security and Digital Transformation

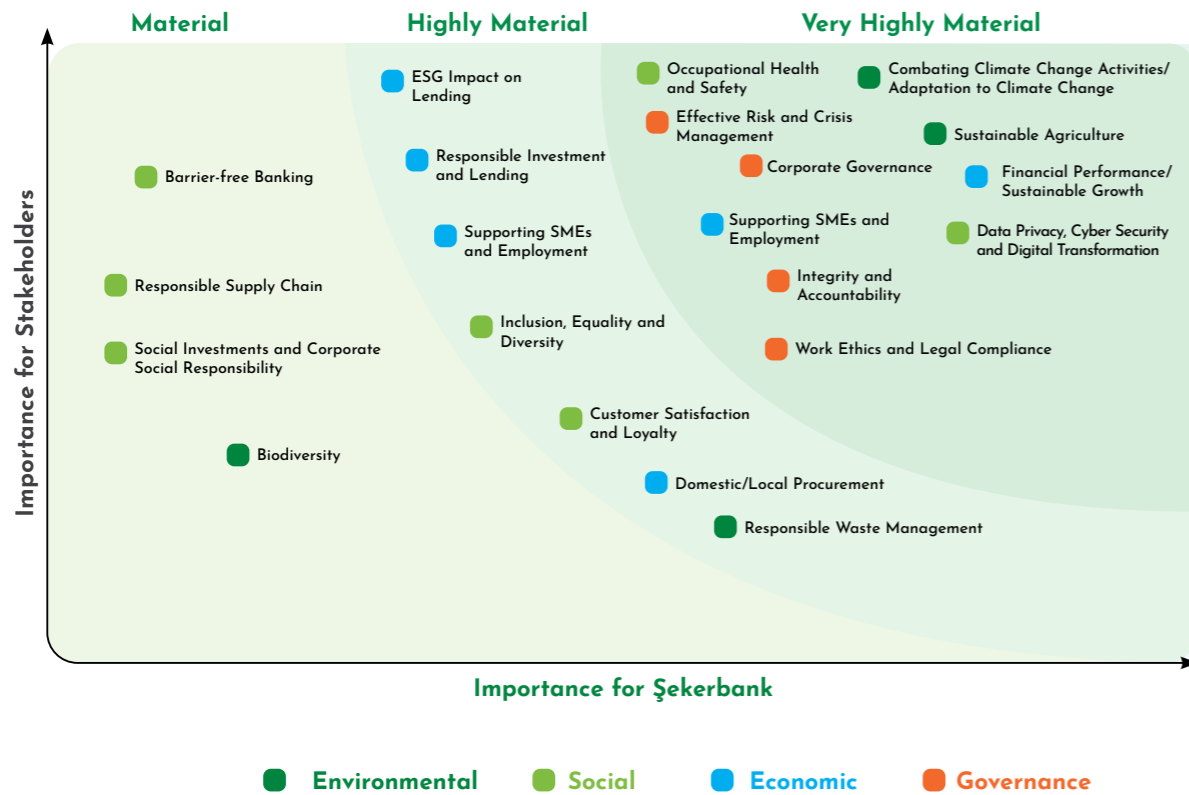
HOW WILL CLIMATE CHANGE AFFECT ŞEKERBANK AND ITS STAKEHOLDERS?

IMPACT ON ŞEKERBANK		IMPACT ON STAKEHOLDERS	
OPPORTUNITIES	RISKS	OPPORTUNITIES	RISKS
Financial support provided to green projects	Impact of business interruptions caused by acute events on business continuity	Increasing investor interest by being able to manage climate change risks	Loan customers experiencing payment difficulties due to additional cost requirements
Becoming more preferred due to effective management of loans by taking actions regarding climate change	Depreciation of existing assets	New business opportunities	Negative impact of change in consumer sensitivity and preferences
Financing to mitigate transition risks	Additional requirements to comply with legal regulations	Contribution to mitigating the impact of climate change	Difficulty in accessing financing due to changes in market expectations
Leaving a valuable legacy for future generations by contributing to the protection of ecology and the Earth	Damage at various locations due to climate change	Leaving a valuable legacy for future generations by contributing to the protection of ecology and the earth	Impact of infrastructure damage and business interruptions caused by acute events on business continuity
Compliance with legislation and positive differentiation under legal regulations	Receiving non-compliance notification by authorities	Gaining reputation and trust by realizing long-term sustainability commitments	Decrease/meltdown in capital and profitability
Benefit more from possible incentives within the legislation	Failure to adapt the portfolio to climate change	Benefit more from legal incentives within the legislation	Failure to benefit from investment incentives and legal discounts that may be available to mitigate the impact of climate change

HOW DOES DATA PRIVACY & CYBER SECURITY & DIGITAL TRANSFORMATION AFFECT ŞEKERBANK AND ITS STAKEHOLDERS?

IMPACT ON ŞEKERBANK		IMPACT ON STAKEHOLDERS	
OPPORTUNITIES	RISKS	OPPORTUNITIES	RISKS
Facilities provided by innovative technologies in business processes	Unauthorized access and cyber attacks to data	A strong data protection system increasing customer confidence	Unauthorized access to personal and financial information
Cyber security investments ensure less impact from "Zero-Day Attacks."	Difficulty storing virtual files	Facilities provided by innovative technologies in business processes	Theft of customer information and reputational risk as a result of cyber attacks
Aligning with strategic goals on the path to digital transformation	Electronic media controls becoming more difficult	Reduced costs in companies that secured technology investment	Exposure to legal penalties
Improving the risk profile specific to organizations through digital transformation	Risks associated with various vulnerabilities	Protection from cyber risk	Inefficient use of capital when technological opportunities are not utilized
Richness in modeling and increased efficiency in operations	Reputational risk as a result of cyber attacks	Gaining reputation and trust by complying with data privacy regulations	Lagging behind peers in all aspects due to failure in adapting to global developments

MATERIAL ISSUES AND MATERIALITY MATRIX



Very Highly Material	Highly Material	Material
● Combating Climate Change Activities/Adaptation to Climate Change	● ESG Impact on Lending	● Barrier-free Banking
● Sustainable Agriculture	● Responsible Investment and Lending	● Responsible Supply Chain
● Supporting SMEs and Employment	● Inclusion, Equality and Diversity	● Social Investments and Corporate Social Responsibility
● Financial Performance/Sustainable Growth	● Customer Satisfaction and Loyalty	● Biodiversity
● Data Privacy, Cyber Security and Digital Transformation	● Domestic/Local Procurement	
● Occupational Health and Safety	● Responsible Waste Management	
● Effective Risk and Crisis Management	● Talent Management	
● Integrity and Accountability		
● Work Ethics and Legal Compliance		
● Corporate Governance		

CONTRIBUTED SUSTAINABLE DEVELOPMENT GOALS

Şekerbank Material Topics 2023	Relevant SDGs
ENVIRONMENTAL	
Sustainable Agriculture	
Combating Climate Change Activities/Adaptation to Climate Change	
Responsible Waste Management	
Biodiversity	
SOCIAL	
Barrier-free Banking	
Data Privacy, Cyber Security and Digital Transformation	
Social Investments and Corporate Social Responsibility	
Inclusion, Equality and Diversity	
Talent Management	
Responsible Supply Chain	
ECONOMIC	
Domestic/Local Procurement	
ESG Impact on Lending	
Customer Satisfaction and Loyalty	
Responsible Investment and Lending	
Financial Performance/Sustainable Growth	
Supporting SMEs and Employment	
GOVERNANCE	
Corporate Governance	
Integrity and Accountability	
Work Ethics and Legal Compliance	
Effective Risk and Crisis Management	

SUSTAINABILITY RISKS AND TRENDS MANAGEMENT

As Şekerbank, when analyzing our sustainability-related risks and opportunities, we take care to ensure that they are factual, comparable, and verifiable and include understandable information.



We define sustainability risks as potential environmental, social and economic risks. In sustainability-related risks, we focus on physical risks, transition risks, environmental risks, biodiversity and social risks. Sustainability-related risks are important in ensuring sustainable

development and economic stability and mitigating the possible effects of climate change. As Şekerbank, when analyzing our sustainability-related risks and opportunities, we take care to ensure that they are factual, comparable, and verifiable and include understandable information. When identifying risks and trends, we consider national legislation and regulations, the main frameworks presented by the United Nations, the World Bank, and the Basel Committee, as well as academic and scientific sharing. While establishing our processes to monitor, manage and audit sustainability risks and trends, we have taken the principles of the IFRS® Sustainability Disclosure Standards S1, S2 published by the Sustainability Accounting Standards Board and the Turkish Sustainability Reporting Standards as a guide.

We defined our climate risks (Transition Risks and Physical Risks) as well as environmental, biodiversity and social risks within the scope of ESG (Environment-Social-Governance) standards and green asset ratio, which are essential for sustainability, and detailed the current and projected impacts on our Bank's business model and value chain by

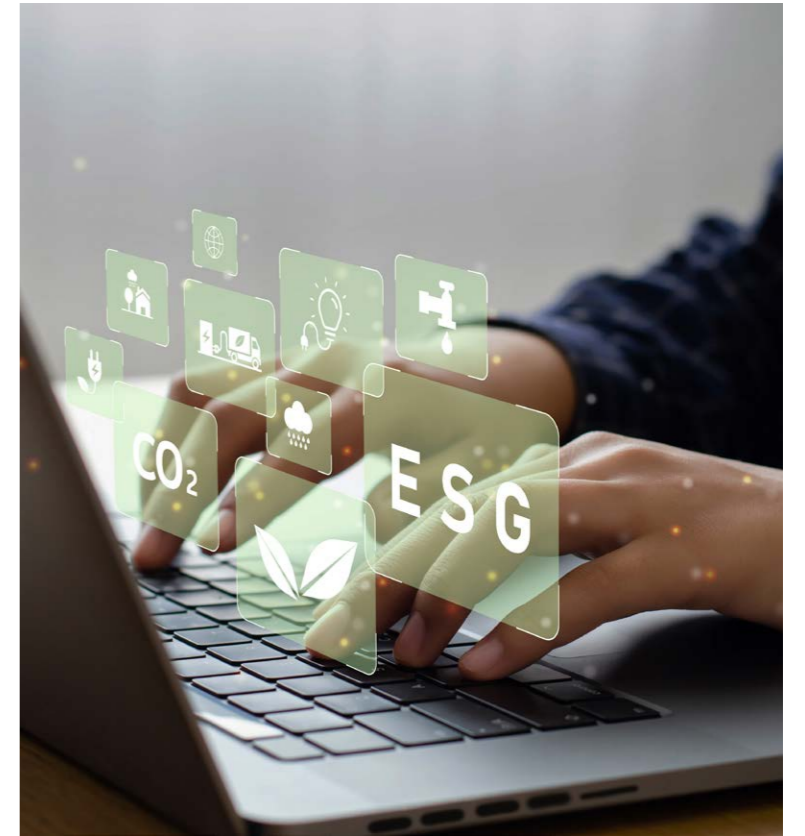
We have mapped the impact and probability of risks that will directly and indirectly affect our Bank and our customers on a province and district basis for Türkiye for physical risks and transition risks related to climate.

determining their impacts on the basis of short, medium and long-term periods. We have included the identification, assessment and materiality processes of these risks and trends into our existing risk management workflows.

In measuring risks and trends and identifying threats and vulnerabilities, we followed current academic and scientific approaches, taking into account internationally recognized standards such as ISO 31000. We acted in parallel with legislation and global approaches, including risk impacts, probabilities and corporate impact areas. Since these risks, especially the physical ones, are variable and unpredictable due to the nature of unexpected events as in the form of acute ones, we carried out estimation, acceptance, scenario and materiality studies in the light of historical data, averages, etc.

Risks may have a direct impact on our Bank (floods, storms, etc.) as well as on our customers. Risks that directly affect our customers are handled together with their indirect effects, especially in terms of credit risk for our Bank. In addition the uncertainty in estimates increases as a result of the geometric increase in interactions when customers, stakeholders, service providers, society, economy, and the natural environment are included as the elements of the value chain.

We assess the decrease/depletion of resources (water/human, etc.) that affect or are affected by all elements in our value chain, especially our Bank, whether these can be protected or not, and the internal/external natural, produced, intellectual, human, social, or financial resources and relationships herein, according to



their degree of materiality and rationality and the degree to which they affect financial adequacy.

The steps we followed in the process of our "Sustainability Risks and Trends Management" analysis study consist of identifying, prioritizing, evaluating risks and developing a strategy. In line with our Management of Sustainability Risks and Trends analysis, we also take into account global publications while identifying material risks and trends for our Bank. The global risk assessment includes the risks projected for the next two years and 10 years, according to the Global Risk Report⁽¹⁾ prepared and published by the World Economic Forum. In the light of the data, it is seen that extreme weather events resulting from the impact of climate change have ranked high in the risk report over the years.

Furthermore, it is again observed that the risks included in the two-year and 10-year perspectives are related to sustainability. The risk categories that we addressed in the risk inventory study we conducted are also interpreted in terms of our Bank and our Bank's activities. The Türkiye Country Climate and Development Report⁽²⁾ prepared by the World Bank, Türkiye's Net Zero Road Map studies, and the framework of the "Task Force on Climate-related Financial Disclosures" (TCFD) were also used during risk analysis to understand the risks and opportunities of vulnerabilities.

⁽¹⁾ Source: Global Risk Report prepared and published by the World Economic Forum

⁽²⁾ Source: The Türkiye Country Climate and Development Report

SUSTAINABILITY RISKS AND TRENDS MANAGEMENT

Within the scope of our Bank's risk inventory, we prepared risk heat maps by taking into account the materiality of risks.

We have mapped the impact and probability of risks that will directly and indirectly affect our Bank and our customers on a province and district basis for Türkiye for physical risks and transition risks related to climate. Within the scope of physical risks, especially our branches and immovables stood out as the risks that will directly affect our Bank, while the risks that directly affect our customers and cause payment difficulties were the prominent risks with indirect impact. We categorized these risk factors that have a direct or indirect impact on our Bank, taking into account that they may cause credit risks, operational risks, market risks, and reputational risks, particularly financial risks. Risks are defined as "short-term" if they are considered to occur within up to 1 year, "medium-term" between 1-5 years, and "long-term" over 5 years.

Risk factors that may directly affect our Bank and our stakeholders:

	Acute Risks
Physical Risks	Extreme precipitation and weather events
	Forest fires
	Heat waves
	Landslides
	Urban or river flooding
	Chronic risks
	Depletion of water resources
	Increase in average temperatures
	Loss of land
	Rising sea levels
	Destruction of biodiversity
	Drought/desertification
	Soil pollution
	Deforestation
	Air pollution

Transition Risks	Carbon taxation processes
	Pricing in water resources
	Net zero legislation
	Change in market conditions
	Consumer sensitivity change
	Regulatory compliance
	Significant advances in green technology
Socio-psychological developments	
Environmental Risks	Hazardous waste
	Practices not complying with circular economy
Biodiversity	Permanent damage to wildlife
	Assets/activities in geographical areas that are particularly vulnerable to biodiversity and ecosystem change
	Failure to protect endangered species
Social Risks	Operations affecting IUCN Red List species and/or national conservation list species
	Restriction of employee rights and freedom
	Making employees work more than the specified working hours
	Litigation as a result of child labor
	Employees suing the business to get their rights
	Failure to observe gender equality
	Denying employees training and development opportunities
	The emergence of a dangerous working environment due to the lack of occupational safety measures
	Problems in the products and services offered
	Being the subject of complaints and lawsuits on social media due to lack of adequate information
	Acting contrary to the values and ethical concepts determined by the Business/Institution
	Sharing customer/employee information on social media platforms, filing a lawsuit
Filing a lawsuit as a result of detection of bribery and corruption	

FINANCIAL CAPITAL

As Şekerbank, we play an important role in the sustainable development of our country with our widespread banking activities.

81.4
TL billion
Total Assets

7.6
TL billion
Shareholders' Equity

27.22
Capital Adequacy
Ratio (%)

2,446
TL million
Net Profit

Sustainable Development Goals We Support



*2023 Unconsolidated Selected Financial Indicators

AGRICULTURAL BANKING

We adopt a sustainable agriculture policy that brings together different stakeholders of the ecosystem in agriculture-specific topics and develops solutions to the identified needs together, uses smart agricultural technologies effectively, and prioritizes energy efficiency in agriculture.



agriculture. With digital banking, which is becoming increasingly important day by day, we analyze the needs of our farmers very well and prioritize less expensive, high quality, and efficient production in line with the opportunities provided by technology. In order for farmers to integrate smart agricultural technologies into their operations, we closely monitor the newest technologies both domestically and internationally and offer our clients the applications and collaborations we have developed as a result.

We update our organization and design new customer-oriented products to meet the working capital and investment needs of farmers and agricultural enterprises within the scope of our sustainability-oriented Agricultural Banking activities so that they can carry out their production at minimum cost, respectful to nature, and in an efficient way. From beekeeping to bovine dairy farming, broiler chicken breeding to greenhouse farming, we provide financing support for all areas of agricultural activity without discrimination. In order to ensure the sustainability of agricultural activities, we create solutions for our farmers not to leave their lands with our Family Farming Banking activities.

In agriculture, we support sustainability in agriculture to create a positive impact on food security and resource efficiency. In line with a growth strategy targeting the entire value chain by prioritizing small producers and family farmers in agricultural loans, we adopt a sustainable agriculture policy that brings together different stakeholders of the ecosystem in agriculture-specific topics and develops solutions to the identified needs together, uses smart agricultural technologies effectively, and prioritizes energy efficiency in

As the Bank, we contribute to SDGs 2-5-7-8-9-12 and 15 in the field of sustainable agriculture.



AGRICULTURAL BANKING

With the “Meetings with Farmers of Producing Anatolia” project, we emphasized the importance of digital technologies in agriculture and informed our farmers about the types and benefits of these technologies.

We continue our efforts to contribute to rural development by increasing agricultural production and support the agricultural sector with our financing resources.

In 2023, we continued to support the agricultural sector with the financing resources we provided and stood by Anatolian farmers. We continue our efforts to contribute to rural development by increasing agricultural production. We offer Agricultural Banking services through 207 customer representatives, mostly agricultural engineers, in our 134 agricultural branches located in regions with intensive agricultural activities in our country.

In 2023, we introduced stock financing and Turkish Grain Board (TMO) product price loans we designed within the framework of sustainable agricultural banking to enable our customers to benefit more effectively from product and input price advantages. Within this scope, we financed the needs of farmers, who are storing their products, enabling them to make maximum profit from their products. We offered

financial support to our customers with agricultural product stocks by providing maturity deferment for up to 6 months. We met the financing needs of farmers who want to store their agricultural products that are likely to increase in value with stock financing and the financing needs of those who delivered their products to TMO until the product price arrived with the TMO product price loan.

With the “Meetings with Farmers of Producing Anatolia” project, which we launched last year and organized for the second time this year, we emphasized the importance of digital technologies in agriculture and informed our farmers about the types and benefits of these technologies. With these meetings, we aimed to increase the level of financial literacy and raised awareness among farmers about the importance of digitalization in agriculture by using resources effectively. We explained how digital agricultural technologies make farming activities more effective and efficient. We also brought our farmers together with technology companies and introduced them to innovative solutions.

30 thousand +
Number of Farmers Reached Through “Meetings with Farmers of Producing Anatolia”



In our traditional farmer meetings, we discussed financial literacy, contract production, cooperatives, and energy efficiency in agriculture as well. We thus guide our farmers to raise awareness not only on digital agricultural technologies but also on financial issues and to transition to more sustainable production models.

Development in Figures

With the financial products we developed to promote modern and sustainable agriculture, we increased our efficiency in financing agriculture by reaching over 350 thousand farmer customers, 99% of whom are small producers. The share of agricultural loans of our Bank in total cash loan volume reached 7.6% as of year-end 2023.

“Meetings with Farmers of Producing Anatolia”

As Şekerbank, we met with nearly 10 thousand farmers in 134 locations with “Meetings with Farmers of Producing Anatolia.” In the meetings we organized for two years, we met with 30 thousand farmers in total and provided information on financial literacy, Harvest Mobile, contracted production, cooperatives, EKOkredi Agriculture and digital agricultural technologies.

Harvest Mobile

We served 17 thousand farmers through the application by adding access to the Farmer Registration System, document inquiry, registration renewal application and product change, access to the farmer information pool of the Ministry of Agriculture and Forestry and the opportunity to receive information on production and supports, access to TMO’s product purchase appointment system, access to TARSİM screens and information, and getting information for insuring crops and animals steps among the functions of our Harvest Mobile application. On the other hand, by making tractor and equipment agreements with contributions, we provided advantages that reduce the costs of our farmers for different financing needs. With the TMO product price loan, stock financing loan, and stock-based installment deferment application, we enabled our farmers to get the value of their products and finance their expenses without waiting for the product payments. Also this year, as Şekerbank, we participated in Bursa and Adana agricultural fairs, which are among the most important agricultural fairs in Türkiye, and had the opportunity to meet with the stakeholders of the agricultural sector.

Family Farming Banking

With our Family Farming Banking services, which we launched as a first in Türkiye, we aim to avert farmers from abandoning their lands and reduce migration from rural areas to metropolitan areas. With our Family Farming Banking activities, we offer products and services towards increasing productivity and encouraging collective agriculture through combining lands divided due to inheritance, supporting producer cooperatives, providing agricultural inputs and equipment, and energy saving investments. The products and services we offer within the scope of Family Farming Banking include the Farm Growth Loan, which offers flexible payment options for farmers who want to consolidate fragmented lands or bring idle lands back into production. In addition, we support producers who want to increase productivity in agriculture to renew their equipment with the special advantageous Tractor and Agricultural Equipment Loan.

AGRICULTURAL BANKING

With our Family Farming Banking activities, we contribute to the economic empowerment of farmers in rural areas, encouraging them to use their land more efficiently and continue production in their own regions.



TL 18.06 billion ✓

Financing Provided to Farmer Families in 9 Years

With our Family Farming Banking activities, we contribute to the economic empowerment of farmers in rural areas, encouraging them to use their land more efficiently and continue production in their own regions. As Şekerbank, we take important steps to ensure that farmers stay on their own lands, strengthen local economy, and prevent the rural population from migrating. As a result of our Family Farming Banking activities, we provided a total of TL 18.06 billion ✓ financing to more than 150 thousand farmer families in the last 9 years, including 2023.

We developed the Harvest Card, Türkiye's first commercial card product specific to farmers, to facilitate farmers' access to financing.

Harvest Card

With two separate limits we have defined for Harvest Card, which is Türkiye's first commercial card product for farmers and which we developed to facilitate farmers' access to finance, we both meet the short-term cash needs of farmers and enable them to pay for their agricultural input purchases at harvest time. Harvest Card cash limits can be used by farmers to withdraw cash from our Bank's ATMs as well as ATMs of all banks, PTT ATMs, and bank counters. In order for our farmers to shop with the Harvest Card under more advantageous conditions, we improved the working conditions with agricultural enterprises that sell inputs. Furthermore, the Harvest Card offers farmers the opportunity to purchase agricultural inputs such as pesticides, diesel fuel, feed, fertilizer, seeds, and seedlings at nearly 5 thousand member merchants contracted by Şekerbank.

Within the scope of Harvest Card, we continued our cooperation with companies that provide fuel services, especially OPET Petrolçülük A.Ş., and Petrol Ofisi A.Ş. this year, too. We supported the producers with Harvest Card to purchase interest-free fuel with a maturity of up to 5 months with Harvest Card, from the contracted dealers of the companies. Thanks to the ongoing Harvest Card agreement of our Bank with Meram Elektrik and Çamlıbel Elektrik institutions, producers can pay their electricity bills with Harvest Cards. In addition, producers can

pay TARSİM policy fees with their Harvest Cards. On the other hand, our Bank cooperates with various cooperatives and institutions such as Agricultural Credit Cooperatives, Trakya Birlik, and the Union of Beet Grower Cooperatives (PANKOBİRLİK).

Campaigns

As the Bank that supports the financing needs of the agricultural sector with the most accurate methods, we have continued to offer products, services, and campaigns in 2023 to contribute to increasing productivity in agriculture.

We continued to offer privileges for the financing needs of producers with stock financing and Turkish Grain Board (TMO) product price loan. We offered the special opportunity for farmers, who want to store their products and preserve their value, to meet their needs in the fastest way possible with stock financing and TMO product price loans. With this campaign, we met the financing needs of our producers who delivered their products to TMO until the product payment arrives.

With the stock financing loan, we provided financing with maturities up to 6 months for the producers who received the product payment through our Bank and stored their products, in line with the product price by recording the agricultural product stock on site.

On the other hand, we organized a campaign for the short-term cash needs of farmers who own Electronic Warehouse Receipts (EWR) in exchange for their agricultural products delivered to licensed warehouses. With the campaign, we created an opportunity for farmers who want to sell their harvest at its value to store their products in a healthy way and met their cash needs.



As Şekerbank, we provided flexibility in the payments of our producers who harvested their crops but whose product prices were still low due to market conditions and offered the opportunity to postpone installments for up to 6 months. We thus provided producers with the opportunity to postpone their payments and to sell their crops according to their value.

By strengthening the support we offer to our farmers, we realized collaborations with tractor manufacturer companies. With these collaborations, we brought an effective solution with tractor financing to enable producers to own tractors under favorable conditions.

We offered 0-interest online shopping opportunities through collaborations with companies selling inputs such as seeds, fertilizers, feed, pesticides, fuel, and equipment.

Goals for 2024 and the Future

In the coming period, we will prioritize reducing our operational processes in agricultural banking by transferring our expertise in the field to digital channels. With the aim of reaching more producers, we will use our digital channels more efficiently and focus on receiving applications through channels such as input dealers and mobile applications.

We will offer digital solutions together with a stakeholder, providing agricultural innovation services and specialized in agricultural technologies, to support the contract processes of agricultural enterprises and farmers engaged in contracted production or exports, to monitor the production process from planting to harvest, to standardize the quality of the product produced, and to support the sales and marketing of the product. In addition to these solutions, we will meet the financial needs of our agricultural enterprises and farmers under favorable conditions and mediate product payments.

As the Bank, whose founding mission is to finance sustainable agriculture, we have been supporting more than 350 thousand farming families across Türkiye for generations to ensure the continuity of rural life and agricultural production. Within the framework of our agricultural loans growth strategy, we identified four main areas: Family Farming, Ecosystem Banking, Smart Agricultural Technologies, and EKO kredi energy efficiency. We aim to increase our sustainable agriculture loan portfolio, which constituted 87.8% ✓ of total agricultural loans by year-end 2023, to 100% in the next three years.

SMALL ENTERPRISES BANKING

As a solution partner bank in the life cycles of businesses, we continue our efforts to introduce especially micro and small businesses and women entrepreneurs to banking with the responsibility of increasing access to the financial services they need.



With our Community banking mission, we offer all our business customers the best customer-oriented services and financial consultancy complying with the changes of the era through different service models both from our branches and digital channels.

As a solution partner bank in the life cycles of businesses, we continue our efforts to introduce especially micro and small businesses and women entrepreneurs to banking with the responsibility of increasing access to the financial services they need. We continued to provide our customers, tradespeople, and business owners, with our Small Enterprises Banking services through our Bank's 207 branches,

where Small Enterprises Banking activities are extensive, as well as through our digital channels.

Within our Transformation Program, we make a difference by breaking new ground in the industry with our mobile, web, and tablet banking solutions targeting tradespeople and businesses. Şeker Mobile, our mobile banking channel, offers pioneering applications for tradespeople and business owners with its expanding scope every year. With the improvement and development work we carried out for our Small Enterprises Banking customers, Şeker Mobile became the first mobile banking branch in the industry to offer multiple products such as overdraft accounts and commercial credit cards as a package in addition to cash loans.

Development in Figures

The amount of loans we extended in Small Enterprises Banking in 2023 increased by 24% compared to the previous year and amounted to TL 2.6 billion. The number of active customers reached 76,670 and the number of loan customers reached 30,418.

As of year-end 2023, our Bank's POS turnover increased by 109% compared to the previous year, demonstrating an accelerated development.



Campaigns

In 2023, we continued to provide customized banking solutions to meet the needs of our customers with our wide range of products. In order to celebrate November 19, International Women's Entrepreneurship Day of all women entrepreneurs who add value to the future with their efforts, we organized the "November 19, International Women's Entrepreneurship Day Campaign" within the framework of our Bank's financial inclusion strategy.

With our belief that a healthy economy is only possible with the participation of women in the workforce and their empowerment in trade, we provided women's cooperatives with HepsiAds digital advertising support worth TL 10 thousand and financial access to banking products and services in partnership with Şekerbank and Hepsiburada.

With our campaign for pharmacists, we loaded a promotional amount of up to TL 15 thousand, determined

according to the three-year SSI health payment commitment and the monthly SSI payment amounts of our pharmacist customers, as a bonus to Eczakart. Within the campaign, we did not also charge our pharmacist customers the cost of the Eczapos device, which combines payment and invoice transactions on a single device, and monthly service fees.

We offered the "Welcome Ramadan Campaign" during the month of Ramadan from March to April 20, 2023. Within the campaign, we provided our business customers with the opportunity to benefit from many financial services free of charge until the end of the year.

As Şekerbank, we collaborated with the energy company Schneider Electric to establish fast charging stations for electric vehicles. Within the scope of the collaboration, we provided financing support for electric vehicle charging stations.

We offered special financing to tradespeople to celebrate the "Ahi-Order Week," which aims to maintain the deep-rooted trading culture in Anatolia dating back a thousand years.

We completed the first phase of our project that enables the use of micro financing loans, which we offer through our branches to those who are not familiar with banking services, through our digital channels. In 2023, we enabled our customers to access micro financing loans through our tablet application.

Goals for 2024 and the Future

As Şekerbank, we strive to offer financial resources equally to all segments of society with our Community banking mission. We aim to be a solution partner bank that offers digital products and services tailored to professional groups with special lending models that increase access to banking services with a particular focus on tradespeople and micro financing.

As Şekerbank, we contribute to SDGs 5-9-12 and 17 while maintaining our Small Enterprises Banking activities.



SME BANKING

We contribute to the production-based development model by supporting the sustainable growth of SMEs, which are the driving force of our economy with their production, export, investment, and employment potential.

As Şekerbank, within the scope of our Transformation Program, we rapidly move our services and products to the digital environment and offer solutions that will facilitate the digitalization processes of our customers.

54.5%
Share of SME Loans in Total Loans

As Şekerbank, we contribute to the production-based development model by supporting the sustainable growth of SMEs, which are the driving force of our economy with their production, export, investment, and employment potential. In 2023, we continued to offer our SME Banking services in 173 branches with our experienced and expert portfolio manager staff of 224 people.

Development in Figures

Our Bank, which stands by SMEs by operating at every point of production, increased the number of active customers, which are defined as SMEs with a turnover of up to TL 70 million according to the segmentation structure, by 14.8% as of year-end 2023 and increased our cash loan size by 60.7% compared to the previous year to TL 8.5 billion. The share of SME loans in the Bank's total loan volume was 54.5%, twice the sector average of 27.9%.

As the Bank, we contribute to SDGs 1-5-8-9-10-12 and 17 to support SMEs and employment.



Campaigns

We continued to offer advantageous product and service packages tailored to the needs of our SME customers to facilitate their access to new markets and increase their competitiveness by offering regional and sectoral value propositions.

With our wide range of products, we offer banking solutions tailored to the needs of our SME customers. The "Winning SMEs Club" stands out as one of our important loyalty programs that we implemented in this context. In 2023, we increased the membership variety of the "Winning SMEs Club" and continued to offer our member SMEs different conveniences and opportunities with Standard, Gold, Platinum, and Bronze membership types. This year, as part of our digital transformation efforts, we added our "ŞEF-Digital Memberships" into the "Winning SMEs Club."

We continued our cooperation protocol initiated in 2022 with the South Aegean Industry and Business Federation (GESIFED), which includes 11 associations and more than 1,500 business people operating in Aydın, Denizli, and Muğla provinces. Within the scope of this protocol, we support business owners to access cost-effective banking services and transactions in order to increase the business volume and production of federation member associations. In this context, we offer commercial financing opportunities with maturities up to 36 months, a grace period of 6 months, and advantageous interest rates.

Within the scope of the Credit Guarantee Fund (KGF), we realize new loan disbursements through treasury and equity collateral structures. We continue to provide financing support to our SME customers within the KGF Support Loan-3 Program. Within the "Tourism Package," which we developed specifically for SMEs serving in the tourism sector for the growth and regional development of our country, we meet the cash needs of SMEs with KGF collateralized loans with maturities up to 12 months and advantageous interest rates. Hotels, hostels, travel agencies, and suppliers operating in the tourism sector can benefit from the Tourism Package. The application also covers all businesses that provide services in tourism regions and whose income is directly dependent on tourism.

With our special day campaigns, we realized the "Eid al-Fitr Campaign," which offers many advantages for the month of Ramadan. We aim to increase the financial strength of SMEs and businesses by organizing an advantageous "New Year Loan Campaign" that will enable SMEs to meet their cash needs at the end of the year. SMEs and businesses applying for the "New Year Loan Campaign" have the opportunity to meet their cash needs with a grace period of 3 months and maturities up to 36 months.

Within the scope of our SME banking activities, we will provide financing in all areas of the production chain while offering regional and sectoral value propositions equipped with digital competencies.



Digitalization

In order to expand the range of products and transactions provided to our SME customers through digital channels, we continued to develop new digital services that would make our customers' lives easier.

In 2023, we gathered the products that support our customers' digital transformations in cash management on a single platform under the e-Solutions Digital Transformation Package and combined them in Şekerbank ŞEF System. With the Şekerbank ŞEF System, which includes the products of e-Invoice, e-Signature, e-Archive, e-Waybill, e-SMM,

e-MM, e-Ledger, Pre-Accounting program, bank integration where cash flows in all banks can be easily monitored, and e-Commerce Marketplace Integration that bring sellers and buyers together online, we offered our customers who are e-Transformation taxpayers the opportunity to follow their payment, collection, and accounting transactions safely and quickly in electronic environment.

We added our "ŞEF-Digital Memberships" to our Bank's "Winning SMEs Club" loyalty program. We completed information technologies operations for the gold loans we designed for our SME customers.

Goals for 2024 and the Future

Within the scope of our SME banking activities, we will provide financing in all areas of the production chain while offering regional and sectoral value propositions equipped with digital competencies. Developing innovative products and campaigns for SMEs, reaching more producers in line with our widespread growth strategy and contributing to their digitalization processes are among our priorities.

CORPORATE AND COMMERCIAL BANKING

We strengthen our sustainability-themed value chain by providing the financing needed by our manufacturing and exporting companies for purposes such as green transformation, energy efficiency, and carbon emission reduction.

In order to facilitate access to financing for women-led exporters and exporters supporting women's employment, we prepared the "Support Package for Female Labor Force in Export" with a new protocol signed with IGE.

As Şekerbank, with our social and environmental-oriented Corporate and Commercial Banking approach, we strengthen our sustainability-themed value chain by providing the financing needed by our manufacturing and exporting companies for purposes such as green transformation, energy efficiency, and carbon emission reduction.

Sustainable loan growth, the creation of a healthy and secure loan portfolio, and the establishment of long-term and comprehensive relationships with loan customers who create production and employment, form the basis of our Bank's Corporate and Commercial Banking loan policies.

More efficient use of all kinds of energy resources, financing investments for the development of sustainable and domestic energy resources and businesses operating

in this field, companies supporting women's employment, and women-led exporters continued to be among the priorities of our loan strategy in 2023 as well.

In 2023, we continued to stand out as a solid and reliable business partner by focusing on sectoral needs with the qualified products and services we offer to fully meet the financial needs of Turkish industrialists, producers, and exporters. In 2023, in the field of Corporate and Commercial Banking, with our specialized staff at 5 corporate branches in Istanbul, Ankara, and Izmir as well as 76 commercial branches spread over the regions, we continued to offer financial solutions that will make it easier for our customers to adapt to changing conditions.

Development in Figures

As of year-end 2023, Corporate and Commercial Banking loan volume amounted to approximately TL 36 billion, comprising TL 29.3 billion in cash loans and TL 6.4 billion in non-cash loans. Our TL demand deposits increased by 16% compared to the previous year.



2023 Activities

After the earthquake disaster that shook our country in early 2023, we contributed to the slowing down economic activities of our customers affected by the earthquake and quickly implemented efforts for the redevelopment of the disaster area. Within the framework of our sustainable banking responsibility and our mission to increase financial inclusion, we organized advantageous product and service campaigns taking into account economic and conjunctural developments and continued our collaborations with the best companies in their fields for the needs of our customers.

In addition, we continued to meet the financing needs of exporters through the guarantee protocols

signed with Credit Guarantee Fund (KGF) and İhracat Geliştirme A.Ş. (IGE). In order to facilitate access to financing for women-led exporters and/or exporters supporting women's employment, we prepared the "Support Package for Female Labor Force in Export" with a new protocol signed with IGE. We launched the "Women's Banking Package" to increase women's participation in the labor force, develop women's entrepreneurship, and support the growth of women-led SMEs and their contribution to production.

We signed a cooperation protocol with OSBÜK (Organized Industrial Zones Supreme Council) in order to transfer more resources to the real sector, develop sustainable energy resources, protect the

environment, encourage the efficient use of labor and energy, and contribute to the national economy. In 2023, as part of the "Interbank Offered Rate (IBOR) Reform" work, with the use of "SOFR" instead of "USD LIBOR" as the new interest rate in USD denominated financial products, we completed the conversion process of our Bank's existing USD LIBOR-indexed loan products into SOFR-indexed products and put our SOFR-indexed loan products into use.

Goals for 2024 and the Future

In 2024, we plan to enhance our support for projects and activities that will contribute to sustainable development and increase our focus on companies that take sustainability and related environmental, social and governance criteria into account in their activities and aim to improve their performance in this area.

Within the framework of the Green Deal Action Plan, we will continue to provide the financing solutions that our exporter companies and customers will need via our EKO kredi and sustainable finance products. While continuing our strategy to support production and exports also in 2024, we aim to expand our activities to increase our foreign trade transaction volume and transaction diversity.

We have been involved in the growth story of many companies in our country with our deep-rooted expertise in Corporate and Commercial Banking. As Şekerbank, we see our customers, which grow with the support we provide, as our greatest wealth. Also in the future, we will focus our efforts on providing products and services with appropriate conditions that suit the needs of our customers.

We continued our efforts throughout the year to contribute to SDGs 3, 5, 7, and 12 within the scope of Corporate and Commercial Banking.



Within the framework of the Green Deal Action Plan, we will continue to provide the financing solutions that exporter companies will need within the scope of our EKO kredi product.

CASH MANAGEMENT

We continued to develop new projects to enable our customers to conduct their financial and operational processes seamlessly and at lower costs from end-to-end.

In our e-Invoice financing product, which we launched in 2022, we achieved a growth rate of over 100% by the end of 2023 compared to the previous year.

Within the scope of Cash Management, our Bank focused on the marketing of our money transfer, invoice, and check products through different channels -primarily digital.

We offer a wide range of products and services including cash transfer services, digital banking, and operational services to mediate our customers' collection and payment services. The products and systems we have developed enable our customers to make fast, easy, and error-free transactions. We help our customers manage their payment and collection world with technological solutions that make life easier.

In the wake of changing economic conditions and related legal regulations in 2023, we continued to develop new projects to enable our customers to conduct their financial and operational processes seamlessly and at lower costs from end-to-end.

We conducted software studies for customer demands that will contribute to our TL demand deposit volume.

2023 Performance

Despite the fluctuations experienced in international and national markets in 2023, we performed above our volume-based product targets thanks to our new project development works.

We increased our volume by 81% in SSI collections, 73% in other bank check collections, and 38% in our Bank's check collections. In our e-Invoice financing product, which we launched in 2022, we achieved a growth rate of over 100% by the end of 2023 compared to the previous year.

Goals for 2024 and the Future

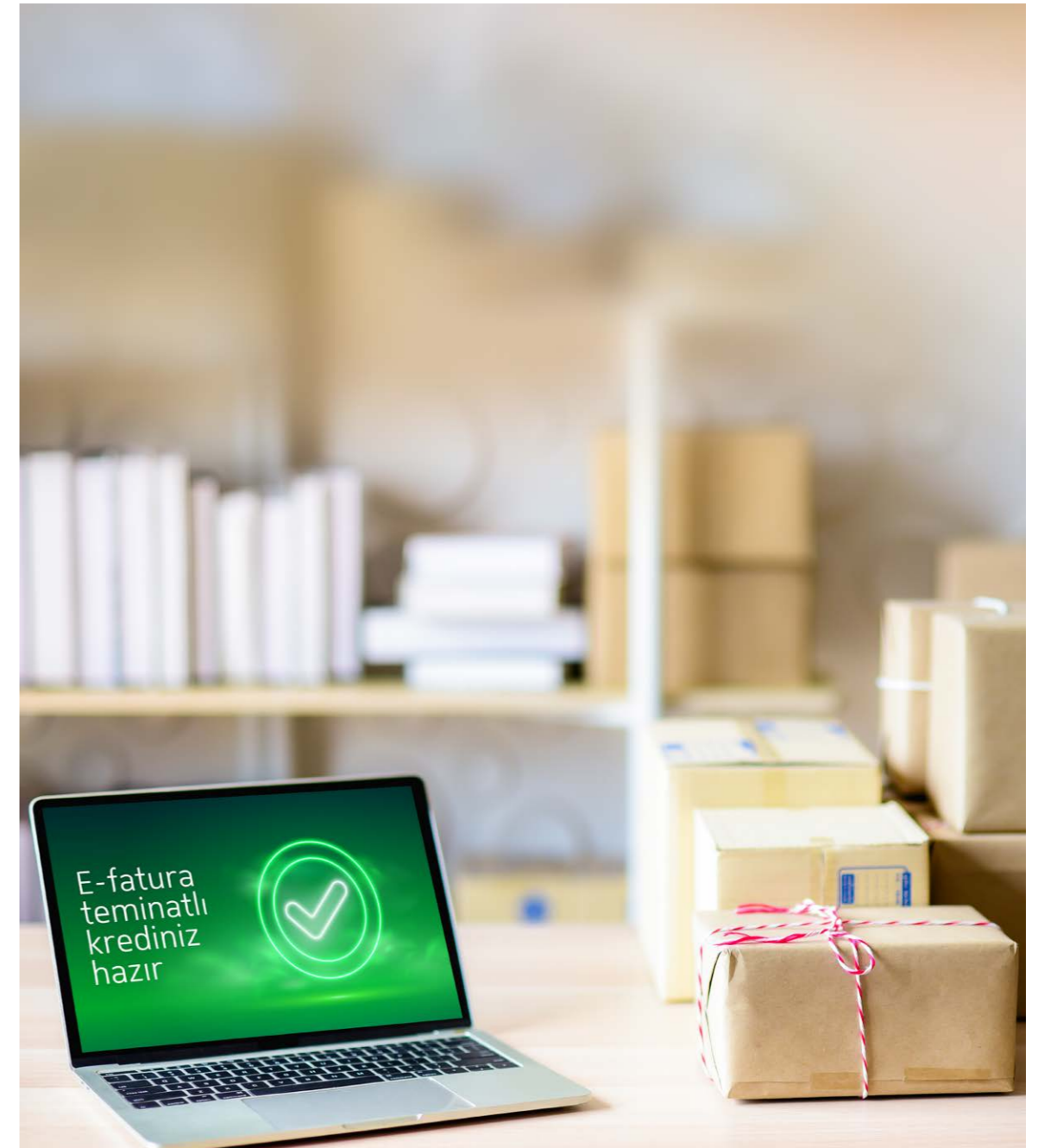
Within the scope of our digitalization journey, in 2024, we will continue our efforts in the field of open banking, service banking, and platform banking solutions as well as cash management by taking advantage of the opportunities provided by the developing technological opportunities and legal regulations in this direction, and in implementation of new technologies by following the developments in the world.

81%

Rate of Increase in SSI Collections



We help our customers manage their payment and collection world with technological solutions that make life easier.



RETAIL BANKING

With the support of our analytical deposit models, we continued to develop new processes and offer special and fitted solutions for our customers' needs through data-driven marketing activities.



67.6%

**Share of TL Savings
Less than
TL 2 Million**

Our Bank, which is the stationary address of the widespread individual savings, continued to focus on customer satisfaction and loyalty, while developing new processes with the support of analytical deposit models and offering special and fitted solutions for the needs of its customers through data-driven marketing activities.

In our Retail Banking activities, we tracked our widespread deposit portfolio in separate segments with the support of analytical deposit models established within the scope of the Transformation Program with a multi-faceted approach.

In 2023, we organized campaigns to encourage small savings in TL deposits with the approach of steadily growing the Bank's widespread deposit portfolio and with the impact of legal regulations.

In 2023, we continued our Retail Banking activities at 238 branches. At 47 branches, we started to offer "Special Savings Service," which we launched to help our customers manage their savings effectively and guide their investments.

Within our Transformation Program, we continued to increase our product and service diversity in digital channels in line with our digitalization strategy in customer experience. We continued to develop our remote customer function, which we launched with Şeker Mobile.

Development in Figures

We continued to grow our Bank's widespread TL deposit portfolio, 67.6% of which consists of savings under TL 2 million, by developing alternative products. Contributing to our country's liraization strategy, we increased the TL deposit volume of our retail customers by 12% year-on-year to TL 14.4 billion and our total retail deposits to TL 34.5 billion in 2023. The share of retail customers in the Bank's total deposit volume amounted to 65%.



By adding a new one to our products aimed at encouraging small savings, we offered our customers who use banking products effectively the opportunity to earn additional returns. With our "TAM Account" deposit product, which increases savings, we provided additional return to our customers who use banking products and services, from card spending to regular payment orders, from loans to mutual fund purchases.

Also this year, Şekerbank continued to be the preferred bank of our customers that desire to use their savings with advantageous conditions by continuing to provide privileged services to our customers residing abroad with our "Memleketim Account." In 2023, we offered our customers the opportunity to add value to their savings with different investment instruments by having professional knowledge about the markets through "Investment Consultancy" within the "Special Savings Service" we offered to our retail customers in cooperation with Şeker Invest, a subsidiary of our Bank.

We continued to provide financing support by introducing our customers to energy saving with EKOkredi, the sector's first and pioneering product that embodies our Bank's support to environmental sustainability with a focus on energy saving. While introducing more than 111 thousand retail customers to energy saving with EKOkredi, we also insulated about 170 thousand houses since 2009 within the scope of EKOkredi Insulation product.

Individual/Commercial Credit Cards and ATM Cards

In 2023, we introduced new features to our customers as a result of the work carried out with International Payment Institutions. We enriched transaction functions in Şekerbank cards by integrating Şekerbank card family.

In line with the needs and usage habits of cardholders, we organized extra bonus and discount campaigns for various sectors including grocery/food, travel/accommodation, and e-commerce.

Realizing another important transformation in parallel with our environmental sustainability goals, we developed an environmentally friendly alternative for our customers by receiving the request to digitally print and store the slip created in card payment transactions through Şeker Mobile and Şekerbank Internet Banking channels. With our new application, we contributed both to protection of the environment by reducing paper consumption and to making customers' lives easier.

Goals for 2024 and the Future

Within our future goals, as Şekerbank, we will continue to expand and effectively manage our widespread deposit volume with our experience of more than 70 years.

One of our main goals in the field of environmental banking will be to expand the audience we introduce to energy efficiency via EKOkredi through new business associations.

We will continue to maintain customer satisfaction by fully meeting customer-based banking needs while retaining our retired and non-resident customer base.

We continue our efforts in Retail Banking by contributing to SDGs 7, 11, and 12.



INCLUSIVE FINANCE AND WOMEN'S BANKING

In the field of financial inclusion, we use both our own resources and the external loans we supply to increase access to finance and banking services for women's banking, one of the main areas of our inclusive banking activities.

As part of our end-to-end digitalization process within the scope of our Transformation Program, we started to offer microfinance loans to our customers through our tablet channel.

67%
Increase in ratio of financing provided to tradeswomen

In the field of financial inclusion, one of the main material issues of our sustainability strategy, we use both our own resources and the external loans we supply to increase access to finance and banking services for women's banking, one of the main areas of our inclusive banking activities. In this area, we lend in accordance with the criteria of the '2X Challenge' platform established by development-oriented international financial institutions.

On the other hand, for the healthy growth of the micro and small-scale entrepreneurship ecosystem, we facilitate access to financial resources for tradespeople, farmers, and women entrepreneurs in rural areas who have never worked with a bank before through lending processes that are the first and only in the industry in the

field of financial inclusion, and we equip our digital banking channels developed for tradespeople and farmers with industry-first applications.

Micro Financing

Thanks to the knowledge we gained from international financial institutions and our long years of close communication experience with the local manufacturers in the field, we continue our work to provide financial support to all productive segments of the society and to make women entrepreneurs a component of economic activity with the cash flow-based lending model based on the total income of the households and aimed at increasing the entrepreneurial ability and production capacity of micro enterprises.

As part of our end-to-end digitalization process within the scope of our Transformation Program, we started to offer microfinance loans to our customers through our tablet channel. Our Bank, which obtains all of its foreign loans for social and environmental purposes, extended loans amounting to TL 1 billion as of year-end 2023 to retail woman customers and



producer-entrepreneur women and women's businesses in all segments, with the foreign resources from the US International Development Finance Corporation (DFC), a financial institution of the US Government.

Public and Private Sector Collaborations

We carried out many activities to increase the rate of financial literacy in our country and to contribute to making each of our customers more competent in this area. Among the projects we participated in in this context, the Loan Literacy Week Project was held between June 27 and July 1. During the week, awareness-creating and awareness-raising activities were held to help individuals and institutions manage their financial transactions in a healthier and more effective manner. Our Bank supported the Loan Literacy Week, which was organized on a multilateral platform including private sector, public sector, and non-governmental organizations in particular, with a webinar speech on 'Women Entrepreneurs'.

On the other hand, as Şekerbank, we participated in the "Development and Acceleration of Woman Entrepreneurs in Agriculture Program" organized

for the third time this year in cooperation with the Women Entrepreneurs Association of Türkiye (KAGİDER) and Migros to introduce our work in the field of inclusive finance and women's banking. We had the opportunity to share the most up-to-date information on our financial resources and access to finance with women entrepreneurs.

Campaigns

We organize campaigns every year on special days to emphasize the importance of women's labor and to raise awareness and visibility on this issue.

In order to celebrate November 19, International Women's Entrepreneurship Day of all women entrepreneurs who add value to the future with their efforts and to ensure that more women's hands touch the economy, we organized the "November 19, International Women's Entrepreneurship Day Campaign" for our entrepreneur women and offered advantageous products.

As Şekerbank, we believe that a healthy economy can be created with women participating in the labor force on equal terms and becoming stronger in commerce. By establishing a digital advertising collaboration with Hepsiburada, we provided women's cooperatives on the

Hepsiburada platform and women's cooperatives that are Şekerbank customers the opportunity to access banking products and services with HepsAds digital advertising support worth TL 10,000.

Support to Women Producer Cooperatives

We continued our Women Producer Cooperatives achievement studies to ensure the development of cooperatives in our country and women's participation in the labor force through cooperatives in 2023 as well. We support our women's cooperatives with the special business financing loans, investment financing loans and card advantages we offer to support the cash flow of cooperatives consisting of 51% or more women producers, as well as our financial literacy trainings, and we grow the businesses of women producers together.

Goals for 2024 and the Future

In the next activity period, we will ensure that Microfinance Loans, which we extend with a focus on inclusive and sustainable growth, are accessible through all digital and branch channels of our Bank. In addition, we will support the social and economic empowerment of segments that have difficulty in accessing financing with regional and sectoral value propositions that we will realize in our branches, which are our most important channel and have been serving in the same location for years. We plan to offer different value propositions to our women producers, entrepreneurs, and SMEs through new collaborations that we will realize to improve their digital competencies with supports that will facilitate their daily financial management by providing personalized offers from Şeker Mobile. We will continue to support women entrepreneurship in rural areas and provide support in financial and non-financial areas for women to be included in the economy collectively.

We continue our efforts in Inclusive Finance and Women's Banking by contributing to SDGs 5, 10, 16, and 17.



HUMAN CAPITAL

We manage our human resources operations along the principle of creating value for human capital, our most valuable asset.

3,703
Total Number of Employees

53.8%
Women Employees' Ratio

45.5%
Ratio of Women in Middle and Senior Management

3.4
TL million
Total Resource Dedicated to Employee Training

Sustainable Development Goals We Support

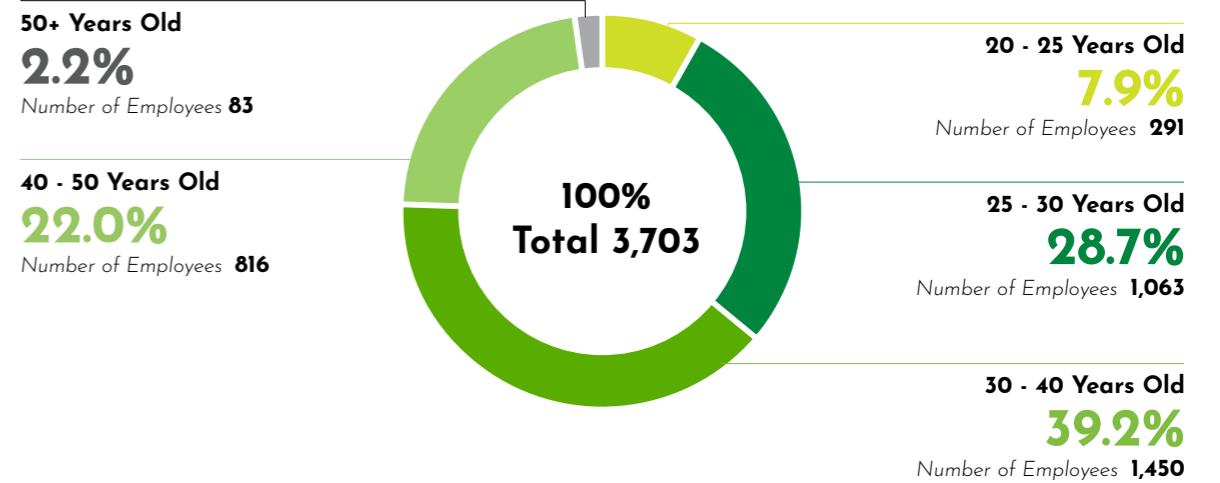


HUMAN RESOURCES

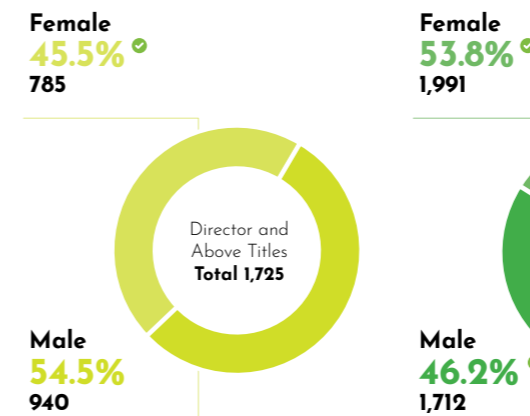
53.8% of Şekerbank employees are women, and 45.5% of them hold managerial positions.

Employee Profile

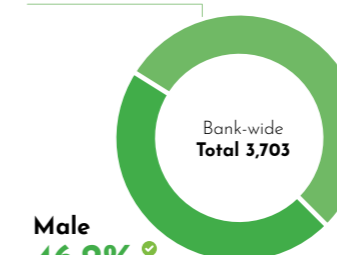
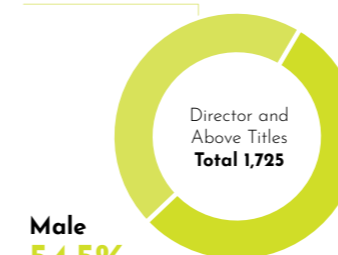
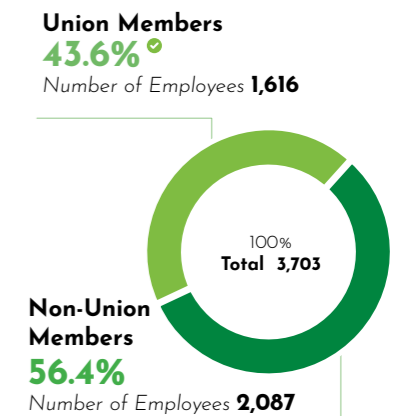
Distribution of Employees By Age Groups



Distribution of Employees by Gender



Distribution of Employees by Contract Type



HUMAN RESOURCES

We consider the creation of a safe, healthy, inclusive, fair, and egalitarian working environment for all our employees our main responsibility.



53.8%
Women Employees' Ratio

Diversity and Equal Opportunity

We manage our Human Resources operations along the principle of creating value for human capital, our most valuable asset. We consider the creation of a safe, healthy, inclusive, fair, and egalitarian working environment for all our employees our main responsibility. As of year-end 2023, the Bank had 3,703 employees, with an average employee seniority of 5.9 years. In our Human Resources processes, we aim to create an egalitarian work environment by focusing on the long-term cooperation and satisfaction of our employees.

53.8% of Şekerbank employees are women

We implement human resources policies and practices with the aim of observing gender equality and empowering women in business life.

We take important steps towards gender equality by supporting women's leadership at all levels. As of year-end 2023, 53.8% of our Bank's employees consists of women, which is above the sector average. The ratio of female leaders working in director and higher management positions at our Bank is 45.5%, and the rate of our female branch managers is 24.3%. In line with our Bank's Women Employment and Women's Board Membership Policy, we aim to increase female membership in the Board.

Gender Gap Analysis performance rated as "Successful"

In our Bank, which has an organizational structure shaped independently of race, religion, language, sect, belief, gender, mental or physical disability, age, cultural or social class differences, within the scope of our Diversity and Inclusion Policy, we address gender equality with integrity in all our Human Resources practices, including our recruitment processes. We conducted our annual assessment for 2023 using the "Gender Gap Analysis Tool" of the United Nations Women's Empowerment Principles (WEPs) platform, and our Bank's performance was rated as "Successful" within the framework of Gender Gap Analysis.

Equal pay for equal work principle

With Şekerbank Human Resources Policy, we commit that our employees will not be subjected to discrimination under any circumstances. In the decent work environment created throughout our Bank, we determine

1,239
Number of Newly Hired Employees in 2023

1,616
Number of Unionized Employees

the wages of our employees with the same title and seniority equally, regardless of gender, and adhere to the principle of equal pay for equal work. We meticulously fulfill legal requirements in the employment of disabled employees. As of 2023, the number of disabled employees in our Bank is 81 and the rate of disabled employees is 2.2%. While evaluating complaint notifications, the Human Resources Department and other relevant units take action together in the most sensitive and careful way to ensure compliance with the principles of discrimination and equality.

Although we did not receive any complaints that would contradict our principles of discrimination and equality during the reporting period, within the framework of our Human Resources Policy, we focus on raising young and successful executive candidates and on the potential human resources of the future by supporting high-performing employees, with the awareness that "Investing in people is the investment with the highest contribution to the institution."

As Şekerbank, we determine our Human Resources practices based on our Bank's Diversity and Inclusion Policy, Training Policy, Women's Board Membership Policy, and Ethics and Integrity Principles.

We provide details about our Bank's Policies for the information of all our stakeholders on our [website](#).

Employee Rights

We, as Şekerbank and all of its employees, have signed the Şekerbank Code of Ethics in order to adopt a code of conduct that guards the reputation of our Bank and the sector in the eyes of customers, society, and stakeholders, committing to protect compliance with laws and ethical rules, fairness, transparency, honesty, and reliability. This commitment is an integral part of the Human Resources Regulation and is also available to all stakeholders on our website.

Operating within the scope of the Banking Law No. 5411, in terms of human resources management, our Bank fully complies with all laws and legislation, especially the Labor Law, and supports the Universal Declaration of Human Rights. Accordingly, there is no question of forced, compulsory, or child labor in any of our Bank's locations, including sub-employers.

We care for collective bargaining and union rights

As Şekerbank, we respect the collective bargaining and union rights of our employees and support internal communication within the Bank. Our employees who are members of the Bank-Insurance Workers' Union (BASİSEN) are represented by a representative at each workplace. The personal benefits and financial rights of our union member employees are determined within the scope of the collective bargaining agreement signed between our Bank and BASİSEN. As of year-end 2023, 43.6% of Şekerbank employees are BASİSEN members.

We implement human resources policies and practices with the aim of observing gender equality and empowering women in business life.

HUMAN RESOURCES

The fact that all employees being natural members of Şekerbank T.A.Ş. Voluntary Pension Fund (SEMVAK), the main shareholder of our Bank, increases employee loyalty, enables employees a collective and participatory working environment and creates a value that distinguishes our Bank's culture in the sector.

55.9%

**Ratio of New Graduates
Among New Hires**

Benefits

Our Bank aims to continuously improve working conditions by prioritizing employee happiness. Within this context, we provide health benefits to our employees within the scope of Şekerbank T.A.Ş. Personnel Social Security Fund status. We protect our Bank's employees and their family members (non-working spouses and children) under private health insurance. We provide personal accident insurance and life insurance against all kinds of accident risks in accordance with the conditions of the day.

Our Bank has a remote working system that is changing in line with the dynamics of the teams. Within the scope of remote working, infrastructure and internet support is provided to our employees and meal payments are made.

Special social benefits for employees

Our Bank aims to meet the financial and social needs of its full-time employees by offering a wide range of social benefits. Within this scope, our full-time employees

have access to social benefits such as social assistance compensation, foreign language compensation, cash compensation, compensation for moving, marriage benefits, maternity and death benefits as well as health and life insurance and shuttle service. We contribute to our employees to live a healthy life and support social activities with the gyms at our Head Office Building, which are accessible to all employees.

We implement practices such as annual leave, flexible maternity leave, casual leave, and unpaid leave that take into account the balance between work and family life of our employees. We offer opportunities to facilitate our female employees' return to work after giving birth. Accordingly, 94 of our female employees took maternity leave in 2023 and 80 of them returned to their job at the Bank, and 90% of them are still employed by our Bank. In addition, within the scope of the newborn care package, our employees who have given birth are also provided with the "Newborn Financial Support Package" through the BASİSEN union, of which they are members, and our Bank.

In order to promote academic development, we encourage our employees to participate in master's and doctoral programs in cooperation with contracted universities and institutions.

We implement practices such as annual leave, flexible maternity leave, casual leave, and unpaid leave that take into account the balance between work and family life of our employees.

The main shareholders of our Bank are our employees

An important feature that makes Şekerbank stand out in its sector is that all employees are also natural members of Şekerbank T.A.Ş. Voluntary Pension Fund (SEMVAK), the main shareholder of our Bank. This feature increases employee loyalty, enables employees a collective and participatory working environment and creates a value that distinguishes our Bank's culture in the sector. All Şekerbank employees have a second retirement plan as members of SEMVAK.

Employee Development, Training Activities and Talent Management

Recruitment

As Şekerbank, we support sustainable economic growth by contributing to the increase in employment through career opportunities we offer to young talents and professionals with experience in the industry. 55.9% of the 1,239 hires made in 2023 were new graduates, while 44.1% were selected from among experienced candidates. 56% of the employees recruited in 2023 were women. As part of recruitment, 5,348 candidates participated in our Bank's recruitment exam and we conducted human resources and technical interviews with 2,899 candidates.

In 2023, we recruited 373 sales representatives in order to improve our branch staff within the framework of our sustainable banking targets. 10% of the new sales representatives joining the Şekerbank family were recruited as branch staff for agricultural banking.



Recruitment programs for technology teams were accelerated

We accelerated the recruitment programs of technology teams, as part of the Transformation Program, which we started to integrate innovation into all business processes and practices of our Bank. To this end, we prioritized technology teams in our recruitment programs for the past four years. By allocating 13.3% of our total recruitment to technology teams, we succeeded in creating a competent information technologies staff of 328 people.

We collaborated with SistersLab (Association for Women in Science and Technology) in the Disaster Affected Software Developer Youth Empowerment and Access to Employment Project. As Şekerbank, with this project, we aim to include young people in the earthquake region in our information technologies teams.

Career and Performance Management Policy

Within the framework of our Human Resources policies, we offer career opportunities equally to all employees and make an evaluation based on objective criteria for appointments.

These evaluations, which focus on the competencies and performances of our employees, include talent/career pool practices to support their career goals. By prioritizing the filling of open managerial positions from our Bank's resources, we transferred many employees from regional and branch positions to Head Office units in 2023. As a result of our performance-based evaluations, 699 employees were promoted to higher positions in Head Office units and branches.

With the Branch Manager Pool Program, we prepare employees with high leadership potential from within our Bank for managerial positions. Thanks to this program, we met 94.4% of our manager needs from within the organization.

By evaluating employee performance through the performance management system, which includes various factors such as manager's opinion, competency assessments and scorecard results determined by the Performance Management System Regulation, we improve our capacity to act together with our employees in line with the strategic goals of our Bank and ensure that employee performance is evaluated transparently.

HUMAN RESOURCES

We organized a series of sustainability-themed trainings for our employees, enriched with topics such as waste-free living, organic composting, and gender equality.

25.62[✓]
Average Training
Hours per Person

39.3%
Ratio of Women
Working in STEM
Teams

Remuneration Policy

While creating our "Remuneration Policy," as Şekerbank, we act by referring to corporate governance principles as well as the Guidance on Good Remuneration Practices in Banks published by the Banking Regulatory and Supervisory Authority (BRSA). We shape our remuneration policies, processes, and practices within an effective risk management approach, and we adopt the basic principle of ensuring that these policies are approved and regularly reviewed by the Board of Directors.

Training

As Şekerbank, we aim to contribute to the development of our employees in line with corporate strategies by building our training activities on the principle of "right training for the right person, at the right time." Our Bank adopts a training system that includes personal development programs along with vocational and technical trainings planned specifically for business lines. This system includes various elements such as elective training, distance training, non-bank training, simulations, on-the-job training, and experience transfer programs. We aim to contribute

to the career development of our employees based on developing their potential and making learning continuous.

Qualified trainings offered to employees

With the aim to support the professional and career development of our employees, contribute to their personal development, and increase their performance, as Şekerbank, we offer continuous and systematic trainings with innovative methods compatible with our Bank's strategies. In our training programs, we receive support from 23 internal trainers working within our Bank as well as external trainers. We continue to provide our employees with qualified trainings in various fields through our internal trainers who support and pioneer development.

At our Bank, employees who have just started to work, had job change, or were promoted, are invited to the technical or competency-based training programs, both in line with the title/job description they are nominated for and they already have.

The year of sustainability-themed trainings

In 2023, we organized a series of sustainability-themed trainings for our employees, enriched with topics such as waste-free living, organic composting, and gender equality.

We continue to provide our employees with qualified trainings in various fields through our internal trainers who support and pioneer development.



All sustainability trainings were open to the participation of all our users, and 26% of our employees participated in the gender equality training.

An average of 25.62[✓] hours of training was provided per person

In 2023, we carried out our training programs as face-to-face (in-class) and remotely (virtual classroom), in addition, we made e-training assignments for our employees on different topics through Şeker Academy. As of the end of 2023, we ensured that all of our employees attended at least one training event of in-class, virtual classroom, seminar, simulation, or e-training type, and we had an average training time of 25.62[✓] hour/person.

Micro Learning Series trainings continued

We invite our newly recruited colleagues to training programs tailored to their business lines. We organized a 26-day "Assistant Inspector Basic Banking Training" for assistant inspectors who started working in July 2023, and a 28-day "Management Trainee Development Program" consisting of personal and professional development training for management trainees who started to work in August.

In 2023, a total of 1,437 people had access to the Micro Learning Series trainings prepared under 4 different titles, which we made available to all our employees through Şeker Academy and which supports their professional and personal development.

Various trainings and leadership programs were designed for our executives

We design leadership programs that support our managers' leadership and competency development in line with the Bank's vision and strategy. In 2023, we completed the "Branch Manager Development Program," which includes the titles of acting manager and branch manager, with a total of 32 people. In addition, we organized IFRS, Competency-Focused Interview Techniques, ISO 27001 Lead Auditor, Digital Banking and Smart Contracts, ISO Integrated Management System Information and Internal Auditor trainings to support the development of our executives in 2023.

Remote Working Model

Re-evaluating the demands and working requirements of our employees, we decided to continue the hybrid working model, which provides our Head Office employees with alternate remote and flexible working hours, for information technologies and analytical teams in 2023. Within the scope of remote working, we provide infrastructure and internet support to our employees and pay meal fees. In 2023, we also calculated and verified the carbon footprints of our employees working remotely, as part of our Scope 3 emissions, in order to identify and report the environmental impact of remote working.

Internal Communication and Employee Satisfaction

With Şeker.net, our Bank's easy and effective in-house communication tool, we provide an environment where our employees can follow up-to-date news and announcements.

We continued to receive project and development suggestions through Şeker.net, whose interface was renewed as part of the Transformation Program, via the "I Have a Suggestion" Platform, a communication channel created for the projects and suggestions of our employees regarding our Bank's activities.

We organized the social activities in 2023 to spread social interactions that support professional business life and increase employee satisfaction to which our employees participate voluntarily.



- In order to create a happy social atmosphere in our working areas and to support the well-being of our employees, we carried out communications enriched by our employees' photo and video sharing on special days such as birthdays, mother's/father's day, report card day, etc.
- We conducted Employee Interviews to listen to our employees, provide an open communication environment, and better understand their needs.
- We conducted an Employee Loyalty and Employee Satisfaction survey, in which 82% of our employees participated, to listen to our employees on an objective platform, understand their expectations, and increase their satisfaction and loyalty.
- We ensured the participation of university students in our internship programs within the scope of Information Technologies.
- In 2023, we organized gatherings that brought our employees together with experts in different fields such as health, culture, environment, sustainability, and daily life.
- In order to support the education of children, we voluntarily participated in the 45th Istanbul Marathon through the Research, Support, Education Foundation (ADEV).




OCCUPATIONAL HEALTH AND SAFETY




We continue our efforts to create a safe and healthy working environment for our employees in line with the OHS Instructions of Şekerbank and the Occupational Health and Safety Law No. 6331.

As Şekerbank, we continue our activities in the field of occupational health and safety in line with the Occupational Health Safety Law No. 6331 and Şekerbank Occupational Health Safety instructions, in order to establish a safe and healthy working environment for our employees, customers, visitors, and subcontractors. We effectively monitor our occupational health and safety responsibilities through our Personnel Affairs Service Department. The highest level authorities determining the responsibilities regarding occupational safety are the Employer Representatives appointed by the Executive Vice President to whom the relevant service department reports.

The distribution of duties realized within the framework of legal regulations


In accordance with our Occupational Health and Safety policy, we employ occupational safety specialists and workplace physicians within the scope of relevant laws and Occupational Health and Safety (OHS) instructions. We ensured the distribution of duties in all units of our Bank within the framework of legal regulations. As of 31 December 2023, a total of 22  employees, including 4  employee representatives, took part in our OHS committees. In 2023, the number of employees with OHS Certificate in our Bank is 1,251. We aim to maintain ensuring the safety of all our stakeholders in our working areas within the framework of our effective management practice by adopting the principle of full compliance with OHS standards.

NUMBER OF MEMBERS IN OHS COMMITTEES			
	2021	2022	2023
Female	7	7	4 
Male	14	16	18 
Total	21	23	22 



NUMBER OF EMPLOYEE REPRESENTATIVES IN OHS COMMITTEES			
	2021	2022	2023
Female	3	3	1 
Male	4	2	3 
Total	7	5	4 

In order to ensure the safety of our employees and subcontractors, we conduct risk analyses to identify potential hazards that may cause occupational accidents and occupational diseases in advance. While conducting these analyzes, we ensure the participation of our employees and subcontractors and create action plans to eliminate or reduce risks. We regularly keep records of occupational accidents and occupational diseases, fulfill legal notifications in due time, and take necessary measures to prevent recurrence of these incidents.



For the purpose of measuring our OHS performance, we calculate and record data such as accident frequency rate, accident severity rate, injury rate, and occupational disease rate for our employees and subcontractor's employees.



In 2023, a total of 6  occupational accidents occurred at Şekerbank Head Office Building and branches, 2 of which involved subcontractor employees. Detailed breakdowns of the occupational accidents are also included in the performance tables.



ACCIDENT FREQUENCY RATE* (TOTAL WORK ACCIDENTS/TOTAL WORKING HOURS X 1,000,000)			
	2021	2022	2023
Employees	3.9	0.64	0.72 
Subcontractor	2.4	-	2.06 



(* Calculated based on the daily 8-hour working time of all employees for 30 days. Weekends, public holidays, annual leaves, etc. are not included.

ACCIDENT SEVERITY RATE (NUMBER OF LOST DAYS/TOTAL WORKING DAYS X 1,000)			
	2021	2022	2023
Employees	3.9	0.005	0.006 
Subcontractor	0.18	-	1.08 

INJURY RATE			
	2021	2022	2023
Employees	-	-	- 
Subcontractor	-	-	- 

We provide Basic Occupational Health and Safety Training to all our employees in accordance with legal procedures in order to fulfill our commitments to ensure occupational health and safety, to create a common awareness among our employees, and to develop a sustainable occupational health and safety culture. We update our trainings at periodic intervals determined according to the hazard class of the Bank, at the latest every three years. We provide special on-the-job training to all new employees who start working at our Bank and ensure that they are actively included in Occupational Health and Safety processes.

These training programs aim to raise the level of awareness of our employees on occupational health and safety, identify potential risks in advance, and take precautions.

OHS TRAININGS				
	2020	2021	2022	2023
Number of Participating Employees	612	1,531	419	1,251 
Total Training Duration	4,896	12,248	3,352	10,008 

Within the scope of the trainings we organize to inform our employees about the health and safety risks they may encounter in the Bank, we provide the necessary information to ensure that employees understand protective and preventive measures, are informed about their legal rights and responsibilities, gain competence in first aid issues, and cope with extraordinary situations.

In 2023, as part of our OHS efforts, we formed our extinguishing, rescue, protection, and first aid teams at our Head Office building and branches and started to train emergency teams. We revised the Occupational Health and Safety Trainings of our employees nearing training renewal dates. We conducted emergency drills in our Head Office building and branches, reported all drills, and also initiated the process of subcontractor work and document tracking in order to monitor the entry and work of subcontractor employees in our Head Office building and to prevent occupational accidents that may occur.

SOCIAL AND RELATIONSHIP CAPITAL

As Şekerbank, we build sustainable two-way interactions with all our stakeholders in line with our "Open communication" principle, which is at the center of our corporate values.

332

Thousand
Number of children reached with Şeker Çocuk (Şeker Child) Magazine

83%

Local procurement

4.04/5.00

Call Center Customer Satisfaction Rate

Sustainable Development Goals We Support



RELATIONS WITH STAKEHOLDERS

As Şekerbank, we inform our internal and external stakeholders regularly about the outputs created in the field of sustainability and create a transparent communication environment.

As Şekerbank, we build sustainable two-way interactions with all our stakeholders in line with our "Open communication" principle, which is at the center of our corporate values. Our Bank always respects different perspectives and keeps communication channels open for both internal and external stakeholders. We follow an effective communication strategy by determining our communication methodology and frequency in line with the expectations and needs of our stakeholders.

Learning the prioritized issues and expectations of our stakeholders enables our Bank to better manage risks and opportunities. Our Bank adopts the approach of establishing effective and two-way communication with its stakeholders grouped as shareholders and investors, employees, customers, supervisory and regulatory bodies, financial institutions and creditors, international initiatives, chambers of commerce and associations, suppliers, non-governmental organizations (NGOs), universities

and research institutions, and the media. In 2023, we participated in nearly 80 online or on-site events, workshops, and conferences on Financial Institutions, Investor Relations, and Sustainability at home and abroad and made presentations introducing our Bank to nearly 60 various institutions (investment banks, creditors, rating agencies, etc.).

We inform our internal and external stakeholders regularly about the outputs created in the field of sustainability and create a transparent communication environment. In this way, we aim to make our business processes more sustainable and shape them in accordance with social values by increasing the participation of our stakeholders in the processes and evaluating their expectations and feedback.



RELATIONS WITH STAKEHOLDERS

Our Communication Channels

STAKEHOLDER GROUP	COMMUNICATION FREQUENCY	COMMUNICATION CHANNELS
Employees	Continuous	Şeker.net in-Bank communication portal, Employee Satisfaction Survey, Performance Evaluation System, meetings, e-bulletins, e-mail announcements and internal legislation, Information Technology Announcements, Information Security Announcements, Electronic Announcements, Bank internal communication platforms
Customers	24/7	Customer Communication System, Customer Satisfaction Survey, branches, ATMs, call centers, internet banking, mobile banking, Harvest Mobile, meetings, presentations, e-announcements, social media, SMS
Stakeholders and Investors	Continuous	Organizations for investors with relevant institutions, investor meetings and presentations, direct communication via teleconference and e-mail, Bank corporate website, roadshows
Shareholders	Periodic	General Assembly meetings, Public Disclosure Platform, annual reports, CMB Corporate Governance Compliance Report, press releases, Bank's corporate website
Financial Subsidiaries and Affiliates	Continuous	Meetings, internal regulations, General Assembly meetings, correspondences, independent audit reports, annual reports
Public Authorities	Continuous	Legal compliance and annual reports, meetings, workshops, one-on-one meetings, working groups, panels, forums, and conferences
International Organizations and Initiatives	When needed	Memberships, joint projects, various working groups, collaborations
Corresponding Banks	Continuous	Meetings, visitors, correspondences
Credit Rating Agencies	Periodic	Information and status evaluation meetings, annual reports, Public Disclosure Platform
Chambers, Sectoral Organizations, and NGOs	When needed	One-on-one meetings, working groups, press releases, social media accounts, memberships, panels, forums, and conferences
Universities and Research Centers	When needed	Joint projects, collaborations, meetings, seminars, conferences
Press/Media	When needed	Press releases, social media accounts, memberships, sponsorships, meetings, interviews, panels, forums, and conferences
Suppliers	Continuous	One-on-one meetings
International Financial Institutions and Creditors	When needed	Organizations with relevant institutions, investor meetings and presentations, direct communication via teleconferences and e-mail, the Bank's corporate website, roadshows

CUSTOMER RELATIONS MANAGEMENT

We effectively manage our relations with our customers through the Customer Communication System and provide solution-oriented and fast feedback.



At the A.C.E. Awards organized for the years 2022-2023 by the www.sikayetvar.com platform, which appeals to a wide consumer audience, our Bank was deemed worthy of an award twice in a row among the Brands Offering the Best Customer Experience.

As Şekerbank, we focus on providing the best service in Customer Relationship Management and in this context, we continue on our way by contributing to SDGs 8 and 12.



We continue our efforts to meet the expectations and needs of our customers with the right products and services. As Şekerbank, our goal is to offer these products and services swiftly and graciously and to always keep our customers' satisfaction at the highest level. Our main priorities are to quickly resolve all notifications submitted by our customers through traditional and digital channels and to develop effective communication channels. We thus focus on making a difference by establishing a strong bond with our customers.

As Şekerbank, our top priority is to establish effective communication channels in order to produce rapid solutions to our customers' needs and demands. In this context, in order to ensure high customer satisfaction, we pay special attention to the processes

of understanding customer needs, evaluating feedback, and designing and offering new products and services in line with customer demands and expectations.

24/7 communication with customers

We stay in contact with our customers on a 24/7 basis through our digital applications such as the contact form on our corporate website and live support on internet banking as well as our branches and call center. In this way, our customers get the opportunity to easily access our Bank from any platform and submit their requests.

Our Remote Customer Acquisition team, which we specially created to realize our customer acquisition and customer acceptance processes through digital channels, provides remote support to our customers in account opening processes.

Effective customer relationship management with the Customer Communication System

As Şekerbank, we implement a continuous feedback management process by recording all requests, complaints, objections, suggestions, and satisfaction notifications received by us on our Customer Communication System application in line with our Customer Communication System Instruction. By using this system, we effectively

CUSTOMER RELATIONS MANAGEMENT

As Şekerbank, we focus on service quality and customer satisfaction in every communication channel we contact with the customer.

82,761
Monthly Average
Number of Calls

manage our customer relations, meticulously follow up incoming notifications, and provide solution-oriented and fast feedback.

We make improvements in our business, processes, and practices through the feedback of our customers and aim to increase the total quality of experience in this context.

At the A.C.E. Awards organized for the years 2022-2023 by the www.sikayetvar.com platform, which appeals to a wide consumer audience, our Bank was deemed worthy of an award twice in a row among the Brands Offering the Best Customer Experience. On behalf of all our bank employees, we proudly carry this award, which our customers deemed us worthy of, in recognition of the outstanding effort and attentive approach we have shown as a bank in the rapid and customer satisfaction-oriented resolution of complaints.

We diligently determine our service standards that we offer our customers face-to-face or through the call center with our expert customer and sales representative staff available in our branches.

All our employees have the non-disclosure obligation in accordance with the law, and we included our principle standards, which we want all our employees to demonstrate in their communication with our customers, in our Bank's Code of Conduct.

Service quality and customer satisfaction-oriented approach

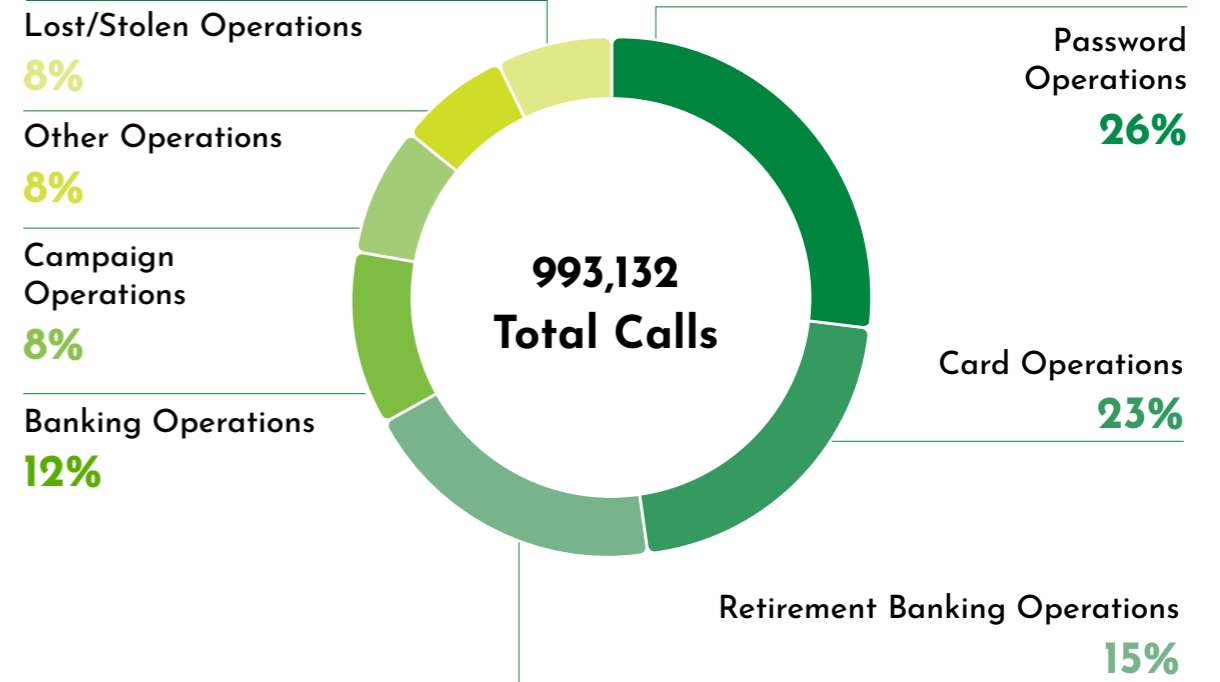
Our employees are obliged to maintain their impartiality, not to discriminate among our customers and to ignore differences such as nationality, religion, financial and social status, gender, etc. while serving them.

As Şekerbank, we focus on service quality and customer satisfaction in every communication channel we contact with the customer. We meet the needs of our customer in a fast, effective, and high-quality manner 24/7 through our call center.

993,132 calls reached us through our call center in 2023. The number of average monthly calls in the call center was 82,761. The operations performed in calls are distributed as shown in the following graph.



993,132 calls reached us through our call center in 2023. The number of average monthly calls in the call center was 82,761. The operations performed in calls are distributed as shown in the following graph.



RESPONSIBLE SUPPLY CHAIN

As a result of the CDP reporting carried out in 2023, our Bank was among the leaders of the "Supplier Relations Rating" list.

The sustainability of the supply chain is among the prioritized focus areas of our Bank. The centralized approach to supply chain management adopted by our Bank enables more effective forecasting and effective response to potential problems and opportunities.

As Şekerbank, we adopt an approach that considers the interests of our stakeholders and society as a whole, as well as the positive contribution we provide to our Bank by managing the environmental, social, and economic impact throughout our supply chain. We build deep-rooted relationships with our suppliers based on open two-way interaction and encourage them to participate in our Bank's sustainability practices.

World-class supplier services

The assessment and effective management of business risks are among our material issues within the framework of our Sustainable Development

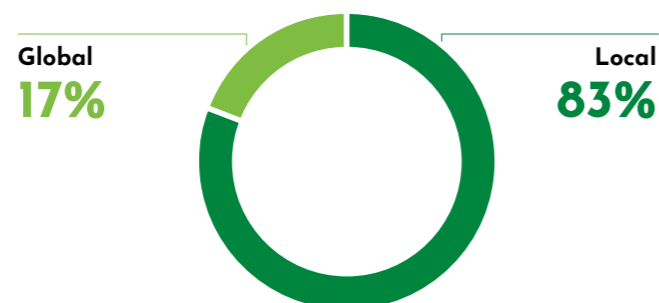
Regulation and Environment Policy. In order to ensure that the services of the suppliers we collaborate with comply with international standards, we check their commitment to international quality and safety standards by questioning their ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certifications. With this approach, we create a strong foundation for sustainability and risk management. We inform all companies in our supplier portfolio about our Principles of Ethics and Sustainable Development Regulation and work to ensure compliance with these principles.

In 2023, we applied the sustainable supplier evaluation criteria found in the annex of our Sustainable Development Regulation to our suppliers we locally and globally differentiated.

Our evaluations were prepared comprehensively to interpret the environmental and social performance of our suppliers. You can access our Sustainable Development Regulation, including the question set containing our criteria for evaluating our suppliers, here.

As of the end of 2023, all our active suppliers have been evaluated; of these suppliers, 83% are local, while 17% are global suppliers. All of these suppliers have been evaluated.

As a result of the CDP reporting carried out in 2023, our Bank was among the leaders of the "Supplier Relations Rating" list.



We prepared our working principles and supplier policies in line with the basic agreements of the International Labor Organization (ILO) and the Organization for Economic Development and Cooperation (OECD) Multinational Company Directives.

Our focus is on reducing environmental impact in procurement processes

We strengthen our commitment to universal values in the processes we conduct with our suppliers. We prepared our working principles and supplier policies in line with the basic agreements of the International Labor Organization (ILO) and the Organization for Economic Development and Cooperation (OECD) Multinational Company Directives.

Within the framework of our Bank's Environment Policy, we focus on reducing environmental impacts in purchasing processes and give priority to suppliers that promote the transition to a low-carbon economy, minimize the use of natural resources, and adopt efficient production methods that reduce waste generation.

We take care to select our suppliers from among local companies in our product and service purchases to support the national economy. This approach is in line with our aim to strengthen the local economy and to support local businesses.

In order to understand the environmental, social, and governance approaches of our suppliers within the framework of our sustainability strategy, we evaluate the eligibility of our suppliers against the following criteria through our Supplier Management Survey.

- Adoption of the principle of compliance with all applicable legal requirements;
- Adoption of occupational health and safety principles and fulfillment of requirements;
- Evaluating environmental and social effects, such as greenhouse emissions, use of natural resources, and waste generation as well as minimizing potential negative effects depending on the scope and nature of their activities;
- Supporting equal opportunities for employees, protecting the health of employees, and ensuring compliance with labor laws and regulations;
- Ensuring all necessary legal and internal processes are in place for information security and personal data protection.

CORPORATE SOCIAL RESPONSIBILITY

We aim to increase inclusivity also in education-related projects and to reach all segments of society equally as part our banking activities.

Support for Social Development through Education

We act with the awareness of the importance of education and continue our efforts in this field with the awareness that it is one of the building blocks of social development. We aim to increase inclusivity also in education-related projects and to reach all segments of society equally as part our banking activities.

Şeker Çocuk Magazine

As Şekerbank, we care about supporting primary education of young generations. Within this scope, with the Şeker Çocuk magazine that we have been publishing for 41 years, we reach hundreds of thousands of children in Türkiye over hundreds of primary schools in villages, kindergartens under Child Protection Institution and hospitals as well as 238 Şekerbank branches in 67 provinces and 90 off-center districts. With the environment and energy efficiency sections

In line with Corporate Social Responsibility approach, we realize important works and collaborations for the benefit of society, and contribute to SDGs 4, 10 and 17.



included in Şeker Çocuk Magazine, we contribute to raising children's awareness on sustainability at an early age. In 2023, 332 thousand Şeker Çocuk Magazines were donated to various institutions.

Since 2010, we have also been publishing Şeker Çocuk Magazine, which we bring together with readers quarterly, in Braille and delivering it to special education institutions and rehabilitation centers for visually impaired children.

Collaboration with Research Support Education Foundation (ADEV)

Within the scope of the "All Children Should Be Happy!" project which we have been running periodically since 2010 in collaboration with the Research Support Education Foundation (ADEV) and Şeker Çocuk Magazine, we have been providing books for our children with limited means and toys to pre-school classes. Within the framework of the project, we collect new or undamaged books and toys through the "All Children Should Be Happy!" stands in Şekerbank branches and Head Office buildings across Türkiye. The collected materials are delivered to those in need after being sorted by ADEV volunteers. Our aim

in this project is to contribute to the education and happiness of children and to support children with limited means to access educational materials and toys.

Inclusivity in Culture and Arts

Having opened one of the first bank art galleries in the 1980s, our Bank established the Açıkekran New Media Arts platform in 2011 with the aim of decentralizing art and introducing it to Anatolia.

Açıkekran

As Şekerbank, we act with the mission of supporting art production by integrating the local with the global and bringing society closer to art. Within the scope of this mission, we introduce art works to local communities at our branches by supporting modern art with Şekerbank Açıkekran New Media Arts, which is the first culture & arts initiative focused on new media and video art in Türkiye. As part of this initiative, we bring artwork displayed at Şekerbank branches on special monitors together with art lovers at nine Şekerbank locations, including the Head Office in Istanbul and branches in eight Anatolian cities, namely Küçükçekirli and Kızılay branches in Ankara, Alpullu in Tekirdağ, and Ordu, İzmir, Bodrum, Mardin, and Edirne.

FINANCIAL INSTITUTIONS AND INVESTOR RELATIONS

With our expertise in SME, tradespeople and small business banking - practices at the center of our activities - we maintain our role as a key bank in reaching rural areas for development-oriented international finance institutions.

We have historically been recognized as a key bank in the field of inclusive finance by development-oriented international financial institutions with our deep-rooted expertise in SME and agricultural banking and our competence in reaching the rural population.

In 2023, we supported importers and exporters by resuming to provide solutions to meet the foreign trade finance needs of our customers. We expanded our Bank's activities in international banking by adding new financial institutions to its existing correspondent network. With our approach of providing fast, high quality, and solution-oriented services, we met the needs of our customers with our innovative payment systems, foreign trade instruments, documentary loans, and import/export financing solutions in addition to traditional banking products.

We contribute to SDGs 8, 11, 17 in our work on Financial Institutions and Investor Relations.



Supporting sustainable development with long-term external resources

With our expertise in SME, tradespeople and small business banking - practices at the center of our activities - we maintain our role as a key bank in reaching rural areas for development-oriented international finance institutions. We use the long-term foreign resources we secured thanks to our long-standing relationships with the Foreign Trade Guarantee Programs of the European Bank for Reconstruction and Development (EBRD) and the World Bank International Finance Cooperation (IFC) as well as international financial institutions to support sustainable development in our country. Şekerbank has a 100% environmentally and socially-oriented external funding structure, 74.3% of which supports microfinance and SME financing, 7.8% supports energy efficiency, and 17.9% supports women's banking.

Loan support from the US Government for the development of earthquake-affected areas

In line with our pioneering role in rural banking and financial inclusion, we signed a 7-year, USD 100 million loan agreement with the US International Development Finance Corporation (DFC), a

financial institution of the US Government, for the development of the earthquake region. In addition to the loan provided, we added USD 33 million from our own resources, bringing the total support to USD 133 million. In scope of the project we continue to support financial inclusion and financing of women-owned businesses and SMEs, with priority for the development of the region affected by the February 6 earthquakes.

Türkiye's first SME-Backed Covered Bond (VTMK) transaction

We signed Türkiye's first SME-Backed Covered Bond (VTMK) transaction in 2011 and realized 12 issues totaling approximately TL 1.8 billion with maturities ranging from 1 to 5 years. Our VTMK program is the world's first issuance of securities collateralized by SME loans. Our VTMK program was evaluated by the international rating agency Moody's with a Baa1 rating, the highest rating ever assigned to a transaction in Türkiye.

INTELLECTUAL CAPITAL

We act with a digital transformation and innovation strategy that is intertwined with our strong customer database within our service network spread across all regions of Türkiye.

73 thousand
New Şeker
Mobile Users

59% ✓
Increase
Number and Volume
of Digital Channel
Transactions

Sustainable Development Goals We Support



SUSTAINABLE DIGITAL BANKING AND DIGITAL TRANSFORMATION

We continuously improve our digital banking and data strategy with our end-to-end competencies that put customer experience at the center of our digitalization journey and ensure that customer needs start and end on digital channels.



7.2 MILLION
Number of
Transactions
Performed on
Şeker Mobile

As Şekerbank, we continue our efforts in Sustainable Digital Banking and Digital Transformation by contributing to SDGs 5, 10, 11 and 12.



We act with a digital transformation and innovation strategy that is intertwined with our strong customer database within our service network spread across all regions of Türkiye. While assuming a pioneering role in supporting small producers, encouraging widespread savings, and financing SMEs, we continuously improve our digital banking and data strategy with our end-to-end competencies ensuring that customer needs start and end on digital channels, and putting customer experience at the center of our digitalization journey.

Within the scope of the Transformation Program we carried out during 2019-2023, we renewed our entire technological infrastructure, credit decision processes, and digital channels.

Expanding service network
Within the scope of our Transformation Program, we prioritize projects that support our social and environmental banking mission to support production and productive segments and to provide financing to masses with limited access to banking services, taking into account the historical mission and focus customer base of our Bank. We continue to make improvements to provide services to our customers through all channels. And by expanding our service network, we strive to enable our farmers, business owners and tradespeople to meet their financing needs through our Şeker Mobile and Internet Banking channels with a simple and uncomplicated experience.

SUSTAINABLE DIGITAL BANKING AND DIGITAL TRANSFORMATION

We will maintain our efforts to offer our customers a technological world in line with our social and environmental banking mission.

We continued our efforts to enrich the products we offer through our digital channels and improve the user experience.



Always standing by agricultural producers with Harvest Mobile

We strengthen our collaborations with our stakeholders through an ecosystem banking perspective and continue to create value for the industry and our customers with the solutions we develop. In 2023, we continued our efforts to disseminate the Harvest Mobile smart agriculture application, which we launched to assist our agricultural customers, who make up a significant portion of our Bank's customer base, in their production, and to expand its service model. We aimed to make life easier for our farmers who are Harvest Mobile users by adding Turkish Grain Board (TMO) appointment feature to our mobile application for instant access to the appointment system for farmers who want to deliver products to the TMO, and a menu for accessing Farmer Registry System transactions via e-government for our farmers to access all legislative processes that they need to follow, especially the Farmer Registry System, from a single place.

73 thousand
Number of Şeker Mobile New Users

Transformation Program activities

We carried out many activities in 2023 within the framework of the "Digital Transformation Program." In line with our digitalization strategy, we renewed the loan utilization flows that our real person legal entities and farmer customers can finalize on end-to-end digital channels. Our product, whose application steps were simplified and all users, whether they were our customers or not, could apply quickly and complete the lending process after completing the new customer processes, accounted for 42% of the number of loans extended in the business segment and 24% of the number of loans extended in the agricultural segment as of year-end 2023. This year, 7.2 million transactions were made through Şeker Mobile, the main banking application of our Bank, and 73 thousand new users met Şeker Mobile advantages for the first time. Our projects regarding our main digital products, which served 251 thousand customers in 2023, continued without slowing down.

Efforts to improve user experience

In addition to these, we continued our efforts to enrich the products we offer through our digital channels and improve the user experience. We completed the

development work that has enabled credit card application and allocation processes to be carried out through Şeker Mobile and Şekerbank Internet Banking and made it possible to receive credit card applications through our digital channels. With the project we conducted to create virtual cards -which make e-commerce transactions carried out with credit cards more secure-, and to instantly define their limits and validity periods through digital channels, we have completed the processes of applying for a credit card and generating a virtual card linked to the card in an integrated manner. We offered our customers a fast and smooth flow in their credit card usage with the integrated solutions we developed.

Digital Slip improvements were completed

We rapidly implemented digitalization projects that contribute to our Bank's sustainability goals. Within this scope, we completed the Digital Slip developments to enable slips to be received and stored digitally instead of the printed paper slips generated by credit card transactions at merchant POS devices. Our customers can choose to receive digital slips instead of printed slips after credit card transactions by making their preferences via Şeker Mobile or Şekerbank Internet Banking, thus preventing paper waste and supporting the protection of nature and efficient use of resources.

Experience improvement efforts continued

We continued our experience improvement efforts for Şeker Mobile, Şekerbank Internet Banking, Harvest Mobile, and our Bank's corporate website, including user requests and complaints, usage difficulties we identified, and the integration of next-generation technologies. As part of our project to renew the service provided by our Customer Communication Center and improve the customer experience, we carried out infrastructure development activities aimed at responding to our customers' instant requests and complaints and meeting all their banking needs. As of year-end 2023, we received 982,242 calls through our Customer Communication Center, with a monthly average of 81,854 calls.

We will continue to add value to our customers' lives with projects that prioritize the needs of our customers and enable them to receive service with a perfect experience through all channels, including Şeker Mobile, Şekerbank Internet Banking, Customer Communication Center, and our corporate website.

Ecosystem banking

We will continue our efforts in ecosystem banking where we develop business models with fintech, agritech, and other startups operating in many various fields. In 2024, we aim to both make our customers' lives easier and deliver our financing solutions to them through different channels by establishing partnerships with technology initiatives that create solutions touching the lives of our customers.

At the center of all our project plans and business models is a perspective that will serve the future of our country, contribute to the protection of our natural resources, and offer advantageous solutions to groups that are relatively excluded from the financial system, especially women. With this perspective, we will bring our expertise in the field to our digital channels.

End-to-end digital experience in investment operations

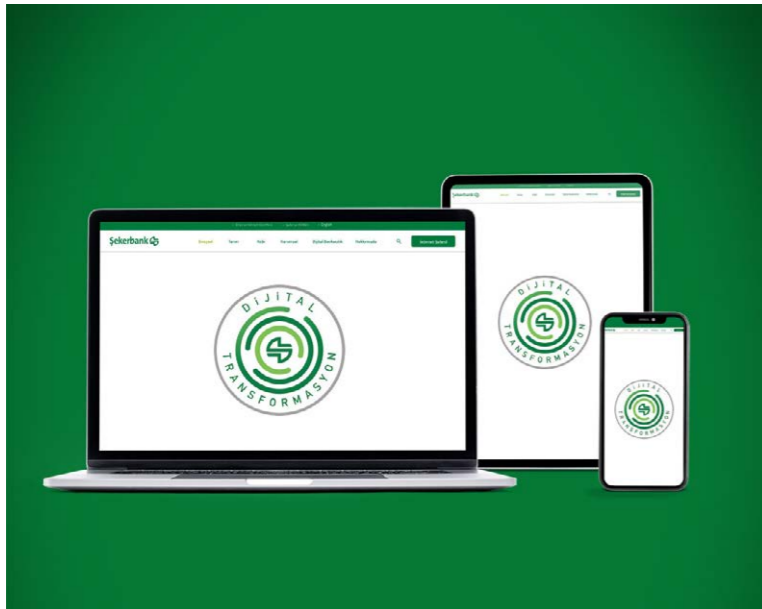
In the coming period, we will continue to carry out many projects simultaneously, such as POS member merchant improvements, transfer to digital channels of Harvest Card transactions which enable farmers to procure inputs with harvest time maturity, transforming investment transactions into an end-to-end digital experience, developing digital solutions for our SME customers, development that makes it possible for our real person legal entity owner customers and farmer customers to instantly become customers via Şeker Mobile, our Open Banking solutions which include the ability to monitor different bank accounts on Şeker Mobile and make transactions from these accounts, sending and receiving money via QR, renewing our Harvest Mobile smart agriculture application and strengthening it with different features.

Considering all of these factors, we are committed to consistently upgrading our infrastructure to fulfill the fundamental banking requirements of our core customer base, and to ensure convenient access to the banking products and services they utilize most frequently. Furthermore, we remain dedicated to providing customers with a technologically advanced environment that aligns with our social and environmental banking mission.

In 2024, we aim to both make our customers' lives easier and deliver our financing solutions to them through different channels by establishing partnerships with technology initiatives that create solutions touching the lives of our customers.

DATA ANALYTICS

We automate our processes with analytical models by constantly updating our workflows and take a more systematic approach to customer management.



Within the scope of the Transformation Program we carried out between 2019-2023, we put digitalization at the center of our business model and make productivity our biggest principle with the changing priority of operational excellence. In this scope, we automate our processes with analytical models by constantly updating our workflows and take a more systematic approach to customer management. On the other hand, we establish systems to closely monitor financial risks.

We created the definition of "Active Digital" to ensure that our customers are active in digital products.

All information on a single screen

We implemented the projects we undertook to rapidly meet changing customer expectations and integrate developing technologies into our business model, with the priority of operational excellence. We launched our web-based "Point Customer Screens" project, which provides consolidated access to our customer data, in March 2022, and we continue to develop our project in phases. With the improvements made to the Point screens in 2023, we reshaped and developed all the functions on the old customer screens according to current needs and moved them to the new customer screens. With this project, we continuously provided the data needed to guide the sales strategies of our branches, to focus the field on the right customers, and to be able to realize sales targets.

Increased effectiveness in digital channels

We created the definition of "Active Digital" to ensure that our customers are active in digital products. We directed our customers, who regularly perform transactions that can be performed through our digital channels at the counters of our branches, to our digital channels. Thus, we activated a significant portion of our customers on our digital channels. In addition, our analytics teams developed an leave



Şekerbank advanced the customer experience to the level of best practices and increased the automation rate of allocation decisions to 63%.

tendency model in order to identify customers who tend not to actively use digital channels. Thanks to the model, we identified customers who tend to leave digital channels and redirected 25% of them back to our digital channels.

Automation in allocation decisions

By establishing an automatic allocation and limit assignment infrastructure in accordance with risk appetite with end-to-end central management in

our loan allocation processes, we implemented the Decision Support System (DSS) based on statistical analytical models for SME, small business, and agricultural loans in 2019. We have revised the risk-sensitive limitation models and loan policy rules when deemed necessary by following the changing economic conditions and macroeconomic indicators since the foundation of the system. Thus, Şekerbank advanced the customer experience to the level of best practices and increased

the automation rate of allocation decisions for SME, business and agricultural loans evaluated through the decision support system to 63%.

Risk-sensitive early warning system

We carried out early warning and collection system projects to improve the quality of our Bank's existing loan portfolio and increase credit risk monitoring and collection performance, especially in portfolios with a high number of units, by providing operational efficiency with automation systems. We launched the "Early Warning System," which calculates the probability of default by using the past payment performance and banking behavior data of our customers without delay and recommends the actions to be taken accordingly, in March 2021. Thanks to the project, our customers started to be monitored in 5 different categories according to their risk levels determined using statistical methods. With these systems, we reshaped the collection action plans determined for customers in arrears according to customer risk levels.

Furthermore, through the Early Warning System, the efforts to create a culture of portfolio management for non-overdue loans moved to a tangible ground. In this way, high and medium risk customer stock was regularly screened and reduced by up to 70% within the last year.

Thanks to our strong customer database, we will offer our customers a highly granular risk and marketing approach, while bringing our expertise in the field to digital channels through fintech collaborations and research & development efforts in alternative data and microfinancing to reinforce our pioneering role in financial inclusion.

DATA PRIVACY AND INFORMATION SECURITY

We continue to keep our sensitivity to data privacy at the highest level while mainstreaming our analytical data-driven culture.

We continue to keep our sensitivity to data privacy at the highest level while mainstreaming our analytical data-driven culture. We continue to work on compliance with the "Regulation on Banks' Information Systems and Electronic Banking" published by the BRSA and related legislation. In this context, we continued our efforts to obtain DIN ISO 10002 Customer Satisfaction Management Certificate, ISO/IEC 27701 Privacy Information Management System Certificate, DIN EB ISO 9001 Quality Management System Certificate, DIN ISO/IEC 27001 Information Security Management System Certificate, EN ISO 22301 Security and Resilience - Business Continuity Management Systems Certificate in 2023.

We attach importance to the management of cyber and fraud risks and apply all legal regulations on our digital platforms. We offer our customers secure and uninterrupted banking opportunities with high-level security measures based on best practices to ensure data security and privacy.

You can access our Bank's Information Security Policy from [here](#).

New detective and preventive controls implemented in the infrastructure

In 2023, we launched many projects and innovations in the field of Data Privacy and Information Security. As part of these efforts, we continued technological improvements in the field of customer and product security with the security tightening practice in the use of the internet outside the Bank's network on employees' computers and implemented new risk preventive controls in our infrastructure. Furthermore, we carried out business continuity tests and cyber security drills to increase our Bank's cyber resilience. We carried out awareness activities with different contents in order to raise the information security awareness of our employees and customers against current threats.

Scans for source code security

We conducted scans for software source code security in all our development environments as well as penetration tests in the Internet and Mobile Banking applications offered to our customers. We

organized employee awareness trainings for our software teams on secure code development and personal data protection. Within the framework of our customer security-oriented approach, we updated the customer product security infrastructure to respond more effectively to today's threat scenarios.

Infrastructure change

We launched a solution that enables automatic reporting of alarms by monitoring systems from our Bank's Data Center. Thus, we gained deeper visibility into our advanced and complex information systems as well as shortened response periods. We completed the infrastructure change in our Bank's Document Management System.

We conducted scans for software source code security in all our development environments as well as penetration tests in the Internet and Mobile Banking applications offered to our customers.



MANUFACTURED CAPITAL

With our responsible banking approach, we care about providing all our customers equal access to banking services, and with our Barrier-free Banking project, we strive to provide ease of access to our branches and ATMs for our customers with disabilities.

282
Number of ATMs

238
Number of Branches

Sustainable Development Goals We Support



BRANCHES AND ATMS

We have a well-established branch network spread across all regions of Türkiye, not only in metropolises and urban centers, but also in our 67 provinces and 90 off-center districts, approximately four times that of banks in our peer group.

121⁺
Number of Disabled-friendly ATMs

We have a well-established branch network spread across all regions of Türkiye, not only in metropolises and urban centers, but also in our 67 provinces and 90 off-center districts, approximately four times that of banks in our peer group. With a total of 238 branches, 72% of which are located in Anatolia, and 7 regional offices, we bring our services to local communities.

The total number of ATMs of our Bank is 282 as of year-end 2023, and 121⁺ of these ATMs have suitable designs for the use of our disabled customers. We aim to increase our service points in the coming period within the scope of our Barrier-Free Banking project, which we have implemented to facilitate access to our products and services, which are at the center of our responsible banking approach.

A more effective, faster and user-friendly experience

In line with our goal of providing our customers with services that will make their lives easier at every contact point, we continued to develop and improve our ATMs throughout the year. The focus of these efforts was to provide our customers with a more efficient, faster, and user-friendly experience. Among the improvements we made to ensure smoother transactions by integrating

technological innovations and to respond to our customers' banking needs more effectively was the addition of the feature of withdrawing money from ATMs with QR code.

In order to meet our customers' increasing demand for non-branch services, we undertook various efforts to expand our existing ATM network. Thanks to the collaboration we established with İşbank, we provided a wider service network by making İşbank ATMs available to Şekerbank customers in April 2022. By adding up to 6,300 İşbank ATMs across Türkiye to our service network, we enabled our customers to perform their banking transactions more conveniently and quickly anywhere.

We continued our efforts to position our bank's ATMs at the right points and to increase their efficiency in 2023 as well. As of year-end 2023, we added the feature of withdrawing money from all Şekerbank and İşbank ATMs with QR code free of charge.

BARRIER-FREE BANKING

We joined the Blind Friendly Brands (EyeBrand) network of BlindLook, a social initiative founded to increase and support the social inclusion of visually impaired individuals.

1,675
Number of
Employees
Completing the
"Right Approach to
Disability" Training

As part of our inclusive banking activities, we strive to provide ease of access to our customers, including disadvantaged groups, from all our channels. Within the framework of our responsible banking approach, we contribute to both the physical and financial freedom of our disabled customers with our "Barrier-free Banking" project, which we implemented to increase the accessibility of our products and services and eliminate barriers.

48% of Şekerbank employees completed Sign Language Training

We attach importance to the value our employees add to the services we offer and the projects we develop. As part of our "Barrier-free Banking" project, we provided sign language training to our employees. Our colleagues can thus communicate directly with our hearing-impaired customers. As of year-end 2023, Sign Language Training was defined for a total of 1,745 employees, and this number represents 48% of our Bank's employees.

Within this scope, 1,675 people completed the "Right Approach to Disability" training defined for the same target group, representing 96% of the relevant target group.

Audio menu enhancements started

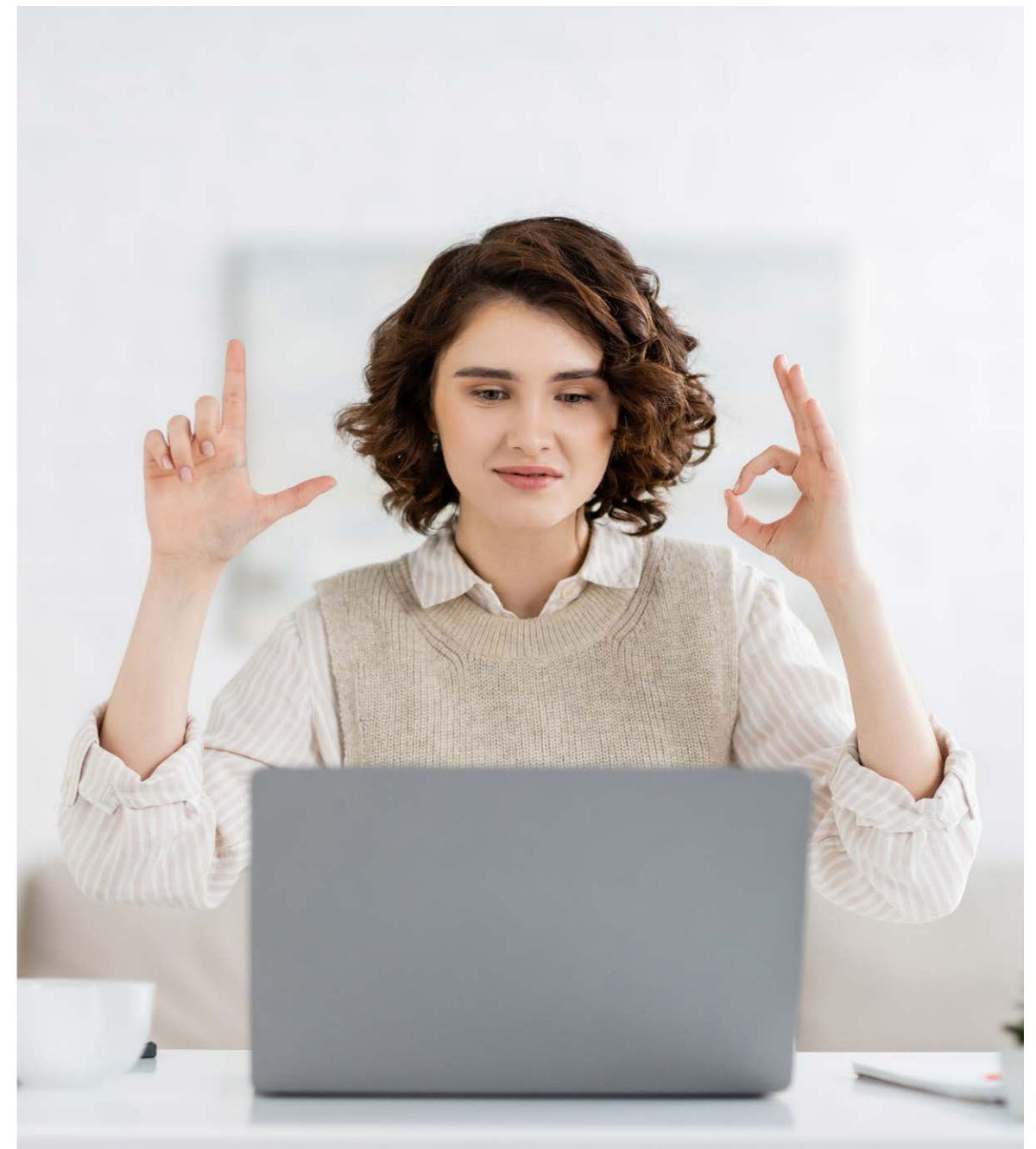
We are working to provide ease of access to our branches and ATMs in order to offer a more comfortable and inclusive service to all our customers. In all of our branches, we successfully completed our work including enhancements suitable for disabled access. Within this scope, we made all our branches disabled-friendly with enhancements such as portable ramps, labels prepared in Braille, tactile surfaces, and call buttons.

In order to facilitate the access of our visually impaired customers to our products and services, we started and launched the audio menu enhancements as well. Thanks to this application, our customers can access phone banking and other services more effectively. These steps are part of Şekerbank's responsible banking activities to reduce inequalities.

121 ATMs suitable for use of disabled customers

In 2023, we designed and put into service 121 ATMs across Türkiye for the use of our disabled customers. We made our web and mobile channels a barrier-free brand in line with our goal as part of barrier-free banking services. We joined the Blind Friendly Brands network of BlindLook, a social initiative founded to increase and support the social inclusion of visually impaired individuals.

In line with our Barrier-free Banking approach, all of our branches and 43% of our ATMs throughout Türkiye are suitable for the use of disabled citizens.



We contribute to the 10th SDG with our egalitarian and inclusive efforts in the field of Barrier-Free Banking.



NATURAL CAPITAL

Since 2009, we have been carrying out important activities to spread awareness on energy efficiency throughout society through our activities within the fight against climate change.

13%
Year-on-Year Decrease in Scope 1 - 2 Emissions

34%
Renewable Energy Use

Sustainable Development Goals We Support



CLIMATE CHANGE ORIENTED BANKING AND OUR ENVIRONMENTAL FOOTPRINT

We increased our 'B' grade by 2 notches to 'A', the leadership level, thanks to our high performance in the Carbon Disclosure Project (CDP), one of the world's most important initiatives in the field of climate change, Climate Change Program 2023 assessment.

Combating Climate Change

Global climate change is considered to be the greatest threat to life on our planet. Extreme weather events (floods, tornadoes, storms, etc.), which are becoming more and more severe every day, require measures to be taken against all activities that threaten the sustainability of natural capital. Combating climate change and its impacts is critical as a prerequisite for a sustainable economy. Managing, measuring, and recording environmental impacts arising from the activities of companies, creating and sharing action plans with the public in a responsible and transparent framework are important.

As Şekerbank, we have been implementing many projects within the fight against climate change and carrying out important activities since 2009 to spread awareness on energy efficiency

throughout society. Şekerbank Climate Risks Committee is at the top of these efforts. The Committee continuously informs business units and business lines about climate change in coordination with the risk team.

Commitment to contribute to global solutions in sustainability

Our Bank shares the checklist prepared in accordance with the "Draft Guide on Effective Management of Climate-related Financial Risks by Banks" published by the BRSA with business processes and business units and implements the checklist in all business processes under the coordination of the Risk Management Department.

Since 2010, we have been regularly calculating our carbon footprint resulting from our operations in order to monitor and reduce greenhouse gas emissions that

have a direct impact on global climate change. We transparently share our performance with the public and international investors by submitting regular reports to the Climate Change Program under the Carbon Disclosure Project (CDP), one of the world's most important initiatives in the field of climate change. Through these efforts, we maintain our commitment to reduce greenhouse gas emissions and contribute to global solutions in sustainability.

We participated in the program, which we continue to report on a voluntary basis, in 2023 as well, and with our high performance in the Climate Change Program 2023 assessment, we increased our grade from 'B' in the previous reporting period by 2 notches to 'A', the leadership level. We managed to maintain our Water Security Rating at "A-" level.

You can access Şekerbank CDP Climate Change and Water Security reports for the 2022-2023 period [here](#).



We ranked on the Global A List in the CDP Climate Change Program.

CLIMATE CHANGE ORIENTED BANKING AND OUR ENVIRONMENTAL FOOTPRINT

As Şekerbank, we have our emission data verified by independent institutions and share it publicly.



1.77 tCO₂e
Emission Equivalent
per Employee*

Digital Carbon Footprint Calculation Application

In 2023, we developed the in-house web-based Carbon Footprint Application to automatically calculate the carbon and water footprint of our Bank and our customers. We ensure that our branches and regional offices enter their carbon and water footprint data into the web-based application every month. The data collected with the software offered in the application allows us to calculate carbon emissions and water footprint and track our carbon emissions through reporting, comparison and grouping modules. In the application, all emissions reported and verified by Şekerbank under the CDP are calculated in accordance with the Greenhouse Gas Protocol within the framework of Scope 1, 2, and 3, and our Bank's consumption rates can also be reported on a location basis.

In the second phase of our project, we made the application available for our customers. Thus, we perform calculations on the basis of Scope 1-2-3 also for our customers who request it.

Target 43% carbon emission reduction rate

Thanks to the Carbon Footprint Application, which we developed in line with our decarbonization target in our Net Zero journey, we can calculate emissions on a monthly and annual basis and quickly take the necessary actions for emission reduction.

Thanks to the ease of calculation and tracking offered by the application, we resolutely continue our efforts to reach the 43% reduction target we set until 2028, with 2021 as our base year, by achieving an annual 19% reduction in emission rates per employee and an annual 13% reduction in Scope 1 and Scope 2 emissions.

We plan to increase our impact by including our suppliers into the Carbon Footprint Application, which allows us to calculate also the emissions of our customers upon request, in the coming period.

As Şekerbank, we have our emission data verified by independent institutions and share it publicly. You can access Şekerbank 2023 Greenhouse Gas Emissions Data Verification reports from [here](#).

We completed our ISO 14001 Environmental Management System work and its installation, which we continue to monitor our environmental performance and keep our interaction with the environment under control. Our Environmental Management System team, which works to control the related environmental impacts that may arise as a result of our direct and indirect impact on the environment, consists of a team of experts including environmental engineers.

Renewable energy studies continue in branches

Our Bank, which holds the I-REC International Renewable Energy Certificate developed by the Netherlands-based International Renewable Energy Certificate Standard (IRECS) in order to mainstream the investment and use of renewable energy, provided 4,061 MWh of electricity, equivalent to 34% of our electricity consumption in the field of energy management in 2023, from renewable sources. We are aware of the importance of renewable energy in terms of environmental sustainability and continue to work for renewable energy in our branches. Started in 2022 and completed in 2023, the GES at our Edirne branch generates renewable energy and meets the electricity of our branch from renewable energy. Our facility in question has an annual production capacity of 15 kWh, which is equal to the monthly electricity consumption of nearly 5 of our branches.

Within the fight against climate change and its impacts, we take various steps not only to reduce carbon emissions, but also to raise



awareness on this issue. Within this context, we ensure that our employees receive environmental training and inform them about climate change and environmental impacts. With the trainings they receive, we increase the awareness of our employees on environmental problems and sustainability issues and contribute to their development of a conscious approach in this field.

Şekerbank Head Office is LEED Gold certified

We perform renovation works that support energy efficiency in the air conditioning, ventilation, air conditioning units, and lighting infrastructure at our Head Office, regional offices, and branches. We successfully completed the energy efficiency transformation of our Head Office building, certified

with LEED GOLD, the certification for rating eco-friendly buildings. In 2023, we continued our efforts to reduce our carbon emissions. By taking into account the carbon emission coefficients of the cooling gases used in air conditioners in the Head Office building, we reduced the amount of emissions caused. We also converted all of the lighting used to LED. In order to ensure the energy efficiency of 20 of our branches in average annually, we aim to reduce our total carbon emissions by completing infrastructure investments.

On the other hand, we reduced our fuel consumption and carbon emissions by increasing the number of hybrid vehicles used in our vehicle fleet. We achieved an emission and energy saving of 25% by choosing new technologies in printers used across the Bank. By completely removing single-use plastics from our cafeteria, we avoided 567 kilos of single-use plastics in 2023.

We achieved an emission and energy saving of 25% by choosing new technologies in printers used across the Bank.

* Calculated based on the sum of Scope 1 and Scope 2.

CLIMATE CHANGE ORIENTED BANKING AND OUR ENVIRONMENTAL FOOTPRINT

Thanks to our improvements and the actions taken for water saving, we reduced water consumption per employee by 5% in 2023 compared to the previous year.

Strategies to reduce Scope 1 and 2 emissions

We closely follow the Science Based Targets Initiative (SBTi) methodology to set more comprehensive targets for an effective fight against climate change. In this context, we are taking new steps to improve our reporting processes in this direction. In line with the decision taken by the Sustainability Committee in 2023, our Bank adopts the target of reducing Scope 1 and Scope 2 emissions by 43% until 2028, which we set in accordance with SBTi,

and continues to work decisively in this direction. As Şekerbank, within this framework, we calculate Scope 1 and Scope 2 emissions arising from our own operations and implement reduction strategies. In addition, we calculate and publicly disclose the emissions resulting from factors such as travel, employee transportation, waste, waste transport, paper use, debit card use, and remote working in the Scope 3 category, which we indirectly affect, in accordance with globally accepted calculation methods and standards.

In 2023, we calculated our Scope 1, Scope 2, and Scope 3 emissions in 7 categories, and we verified and documented them by the independent audit company Türk Lloyd as a result of the controls made on the basis of the GHG protocol.

We reduced our Scope 1 and Scope 2 emissions directly resulting from our activities in 2023 by 13% compared to the previous reporting period, with the positive impact of working remotely, as well as of our energy-saving measures. Focusing on the set targets, with the knowledge that our carbon emissions are caused indirectly as well as directly by our operations, we annually improve our calculations in the Scope 3 breakdown to measure our indirect impact. As a result of this expanded scope, our Scope 3 emissions increased by 17%. In the future, we will continue our efforts to expand the scope of Scope 3 indirect emission calculations.

Scope-based emission distributions

tCO ₂ e	2018	2019	2020	2021	2022	2023
Scope 1 Emissions	3,246	3,292	2,368	2,898	2,963	3,147
Scope 2 Emissions	11,329	10,106	6,728	5,907	4,572	3,424
Scope 3 Emissions	1,212	944	418	432	734	858

Emissions per Employee*

2018	4.45
2019	4.39
2020	2.67
2021	2.59
2022	2.20
2023	1.77

(*)Calculated based on the sum of Scope 1 and Scope 2.

11.34 m³
Water Consumption
per Employee



Water Management

Universal and equal access to safe and clean drinking water is vital for all living beings. It is therefore crucial to secure efficient water management on a global scale.

We believe that individuals, communities, companies, and institutions should act with a common awareness in securing sustainable fresh water supply and implementing measures to prevent water scarcity. As Şekerbank, we take measures to ensure that our activities do not have negative impacts on the biodiversity qualities of water resources.

Since 2016, every year we regularly measure our water footprint caused by our activities. Under the Carbon Disclosure Project (CDP) Water Security Program, one of the most competent global platforms in the combat against climate change, we voluntarily report our water footprint performance and present it to all our stakeholders. In 2016, our Bank was deemed worthy of "CDP Türkiye Water Leadership" award with its works under responsible water consumption.

In 2023, under the CDP Climate Change Program, as a result of the improvement works we meticulously carried out across our Bank in line with the most accurate management of water resources, we maintained our A- score in the CDP Water Security Program.

Water Consumption	2018	2019	2020	2021	2022	2023
Total Water Consumption (m ³)	51,727	56,603	23,337	34,160	41,345	42,003
Water Consumption Per Employee (m ³ /number of employees)	14.58	17.34	6.57	9.61	12.06	11.34

2023 Şekerbank CDP Water Program Report is available [here](#).

We have the water usage data that we publish under CDP Water Program verified by independent external institutions and we present the verification reports openly to all our stakeholders through our website.

2023 Şekerbank Water Data Verification reports are available [here](#).

Our water consumption at the Head Office, regional directorates, and branches consists of mains water used from municipal channels and drinking water in carboy/bottle. We carry out infrastructure renovation works at all our locations to save water.

As Şekerbank, we share our water footprint performance and reduction rates through internal announcements and collective messages in order to increase water savings and inform our employees. Thanks to our improvements and actions taken, we reduced our water consumption per employee by 5% compared to last year. Within the scope of efficient water management, we have a plan to further reduce

water consumption per employee, continue water-saving efforts, and implement feasibility studies for rainwater utilization in 2024.

Risk Assessment

As Şekerbank, we evaluate our water risk annually by using the Water Risk Atlas of the World Resources Institute (WRI) to measure water risk in the locations where we operate. Thanks to this tool, we take measures against climate risks by identifying regions at risk of floods and droughts and regions with water stress. As a result of the studies we conducted at our operating points, we analyzed that 100% of our total water consumption is realized from water-stressed regions.

In order to minimize the negative impacts of water risk, we track water consumption in our branches, closely monitor the amount of water used and its environmental and economic impact on an annual basis, and plan improvement efforts.

CLIMATE CHANGE ORIENTED BANKING AND OUR ENVIRONMENTAL FOOTPRINT

We carry out various activities that minimize waste generation through prevention, reduction, recycling, and reuse.



63%

Amount of Reduction in Food Waste Rate

Waste Management

As Şekerbank, we handle the waste management holistically and manage wastes generated as a result of our operations within the framework of appropriate legislation. We carry out various activities to minimize waste generation through prevention, reduction, recycling, and reuse. In 2023, no environmental fines were imposed.

In line with our goal of reducing the use of paper, we transferred most of our contracts and documents to the digital platform and implemented digital approval processes. As a result of Paperless Banking practices, we saved a total of 351 tons[✓] of paper in 2020, 2021, 2022, and 2023, and prevented the cutting down of 7,020* trees. Furthermore, we positioned Zero Waste Units at our Head Office building in order to separate the wastes arising from our banking operations on site.

(*) Calculated with the assumption that 20 trees are cut for one ton of paper.



115 tons[✓]

2023 paper saving

Zero Waste Principle

Being aware that the correct separation of wastes at the source is the most important aspect in waste management, we carried out many activities within the scope of waste management in 2023. With the Zero Waste Principle, we have positioned triple waste units at all locations where we operate and ensured that non-hazardous wastes are separated into Plastic/Metal/Glass and Other waste. We delivered the separated wastes to the contracted municipalities and provided them to be sent to the recycling facilities. We sent hazardous and special wastes to our contracted recycling facilities. We had meetings with local governments to properly manage approximately 4 tons of food waste generated in our cafeteria and reduced our food waste rate by 63% compared to last year. We sent 82.6 tons of paper generated in the operations of our Head Office units and branches to recycling facilities.

We delivered 5.3 tons[✓] of electronic devices that completed their lifecycles to electronic waste recycling companies. We delivered 640 liters[✓] of waste oil generated in our Head Office cafeteria to the recycling facility so that it was converted into biodiesel to provide energy saving. By sending our waste oils for recycling, we contributed to keeping our water resources clean and protecting biodiversity in our seas. In addition to these, we saved 115 tons[✓] of paper within the framework of our Paperless Banking application in 2023. We provided waste trainings to all our colleagues working in hazardous and non-hazardous waste areas. We also organized sustainability-themed trainings in which all our employees will participate within the scope of sustainability. Within this scope, in cooperation with our Training Department, we organized waste management, organic composting, and gender equality trainings in 2023, ensuring that 26% of our employees participated in the trainings.

ENERGY EFFICIENCY

In order to make new energy technologies accessible for everyone, spread them, and reduce energy consumption without reducing production and service quality, we serve SDGs 7, 13, and 17 with our efforts.

With EKO kredi, we have introduced energy savings to nearly 123 thousand people, from individuals to businesses and farmers.

TL 1.6 billion+ 
Financing Provided to Date with EKO kredi

Energy efficiency plays an important role in the fight against climate change. The intensive use of fossil fuels contributes to the release of greenhouse gases into the atmosphere and thus to climate change. Energy efficiency means more effective use of energy resources and optimization in energy consumption. With a responsible consumption approach, energy efficiency allows minimizing greenhouse gas emissions and environmental impact.

For a more resilient and sustainable future

Energy efficiency practices are crucial not only for the fight against climate change but also for energy security and economic sustainability. More efficient energy use helps to reduce energy imports and increase energy independence, while energy efficiency generates economic savings for businesses and households by reducing energy costs. This contributes to societies moving towards a more resilient

and sustainable future. Energy efficiency is an effective strategy for the fight against climate change, as well as taking an important part in overall economic and energy policies.

When we look at Türkiye's emission data, we see that the largest share comes from electricity and energy use. With our responsible and sustainable banking approach, we strive to reduce our carbon footprint and work for a greener world. We carry out our energy efficiency efforts in line with the National Energy Efficiency Action Plan for 2017-2023 announced by the Turkish Ministry of Energy and Natural Resources.

The importance of supporting energy efficiency and renewable energy investments

In order to ensure the energy security of our world and to minimize the impacts of the climate crisis, it is now quite crucial to use resources efficiently and disseminate alternative energy types such as renewable energy. The financing of energy efficiency investment has also become one of the most prominent subjects of the banking sector that needs to be focused on. As Şekerbank, in order to make new energy technologies accessible for everyone and to spread them, and to reduce energy consumption without reducing



production and service quality, we are serving the Partnership goals of the United Nations under SDG 7: Accessible and Clean Energy, SDG 13: Climate Action, and SDG 17: Partnerships for the Goals.

2023 energy efficiency activities

As Şekerbank, we consider our plans related to energy efficiency under two headings: energy efficiency in our Bank's operations and in our customers' operations. We have realized many activities on energy efficiency so far. In this context, thanks to the solar energy system (SPP) installed in our Edirne Branch, we obtain our branch's electricity needs from renewable sources. In the field of energy management, we also supplied the electricity, which corresponds to 34% of our electricity consumption in 2023, from renewable sources and

received the I-REC International Renewable Energy Certificate, which was developed by the Netherlands-based International Renewable Energy Certificate Standard (IRECS) to promote renewable energy investment and use. In addition, in order to ensure energy efficiency, we use environmentally friendly LED bulbs for our lighting in the locations where our Bank operates. To ensure energy efficiency in our heating and electricity consumption, we prefer systems with automatic timers. We thus reduce our energy consumption on the floors during working hours and lunch breaks.

As Şekerbank, we are among the first banks in Türkiye to take into account environmental and social effects in lending activities under the guidance of International

Finance Corporation (IFC), a World Bank organization. While we are aiming to support all investments towards energy savings with EKO kredi which we developed in 2009 under the financing of energy efficiency as a first in Türkiye and we also protect the nature and our common future by creating social awareness on importance of energy efficiency.

With EKO kredi, we have introduced energy savings to nearly 123 thousand people, from individuals to businesses and farmers.

Solar Energy Power Plant was Established with the Support of Şekerbank

Within the scope of EKO kredi, the irrigation infrastructure of Gümüşhacıköy was completed, and a Solar Energy Power Plant (GES) was established with the support provided to the Altı Köy Elektrik Enerjisi Üretim ve Tüketim Kooperatifi established by the irrigation cooperatives operating in the villages of Doluca, Çavuş, Güplüce, Eslemez, Keçiköy and Çetmi, which are one of the most important agricultural production centers.

The project, which started production with 3,500 solar panels, aims to contribute to the development of regional agriculture and sustainable irrigated agriculture, the development of natural resources by considering the conservation-use balance, and the widespread use of renewable energy resources.

EKO kredi in Figures (Total)

Number of customers we are financing

~ 123.000

Financing provided for energy efficiency investments

TL 1.6 Billion+

The number of houses insulated under EKO kredi

170,000+

SUSTAINABLE AGRICULTURE

In order to measure the impacts of climate change on the agricultural sector and to offer the right products and services to our customers, we conducted a study with the participation of 1,062 agricultural customers in 42 provinces in 2023.

87.8% ✓
Sustainable Agriculture Portfolio

To ensure that everyone has access to enough food and to put an end to hunger on our planet with its 8.5 billion people, it is crucial to ensure food security, increase agricultural productivity, give small-scale producers access to resources, inputs, and financial services, and adopt resilient agriculture practices that will ensure ecosystem continuity.

The issues of sustainable agriculture and related rural development that need to be resolved all around the world include the decline in the population engaged in agriculture and livestock due to migration from rural areas to large cities, the quality of agricultural lands deteriorating due to rapid urbanization, the lack of banking services for the rural population, the negative effects of climate change on agricultural production, and the limited access of small producers to financing sources.

Activities to secure access to food

Our bank which has been established as an agricultural cooperative bank to finance the activities of farmers with a collective consciousness and thus to ensure the economic sustainability of agriculture, our Bank continues its support to "SDG 2: Zero Hunger, "SDG 8: Decent Work and Economic Growth," "SDG 12: Responsible Consumption and Production" and

"SDG 15: Life On Land" issues under United Nations Sustainable Development Goals to secure food access with the activities carried out in the field of financing agriculture.

TL 18.06 billion ✓ financing to more than 150 thousand farmer families

Since our foundation, we are committed to support sustainable agriculture in our country. We adopt a growth strategy targeting the entire value chain by prioritizing small producers and family farmers in agricultural loans. We aim to increase our sustainable agriculture loan portfolio, which constituted 87.8% ✓ of total agricultural loans by the year-end 2023, to 100% in the next three years. We introduce banking services and goods required by our more than 350 thousand farmers across Türkiye, allowing them to continue with plant and animal production. Recognizing agriculture's strategic importance in our country's economy and the role it plays in employment, we support our farmers and their families through our Family Farming Banking activities, which we launched in 2014. As Şekerbank, we provided TL 18.06 billion ✓ financing to more than 150 thousand farmer families since 2014.

We provide financing options for the cash needs and shopping of 150 thousand farmers through the Şekerbank Harvest Card, the first business card tailored to farmers. We provide farmers with a digital platform through our Harvest Mobile application so they can remotely manage their fields and apply for loans for their cash needs from any location. In the fight against climate change and its effects, we support our farmers for more production by reducing their energy consumption with our "EKO kredi" Agriculture product to increase energy efficiency in agricultural production.

Field Research on the Impacts of Climate Change on the Agricultural Sector

In order to measure the impacts of climate change on the agricultural sector and to offer the right products and services to our customers, we conducted a field study with the participation of 1,062 agricultural customers in 42 provinces in 2023.

Purpose of the Research

Climate change causes negative impacts such as changes in precipitation regime, temperature increase, drought, and natural disasters. All these negative impacts pose a significant threat to productivity and growth rates in agriculture. With climate change caused by greenhouse gases, temperature, amount of precipitation, and solar radiation duration change, all of which are effective on agricultural productivity, some regions face the risk of being flooded due to sea level rise, and the salinity of groundwater changes. Considering all these impacts, climate change negatively affects agriculture, food production, and quality.

Within the framework of this research, which was sampled by real persons with the survey we conducted, the level of awareness and consciousness of people engaged in agricultural activities about climate change was investigated.



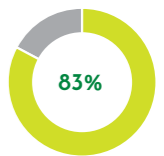
Questions and Results

The results of the research on the Impacts of Climate Change on the Agricultural Sector conducted for our 91 branches are given below:

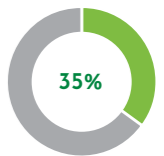
Do you think that the impacts of climate change are seen during the planting or harvesting process?
 Those who see the impacts of climate change in the planting and harvesting processes



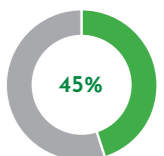
Based on your experience, have the intensity of agricultural activities and harvest yields in your area changed due to climate change?
 Those who think that climate change has affected harvest yields



Have you made any crop change due to above-seasonal weather events?
 Those who changed their crops in the field due to climate change



Do you use drip irrigation in your field due to above-seasonal weather events?
 Those who use drip irrigation in their fields in connection with climate change and drought



ESG IMPACT ON LENDING

We stand out as one of the first banks in Türkiye to implement the Social and Environmental Management System in its lending processes and lead our sector.



Within the scope of our sustainability efforts, we also evaluate and manage the environmental and social impacts of the projects and initiatives we finance as a complement to our efforts to reduce the direct environmental and social impacts of our Bank's operations. We have been implementing the Social and Environmental Management System (SEMS), which is based on the analysis of the potential environmental and social impacts of the loans provided and prepared under the guidance of International Finance Corporation (IFC) - a member of World Bank Group - since 2009, as an indispensable part of our lending processes, and we are constantly improving it with the changing national and international regulations.

In 2023, the number of loans whose ESG impact was measured was 34,745.

We use the SEMS, which we have prepared based on our country's legal regulations, IFC performance standards and the European Bank for Reconstruction and Development (EBRD) Environmental Social Policy, to analyze the environmental and social impact of our Bank's lending operations and to measure our customers' capacity to manage this impact. In 2023, the number of loans whose ESG impact was measured was 34,745. We evaluate and monitor the social and environmental effects and possible risks of the loans we provide to our customers under our SEMS instructions and policies. Thus, we encourage our customers towards more responsible investments.

Our Bank stands out as one of the first banks in Türkiye to implement the Social and Environmental Management System in its lending processes and leads its sector. It does not provide resources to sectors that may cause negative impact on the environment and social life according to the domestic and international regulations and guides its customers to make environmentally and socially sensitive investments. In this context, we aim to contribute to the development of our customers' activities by increasing their sustainability awareness by providing necessary feedback and follow-up to eliminate the negative results and maintain the positive results.

Flow of Social and Environmental Management System (SEMS)

The Social and Environmental Management System (SEMS) covers the Project Financing, SME Banking, Agricultural Banking, Corporate and Commercial Banking segments of our Bank. For proactive assessment and management of our social and environmental impact risks, we apply the SEMS in our allocation processes for all loans, from SME loans other than individual loans to corporate loans, regardless of loan amount. During the lending and customer acquisition stages, we collect our customers' data

Implementation results regarding Social and Environmental Risk Assessment are submitted to the Sustainable Banking Committee annually.

through question sets we prepared according to environmental and social risk classes and carry out verification studies of customer data through checklists that we differentiate for each customer during periodic on-site customer visits. With the working group consisting of our Corporate and Commercial Banking and sustainability teams, we evaluate the sustainability performance of our customers and direct our efforts to create awareness on sustainability strategies, decarbonization, climate change, and gender equality.

Within the framework of the Environmental and Social Policy published by the EBRD, we classify our customers as A high, B medium, and C low based on their environmental and social risks in line with the NACE coded international data classification criteria. We monitor and evaluate our Bank's loan portfolio according to the A-B-C risk classification.

With the artificial intelligence recognition technology on the customer identification screens of our Bank, we identify the prohibited sectors and their risk levels and send them to the sustainable banking screens as a warning to end the process.

In our credit/customer evaluations within the framework of SEMS, we consider together the IFC standards, the laws and regulations in our country, as well as the evaluation criteria and accepted practices in our Bank's practices.

Loan requests which are defined as prohibited in the IFC List of Prohibited Areas of Activity, will not be financed under any circumstances.

In 2023, we updated our prohibited areas of activity and included the financing of coal in our prohibited activity list. In this context, we do not finance coal, which has a significant impact on global warming due to its high carbon emissions, and we do not provide financing for coal power plants, mines and coal transportation (land, air and sea) activities within the framework of our Responsible and Sustainable Banking approach.

Within the scope of the SEMS Directive/Instruction, loans are classified into three distinct categories based on their current and potential environmental and social impacts: A (high risk), B (medium risk), and C. (low risk). Potential environmental and social risks are considered together with legal obligations, operating certificate, and certifications that affect sustainability performance of the loan requesting firm.

Legislative criteria such as occupational health and safety (OHS), employee rights and working conditions, Environmental Impact Assessment Report (EIA Report), International Quality Certifications (ISO 14001/ ISO 9001, etc.), Industrial Waste Management Plan, Zero Waste

Certificate, Hazardous Waste Declaration System records, Integrated Environmental Management System records, social and environmental factors, and procedures on their management, etc. are taken into consideration in situation assessment processes.

Implementation results regarding Social and Environmental Risk Assessment are submitted to the Sustainable Banking Committee annually and reported periodically in line with the reporting requests of the institutions from which the externals loans are acquired.

We also consider the SEMS, which we use as an evaluation and risk management framework in our loan allocation process, as a tool with high added value that enables our customers to improve their activities by increasing the awareness we share with them, enables them to take action in adverse situations, and provides assurance for the continuity of positive measures.

Training programs on subjects such as Environmental and Social Awareness, Environmental and Social Impacts in Lending prepared in cooperation with our Sustainable Development Banking and Human Resources units are organized to increase the knowledge and awareness of our employees on sustainable development, environment, and social sensitivity.

CORPORATE GOVERNANCE

Şekerbank was the first bank to obtain the Corporate Governance Rating measured against the Corporate Governance Principles set by the Capital Markets Board. As the first Bank in Türkiye to be included in the Borsa Istanbul Corporate Governance Index in 2008, we conduct our activities under the principles of fairness, transparency, accountability and responsibility. We believe that monitoring these four principles is essential to succeed in sustainable development in today's environment.

In line with our continuous development efforts in the field of corporate governance and the financing of sustainable development, each year the Board of Directors conducts in-house self-assessment of the Board and its Committees. The Board Self-Assessment Process is designed to evaluate the effectiveness of the Board and Committee meetings; the Board and Committee processes and relationships with executive directors; quality and timing of meeting agendas; sufficiency and timing of the Board and Committee documents/reports; and diversity in the Board and Committees, including composition, location, nationality and gender, by focusing on skills, experience, independence and information about the Bank.

In order to meet these objectives in the best way, we focus on four related areas:

- Board Structure & Composition
- Oversight of Strategy, Risk and Control
- Decision Making and Accountability
- Development and Culture

The "Corporate Governance Rating Periodic Revision Report" was completed on January 25, 2024, by the rating agency SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which is licensed to rate in accordance with the Capital Markets Board (CMB) Corporate Governance Principles in Türkiye. Our Corporate Governance Rating, which was 9.50 (95.03%) in 2022, was revised up to 9.53 (95.35%) in the evaluation made for 2023. We monitor our compliance with the principles of corporate management at the Board of Directors level and work for its improvement.

In order to develop a continuous and trust-oriented communication with our stakeholders within the framework of the basic principles of corporate responsibility, we regularly provide information through many platforms such as the Şekerbank website, Şekerbank branches, Customer Communication Center and Public Disclosure Platform, and share our performance with the public through the reports we publish. On our website, we have a disclosure policy approved by our Board of Directors, ethical rules and policies on combating insider trading, documents related to General Assembly meetings, our articles of association, annual reports, independent audit reports, credit ratings, investor relations presentations and all documents related to corporate governance are disclosed to the public with their latest versions.

We care about the rights of "Beneficiaries" and within this framework, we respond to requests from Beneficiaries in writing or verbally.

As Şekerbank, we strictly adhere to the Corporate Governance Principles determined by the Capital Markets Board, and we take utmost care in complying with these principles.

RISK MANAGEMENT SYSTEM AND STRATEGY

1. The Risk Management System, taken as a whole, is structured to incorporate organizational, managerial and operational processes and IT systems and create risk awareness.
2. The Risk Management System is intrinsic to all of the Bank's operations; as such, each and every employee is responsible for the implementation of the system.
3. The Risk Management System is structured to cover all establishments within the scope of consolidation.
4. The Risk Management System aims to reach the following targets as regards the Bank's internal assessment process for capital adequacy:

- Preserving the Bank's financial integrity,
- Aligning the Bank's risk appetite with its strategies and activities,
- Aligning the Bank's capital level with its risk appetite,
- Adopting a risk-based perspective in the following areas:
 - On the basis of units,
 - While structuring portfolios,
 - In the processes of authorization,
 - In pricing.
- Making the Performance Management System efficient,
- Enhancing "Corporate Governance Principles" and transparency.

Structure and Scope of the Risk Management System

1. The Risk Management System's structure covers the following mechanisms of decision making and execution, as well as the monitoring, control and audit mechanisms:
 - Board of Directors,
 - Senior management,
 - Units forming the Internal Systems,
 - Committees established by the Board of Directors within the scope of the Risk Management System,
 - Committees established by the senior management within the scope of the Risk Management System,
 - Committees established by top management within the scope of the Risk Management System.
2. Risk Advisory Committee is an advisory committee formed by Senior Management within the Risk Management System to discuss risk capacity, risk appetite and limits and current risk level of the Bank and its financial subsidiaries.

Purposes of the Risk Management System

1. To establish a common risk culture by means of efficient risk management strategies and policies,
2. To set Risk Limits and manage their procedures of implementation in an efficient manner,
3. To improve the Bank's asset quality,
4. To meet the Bank's obligations in full,
5. To align the Bank's risk appetite with its strategies and activities,
6. To set the Bank's capital requirement in line with its risk appetite.

Fundamental Policy of the Risk Management System

1. The Risk Management System and activities within this scope are organized and are actively supervised and audited.
2. Strategies, policies, risk limits and procedures of implementation are shaped in accordance with the scope and structure of the Bank's strategies and activities and view of changing conditions.
3. A relevant division of duties is set across the Bank to prevent error, fraud, conflict of interest, misuse of information and Bank resources.
4. The duties, authorities and responsibilities of the units, committees and staff across the Bank are clearly defined in written form.
5. The IT Systems infrastructure is aligned with the quality and complexity of the Bank's strategies, activities and products/services.
6. The IT Systems infrastructure is organized to enable the identification, measurement, monitoring, control and timely reporting of any risk the Bank might be exposed to.
7. Information flow is organized across the Bank to reach management echelons and staff vertically and horizontally, in accordance with IT security principles.
8. It is ensured that the management echelons and staff have full knowledge of the Bank's objectives and strategies, policies, risk limits and their procedures of implementation.
9. Financial and operational risk management and control activities are implemented on a solo and consolidated basis.

RISK MANAGEMENT SYSTEM AND STRATEGY

Tools of the Risk Management System

1. Establishment of Risk Limits,
2. Allocation of necessary and sufficient legal and economic capital for risks,
3. Creation of an efficient division of duties (including decision-making mechanisms),
4. Establishment of efficient information flow channels (including financial/managerial reporting),
5. Efficient process management,
6. Establishment of effective internal controls,
7. Emergency and business continuity planning.

Information on Risk Management Policies Applies by Risk Types

The Bank's risk management strategies, policies and procedures, approved by the Board of Directors, frame the written standards for systematic identification, measurement, monitoring, analysis and control of the risks that the Bank may be exposed to.

These standards are revised and if necessary, updated at least once a year by the senior management, under the lead of the General Manager and the coordination of the Risk Management Department, according to changes in market conditions and the Bank's strategy.

The revision process is geared toward identifying whether the current strategies, policies and procedures are meaningful and sufficient as regards the Bank's activities. The updated strategies, policies and procedures enter into force upon the approval of the Board of Directors.

As for its internal assessment process for capital adequacy, the Bank sets limits for the credit risk, market risk and operational risk, which are included in the calculation of the Capital Adequacy Ratio, as well as for those risk factors that are not included in the said calculation (concentration risk, interest rate risk arising from the banking accounts, liquidity risk, etc.), with due consideration of the Bank's net worth.

"Risk Limits" have been defined accordingly, stress tests and scenario analyses have been conducted in parallel, and the adequacy of the internal capital requirement is assessed concerning current and future operations.

Credit Risk

Credit risk is the possibility of loss that the Bank might suffer in case the loan recipient, whether an individual or institution, fails to comply with the loan agreement partially, entirely or in a timely manner.

In accordance with the applicable legislation and the policies and procedures of implementation set by the Board of Directors, the Bank's loan underwriting activities are performed in line with the principle of "division of authorities," that is, executed through independent marketing, underwriting, monitoring, control and audit functions.

Loan underwriting is performed on a debtor or a debtor group basis within certain limits. These limits are allocated in accordance with the regulations and within the framework of lending authorization determined by the Board of Directors.

During the loan underwriting process, risk rating and scoring systems are effectively deployed. According to the Bank's loan policy, in addition to these systems, limit and collateral processes are also utilized as complementary elements reducing credit risk. The creditworthiness of debtors is monitored periodically; loan limits are updated once a year or whenever necessary according to economic conditions.

The Bank's Board of Directors has defined concentration limits based on industry, region, debtor or debtor group. These limits are monitored regularly, revised once a year and updated whenever it is necessary according to economic conditions and changes in the Bank's strategy.

The Bank's credit risk profile is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank's activities and monitoring assessment activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis. This presentation is a mandatory agenda item at the meetings of the Board of Directors.

Market Risk

Market risk is the possibility of loss that the Bank may suffer due to changes in the prices of financial instruments featured in the trading accounts, arising from fluctuations in market prices.

The Bank's policies and procedures of implementation as regards market risk are in accordance with the current banking legislation and approved by the Bank's Board of Directors.

The Board of Directors has approved both nominal-based limits (transaction, dealer, desk and stop-loss limits) and risk-based limits (Value-at-Risk limits) monitored on a daily basis; all of which are reviewed at least once a year according to market conditions and changes in the Bank's strategies and updated whenever deemed necessary.

At Şekerbank, market risk exposure is measured, monitored and reported on a daily basis. In this vein, "Value-at-Risk (VaR) Methods" are applied as an internal model. Among the VaR methods, the "Historical Simulation Method" is used in reporting, while the "Parametric Method" and "Monte Carlo Simulation" methods are used for comparison purposes when volatility increases.

VaR measurements are based on an observation period covering the last 250 workdays and a 99% confidence level. In "Economic Capital" measurements based on VaR, a 10-day holding period is applied. Additionally, stress tests and scenario analyses are applied in order to measure and monitor the impact of excessive market volatility, while the effectiveness of the Bank's internal model is tested by using "retrospective tests" on a daily basis.

The Bank's market risk profile is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank's activities and monitoring assessment

activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis. This presentation is a mandatory agenda item at the meetings of the Board of Directors.

Interest Rate Risk Arising from Banking Accounts

The Bank can be exposed to interest rate risk arising from the banking accounts as a result of the following factors:

- The repricing risk, which arises from the mismatch between the maturity of the Bank's assets and liabilities and interest-sensitive off-balance sheet items (fixed interest items) and repricing periods (variable interest items),
- The yield curve risk, which arises from a change in the shape and/or slope of the yield curve due to the variation in the change in market interest rates by different maturity segments,
- The basis risk arising from the relative changes in different interest rates that are used as a basis in bilateral or multilateral transactions performed by the Bank that negatively affect the Bank's net interest income or economic value,
- Optionality risk arising from the financial products that include the option of right/liability, including those embedded by the Bank that negatively affects the Bank's net interest income or economic value.

The Bank's policies and procedures related to the interest rate risk arising from the banking book are in line with banking legislation and approved by the Bank's Board of Directors.

The Board of Directors has approved Risk Limits based on the net worth, as regards the interest rate risk arising from the banking accounts outside the trading accounts. Monitored on a weekly basis and reviewed and revised at least once a year with respect to market conditions and changes in the Bank's strategies, these limits are based on the Bank's net worth and determine the acceptable level of interest rate risk by certain maturity segments.

The Bank employs two separate approaches, i.e., "Income Approach" and "Economic Value Approach" in order to measure and monitor the impact of interest rate risk on its income and capital. The "Income Approach" is employed in order to calculate the impact of movements in market interest rates on Net Interest Income, while the "Economic Value Approach" is employed in order to calculate the same impact on the Economic Value of Equity. As the "Economic Value Approach" offers a much more comprehensive view since it considers the present value of all the future cash flows, it constitutes the basis for the Bank's Asset Liability Management. Additionally, stress tests and scenario analyses are applied in order to measure and monitor the changes in interest rate sensitive on-and off-balance sheet items, arising from adverse movements in interest rates.

It is the priority of Asset Liability Management to provide protection against fluctuations in market interest rates. In this vein, gap analyses, duration and economic value analyses, as well as sensitivity analyses, are evaluated on a weekly basis by the Bank's Assets & Liabilities Committee.

RISK MANAGEMENT SYSTEM AND STRATEGY

The Bank's interest rate risk profile is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank's activities and monitoring assessment activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis. This presentation is a mandatory agenda item at the meetings of the Board of Directors.

Liquidity Risk

Liquidity risk is the possibility of loss that the Bank may face when the cash inflows and cash outflows are not met fully and/or on time due to the low level of cash or cash inflows.

The Bank's policies and procedures related to the liquidity risk are in line with the banking legislation and approved by the Bank's Board of Directors.

The Board of Directors has approved Risk Limits compliant with the legal "Liquidity Adequacy Ratios" and based on the Bank's net worth, monitored on a weekly basis; these limits determine the acceptable level of liquidity risk by certain maturity segments. They are reviewed and revised at least once a year, with respect to market conditions and changes in the Bank's strategies.

The Bank employs GAP analyses in order to measure and monitor the impact of liquidity risk, which shows the current and future liquidity needs. The Bank bases

those analyses on certain maturity segments approved by the Board of Directors for assets and liabilities and average maturity sheet items. These assumptions include the behavioral attributes for revolving loans and overdraft accounts as well as demand and time deposits. These analyses are evaluated on a weekly basis by the Bank's Assets & Liabilities Committee.

The Bank's policy requires sustaining an asset structure able to satisfy any liability in time with liquid sources. The Board of Directors supervises the policies and procedures related to liquidity management in an active manner.

The Bank's liquidity risk profile is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank's activities and monitoring assessment activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis. This presentation is a mandatory agenda item at the meetings of the Board of Directors.

Operational Risk

The operational risk is the possibility of loss that the Bank may suffer due to failures in internal processes, systems or human resources or external factors such as earthquake, fire, flood and terrorist attack.

In order to keep its operations on a consistent, competitive and improving path, the Bank abides by the principle of aligning its operational risk policies and practices with both its overall business targets and up-to-date international framework documents on legislation and information systems.

Operational losses within the Bank are classified and risk analyzes and assessments are conducted to determine the root causes of operational risks. The Bank creates certain control points across banking processes and its performance is regularly monitored to ensure its efficiency.

The Bank's operational risks are monitored and assessed by the Risk Management Department. Possible threat predictions of the Bank units regarding operational risks are analyzed and suggestions are presented to the relevant Bank units according to the emerging need. The Risk Management Department submits its monthly report to the Board of Directors within the scope of compliance with Risk Limits. This presentation is a mandatory agenda item at the meetings of the Board of Directors.

Climate-Related Risks

Making maximum efforts to define, and to manage, the physical and transitional risks caused by the climate change as part of our Sustainable Banking strategy, we continue our works by taking relevant international practices as an example for the integration of such risks into the main risk management processes of our Bank.

We work on scenarios by considering the direct effects of these risks on credit, market, operational, liquidity and reputation risks.

We consider the impact of physical risks, e.g., acts of God such as storm, drought, flood not only on our activities but also on the assets of our customers. Especially as a bank with a rich agricultural credit portfolio, we are working on a lending policy as part of our fight against climate change across Türkiye in order to measure and reduce the difficulties that may occur in the financial repayment capacities or guarantees of our customers as a result of natural phenomenon caused by the climate change.

We completed infrastructure and insurance work for any possible damage caused by physical risks to our own operating premises. In addition, we pay attention to areas with flood risks when selecting locations for new branches and choose low-risk areas. We have plans to renew these risks annually and always inform our employees about the risks through regular briefings and trainings.

We strive to monitor and manage the risks related to climate change with our in-house risk management tools and special products offered to our customers based on climate change risks. We consider as one of the main factors of lending decisions the social and environmental impacts of the loans we provide, within the scope of the Social and Environmental Management System (SEMS), which was prepared in 2009 under the guidance of IFC. As one of the banks to take the first step in this respect, we are creating an environmentally and socially sustainable loan portfolio.

On the other hand, we evaluate factors such as decreased demand that may be caused by changes in the attitude and behaviors of customers, or additional costs resulting from regulatory developments and work on the integration of these factors into our Corporate Risk Management processes in a more systematic manner.

We oversee the compliance of our suppliers to sustainability criteria with a risk management approach that covers all our stakeholders, and we require our suppliers to comply with our sustainability commitment with the knowledge that their activities are very important in terms of relations with all other stakeholders and the reputation of our Bank. To manage this risk, we monitor our suppliers and make our relevant principles available on our website as part of the sustainability approach of our Bank.

Consolidated Risk Management Policies

The Risk Management System has been configured to include the subsidiaries, which are subject to consolidation. These subsidiaries set and implement the risk management policies, which suit in the best manner to their structure, in accordance with the strategies, objectives and main policies of the Risk Management System and with due consideration of the conditions in their own fields of activity.

INTERNAL CONTROL AND INTERNAL AUDIT

Central and on-site control activities carried out by the Internal Control and Compliance Department continued in 2023, and the findings determined as a result of the controls were shared with the related business lines and branches, and actions taken were followed. The activities carried out within this framework were shared quarterly with the Internal Systems responsible and the Audit Committee. Within the scope of the central controls of the Internal Control and Compliance Department, control activities regarding the effectiveness of the operational processes, accounting and financial reporting system were carried out. As per the Information Systems Control Plan approved by the Audit Committee, control activities on banking processes for the management of bank information systems by integrity, continuity, accessibility, and confidentiality principles, and information systems and electronic banking services have been realized. To prevent interruptions of banking activities, Şekerbank carried out necessary controls to make sure that the Bank's business continuity and backup plans are efficient and in harmony with the current targets and strategic priorities.

As for the controls in place, it has been ensured that customer credit files, investment operations, branch operations and security activities were done in accordance with legal requirements and the Bank's internal regulations.

Support services procured from third parties have also been checked to help prevent risks arising from support service purchases. In 2023, the processes of real estate, logistics, and appraisal have also been checked. The on-site controls of two partnerships have been completed. In addition, findings and recommendations were regularly presented to Business Lines and senior management. Control results and the outcomes of the findings were monitored at the branch and corresponding levels.

The Bank actively conducted control, monitoring, risk management, training and internal audit activities to combat money laundering and financing of terrorism. Reports on these activities and weekly and quarterly MASAK reports were prepared. As per our customer acceptance policy, measures continued to be taken to prevent the Bank from accepting as customers those individuals and entities for which there is doubt about the legality of the source of their wealth and funds. Continuous monitoring of whether the transaction carried

out by the customer is compatible with the information on the customer's business, risk profile, and fund sources throughout the business relationship, and controls of transactions carried out using systems that enable non-face-to-face transactions were made. Controls were made through a scenario-based application, using the entire customer and transaction scenario list. National and international sanctions were closely monitored and necessary measures were ensured to be taken. The procedures regarding banking activities were reviewed by the Internal Control and Compliance Department for compliance with the Banking Law and the regulations authorized by the Law prior to its publication, and changes in the legislation were followed, interpreted, and announced within the Bank. Business lines were provided with support about the revision of banking processes in terms of amendments in legislation, and the questions submitted were answered by conducting the necessary research. In 2023, the Bank's personnel were informed by following the amendments made in the regulations on Prevention of Laundering Proceeds of Crime and Financing of Terrorism and the General Communiqué on Investigation of Financial Crimes, necessary works were completed, and our Bank's processes were aligned with these amendments.

BOARD OF DIRECTORS

Dr. Hasan Basri GÖKTAN *Chairman of the Board of Directors, Executive Board Member*

Dr. Hasan Basri Gökten holds undergraduate degrees in Engineering, Economics and Law, as well as a PhD in Economics. He started his professional life in 1973 at Türkiye Şeker Fabrikaları A.Ş. He served as the Chairman and General Manager of Pankobirlik between 1983-1993. Between 1988-1993, he served as the General Manager of Pankobirlik, Chairman of the Board of Directors of Şekerbank T.A.Ş. and Konya Şeker Fabrikası A.Ş. In this process, he successfully realized the privatization of Konya Şeker Fabrikası, a first in the Turkish sugar industry. In 1993-2002, he served as the General Manager of Şekerbank T.A.Ş. He also served as a Member of the Board of Directors of T. Şeker Fabrikaları A.Ş. and for a while as the Chairman of the Board of Directors of Yüksel İnşaat A.Ş. Between 2002-2007, he served as the General Manager and Chairman of the Board of Directors of Şekerbank T.A.Ş. On February 1, 2008, Dr. Gökten assumed the position of Chairman of the Boards of Directors of Şekerbank T.A.Ş. and its financial subsidiaries; in addition, he currently serves as the Executive Board of Directors Member of Şekerbank T.A.Ş.

Yernar ZHANADIL *Vice Chairman of the Board of Directors*

Zhanadil graduated from Kazakhstan Management, Economics and Strategic Research Institute, Department of Business Administration and Accounting in 2006, and completed his master's degree in Accounting and Finance at Manchester University in 2009. He is currently pursuing an integrated eMBA program at Columbia University and London Business School. Zhanadil started his career as a Specialist at PwC in 2006 and served as Head of Internal Audit and Financial Control at Samruk Kazyna Kazakhstan National Wealth Fund between 2010 and 2016. He then served as CFO / co-CFO - Member of the Board of Directors of Samruk Kazyna Kazakhstan National Wealth Fund from 2017 to 2021. From April 2021 to August 2023, he served as CIO at Samruk Kazyna National Wealth Fund, after which he was appointed CEO of Qazaq Green Power Plc, a portfolio company of Samruk Kazyna National Wealth Fund. During his tenure at Samruk Kazyna National Wealth Fund, Mr. Zhanadil served as Chairman of the Board of Directors of Tau-Ken JSC, Chairman of the Supervisory Board of Samruk Kazyna Invest LLP, Board Member of Kazakhstan Railways JSC, NAK Kazatomprom JSC and National Company Kazmunaygas. On April 30, 2021, he was appointed as a Board Member of Şekerbank T.A.Ş.

Aybala ŞİMŞEK GALPIN *Board Member, General Manager*

Having undergraduate degrees in both communications and business administration, Aybala Şimşek Galpin holds a Masters of Business Administration (MBA) degree from the Faculty of Business Administration at Istanbul Bilgi University and a Masters level diploma in Financial Strategy from the University of Oxford's Saïd Business School. Şimşek is also a graduate of the Harvard Business School's General Management Program. Having started her career in the communications sector in 1999, Şimşek started her banking career in 2004 in the Bank's Corporate Communications department and eventually becoming Head of Corporate Communications and Brand Management. During her tenure in these roles, Şimşek initiated the Bank's sustainable development banking activities while also playing a pioneering role in the Bank's inclusion in many international platforms in this area. She then led Türkiye's first micro-finance project, before becoming the Group Head of Strategy as of 2013. In 2016, Şimşek was appointed as an Executive Vice President, with her areas of responsibility varying over the years to include Strategy, Digital Banking, Financial Institutions, Treasury, Corporate Communications, Sustainable Development Banking, Marketing and Risk Analytics and Human Resources and she also led the Transformation Programme in which the Bank's end-to-end technological infrastructure, digital channels and processes were renewed between 2019-2023. Şimşek has been appointed as General Manager at Şekerbank T.A.Ş. as of September 2023 and also serves as a member of the Board of Directors of Şekerbank (Kıbrıs) Ltd. and Şeker Finansal Kiralama A.Ş.

BOARD OF DIRECTORS

Orhan KARAKAŞ

Executive Board Member

He graduated from Marmara University, Department of Public Administration. He started his career at Şekerbank in 1983 and served at various levels. Karakaş, who served as the Deputy General Manager of Şekerbank between 2006-2017, served as the General Manager of Şeker Faktoring A.Ş. between 2017-June 2020. He was elected as a member of Şekerbank's Board of Directors in June 2020. Orhan Karakaş is also a Board Member of Şeker Yatırım Menkul Değerler A.Ş. Orhan Karakaş was appointed as Acting General Manager of Şekerbank T.A.Ş. on July 01, 2022 and served as Acting General Manager until September 8, 2023.

Nariman ZHARKINBAYEV

Executive Board Member

Nariman Zharkinbayev graduated from T. Ryskulov Kazakhstan University of Economics, Department of International Economics and International Relations. Between 2002-2008, he worked in various institutions and banks, including BTA Bank JSC, Alliance Bank JSC, GarantıBank International N.V. in Kazakhstan and abroad. In May 2008, he joined BTA Bank JSC as Head of the Financial Institutions Department. Nariman Zharkinbayev was appointed as a Member of the Board of Directors of Şekerbank T.A.Ş. in November 2012 and as Acting General Manager of Şekerbank T.A.Ş. on April 27, 2020. Nariman Zharkinbayev served as Acting General Manager until June 30, 2022. Nariman Zharkinbayev is also the Deputy Chairman of the Board of Şeker Faktoring A.Ş. and a Board Member of Şeker Finansal Kiralama A.Ş.

Levend TORUSDAĞ

Board Member

Born in Van in 1967, Levend Torusdağ graduated from the Department of Mechanical Engineering of the Engineering Faculty in Erciyes University. He worked at Türkiye Halk Bankası A.Ş. as an Engineer, Chief Engineer, Department Manager, Branch Manager, Head of Department, Regional Coordinator, and Deputy General Manager responsible for SME and Tradesmen Banking. He retired on October 19, 2018. Having served duties as the Deputy Chairman of the Board of Directors at Halk Faktoring A.Ş., Chairman of the Board of Directors at Halkbank AD Skopje between 2016-2018, Torusdağ has been serving as the Member of the Board of Directors of Şekerbank T.A.Ş. since June 2020.

Mehmet Ayhan ALTINTAŞ

Independent Board Member

Mehmet Ayhan Altıntaş graduated from Hacettepe University, Department of Business Administration. He received his master's degree from the University of Westminster and his doctorate in Accounting and Finance from Başkent University. He started his career at the Treasury's Banks Sworn Auditors Board. He worked for 10 years as Assistant Auditor and Auditor at the Board. Then, he served as Head of Undersecretariat of Treasury's Banking Department, Economic Counselor at the London Embassy, Head of SDIF Finance Department, Head of BRSA Monitoring Department, Head of BRSA Research Department, Head of T.C. Ziraat Bankası A.Ş. Risk Management Group, and Director of İstanbul Takas ve Saklama Bankası A.Ş. Central Risk and Collateral Management Group. He started serving as a Member of the Board of Directors

of Şekerbank T.A.Ş. in March 2018. He is in charge of the Risk Management and Internal Control Systems as part of his role as a Board Member. Mehmet Ayhan Altıntaş is also an Independent Board Member of Şeker International Banking Unit Ltd.

Çetin AYDIN

Executive Board Member

Çetin Aydın graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Economics. He joined Şekerbank in 1988 as Assistant Inspector. He took part in various positions at Şekerbank. He served as Deputy General Manager between 2005-2016. He has been serving as a Member of the Board of Directors of Şekerbank T.A.Ş. since March 2018. Çetin Aydın is also a Board Member of Şeker Faktoring A.Ş., Desmer Güvenlik Hiz. Tic. A.Ş. and Rentek Teknoloji Ticaret A.Ş., and Chairman of the Board of Directors of Tintech Bilgi İşlem ve Pazarlama Tic. A.Ş.

Almat ZHAMİYEV

Board Member

He graduated from Al Farabi Kazakhstan National University, Department of Law in 2001 with honors. He received his master's degree in law from the same university. After working at ATF Bank JSC between 2003-2004 and Transtelecom JSC between 2004-2005, he served as a Credit Committee Member and Legal Counsel at Kazkommertsbank JSC between 2005-2008. He has been working as the Head of the Legal Department and a Member of the Investment and Strategic Committee at the Sovereign Wealth Fund Samruk Kazyna JSC since 2008. Mr. Zhamiyev has been serving as a Board Member at Şekerbank T.A.Ş. since March 2017.

Hikmet Aydın SİMİT

Board Member

He graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1987. Starting his career as an Assistant Inspector at Yaşarbank A.Ş., Simit served as an Inspector, Assistant Manager, and Branch Manager. Between 1999 and 2007, he worked as Credits Manager and Branch Manager at Türkiye Finans Katılım Bankası A.Ş. Between 2007 and 2013, he served as a Member of the Board of Directors of T.C. Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., Kredi Garanti Fonu A.Ş., Arap Türk Bankası A.Ş. and affiliates of Ziraat and Halkbank at home and abroad. Simit who served as a Member of the Board of Directors at Türkiye Emlak Katılım Bankası A.Ş., Merkezi Kayıt Kuruluşu A.Ş., Sermaye Piyasası Lisanslama Sicil Eğitim Kuruluşu A.Ş., Şeker Finansal Kiralama A.Ş., Şeker Faktoring A.Ş. and Şeker Yatırım Menkul Değerler A.Ş. between 2013-2021, was elected as a Member of the Board of Directors of Şekerbank T.A.Ş. on March 31, 2021.

Prof. Dr. Turgay BERKSOY

Board Member

Prof. Dr. Turgay Berksoy, a graduate of IITIA, now known as Marmara University, completed his master's degree at Boğaziçi University and his doctorate at Marmara University. He was a visiting professor at the University of East Anglia School of Development Studies in the England, as well as a lecturer at various universities in Türkiye.

Prof. Dr. Berksoy served as the Head of the Department of Finance, Faculty of Economics, Chairman of the Center of Public Finance Research at Marmara University, and outside the University, as consultant to some banks, auditor member of the Board of Directors of Türkiye İş Bankası A.Ş., member of the Tax Reform Commission of the Turkish Ministry of Finance, member of the TOBB Special Expertise Commission, Board member of Güneş Hayat Sigorta A.Ş., Petkim A.Ş., Ataköy Otelcilik A.Ş., Türkiye Denizcilik İşletmeleri A.Ş., and member of the Tax Council of the Turkish Ministry of Finance. He served as an Independent Board Member of Anadolu Anonim Türk Sigorta Şirketi, Trakya Cam Sanayii A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. in Türkiye İş Bankası group and as a Board Member of Paşabahçe Cam Sanayi ve Ticaret A.Ş. Prof. Dr. Berksoy served as an Independent Board Member at Türkiye İş Bankası A.Ş. between 2014-2020. Prof. Dr. Berksoy, who also serves as a Board Member at Şeker Sigorta A.Ş., is a Certified Public Accountant and serves as a Board Member at Şekerbank T.A.Ş.

Mirat UTEPOV

Board Member

Mirat Utepov graduated from KIMEP University, Department of Economics. He holds a master's degree in Business Economics from City University London. He is currently pursuing an MBA at Warwick Business School. Started his career with KMG Kashagan B.V. and continued as Assistant Treasury and Planning Manager at KazMunayGas Refining and Marketing JSC before moving to JSC SWF Samruk-Kazyna in 2017. Mr. Utepov held various senior positions at Samruk-Kazyna and has been the Co-General Manager for Economy and Finance since July 2023. He is also a Board Member of JSC KazPost, JSC Tau-Ken Samruk National Mining Company, and Samruk-Kazyna Trust. Mr. Utepov has been serving as a Board Member at Şekerbank T.A.Ş. since October 2023.

SENIOR MANAGEMENT

Aybala ŞİMŞEK GALPIN *Board Member, General Manager*

The resume of Aybala Şimşek Galpin is available on the Board of Directors page.

Burak Latif LATİFOĞLU *Executive Vice President - Financial Control, Reporting and Budget Management*

Burak Latif Latifoğlu graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics (English). He started his professional career as an Administrative Judge. Afterwards, he joined to the Banking Regulation and Supervision Agency (BRSA) and resigned from his position as under the title of Chief Sworn Bank Auditor in 2017, which he started in 2006 as a Certified Bank Auditor. Meanwhile, in Türkiye and abroad in numerous banks and non-bank financial institutions has carried out audits and served as the Audit Group President and Vice Chairman in the years 2014-2017. Latifoğlu served as the General Manager of Şeker Finansal Kiralama A.Ş. between October 2017-September 2019 and was appointed as the Executive Vice President of Şekerbank T.A.Ş. in October 2019. Latifoğlu is also a Board Member of Şekerbank T.A.Ş. Employee Social Insurance Fund Foundation and Şeker Faktoring A.Ş. and Vice Chairman of the Board of Directors of Şeker Gayrimenkul Yatırım Ortaklığı A.Ş.

Mehmet AK *Executive Vice President - Information Technologies*

After graduating from Hacettepe University Computer Sciences Engineering Department, he started his career as a Software Analyst at Şeker Bilişim San. Tic. A.Ş. in 1999. After continuing his career as a Software Analyst at Şekerbank T.A.Ş. between 2002-2004, he worked as a Project Manager at Şeker Bilişim San. Tic. A.Ş. between 2004-2007. After serving as Software and Project Management, Department Manager, and Head of Information Technologies Group at Şekerbank T.A.Ş. since 2007, Mehmet Ak was appointed as Executive Vice President in November 2019. Mr. Ak served as a Board Member at Şeker Yatırım Menkul Değerler A.Ş. between 2021-2023 and currently serves as a Board Member at Şeker Gayrimenkul Yatırım Ortaklığı A.Ş. and Tintech Bilgi İşlem ve Pazarlama Ticaret A.Ş.

Şükrü Tuğbay KUMOĞLU *Executive Vice President - Retail, Business and Agricultural Banking*

After graduating from Gazi University, Faculty of Economics and Administrative Sciences, Department of Finance, Şükrü Tuğbay Kumoğlu started his banking career at Garanti Bankası A.Ş. in 1999. Kumoğlu assumed different roles at the branches, regional offices and headquarters of the bank, and then became the Regional Manager at Türk Ekonomi Bankası A.Ş. (TEB) in 2006. He was appointed to the position of Retail Banking Sales Director of the same bank in 2007, after serving as the Regional

Director for one year. Between 2013 and 2018, he served as a Member of the Board of Directors responsible for the expansion of retail banking activities in TEB Sha Kosovo and finally served as the TEB Retail Banking Sales and Call Center Group Director. Şükrü Tuğbay Kumoğlu was appointed as the Executive Vice President in charge of Şekerbank Retail and Agricultural Banking in December 2019 and has also undertaken the responsibility of SME Banking since July 2020. As of January 2024, he has been serving as Executive Vice President responsible for Retail, Business and Agricultural Banking. Mr. Kumoğlu served as a Board Member at Kredi Garanti Fonu A.Ş. between 2021-2023 and has been a Board Member at Kredi Kayıt Bürosu A.Ş. since 2020.

Hüseyin ÜST *Executive Vice President - SME Banking*

Hüseyin Üst graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Finance. He began his professional career as Assistant Specialist at Şekerbank T.A.Ş. in 1995. After serving as Assistant Inspector and Authorized Assistant Inspector at Şekerbank T.A.Ş. between 1996 and 1999, he served as Marketing Director, Corporate Branch Manager, and Regional Manager. Üst was appointed as Executive Vice President at Şekerbank T.A.Ş. in November 2017, and as of January, 2024, he has been serving as Executive Vice President responsible for SME Banking. He is the Vice Chairman of the Board of Directors at Şeker Finansal Kiralama A.Ş. and the Chairman of the Board of Directors of Şekerbank T.A.Ş. Personnel Social Security Foundation.

Ender DİLEKÇİ *Executive Vice President - Credit Monitoring and NPL Management*

After graduating from Ankara University, Faculty of Political Sciences, Ender Dilekçi received his master's degree from Istanbul Bilgi University, Institute of Social Studies in Accounting and Auditing. He started his career at Şekerbank as a Clerk in 1999 and after working as an Auditor between 2000 and 2003, he served as Financial Analysis Department Head, Branch Manager, Regional Credits Manager, Corporate Commercial Monitoring and Follow-up Department Head and Credit Management Group Head, respectively. Appointed as Executive Vice President of Credits in March 2022, Dilekçi has been serving as Executive Vice President responsible for Credit Monitoring and NPL Management as of January 2024. Ender Dilekçi is also a Member of the Board of Directors of Şekerbank Cyprus Ltd.

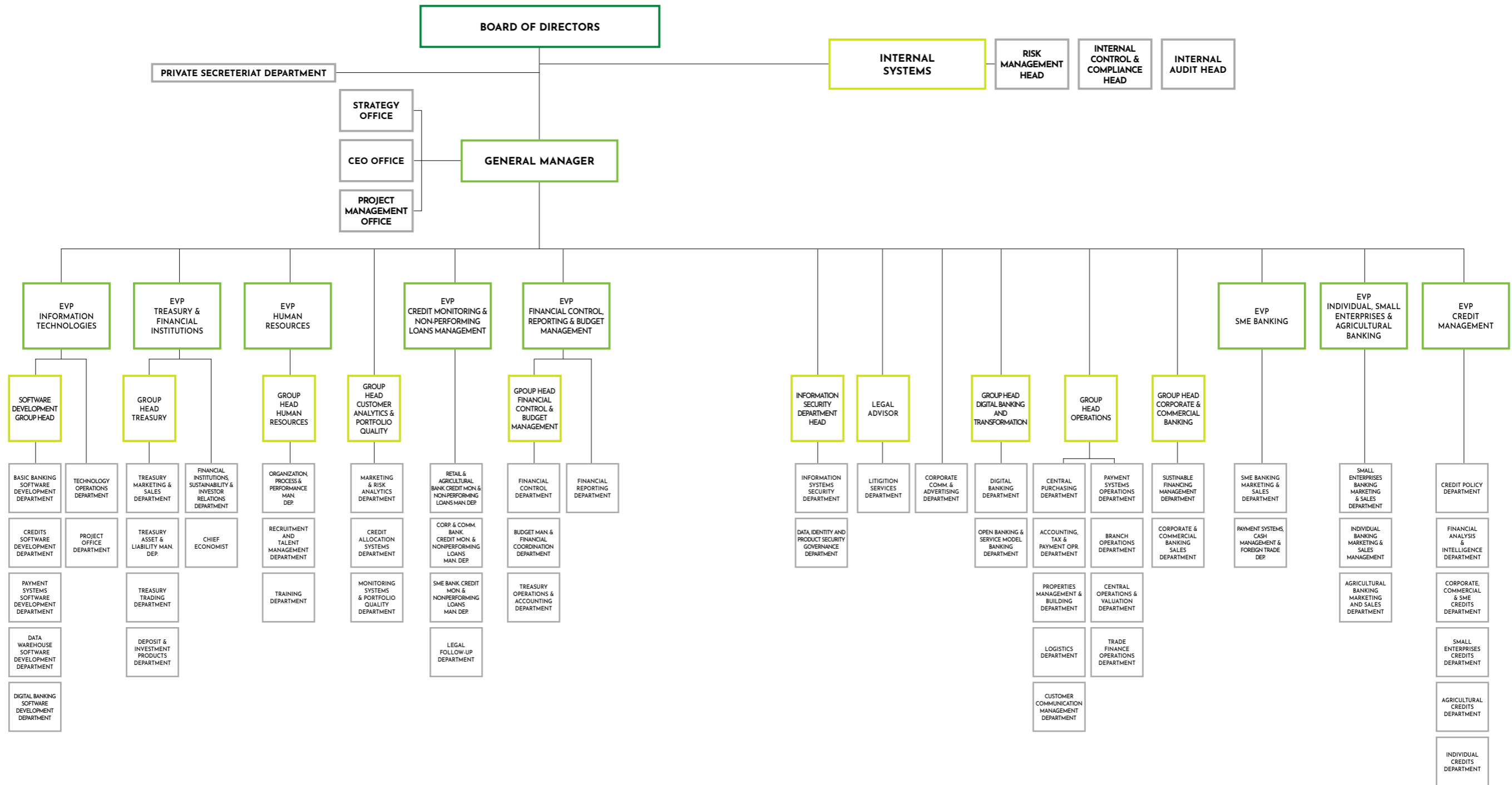
Fahrettin ÖZCAN *Executive Vice President - Credit Management*

He graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1995. He started his career as an Assistant Inspector at Şekerbank T.A.Ş. Internal Audit Department in 1996. After working as Assistant Inspector, Authorized Assistant Inspector, and Inspector between 1996-2000, he worked as Operations Director at Üsküdar and Kozyatağı branches and then as Commercial Marketing Director at Üsküdar Branch. In 2005, he assumed the position of Branch Manager at Üsküdar Branch, followed by Altunizade Corporate and Güneşli Corporate branches. Having served as the Regional Manager of the Istanbul Anatolian Region in 2016, he was appointed as Marmara Regional Manager following an organizational change in the regions. Since April 2020, Mr. Özcan has been serving as the Head of Internal Audit Department. He was appointed as Executive Vice President in September 2023, and as of January 2024, he has been serving as Executive Vice President responsible for Credit Management. He is also the Vice Chairman of the Board of Directors of Şekerbank T.A.Ş. Personnel Social Insurance Fund Foundation.

Fatma Nur ÇETİNEL *Executive Vice President - Treasury and Financial Institutions*

Fatma Nur Çetinel graduated from Middle East Technical University, Department of Economics in 2000 and received her master's degree in International Money, Finance and Investment from Brunel University London. She started her banking career in 2000 as an Assistant Specialist at Ziraat Bank Banking School and worked in international capital markets, financial markets, and investor relations in the following years. Fatma Nur Çetinel, who served as the Head of Financial Markets Department and Investor Relations Department at Ziraat Bank and as a Board Member at Ziraat Yatırım, joined Şekerbank T.A.Ş. in October 2023 as Executive Vice President in charge of Treasury and Financial Institutions.

ORGANIZATIONAL CHART OF ŞEKERBANK T.A.Ş. HEAD OFFICE



CHANGES IN THE ORGANIZATIONAL STRUCTURE

- Mr. Mehmet Ertürkmen, Member of the Board of Directors, resigned his duty as of 03.05.2023.
- Prof. Dr. Turgay Berksoy was appointed as Member of the Board of Directors as of 12.05.2023.
- It was decided to remove the signature authority of Mrs. Nazira Nurbayeva, who resigned from the Board of Directors, at the Board of Directors meeting held on October 12, 2023, and to appoint Mirat Maratovich Uteпов as a Member of the Board of Directors.
- Mr. Orhan Karakaş, Executive Board Member of our Bank, resigned his duty as the Acting General Manager as of 08.09.2023.
- Ms. Ayşe Aybala Şimşek Galpin, Executive Vice President of our Bank, was appointed as General Manager as of 08.09.2023.
- Mr. Fahrettin Özcan, the Head of Internal Audit Department of our Bank, was appointed as Executive Vice President in charge of Audit as of 08.09.2023; and he has been serving as Executive Vice President in charge of Credit Management as of 02.01.2024.
- Ms. Fatma Nur Çetinel was appointed as Executive Vice President as of 12.10.2023, and has been serving as Executive Vice President in charge of Treasury and Financial Institutions as of 07.12.2023.
- Mr. Mutlu Akpara, an Executive Vice President of our Bank, has resigned from his position as of January 2024.
- Mr. Ender Dilekçi, Executive Vice President in charge of Credit Management, continues to serve as Executive Vice President in charge of Credit Monitoring and NPL Management as of 02.01.2024.
- Mr. Hüseyin Üst, Executive Vice President in charge of Credit Monitoring and NPL Management, continues to serve as Executive Vice President in charge of SME Banking as of 02.01.2024.
- Mr. Şükrü Tuğbay Kumoğlu, Executive Vice President in charge of SME, Retail and Agricultural Banking, continues to serve as Executive Vice President in charge of Retail, Business and Agricultural Banking as of 02.01.2024.
- Mr. Emrah Aydemir was appointed as the Head of Internal Audit Department as of 13.02.2024

AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND JUSTIFICATIONS

There have been no changes in the Şekerbank Articles of Association within 2023.

SUMMARY REPORT OF THE BOARD OF DIRECTORS

We have examined the financial statements of the Bank for 2023. We concluded that it does not have any material misstatements or omissions that may be construed as misleading and that it accurately reflects the Bank's financial position along with the major risks and uncertainties it is exposed to.

2023 has been a successful year with respect to the implementation of strategic plans. The Bank's activities, performance, objectives, compliance with internal and external regulations, implementation and finalization of strategic decisions, and protection of the rights of shareholders and stakeholders were actively pursued. Full participation was ensured in the Board of Directors meetings held in 2023, and the practice of self-assessment continued.

It is decided that the Integrated Annual Report 2023 submitted to the approval of the Board of Directors to be accepted and presented to the shareholders.

The dates of approvals of the Board of Directors of 2023 financial reports are as follows.

Report	Date of Approval of the Board of Directors
31.03.2023 Unconsolidated/Consolidated Independent Audit Report	28.04.2023
30.06.2023 Unconsolidated/Consolidated Independent Audit Report	07.08.2023
30.09.2023 Unconsolidated/Consolidated Independent Audit Report	31.10.2023
2023 Corporate Governance Compliance Report/ Corporate Governance Information Form	16.02.2024
31.12.2022 Unconsolidated/Consolidated Independent Audit Report	16.02.2024
Integrated Annual Report 2023	11.03.2024

As of December 31, 2023, our Bank's;
 Total deposits were realized as TL 52,929 million,
 Net loans as TL 41,179 million,
 Shareholders' equity as TL 7,604 million,
 Total Assets as TL 81,368 million,
 Net profit/loss as TL 2,446 million.
 The capital adequacy ratio was calculated as 27.22%.

With its unique position among privately-owned deposit banks thanks to its social- and people-oriented banking approach and the wide geography and customer profile it appeals to throughout Türkiye, Şekerbank further accelerates the successful course of its financial performance with an efficient, healthy and widespread growth strategy, and continues its efforts to move forward with commitment towards becoming a leading bank in social and environmental banking.

We hereby present the Integrated Annual Report 2023, balance sheet and income statement for the approval of our shareholders and their proxies. We would like to thank our employees, partners and social stakeholders for their contribution and support.

BOARD AND COMMITTEES' EVALUATION DISCLOSURES

Şekerbank was the first bank to obtain the Corporate Governance Rating measured against the Corporate Governance Principles set by the Capital Markets Board. The Board of Directors believes that solid corporate governance of the Bank is one of the major bricks for the sustainable successful performance of the Bank.

Each year the Board of Directors conducts in-house self-assessment of the Board and its Committees. The Board Self-Assessment Process is designed to evaluate the effectiveness of the Board and Committee meetings; the Board and Committee processes and relationships with executive directors; quality and timing of meeting agendas; sufficiency and timing of the Board and Committee documents/reports; and diversity in the Board and Committees, including composition, location, nationality and gender, by focusing on skills, experience, independence and information about the Bank.

In order to meet these objectives in the best way, the Board self-assessment questionnaire, introduced in 2008, was further reviewed and enhanced based on the best international practices and Board of Directors members' evaluation results with the focus on four related areas:

- Board Structure & Composition
- Oversight of Strategy, Risk and Control
- Decision Making and Accountability
- Development and Culture

Each year, the Corporate Governance Committee (CGC) of the Bank reviews the Board of Directors and its Committees' self-assessment results and submits to the Board of Directors a comprehensive analysis of the reporting year assessment results together with the trend/progress analysis. The CGC provides the Board of Directors with recommendations on further improvement of the Board of Directors and Committees effectiveness, addressing the Board of Directors members' evaluation and proposals done within the self-assessment process. Thus, the Board of Directors takes the necessary actions to ensure their continuous development while measuring the performances of the Committees and its members. While taking the necessary actions to ensure the continuity of the work and effectiveness of the committees, task instructions, processes and activities, information flows and other related issues are also examined.

The comprehensive discussion of the CGC report on the results of self-assessment of the Board Members, their approval of the CGC recommendations ensures the Board remained fully effective as Corporate Governance continues to evolve. In 2023, the Board of Directors reviewed the recommendations of the Corporate Governance Committee based on the 2022 self-assessment results and made continuous improvements in the working and effectiveness of the Board and the Corporate Governance Committee.

The contract, which was signed with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. in 2022, was renewed in 2023, and our continuous development efforts for compliance with Corporate Governance Principles continued.

SUCCESSION PLANNING AND NOMINATION IN THE BOARD OF DIRECTORS

In 2023, the policy of the succession plan determined for the Board of Directors and the Bank's senior managers remained unchanged. The Corporate Governance Committee, which also performs a Nomination Committee function, ensured that the succession planning for the senior executives, which includes the list of key leading positions, the identified competencies, experience and duties required, evaluation of personality, political savvy, judgment, leadership skills, has been reviewed on time and complied by the Bank. The succession planning for the Board of Directors is also overseen by the Corporate Governance Committee (CGC), which set the competency-based criteria to be used as a guideline for evaluation of the new Board members to be elected to the Board of Directors. The criteria are described in detail in the Corporate Governance Committee Regulation.

The Corporate Governance Committee reviews all potential nominees, evaluates the professional competencies of a nominee and whether they have the right mix of knowledge, skills and experience and that his/her cultural fit to the Bank's profile and Board ensures the diversity principles on the Board. Attention is paid to the nominees' assignments and commitments outside of the Bank and its Board in order to avoid potential conflicts of interest. The content of an introduction session for the new Board members allows for new members to make a smooth transition when joining the Board of Directors. The Corporate Governance Committee makes recommendations on the nominees' list for election to fill the Board vacancies subject to the approval by the General Assembly. The list is composed based on the skills matrix and "gap" analysis as well as consideration of the diversity and cultural aspects. The Corporate Governance Committee oversees that the Board composition and number of the independent directors are adequate. The "Women Board Membership Policy," which will include women on the Board of Directors, was created by the Corporate Governance Committee to ensure equal opportunities between men and women in our Bank's employment policy and strengthen the position of women in decision-making mechanisms, and this policy was approved by the Board of Directors.

GENERAL POLICY ON INSIDER TRADING

Under the Insider Trading Policy, the Bank sets standards of conduct applicable to all employees of the Bank and its direct subsidiaries whenever they are conducting securities transactions, whether for themselves or on behalf of others. It applies also to an employee's family members who reside in his/her household. It is prohibited from buying, selling, recommending or making other transfers of securities if an employee of the Bank or its subsidiary is aware of material, non-public information about the issuer of the securities. It also prohibits disclosing such information to others who may trade in those securities.

The detailed rules are incorporated in the related internal policies and procedures of the Bank and are provided to each employee upon his or her commencement of employment.

In order to prevent insider trading; all personnel with first-degree signature authority in the Bank and all personnel who may have information about the activities of the Bank and its subsidiaries, even if they have different degrees of authority; the Chairman of the Board of Directors, Members of the Board of Directors, General Manager, Executive Vice Presidents and all personnel who may have information about the Bank's activities or financial information before disclosure are required to inform the public by making a material event disclosure if they make transactions on our Bank's shares and subsidiary shares traded on the Stock Exchange. Violations of any portion of the standards of conduct may result in serious sanctions.

During 2023, there have not been any conflicts of interest with entities that are providing services to the Bank such as investment advisory and rating services, as per the conflict-of-interest policy. Also, there has not been a violation of the rules of access to insider information.

ACTIVITIES OF THE BOARD OF DIRECTORS

In 2023, the Board of Directors continued to perform its functions appropriately and acted within the framework of good faith through maintaining the interest balance between the Bank, the shareholders and the stakeholders. A good practice of setting the dates and major topics of the Board of Directors meetings at the beginning of the year helps the Board Members in increasing their attendance and ensuring the well-structured oversight of the Bank's activities within the year. The Board of Directors agenda comprises regular issues, like monthly updates on the financial position of the Bank, periodic reviews of its standing in the sector and towards the peer group, monthly reviews of risk exposures and quarterly reviews of the internal audit reports. The Board pays special attention to ensuring the Bank is managed prudently and in an efficient manner for the stable and sustainable activities of the Bank.

The Chairman of the Board of Directors directs the annual sessions in which the activities of the Board are evaluated. The results of the sessions are evaluated at the Board meetings. The actions of those discussions are shared in the current report under the section of the Board self-assessment.

The Bank acknowledges that the main responsibilities of the Chairman of the Board of Directors are to manage and steer the Board of Directors, establish a bond between the General Manager and the Board of Directors, and take the interests of the shareholders and other stakeholders into consideration and make sure that the Board of Directors functions independently. However, the duties and responsibilities of the Chairman of the Board of Directors are determined differently from those of the General Manager and provisioned in the Articles of Association, Board of Directors Decisions and Regulations. Thus, the functions of these roles do not conflict with each other. The main role of the General Manager is to be in charge of all aspects of the Bank's operations and processes. Such separation in roles ensures well-balanced management of the Bank with due consideration of the business opportunities, while not ignoring the risks involved, as well as ensuring a sound business strategy and its execution and securing the continuity of the Bank's rich history and trademark together with continuous innovation and development.

The Bank pays special attention to the compliance of its top management and employees with ethical principles. Thus, every newly elected Board Member signs the "Code of Ethics of the Bank," which includes the professional ethical codes of the sector. Thus, a comprehensive update is given to a said member on Board Member responsibilities and duties. The Corporate Governance Committee ensures that the Board of Directors understands the Code of Ethics, cultural and professional code of behavior. The Chairman of the Board secures an open atmosphere in the Board. Corporate Governance Committee regularly reviews the legislation regulating the timely renewal of Board members. To strengthen the effectiveness of the Board, some measures have been additionally stipulated in the internal regulation of the Bank. For example, non-attendance of more than five Board meetings in a calendar year leads to the automatic discharge of the Board Member from the Board of the Bank.) Members of the Board of Directors carry out their activities under Türkiye legislation and law.

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

In line with the resolution of the Capital Markets Board dated 10.01.2019 and numbered 2/49; pursuant to the Communiqué on Corporate Governance numbered II-17.1, Corporate Governance Compliance Reporting of the Bank which is prepared using the templates of URF-Corporate Governance Compliance Report and KYBF-Corporate Governance Information Form of the Public Disclosure Platform (PDP) is available at the following addresses: <https://www.kap.org.tr/en/Bildirim/1250181> and <https://www.kap.org.tr/en/Bildirim/1250189>.

Our Bank is aware that, corporate governance practices are just as important as financial performance. With its deep-rooted institutional structure and understanding from the past by strengthening its belief and management mechanisms Our Bank has taken the decision of harmonization in principle to comply with the Corporate Governance Principles issued by the Capital Markets Board (CMB) and focuses on continuous development.

The Bank complies with the mandatory principles of CMB's Communiqué on Corporate Governance numbered II-17.1 and complies with the majority of the voluntary principles. Some of them could not be complied with because of the difficulties in implementation, and some of them could not be complied with because they did not align with the market's and our Bank's structure and philosophy. However, compliance activities continued throughout the year.

Changes were made in 2023 in the Committees of the Board of Directors, to comply with the Communiqué on Corporate Governance. The committees of the Board of Directors are active, and they are carrying out their activities effectively. The Bank's corporate website and annual report were reviewed, and improvements were made to comply with the principles. In the coming period, compliance activities will continue taking into consideration the changes in regulations and banking practices.

There has not been a conflict of interest due to voluntary principles not being complied with.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE RATING

Our Bank's Corporate Governance Rating score, which was 9.50 (95,03%) in 2022, was revised upwards as 9.53 (95.35%) as a result of the evaluation made by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. for 2023.

Şekerbank became the first bank in Türkiye to be assigned a corporate governance rating in 2008. The distribution of Şekerbank's rating scores by subcategories for the years 2022-2023 is stated below:

SUB CATEGORIES	WEIGHT	2023	2022
Shareholders	0.25	95.07%	94.95%
Public Disclosure and Transparency	0.25	95.75%	95.75%
Stakeholders	0.15	99.24%	99.24%
Board of Directors	0.35	93.60%	92.78%
Total	1.00	95.35%	95.03%

Şekerbank's 2023 corporate governance rating report is accessible on the Bank's website (<https://www.sekerbank.com.tr/en/about-us/investor-relations/corporate-governance>).

ETHICAL RULES AND SOCIAL RESPONSIBILITY

For 70 years, Şekerbank has been pioneering the Turkish banking sector in supporting domestic production and encouraging widespread deposits since its foundation. The Bank continues its ceaseless efforts to provide more people with access to financial resources, encourage women entrepreneurs, support production and employment, increase energy efficiency investments, and develop rural areas.

Şekerbank continues to increase its financial performance with the support of its technological infrastructure, which adds value to society and the environment with its activities and is strengthened by its investments in the "Transformation Program" process. The Bank takes responsible steps towards the future for a better world with the strategy of "Becoming a regional leader in social and environmental banking" set for its 75th anniversary.

With its EKOredi, developed as a first-in-the-country in 2009 to increase energy savings and to support the sustainability of natural resources, Şekerbank has so far provided over TL 1.6 billion funds in all segments, and helped 123 thousand people save energy.

Since 2014, the Bank has been implementing its "Family Farming Banking," a first-in-the-world application to support farmer families that play a crucial role for the continuity of agricultural production. Under the scope of the project, a total of 150 thousand farmer families have been reached and provided with more than TL 18 billion funds in total throughout nine years.

The Bank has some significant activities for integrating women entrepreneurs living in the countryside into economy, which is a priority for the Bank in respect to inclusive

financing. Thanks to its first and only lending practices of the industry in the field of financial inclusiveness, the Bank has been facilitating the access of unbanked craftsmen, farmers and women entrepreneurs living in the countryside to financial resources. And since 2006, it has been implementing Türkiye's first micro-financing credit model.

On the other hand, the Bank continues its efforts to obtain new sources of funding in line with its longstanding relationship with development-oriented international financial institutions, aiming to support its SME and farmer customers across Türkiye in financing sustainable development.

Şekerbank continues to attach utmost sensitivity to anti-climate change, and has been measuring its own carbon emission since 2010, identifying improvement areas. The Bank was once again involved in Carbon Disclosure Project (CDP), one of the world's leading anti-climate change platforms, and increased its rating by 2 notches to 'A', the leadership level, with the high performance it achieved according to the 2023 results. Maintaining its "Leadership" level A-score in the Water Security Program this year, the Bank also ranked among the "Water Leaders" with the improvement efforts carried out in line with the most precise management of water resources.

In 2023, Şekerbank joined the "Task Force on Climate-related Financial Disclosures" (TCFD) established by the Financial Stability Board (FBS), which monitors the global financial system and develops recommendations against the risks related to climate change, supported by more than 4 thousand organizations from all over the world.

Şekerbank brings contemporary art to art enthusiasts with Açıkekran New Media Arts, Türkiye's first culture & arts initiative focusing on new media and video arts. Through Açıkekran, artwork on display at prestigious art institutions across the globe are introduced to local audiences at nine Şekerbank locations, including the head office in Istanbul and branches in eight Anatolian cities, namely Küçükçekirten and Kızılay branches in Ankara, Alpullu in Tekirdağ, and Ordu, Izmir, Bodrum, Mardin, and Edirne.

Published and shared free of charge by Şekerbank for the last 41 years, the Şeker Çocuk Magazine is distributed in Şekerbank branches across Türkiye, hundreds of village schools in Anatolia, child protection institutions and hospitals, reaching tens of thousands of children. The Bank also made a digital version of Şeker Çocuk available at sekerbank.com.tr in an effort to reach even more. Featuring entertaining, educative and skill-building content created and curated to boost the education of primary school children, Şeker Çocuk has also been available in Braille since 2010 for children with visual impairments, and it is distributed free of charge to schools and rehabilitation centers for visually impaired children across the country. Şekerbank boasts the distinction of being the first bank in Türkiye with a corporate governance rating.

Its ethical principles of integrity, impartiality, reliability, transparency, public benefit and environmental awareness, which all Şekerbank employees are committed to uphold, are detailed in the Banking Code of Ethics Commitment shared with stakeholders on the Bank's corporate website.

ŞEKERBANK'S STRATEGIC OBJECTIVES

Şekerbank was established on October 12, 1953 to provide financing for agriculture and the sugar industry by bringing together hundreds of thousands of cooperative member beet farmers in Anatolia. Thanks to its community and people-oriented banking approach and the wide geography and customer profile it addresses throughout Türkiye, the Bank has a distinctive and special position among private capital deposit banks.

As a reflection of the collective culture stemming from its founding structure, Şekerbank has always played a pioneering role in the Turkish banking sector in supporting small producers, encouraging grassroots savings and financing SMEs. As of 2015, Şekerbank has aligned its activities with the United Nations Sustainable Development Goals and has achieved many firsts in financing socially inclusive and environmentally sustainable growth.

Within the scope of the Transformation Program carried out during 2019-2023, the Bank renewed its entire technological infrastructure, credit decision processes and digital channels in line with its main strategy and significantly increased its financial performance with the support of the investments it made.

In 2023, when Şekerbank entered its 70th year with a strengthened financial performance, the Bank has made its strategy much clearer with the aim of transforming all its activities into an environmental, social and governance (ESG) oriented structure, with the awareness that the importance of the areas in which it has deep-rooted expertise is

becoming more and more important on a global and local scale. The Bank's 75th anniversary vision is "to be the regional leader in social and environmental banking"

The areas strategically prioritized within the scope of the Medium Term Program announced in 2023, as well as the Social Benefit Based Investment Note practice expected to be implemented in the coming period, are in line with Şekerbank's focus on inclusive and sustainable growth. In line with the aforementioned policy set, Şekerbank will prioritize the financing of women entrepreneurs, employment-creating, export-oriented, agricultural ecosystem-supporting, energy efficiency-oriented investments and initiatives that will support the recovery of our earthquake-stricken provinces.

Şekerbank, a private capital deposit bank that allocates the highest share of 54.5% of its loan portfolio to SME loans in the Turkish banking sector, aims at growing above the sector average in SME loans in the coming period and gradually increasing its market share with its Credit Decision Support System based on statistical analytical models and advanced risk infrastructure established within the scope of the Transformation Program.

Şekerbank has adopted the goal of transforming its corporate and commercial loans portfolio into environmental and social loans and has focused on increasing the number of customers by adopting a broad-based lending policy in this area.

The Bank, the founding mission of which is to finance sustainable agriculture, has been supporting more than 350 thousand farming families across Türkiye for generations to ensure the continuity of rural life and agricultural production. Aiming to gradually increase the share of its sustainable agriculture loan portfolio in its total loans, Şekerbank has identified four main areas in its agricultural loans growth strategy: Family Farming, Ecosystem Banking, and Smart Agricultural Technologies and EKO kredi energy efficiency.

With the aim of offering a digital microfinancing model, Şekerbank will continue its fintech collaborations and research and development activities in the fields of alternative data and microfinancing in the coming period. The Bank aims at further developing its field expertise in financial inclusion with the support of digital channels and reaching 2 million new customers in the next five years.

Increasing its growth targets with the strength provided by the advanced credit decision support systems and risk infrastructure provided under the Transformation Program, the Bank aims to uphold satisfactory levels of return on equity by increasing efficiency in operational processes and diversifying its income structure in the coming period.

Şekerbank aims at further increasing its financial performance, which has gradually increased over the last five years, with an efficient, focused and responsible growth strategy, while taking firm steps towards becoming a regional leading bank focused on environmental, social and governance by aligning the social and environmental benefits provided by its activities with international standards.

STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS

Board of Directors

The Bank is managed and represented by the Board of Directors. According to the Bank's Articles of Association, the Board of Directors should be comprised of a minimum of 9 and a maximum of 13 members. The number of independent members of the Board and their qualifications are specified according to the regulations of the Capital Markets Board on corporate governance. Board Members are elected for a term of three years. The current Board Members were elected at the General Assembly Meeting dated March 31, 2021, for a term of three years. The Board of Directors convenes when the business and transactions of the Bank require so. During the period, 25 meetings were held and full participation was ensured. The Board Members' duties undertaken outside the Bank are given below:

FULL NAME	POSITION	CURRENT DUTIES OUTSIDE THE COMPANY	COMMITTEES AND TITLE
Dr. HASAN BASRI GÖKTAN	Chairman of the Board of Directors and Executive Board Member	Şeker Yatırım Menkul Değerler A.Ş. Chairman of the Board of Directors, Şeker Finansal Kiralama A.Ş. Chairman of the Board of Directors, Şekerbank Kıbrıs Ltd. Chairman of the Board of Directors, Şeker International Banking Unit Ltd. Chairman of the Board of Directors, Desmer Güvenlik Hiz. Tic. A.Ş. Chairman of the Board of Directors	Corporate Governance Committee Remuneration Committee Credit Committee (Substitute Member)
YERNAR ZHANADIL	Vice Chairman of the Board of Directors	Samruk Kazyna Invest LLP Chairman of the Supervisory Board, Kazakistan Demiryolları A.Ş. Board Member, NAK Kazatomprom A.Ş. Board Member, Tau - Ken Samruk A.Ş. Chairman of the Board of Directors, Air Astana JSC Board Member	Remuneration Committee Credit Committee (Substitute Member)
AYŞE AYBALA ŞİMŞEK GALPIN	Board Member and General Manager	Şekerbank Kıbrıs Ltd. Board Member, Şeker Finansal Kiralama A.Ş. Board Member	Credit Committee Remuneration Committee
ORHAN KARAKAŞ	Executive Board Member	Şeker Yatırım Menkul Değerler A.Ş. Board Member	Credit Committee
NARIMAN ZHARKINBAYEV	Executive Board Member	Şeker Faktoring A.Ş. Vice Chairman of the Board of Directors, Şeker Finansal Kiralama A.Ş. Board Member, Şeker Kentsel Dönüşüm ve Danışmanlık A.Ş. Chairman of the Board of Directors	Credit Committee
LEVEND TORUSDAĞ*	Board Member	-	Audit Committee
ÇETİN AYDIN	Executive Board Member	Şeker Faktoring A.Ş. Board Member, Desmer Güvenlik Hiz. Tic. A.Ş. Board Member, Tintech Bilgi İşlem ve Pazarlama Tic. A.Ş. Chairman of the Board of Directors, Rentek Teknoloji Tic. A.Ş. Board Member	Remuneration Committee Credit Committee
MEHMET AYHAN ALTINTAŞ**	Independent Board Member	Şeker International Banking Unit Ltd. Independent Board Member	Responsible for Internal Systems Corporate Governance Committee
ALMAT ZHAMİYEV	Board Member	-	Corporate Governance Committee Audit Committee
HIKMET AYDIN SİMİT*	Board Member	Şeker Yatırım Menkul Değerler A.Ş. Independent Board Member	Credit Committee (Substitute Member)
PROF. DR. TURGAY BERKSOY	Board Member	-	-
MIRAT UTEPOV	Board Member	JSC SWF "Samruk-Kazyna" General Manager Responsible for Economics and Finance, JSC KazPost Board Member, Samruk-Kazyna Trust Board Member	-

* In addition, pursuant to the paragraph 3/a of Article 6 of CMB "Communiqué on Corporate Governance," which reads: "The board members who are assigned as the audit committee members within the board structures of the banks are regarded as the independent board members within the frame of this Communiqué," the Audit Committee Members Levend TORUSDAĞ and Hikmet Aydın SİMİT are accepted as Independent Board Members.

** Independent member meeting the conditions listed in the CMB's Corporate Governance Principle No. 437.

STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS

In the meeting of the Board of Directors dated October 14, 2021; it was decided that Mehmet Ayhan ALTINTAŞ, who meets all the independence criteria announced by the Capital Markets Board, to continue his duty as an Independent Board Member based on the opinion letter of the Corporate Governance Committee of the Board of Directors, and it was approved at the General Assembly Meeting dated March 30, 2022.

Independence statement of our Bank's Independent Board Member Mehmet Ayhan ALTINTAŞ is given below.

On the ground that I am a candidate for the independent membership of Şekerbank T.A.Ş. (Bank),

- a) There is no employment relationship in executive positions to assume material roles and responsibilities for the past 5 years between the Company, Subsidiaries where the Company holds control or significant power over management, or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established;
- b) In the last five years; I haven't been a shareholder (5% and above), an executive, or a member of the board of directors to assume important duties and responsibilities in the companies which the Bank buys or sells services or products to a great extent within the framework of the agreements made, particularly the Bank's audit (including tax audit, statutory audit, internal audit), its rating and consultancy, in the periods when the service or product is purchased or sold;
- c) As can be seen in my resume in the Appendix; I have the vocational training, knowledge, and experience necessary to fulfill the tasks undertaken by me as an independent board member,
- d) I will not work full time in public institutions and agencies, except as a lecturer in universities, during my term of office, if I am going to be elected as an Independent Member of the Board of Directors;
- e) I'm considered to be a resident in Türkiye pursuant to the Income Tax Law;
- f) I have strong ethical standards, professional reputation and experience to make a positive contribution to the operations of the Bank, to keep my impartiality in conflicts of interest to arise between the Bank and shareholders, and to make decisions freely by taking into account the rights of stakeholders;
- g) I will devote time for the works of the Bank to the extent that I can follow the functioning of the Bank's operations and fully satisfy the requirements of the duties I assumed,
- h) I have not acted as an Independent Board Member for more than six years within the last ten years in the Board of Directors of the Bank;
- i) I am not an independent member in the Bank or in more than 3 companies where the shareholders with management control over the Bank hold management control and in more than a total of 5 publicly traded companies;
- j) I am not registered and announced on behalf of the legal person elected as a member of the Board of Directors;

and I solemnly declare the issues listed above.

Yours sincerely,

Mehmet Ayhan ALTINTAŞ

Audit Committee

Established pursuant to the Article 24 of the Banking Law No. 5411, the Audit Committee is comprised of members nominated by the Board of Directors from among its members to assist the Board of Directors in the fulfillment of audit and supervision tasks, and who assume no executive roles, but have the qualifications specified in Article 6 of the Regulation on Internal Systems of the Banks. Committee members; Hikmet Aydın SİMİT (Board Member, Committee Chairman) and Levend TORUSDAĞ (Board Member). The Audit Committee held 4 meetings in 2023.

Corporate Governance Committee

According to "Communiqué On Corporate Governance" numbered II-17.1 of the CMB, the Corporate Governance Committee was established to determine whether principles of corporate governance applied in a sufficient manner, implement the conflict of interest policy and supervise the compliance with the principles and policies, advise to the Board of Directors to enhance the implementation of corporate governance and supervise the work of the investor relations department. The nomination committee has not been established due to the structure of the Board of Directors, and the Corporate Governance Committee fulfills the duties of that committee. Within this scope; the Corporate Governance Committee ensures that a transparent system on the nomination, evaluation and training of the candidates suitable for the positions of the Board of Directors and executives exists and advises on the policies and strategies in this regard, evaluates regularly the structure and efficiency of the Board of Directors and submits its proposals to the Board of Directors regarding necessary improvements in this respect. Committee members consist of Dr. Hasan Basri GÖKTAN (Chairman of the Board of Directors, Executive Board Member), Mehmet Ayhan ALTINTAŞ (Independent Board Member), and Almat ZHAMİYEV (Board Member). As per our Bank's Corporate Governance Regulation, Executive Vice President responsible for Financial Control, Reporting and Budget Management Burak Latif LATİFOĞLU is a natural member of the committee. The Corporate Governance Committee held 4 meetings in 2023.

Remuneration Committee

According to the CMB "Communiqué on Corporate Governance" numbered II-17.1 and as per the principle 6 of the BRSA Regulation on Corporate Governance Principles, the remuneration committee was established to determine and monitor the principles, criteria and applications to be used in the remuneration of Board members and executives taking into consideration the long term targets of the company and to provide the Board of Directors the proposals related to the remuneration of the Board members and executives taking into consideration the degree to which these criteria used for remuneration are met. The Committee was established under the Board of Directors to monitor and audit the policies and practices of the Bank regarding the remuneration system. Dr. Hasan Basri GÖKTAN (Chairman of the Board of Directors, Executive Board Member), Yernar ZHANADİL (Vice Chairman of the Board), and Çetin AYDIN (Executive Board Member) are members of the committee. The General Manager is attending as the observer member. The Remuneration Committee convened 4 times in 2023.

Credit Committee

That Committee ensures compliance of the Bank's credit activities with the Bank's strategy as well as evaluates credit proposals across the Bank within the limits set by the Board of Directors. Additionally, the Committee evaluates credit proposals, within the limits specified by the Board of Directors. The Committee can approve or reject those that are within its limits or submit them to the Board of Directors. In addition, the Committee discusses the systems related to the improvement of the loan process and quality and advises the Board of Directors. In 2023, the Committee held 48 meetings. Committee members consist of Aybala ŞİMŞEK GALPIN (General Manager, Board Member), Orhan KARAKAŞ (Executive Board Member), Nariman ZHARKINBAYEV (Executive Board Member), and Çetin AYDIN (Executive Board Member). Substitute Members of the Committee are Dr. Hasan Basri GÖKTAN (Chairman of the Board of Directors, Executive Board Member), Yernar ZHANADİL (Vice Chairman of the Board), and Hikmet Aydın SİMİT (Board Member).

INFORMATION ON THE BANK'S TRANSACTIONS WITH ITS RISK GROUP

The Risk Group in which the Bank is Included (TL Thousand)	Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank	
	Cash	Non-Cash	Cash	Non-Cash
Loans	28,779	905	1,243,962	34,443
Interest and Commission Income Received	10,432	44	99,262	329
The Risk Group in which the Bank is Included (TL Thousand)	Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank	
	Cash	Non-Cash	Cash	Non-Cash
Deposits	221,545		360,369	
Deposit Interest Expense	3,841		19,419	

PROFIT DISTRIBUTION POLICY

The principles for Şekerbank's profit distribution are stipulated in Article 69 of Şekerbank T.A.Ş.'s Articles of Association.

According to this article, the amount remaining after the deduction of all expenses, provisions and taxes from the income derived by the Bank within an accounting period is the net profit.

- 5% of the net profit is set aside as the legal reserve.
- Out of the remaining amount, 5% of the paid-up capital is set aside as first dividend.
- The General Assembly is authorized to distribute the remaining profit in whole or in part to the shareholders or to transfer the same to the extraordinary reserve fund.
- Pursuant to the sub-paragraph 3 of the second paragraph of Article 519 of the Turkish Commercial Code, out of the net profit, after setting aside legal reserve amount specified in the first paragraph of Article 519, as well as 5% profit share for the shareholders, one tenth of the amount decided to be distributed to the shareholders and to other persons participating in the profit shall be allocated to the legal reserve fund, as the second allotment.

The distribution method of the net period profit of TL 2,445,692,488.67, according to the independent audited financial statements of the Bank for year 2023, will be determined depending on the permission to be obtained and the completion of the procedures; and the necessary disclosures will be announced via the Public Disclosure Platform.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

At the Ordinary General Assembly meeting held on March 29, 2023, it was decided to raise Board Members' salaries, which are paid according to the principles set at the Ordinary General Assembly dated March 30, 2022, by 40% in 2023, that the increase will be effective from the date of 01.01.2023 considering the high inflation in recent years and that the salary update is made once a year, to make an additional payment of three thousandths of the net profit for the period to the Board Members according to the evaluation to be made by the Chairman in line with the time they spent and their contributions by taking into account the Bank's performance in 2022 and the fact that they did not receive dividends. It was also decided for the additional income taxes arising from the income tax declaration of earnings from multiple employers, as per tax regulations, and other liabilities including the year 2022, to be paid by the Bank.

The Bank's remuneration policy is based on corporate governance principles and is overseen by the Remuneration Committee. The benefits provided by the Bank to the members of the Board of Directors and the staff who have a say in the management in 2023 are amounting to TL 63,867 thousand in total, TL 30,314 thousand, and TL 33,553 thousand, respectively.

MANAGERS OF THE UNITS WITHIN INTERNAL SYSTEMS

Emrah AYDEMİR Head of Internal Audit Department

After graduating from Gazi University, Faculty of Economics and Administrative Sciences, Department of Economics, he started working as Assistant Inspector at the Internal Audit Department of Şekerbank T.A.Ş. in 2005. Following his tenure as an inspector until December 2012, he became a Commercial Banking Customer Representative as branch staff, Commercial Banking Regional Sales Manager in the Regional Directorate, Administrative Follow-up and Restructuring Service Manager in the Credit Monitoring and NPL Management Regional Directorate, as Unit Manager in Credit Monitoring Department, Retail and Agriculture Banking Credit Monitoring, Legal Follow-up and Structuring Department, and Corporate Commercial Banking Monitoring, Legal Follow-up and Structuring Department. Appointed as the Head of Internal Audit Department as of February 2024, Aydemir also serves as a Board Member of Şekerbank T.A.Ş. Personnel Social Insurance Fund Foundation.

Emrah YURTTAŞ Head of Risk Management

Emrah Yurttaş graduated with a bachelor's degree in Business Administration from Istanbul University. In 2004, he took up the position of Assistant Inspector in the Internal Audit Department. He was promoted to Vice Chairman of the Internal Audit Department after serving as an Expert Inspector until April 2020. In October 2021, he was appointed as the Head of Risk Management.

Oytun İPER Head of Internal Control and Compliance

Oytun İper earned a bachelor's degree in Economics from Marmara University's Faculty of Economics and Administrative Sciences, as well as a master's degree in Economics from the Social Sciences Institute of the same University. In 2004, he took up the position of Assistant Inspector in the Internal Audit Department. Following his tenure as an Expert Inspector until April 2020, he was appointed Vice-Chairman of the Board of Inspectors. In January 2021, he was inducted as the Head of Internal Control and Compliance. In addition, Oytun İper is a Member of the Audit Committee at the Compliance Association.

INFORMATION ON SUPPORT SERVICES PROVIDERS

Place No	Support Services Provider	Contract Term
1	Desmer Bilgi ve İletişim Hizmetleri Tic. A.Ş.	30.06.2024
2	C/S Enformasyon Teknolojileri A.Ş.	1.01.2024
3	E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	Renewed annually
4	Hobim Arşivleme ve Basım Hizmetleri A.Ş.	Renewed annually
5	Bilge Adam Bilgisayar ve Eğitim Hiz. San. Tic. A.Ş.	Renewed annually
6	Desmer Güvenlik Hizmetleri Ticaret A.Ş.	1.01.2031
7	ODC İş Çözümleri Danışmanlık Tic. A.Ş.	Renewed annually
8	Asseco See Bilişim Teknolojileri A.Ş.	Renewed annually.
9	MTM Holografi Güvenlikli Basım ve Bilişim Teknolojileri San ve Tic. A.Ş.	Renewed annually
10	Next4biz Bilgi Teknolojileri Anonim Şirketi (Formerly: Formalis Bilgi Teknolojileri Ltd. Şti.)	Renewed annually
11	Finovatif Finans Teknolojileri A.Ş.	Renewed annually
12	Bilge Adam İnsan Kaynakları Hizmetleri A.Ş.	Renewed annually
13	Turkgen Yazılım Danışmanlık ve Tic. A.Ş.	Renewed annually
14	Linktera Bilgi Teknolojileri A.Ş.	Renewed annually
15	Pay Bilgi Teknolojileri A.Ş.	Renewed annually
16	Rdc Talent İnsan Kaynakları Bil. Tek. Eğitim Dan. ve Org. A.Ş.	Renewed annually
17	Amaris Teknoloji İstanbul Danışmanlık Ltd. Şti.	Renewed annually
18	Tarlaio İklim ve Tarım Teknolojileri A.Ş.	Renewed annually
19	Fineksus Bilişim Çözümleri Ticaret A.Ş.	Renewed annually
20	KKB Kredi Kayıt Bürosu A.Ş.	26.02.2025
21	Enqura Bilgi Teknolojileri A.Ş.	Renewed annually
22	Reidin Bilgi ve Data Teknolojileri Ticaret A.Ş.	Renewed annually

ŞEKERBANK'S POLICY AGAINST THE LAUNDERING OF CRIMINAL PROCEEDS AND TERRORISM FINANCING

Within the scope of its Program for Compliance with Legislation Against the Laundering of Criminal Proceeds and Terrorism Financing, Şekerbank has completed such processes as a designation of a compliance officer, establishment of the Compliance Department and setting of in-house policies in written form; and the Bank undertakes to control, monitoring, risk management, training and internal audit operations against criminal proceeds.

By expanding these efforts, Şekerbank aims to comply with laws and regulations adopted by agencies authorized by the laws; prevent the use of the Bank's facilities for money laundering purposes; identify any risky transactions, services and locations which might be prone to money laundering; raise awareness among employees in regard to compliance with legal obligations; protect the Bank's reputation and the quality of its customer base.

In line with its customer acceptance policy established for the above-stated purposes, Şekerbank takes preventive measures to avoid accepting as customers those individuals and institutions, whose wealth and funds might not have been acquired through legitimate means; refrains from establishing customer relations - including the disbursement of retail or commercial loans -with such individuals and refuses the collaterals and guarantees from such individuals even when they are not its direct customers and does not include banks in risky regions in its correspondent bank network.

Legislation Compliance Policy

In the performance of banking activities, it is essential to comply with the laws and regulations made by the institutions authorized by the law, and it is the primary duty and responsibility of all employees of the Bank to continue the activities in accordance with the legislation, regulations and standards. For this purpose, the Internal Control and Compliance Department monitors relevant legislation changes, provides comments on them and announces them across the Bank. The possible impact of such legislation changes on the banking operations is assessed and the related Bank's units work in coordination to resolve any issues that might arise while ensuring compliance with such changes. Furthermore, compliance controls are performed to ensure that the Bank's current or planned activities as well as new transactions and products are in full compliance with the Banking Law and other applicable legislation, internal policies and procedures, as well as widely accepted banking practices. The main purpose of the compliance activities carried out within the Internal Control and Compliance Department is to provide the maximum contribution to ensure that the compliance risk in the Bank is managed by controlling it in a proper and effective manner; and that the Bank's activities are continuously carried out in accordance with the relevant legislation, regulations and standards in terms of structure and operation.

Oytun İper
Compliance Officer

DECLARATION OF RESPONSIBILITY FOR THE ANNUAL REPORT 2023

DECLARATION OF RESPONSIBILITY, AS PER ARTICLE 9 OF SECTION 2 OF THE COMMUNIQUE ON "FINANCIAL REPORTING RULES IN CAPITAL MARKETS," BY THE CAPITAL MARKETS BOARD

We reviewed the "Consolidated Financial Statements and Independent Audit Report" of our Bank pertaining to the Accounting Period ending on December 31, 2023, which is approved by the Audit Committee and the Board of Directors and is prepared according to the provisions of the Communiqué on "Financial Reporting Rules in Capital Markets" numbered as Series II 14.1 issued by the Capital Markets Board; the "Annual Report of the Board of Directors"; Corporate Governance Reporting by our Bank, which are prepared according to the Resolution of the Capital Markets Board dated 10.01.2019, numbered 2/49, using the templates in the Public Disclosure Platform (PDP) under the headings of URF-Corporate Governance Compliance Report and KYBF-Corporate Governance Information Form and which are published at PDP

a.) Within the framework of the information we have in the scope of our tasks and responsibilities at our Bank, the Financial Statements and Independent Audit Report, Annual Report of the Board of Directors and the related Compliance reporting do not include any misleading disclosure on material matters or deficiencies that might cause misconception about the disclosure as of the date it was made,

b.) Within the framework of the information we have in the scope of our tasks and responsibilities at our Bank, we do declare that the financial statements prepared according to the applicable Financial Reporting Standards, together with the consolidated financial statements, honestly reflect the facts on the Bank's assets, liabilities, financial position, profit and loss, and that the annual report honestly reflects the facts, progress and performance of the business and the financial situation of the Bank including the consolidated entities, together with significant risks and uncertainties, and also declare that we are responsible for the explanations we made.

Ayşe Aybala ŞİMŞEK GALPIN
General Manager, Board Member

Hikmet Aydın SİMİT
Board Member, Chairman of the
Audit Committee

Levend TORUSDAĞ
Board Member, Member of the
Audit Committee

Burak Latif LATİFOĞLU
Executive Vice President -
Financial Control, Reporting and
Budget Management

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF THE ACTIVITY YEAR

- The Parent Bank's limit application for the issuance of domestic debt instrument in Turkish Lira, up to TRL 2,500,000 Thousand, in different types and maturities, one or more than one times, by being sold to qualified investors and/or private placement without being offered to the public was approved by the CMB at the meeting dated 9 January 2024 and numbered 01/12.
- International credit rating agency Moody's revised Türkiye's credit rating outlook from Stable to Positive on 12 January 2024, and increased Şekerbank's credit rating outlook from Stable to Positive on 17 January 2024 and confirmed Bank's credit scores in their current state.
- The limit application by the Parent Bank for the issuance of green/sustainable themed bonds or bills to be sold abroad in one time or more, has an interest rate and maturity to be determined according to market conditions on the dates of issuance, up to a maximum total amount of USD 300,000 Thousand and/or equivalent Turkish Lira or foreign currency, with a fixed or variable interest, in various arrangements or maturities, was approved by the CMB with the decision numbered 4/68 dated 18 January 2024.
- The limit application by the Parent Bank for the issuance of bonds or bills to be sold abroad in one time or more, has an interest rate and maturity to be determined according to market conditions on the dates of issuance, up to a maximum total amount of USD 300,000 Thousand and/or equivalent Turkish Lira or foreign currency, with a fixed or variable interest, in various arrangements or maturities, was approved by the CMB with the decision numbered 4/68 dated 18 January 2024.
- "Corporate Governance Rating Periodic Revision Report" has been completed by SAHA Corporate Governance and Credit Rating Services, a rating agency licensed to operate in accordance with the Capital Markets Board (CMB) Corporate Governance Principles in Türkiye. The Parent Bank's Corporate Governance Rating score, which was 9.50 (95.03%) in 2022, was revised upwards to 9.53 (95.35%) in the assessment made for 2023.
- On 10 January 2024, by Şeker Yatırım Menkul Değerler A.Ş., redeemed the 83 day maturity discounted financial bond with ISIN code TRFSKMD12415.
- On 12 February 2024, Şeker Faktoring A.Ş. completed the sale of discounted financial bond with a maturity of 121 days and a nominal value of TRL 50,000 Thousand to qualified investors.
- On 01 March 2024, Şeker Yatırım Menkul Değerler A.Ş. completed the sale of discounted financial bond with a maturity of 89 days and a nominal value of TRL 73,690 Thousand to qualified investors.
- On 01 March 2024, by Şeker Yatırım Menkul Değerler A.Ş., redeemed the 105 day maturity discounted financial bond with ISIN code TRFSKMD32413.

DISCLOSURES ON THE BANK'S FINANCIAL POSITION, PROFITABILITY AND DEBT SERVICING CAPABILITY

Within the framework of general policies specified by Assets and Liabilities Committee, meetings are held weekly, where domestic and international developments are evaluated. Additionally, market information, economic activities and developments of the week within the Bank are discussed. At the Assets and Liabilities Committee, analyses made on issues such as interest and liquidity risk, expenses, financing, solvency, risk management, market risk, credit risk and operational risk, real interest rate calculations for domestic and international markets and the created financial models are discussed. As a result of all these efforts, Şekerbank's unconsolidated net profit was TL 2,445,692 thousand, its consolidated net profit was TL 3,187,489 thousand, its unconsolidated asset size was TL 81,367,575 thousand, and its consolidated asset size was TL 90,741,896 thousand in 2023.

Developments Regarding Assets

Net loans reached 50.61% of total assets in unconsolidated financial statements and 48.17% in consolidated financial statements. At the end of 2023, for its non-performing loans, the Bank allocated provisions in its unconsolidated financial statements at 84.96% and in its consolidated financial statements at 84.60%. The weight of the securities portfolio of the

Bank in the assets was 15.24% in unconsolidated financial statements and 14.15% in consolidated financial statements in 2023.

Developments Regarding Liabilities

Focusing on growing its deposit base, the main funding source, the Bank's deposits constitute 65.05% of the total liabilities in unconsolidated financial statements while the ratio of deposits to loans stands at 77.80% in unconsolidated financial statements. Despite the competitive environment, the Bank increased its deposits by 13.16% in unconsolidated financial statements and 13.70% in consolidated financial statements compared to the previous year. The Bank's shareholders' equity was TL 7,603,823 thousand in unconsolidated financial statements and TL 12,732,625 thousand in consolidated financial statements in 2023. Consequently, the capital adequacy ratio was 27.22% in unconsolidated financial statements, and 31.45% in consolidated financial statements in 2023.

Profitability

In line with the balanced and profitability-oriented growth policy followed by taking into account market conditions, interest income obtained from loans was TL 6,917,510 thousand in unconsolidated financial statements and TL 7,351,019

thousand in consolidated financial statements and interest expense paid to deposits was TL 4,111,000 thousand in unconsolidated financial statements and TL 4,161,677 thousand in consolidated financial statements. The Bank's net interest income was TL 5,604,948 thousand in unconsolidated financial statements and TL 6,129,234 thousand in consolidated financial statements, its net fee, and commission income was TL 818,514 thousand in unconsolidated financial statements and TL 938,896 thousand in consolidated financial statements, and its gross operating profit was TL 8,166,516 thousand in unconsolidated financial statements and TL 9,541,268 thousand in consolidated financial statements. As a result of all its activities, the Bank's net profit in 2023 was TL 2,445,692 thousand in unconsolidated financial statements and TL 3,187,489 thousand in consolidated financial statements.

Debt Servicing Capability

Şekerbank's net loans-to-deposits ratio stands at 77.80% as of 2023 year-end, indicating the growth potential of the Bank's loans that can be funded by deposits. In addition, an extensive branch network and a stable savings deposit base have positive effects on Şekerbank's debt servicing capability. Interest sensitivity of the time deposit and solid demand deposit volume also make Şekerbank more advantageous compared to its rivals in terms of liquidity.

FORWARD-LOOKING EXPECTATIONS

In its latest report published at the end of November, the Organization for Economic Cooperation and Development (OECD) stated that the global economy is expected to grow by 2.9% in 2023 and slow down to 2.7% in 2024. The report stated that importance should be given to macroeconomic stability and rational fiscal policies in an environment where inflation dynamics still carry upside risks and economic activity slows down, and it is also noted that the labor market continues to remain strong.

The fact that the tight monetary policy steps taken to combat inflation have not had as severe a slowdown effect on economic activity in developed economies as expected has made the expectation of a soft landing in the global economy the main scenario of many institutions. Although the rapid tightening in monetary policies has not triggered a global recession as feared, the fact that fight against inflation has not yet come to an end and the guidance of central banks of advanced economies that they will maintain tight monetary policies for a longer period of time indicate that global economic growth and demand conditions will be under pressure in 2024.

As the comforting effect of the calm course of energy prices on the inflation side has ended and the possibility of a downward trend is quite low considering the geopolitical risks, as well as the rigidity in services inflation, central banks of developed countries need to maintain their tight monetary policies in order to achieve target inflation rates. In this context, we anticipate that central banks in developed economies will start their interest rate cut cycles towards the last quarter of the year, depending on data and inflation expectations. We would like to emphasize that even if we expect a decline in nominal interest rates, we believe that real interest rates will remain at a tight level that will not deteriorate the inflation outlook, in other words, monetary policies will continue to remain tight.

In 2024, we expect to see a controlled slowdown in domestic demand as the effects of the tight monetary policy implemented to combat inflation become more visible in the Turkish economy, which is expected to end 2023 with a growth rate above 4%. Although slowing domestic demand puts pressure on growth, we expect GDP growth to continue and the economy to grow by 4% in 2024 in line with the Medium-Term Program with the support of the reconstruction process, which we expect to continue throughout 2024.

The most significant headline of 2024 will be disinflation. We expect the effects of the tightening measures taken last year will become more evident, especially in the second half of the year. We foresee the CBRT to raise interest rates by another 250 basis points in January, completing the rate hike cycle at 45%. Annual inflation will continue to rise in the first half of the year due to the base effect and cumulative effects, peaking above 70% in May. After the disinflation process begins, we expect inflation to decline to 40% by the end of 2024, and the Central Bank's 2024 forecast is 36% with an upper band of 42%.

Disinflation will be a long process requiring patience and determination. In the September 2023 Medium-Term Program and the Inflation Report published by the CBRT, we find the road map consistent and the targets achievable. We believe that in a scenario where all stakeholders take responsibility and contribute to the process with harmonized policies, the Turkish economy will achieve price stability, which is a prerequisite for stable and sustainable growth, as soon as possible.

ŞEKERBANK'S CREDIT RATINGS

Fitch Ratings	
December 2023	
Long-term	
Long-Term Issuer Default Rating	B-
Long-Term LC Issuer Default Rating	B-
Short-term	
Short-Term Issuer Default Rating	B
Short-Term LC Issuer Default Rating	B
Outlook	Stable
National Long-Term Credit Rating	BBB+ (tur)
Viability Rating	b-
Subordinated Debt Rating	CCC

JCR Eurasia Rating	
October 2023	
Long-term International FC Issuer Credit Rating and Outlook	BB/Negative
Long-term International LC Issuer Credit Rating and Outlook	BB/Negative
Long-term National Issuer Credit Rating	A (tr) / Stable
Short-term National Issuer Credit Rating	J1 (tr) /Stable

Moody's	
January 2024	
Long-term	
Long-term FC Bank Deposit Rating	Caal
Long-term LC Bank Deposit Rating	Caal
Short-term	
Short-term FC Bank Deposit Rating	Not Prime (NP)
Short-term LC Bank Deposit Rating	Not Prime (NP)
Outlook	Positive
Long-term NSR Bank Deposits Rating	Baa3.tr
Short-term NSR Bank Deposits Rating	TR-3
Baseline Credit Assessment	caal

FIVE-YEAR FINANCIAL HIGHLIGHTS

Selected Unconsolidated Financial Indicators

(TL THOUSAND)	2019	2020	2021	2022	2023
Total Assets	30,596,129	37,504,455	50,756,043	63,244,174	81,367,575
Total Loans (Net)	19,834,152	23,966,460	28,819,203	34,257,718	41,179,297
Shareholders' Equity	1,976,583	2,636,078	2,957,944	4,695,094	7,603,823
Total Deposits	24,547,812	30,743,678	37,008,958	46,773,491	52,928,849
Net Profit/Loss	(684,082)	52,617	254,698	1,502,150	2,445,692

Unconsolidated Financial Ratios

(%)	2019	2020	2021	2022	2023
Capital Adequacy Ratio	13.40	14.47	16.67	20.72	27.22
Securities/Total Assets	11.61	12.60	11.72	18.70	15.24
Total Loans (Net) /Total Assets	64.83	63.90	56.78	54.17	50.61
Total Deposits/Total Assets	80.23	81.97	72.92	73.96	65.05
Total Loans (Net) /Total Deposits	80.80	77.96	77.87	73.24	77.80

Selected Consolidated Financial Indicators

(TL THOUSAND)	2019	2020	2021	2022	2023
Total Assets	32,045,027	39,538,664	54,045,003	68,981,436	90,741,896
Total Loans (Net)	20,897,133	25,032,658	30,411,318	36,170,631	43,709,358
Shareholders' Equity	1,960,749	2,764,791	3,366,128	6,837,481	12,732,625
Total Deposits	24,042,003	30,096,017	37,432,707	47,294,637	53,773,229
Net Profit/Loss	(782,215)	205,550	430,728	1,968,144	3,187,489

Consolidated Financial Ratios

(%)	2019	2020	2021	2022	2023
Capital Adequacy Ratio	12.48	13.89	16.32	23.28	31.45
Securities/Total Assets	11.20	12.32	11.38	17.67	14.15
Total Loans (Net) /Total Assets	65.21	63.31	56.27	52.44	48.17
Total Deposits/Total Assets	75.03	76.12	69.26	68.56	59.26
Total Loans (Net) /Total Deposits	86.92	83.18	81.24	76.48	81.28

AUDIT COMMITTEE'S ASSESSMENT OF THE INTERNAL SYSTEMS IN 2023

In order to ensure effective and efficient execution of the activities under the Internal Systems in 2023, the Audit Committee performed its oversight and audit responsibilities.

Internal Systems

The Risk Management Department operates under the active monitoring and supervision of the Board of Directors and the Board Member responsible for Internal Systems.

The Risk Management Department carries out its activities to determine, measure, analyze and monitor the Bank's risk exposure with a systematic approach.

Thus, the Risk Management Department uses advanced risk measurement, evaluation and analysis techniques in its assessment of credit risk, market risk, interest rate risk arising from banking accounts, liquidity risk and operational risk. The Unit ensures the timely and healthy functioning of information flow and reporting channels.

The Risk Management Department monitors domestic and international economic and financial developments as well as banking laws, rules and regulations. The Unit develops risk management solutions and applications based on its findings. As such, good corporate governance is conducted in an effective manner.

The Bank's senior management and business lines revise the Bank's risk management policies at least once a year with regard to the Bank's growth strategy and prevailing market conditions. The revised and updated policies come into force with the approval of the Board of Directors.

The major risks of the Bank - strategic risk, credit risk, market risk, interest rate risk arising from banking accounts, liquidity risk and operational risk - are limited in proportion to the Bank's net worth; as such, "risk limits" are structured and implemented. Compliance with the risk limits is taken into account in the Bank's strategic decision-making processes and is a mandatory agenda item at the Board meetings.

Within the Bank's "Internal Capital Adequacy Assessment Process," Şekerbank carries out stress tests and scenario analyses to measure the impact of the possible losses that may occur in the most extreme conditions on the Bank's financial structure. The results are presented to the Board of Directors. The "Internal Capital Adequacy Assessment Process" is considered to be a building block that is fed and developed by "Corporate Governance," rather than simply being a measurement process.

The credit rating system and the TFRS 9 expected loss model validations developed under

the supervision of the Risk Management Department are carried out regularly, and these models are updated as needed.

The Internal Audit Department is responsible for auditing whether the Bank's activities are conducted in accordance with the law, regulations enacted pursuant to the law, other relevant legislation, and in-house strategies, policies, principles, and targets; as well as to provide assurance to the senior management on the efficiency and adequacy of internal control and risk management systems. The Internal Audit Department is authorized to conduct audits, examinations and investigations in all departments, branches and subsidiaries of the Bank.

In accordance with the audit plan, which is annually approved by the Board of Directors, in 2023 the Department focused on "central audits" that use remote auditing techniques and performed process audits to test and evaluate the effectiveness, adequacy and compliance of the internal controls over the banking processes. In addition, the activities of the Bank regarding IS (Information Systems) management, the processes supporting these activities, and the IS controls defined were also examined within the framework of the provisions of the Regulation on Banks' Information Systems and Electronic Banking Services published by the BRSA and other relevant regulations.

In 2023, full inspections were carried out in 86 branches, credit inspections in 47 branches, operational transactions inspections in 47 branches, with 8 audits in Head Office units and service directorates, including 6 shareholding audits, 11 process audits, 11 support service procurement audits and 11 information systems audits. Thanks to the Bank's risk-based audit structure, a large part of Şekerbank's loan portfolio was audited and operational processes were reviewed in an effective manner using sampling techniques in 2023.

The audit results were grouped based on its importance and significance and reported to the Audit Committee, the Bank's senior management and relevant business units and the actions taken in response to the audit findings were also monitored closely by the Inspection Board.

Central and on-site control activities carried out by the Internal Control and Compliance Department continued in 2023, and the findings determined as a result of the controls were shared with the related business lines and branches, and actions taken were followed. The activities carried out within this framework were shared quarterly with the Internal Systems responsible and the Audit Committee.

Within the scope of the central controls of the Internal Control and Compliance Department, control activities regarding the effectiveness of the operational processes, accounting and financial reporting system were carried out. As per the Information Systems Control Plan approved by the Audit Committee, control activities on banking processes for the management of bank information systems by integrity, continuity, accessibility, and confidentiality

principles, and information systems and electronic banking services have been realized. To prevent interruptions of banking activities, Şekerbank carried out necessary controls to make sure that the Bank's business continuity and backup plans are efficient and in harmony with the current targets and strategic priorities.

As for the controls in place, it has been ensured that customer credit files, investment operations, branch operations and security activities were done in accordance with legal requirements and the Bank's internal regulations. Support services procured from third parties have also been checked to help prevent risks arising from support service purchases. In 2023, the processes of real estate, logistics, and appraisal have also been checked. The on-site controls of two partnerships have been completed. In addition, findings and recommendations were regularly presented to Business Lines and senior management. Control results and the outcomes of the findings were monitored at the branch and corresponding levels.

The Bank actively conducted control, monitoring, risk management, training and internal audit activities to combat money laundering and financing of terrorism. Reports on these activities and weekly and quarterly MASAK reports were prepared. As per our customer acceptance policy, measures continued to be taken to prevent the Bank from accepting as customers those individuals and entities for which there is doubt about the legality of the source of their wealth and funds. Continuous monitoring of whether the transaction carried out by the customer is compatible with the information on the customer's business, risk profile and fund sources throughout the business relationship, and controls of transactions carried out using

systems that enable non-face-to-face transactions were made. Controls were made through a scenario-based application, using the entire customer and transaction scenario list. National and international sanctions were closely monitored and necessary measures were ensured to be taken. The procedures regarding banking activities were reviewed by the Internal Control and Compliance Department for compliance with the Banking Law and the regulations authorized by the Law prior to its publication, and changes in the legislation were followed, interpreted and announced within the Bank. Business lines were provided with support about the revision of banking processes in terms of amendments in legislation, and the questions submitted were answered by conducting the necessary research. In 2023, the Bank's personnel were informed by following the amendments made in the regulations on Prevention of Laundering Proceeds of Crime and Financing of Terrorism and the General Communiqué on Investigation of Financial Crimes, necessary works were completed, and our Bank's processes were aligned with these amendments.

INDEPENDENT AUDIT COMPANY

Neither DRT Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (DELOITTE), which carries out the independent audit of Şekerbank nor the audit company employees and other personnel employed by the company, render consultancy services to the Bank with or without charge. Independent audit companies are subject to rotation at certain intervals pursuant to the regulations of the Banking Regulation and Supervision Agency and the Turkish Commercial Code.

Accordingly, based on the decision of the Board of Directors, it was decided to procure an independent audit service for the Bank from DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi for the 2023 accounting period; and it has been approved at the Ordinary General Assembly Meeting on March 29, 2023.

INDEPENDENT AUDIT COMPANY'S COMPLIANCE OPINION



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To General Assembly of Şekerbank T.A.Ş.

1) Qualified Opinion

As we have audited the full set consolidated and unconsolidated financial statements of Şekerbank T.A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2023-31/12/2023, we have also audited the annual report for the same period.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our Auditor's Report dated 16 February 2024, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Bank's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

2) Basis for Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2023 include a free provision of TL 2,900,000 thousand, of which TRL 1,750,000 thousand was recognized as expense in the prior periods and TL 1,150,000 thousand was recognized as expense in the current period; with a deferred tax asset for this free provision amounting to TL 870,000 thousand, of which TL 437,500 thousand was recognized in the prior periods and TL 432,500 thousand was recognized in the current period, provided by the Bank management due to the possible effects of negative developments that may occur in the economy and markets which does not meet the

requirements of BRSA Accounting and Financial Reporting Legislation. As of 31 December 2023, if the related free provision had not been provided, other provisions would have been TL 2,900,000 thousand less and deferred tax asset would have been TL 870,000 thousand less, retained earnings would have been TL 1,312,500 thousand more and net profit for the period would have been TL 717,500 thousand more.

The accompanying consolidated financial statements as of 31 December 2023 include a free provision of TL 3,005,564 thousand, of which TL 1,832,500 thousand was recognized as expense in previous periods and TL 1,173,064 thousand was recognized as expense in the current period, with a deferred tax asset for this free provision amounting to TL 901,669 thousand of which TL 458,125 thousand was recognized in the prior periods and TL 443,544 thousand was recognized in the current period, provided by the Bank management due to the possible effects of negative developments that may occur in the economy and markets which does not meet the requirements of BRSA Accounting and Financial Reporting Legislation. As of 31 December 2023, if the related free provision had not been provided, other provisions would have been TL 3,005,364 thousand less and deferred tax asset would have been TL 901,669 thousand less, retained earnings would have been TL 1,374,375 thousand more and net profit for the period would have been TL 729,520 thousand more.

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

3) Auditor's Opinion for the Full Set of Consolidated and Unconsolidated Financial Statements

We have presented qualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2023-31/12/2023 in the Basis for Qualified Opinion section of our Auditor's Report dated 16 February 2024.

INDEPENDENT AUDIT COMPANY'S COMPLIANCE OPINION

Deloitte.

4) Other Matters

The independent audit of the consolidated and unconsolidated financial statements of the Bank and its consolidated subsidiaries for the year ended 31 December 2022 has been performed by another independent auditor who expressed a qualified opinion in the independent auditor's report dated 28 February 2023.

5) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- The annual report also includes the matters stated below:
 - The significant events occurred in the Bank's activities subsequent to the financial year ends,
 - The Bank's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

6) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated and unconsolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the consolidated and unconsolidated financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mehmet Erol.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



Mehmet Erol, SMMM
Partner

İstanbul, 11 March 2024

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Unconsolidated Financial Statements for the Year Ended 31 December 2023 with Auditor's Report Thereon

*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and
Footnotes Originally Issued in Turkish)*

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Şekerbank T.A.Ş.

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

We have audited the unconsolidated financial statements of Şekerbank T.A.Ş (the "Bank"), which comprise the unconsolidated balance sheet as at 31 December 2023, and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted for under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and, notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the unconsolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2023, and its unconsolidated financial performance and its cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

As stated in Note 2.9.d.1 of Section 5, the accompanying unconsolidated financial statements as at 31 December 2023 include a free provision of TL 2,900,000 thousand, of which TRL 1,750,000 thousand was recognized as expense in the prior periods and TL 1,150,000 thousand was recognized as expense in the current period; with a deferred tax asset for this free provision amounting to TL 870,000 thousand, of which TL 437,500 thousand was recognized in the prior periods and TL 432,500 thousand was recognized in the current period, provided by the Bank management due to the possible effects of negative developments that may occur in the economy and markets which does not meet the requirements of BRSA Accounting and Financial Reporting Legislation. As of 31 December 2023, if the related free provision had not been provided, other provisions would have been TL 2,900,000 thousand less and deferred tax asset would have been TL 870,000 thousand less, retained earnings would have been TL 1,312,500 thousand more and net profit for the period would have been TL 717,500 thousand more.

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

3) 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
<p>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</p> <p>Impairment of loans is a key area of judgment for the management. The Bank has the total loans and receivables amounting to TL 42,568,781 thousands, which comprise 52% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 1,389,484 as at 31 December 2023.</p> <p>As of 1 January 2018, the Bank has started to recognize provisions for impairment in accordance with TFRS 9 and also “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been applied the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note 1.5.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets’ exposure periods.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p>

Key Audit Matters	How the matter was addressed in the audit
	<p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Bank’s policy by means of supporting data, and evaluated appropriateness via communications with management.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and receivables and related impairment provisions.</p>
<p>Information Technologies Audit</p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • We identified and tested the Banks' controls over information systems as part of our audit procedures. • Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> • Security management • Change management • Operations management • We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

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

The independent audit of the unconsolidated financial statements of the Bank for the year ended 31 December 2022 has been performed by another independent auditor who expressed a qualified opinion in the independent auditor's report dated 28 February 2023.

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

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

In preparing the 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.

6) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the 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 the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mehmet Erol.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Mehmet Erol, SMMM
Partner

İstanbul, 16 February 2024

**THE UNCONSOLIDATED FINANCIAL REPORT OF ŞEKERBANK T.A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2023**

Address	:	Emniyet Evleri Mah. Eski Büyükdere Cad. No:1/1A 34415 Kağıthane / İstanbul
Telephone	:	(212) 319 70 00
Fax	:	(212) 319 73 79
Web Site	:	www.sekerbank.com.tr
E-mail Address	:	https://www.sekerbank.com.tr/hakimizda/iletisimformu

The unconsolidated financial report for the designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **Thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

The 31 December 2023 financial tables are audited and they do not include any false explanation in material subjects and absences that may result in misleading statements and fairly reflect the Bank's financial position, the risks faced and uncertainty.

		
Dr. Hasan Basri GÖKTAN Chairman of The Board of Directors	Ayşe Aybala ŞİMŞEK GALPIN General Manager	Hikmet Aydın SİMİT Member of the Audit Committee
		
Levend TORUSDAĞ Member of the Audit Committee	Burak Latif LATİFOĞLU Executive Vice President	Ahu ALÇİÇEK PEKSAN Department Head

Information related to responsible personnel for the questions about financial statements:

Name-Surname / Title	: Oya SARI / Financial Institutions and Investor Relations Department Unit Manager
Telephone No	: (212) 319 71 58
Fax No	: (212) 319 71 62

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ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Bank's Incorporation Date, Beginning Status, History of the Bank Containing the Changes in the Mentioned Status

Şekerbank T.A.Ş. ('the Bank') was founded in 1953 as a Turkish bank with 14 partners in Eskişehir and started its operations under Pancar Kooperatifleri Bankası A.Ş. in Eskişehir and changed the name to Şekerbank T.A.Ş. by moving headquarters to Ankara in 1956. The Bank gained private bank status in 1993, 15 % of the Bank shares were offered to public in 1997. Headquarters was moved to İstanbul in 2004. The Bank's one of the main shareholders, Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı, gives its members additional social rights and retirement assurances in the social security system. The Bank has affiliates and subsidiaries in the finance, real estates and tourism sectors.

Business line of the Bank covers extending all kinds of cash and non-cash loans in Turkish Lira and foreign currency and carrying out capital market transactions, accepting deposits in TRL and FC and providing other banking services.

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

Name of Shareholders	Amounts of Share	Share (%)	Paid in Capital	Unpaid Capital
Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	569,600	30.62	569,600	-
Samruk-Kazyna Invest LLP	224,353	12.06	224,353	-
Şekerbank T.A.Ş. Personeli Sosyal Sigorta Sandığı Vakfı	122,530	6.59	122,530	-
Other	943,517	50.73	943,517	-
Total	1,860,000	100.00	1,860,000	-

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION ONE (cont'd)

GENERAL INFORMATION (cont'd)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Executive Vice Presidents and Their Shares and Their Rights of Responsibility in the Bank

Title	Name and Surname	Responsibility Areas
Chairman of the Board of Directors	Dr. Hasan Basri Gökten	Chairman & Executive Board Member, Corporate Governance Committee, Remuneration Committee, Credit Committee (reserve member)
General Manager	Ayşe Aybala Şimşek Galpin	General Manager, Credit Committee, Remuneration Committee
Members of the Board of Directors	Yernar Zhanadil	Vice-Chairman, Remuneration Committee, Credit Committee (reserve member)
	Mehmet Ayhan Altıntaş	Independent Member, Internal Systems, Corporate Governance Committee
	Orhan Karakaş	Executive Board Member, Credit Committee
	Çetin Aydın	Executive Board Member, Remuneration Committee, Credit Committee
	Nariman Zharkinbayev	Executive Board Member, Credit Committee
	Almat Zhamiyev	Corporate Governance Committee
	Levend Torusdağ	Audit Committee
	Hikmet Aydın Simit	Audit Committee, Credit Committee (reserve member)
	Prof. Dr. Turgay Berksoy	-
	Mirat Utepov	-
Executive Vice Presidents (**)	Ender Dilekçi	Credit Management
	Fahrettin Özcan	Audit
	Hüseyin Üst	Credit Monitoring and NPL Management
	Burak Latif Latifoğlu	Financial Control, Reporting and Budget Management
	Mehmet Ak	Information Technologies
	Şükrü Tuğbay Kumoğlu	SME, Retail and Agricultural Banking
	Fatma Nur Çetinel (*)	Treasury and Financial Institutions
	Mutlu Akpara (*)	-

According to Communiqué on Corporate Governance Principles of Capital Markets Board, No: II-17.1, Audit Committee members of the banks are accepted as independent members of the Board of Directors.

(*) As of 7 December 2023, departments related to Treasury are connected to Executive Vice President Fatma Nur Çetinel. Executive Vice President Mutlu Akpara, has resigned as of January 2024.

(**) As of 2 January 2024, Executive Vice President responsible for Credit Management, Ender Dilekçi, continues his duty as Executive Vice President of Credit Monitoring and NPL Management; Executive Vice President responsible for Audit, Fahrettin Özcan, continues his duty as Executive Vice President of Credit Management; Executive Vice President responsible for Credit Monitoring and NPL Management, Hüseyin Üst, continues his duty as Executive Vice President of SME Banking; Executive Vice President responsible for SME, Retail and Agricultural Banking, Şükrü Tuğbay Kumoğlu, continues his duty as Executive Vice President of Retail, Business and Agricultural Banking.

IV. Information About the Person and Institutions That Have Qualified Shares in the Bank:

Name/ Commercial Name	Amounts of Share TRL Thousand	Share (%)	Paid Capital in TRL Thousand	Unpaid Capital
Şekerbank T.A.Ş.				
Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	569,600	30.62	569,600	-
Samruk-Kazyna Invest LLP	224,353	12.06	224,353	-

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION ONE (cont'd)

GENERAL INFORMATION (cont'd)

V. Summary on the Bank's Functions and Areas of Activity

Business line of the Bank covers extending all kinds of cash and non-cash loans in Turkish Lira and foreign currency and carrying out capital market transactions, accepting deposits in TRL and FC and providing other banking services. As of 31 December 2023, the Bank has 238 domestic branches and 3,703 employees (31 December 2022 – 238 domestic branches – 3,427 employees).

VI. Differences Between The Communique on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About The Institutions Subject to Line-By-Line Method or Proportional Consolidation and Institutions Which Are Deducted From Equity or Not Included in These Three Methods

According to the Communique On Preparation Of Consolidated Financial Statements Of Banks, the Bank's subsidiaries Şekerbank (Kıbrıs) Ltd., Şeker Finansal Kiralama A.Ş., Şeker International Banking Unit Ltd., Şeker Yatırım Menkul Değerler A.Ş., Şeker Faktoring A.Ş. and Şeker Gayrimenkul Yatırım Ortaklığı A.Ş are included in the scope of consolidation by line-by-line method.

Seltur Turistik İşletmeler Yatırım A.Ş. is not consolidated in the financial statements since the Bank has no control and it is not a financial subsidiary.

According to Turkish Accounting Standards, all financial and non-financial subsidiaries are consolidated.

VII. The Existing or Potential, Actual or Legal Obstacles on The Transfer of Shareholders' Equity Between The Parent Bank and its Subsidiaries or The Reimbursement of Liabilities

There is no transfer of the shareholders' equity between the Bank and its subsidiaries. Dividend distribution from shareholders' equity is done according to related regulations. There is no existing or potential, actual or legal obstacle to the repayment of liabilities between the Bank and its subsidiaries.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Contingencies and Commitments
- III. Statement of Income
- 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

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note Ref.	TRL THOUSAND					
		Audited			Audited		
		CURRENT PERIOD 31.12.2023			PRIOR PERIOD 31.12.2022		
	TRL	FC	Total	TRL	FC	Total	
I. FINANCIAL ASSETS(Net)		7,973,404	11,550,327	19,523,731	1,757,600	10,146,684	11,904,284
1.1 Cash and Cash Equivalents		7,872,628	11,324,388	19,197,016	1,602,317	10,016,514	11,618,831
1.1.1 Cash and Balances with Central Bank	(1)	2,104,358	9,697,111	11,801,469	1,525,250	8,924,161	10,449,411
1.1.2 Banks	(3)	892	1,636,233	1,637,125	338	1,102,149	1,102,487
1.1.3 Money Market Placements		5,773,661	-	5,773,661	78,603	-	78,603
1.1.4 Expected Losses (-)		(6,283)	(8,956)	(15,239)	(1,874)	(9,796)	(11,670)
1.2 Financial Assets at Fair Value Through Profit and Loss	(2)	52,844	189,653	242,497	11,515	109,492	121,007
1.2.1 Public Sector Debt Securities		52,192	25,594	77,786	11,515	26,281	37,796
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		652	164,059	164,711	-	83,211	83,211
1.3 Financial Assets at Fair Value Through Comprehensive Income	(4)	18,967	-	18,967	120,205	-	120,205
1.3.1 Public Sector Debt Securities		-	-	-	106,677	-	106,677
1.3.2 Equity Securities		18,967	-	18,967	13,528	-	13,528
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(2),(11)	28,965	36,286	65,251	23,563	20,678	44,241
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		28,965	36,286	65,251	23,563	20,678	44,241
1.4.2 Derivative Financial Assets Measured at Fair Value Through Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS AT AMORTISED COST (NET)		33,272,496	19,934,726	53,207,222	29,144,577	16,600,818	45,745,395
2.1 Loans	(5)	27,176,874	15,391,907	42,568,781	22,241,750	13,529,236	35,770,986
2.2 Leasing Receivables	(10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets at Amortised Cost	(6)	7,349,932	4,791,015	12,140,947	8,351,714	3,233,175	11,584,889
2.4.1 Public Sector Debt Securities		7,263,429	4,013,357	11,276,786	5,734,836	2,545,390	8,280,226
2.4.2 Other Financial Assets		86,503	777,658	864,161	2,616,878	687,785	3,304,663
2.5 Expected Losses (-)		(1,254,310)	(248,196)	(1,502,506)	(1,448,887)	(161,593)	(1,610,480)
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	331,998	-	331,998	388,728	-	388,728
3.1 Held for Sale		331,998	-	331,998	388,728	-	388,728
3.2 Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(7)	1,139,045	7,083	1,146,128	966,945	7,083	974,028
4.1 Associates (Net)		4,140	-	4,140	4,140	-	4,140
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4,140	-	4,140	4,140	-	4,140
4.2 Subsidiaries (Net)	(8)	1,134,905	7,083	1,141,988	962,805	7,083	969,888
4.2.1 Unconsolidated Financial Investments in Subsidiaries		1,134,905	7,083	1,141,988	962,805	7,083	969,888
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(12)	2,697,528	-	2,697,528	1,708,560	-	1,708,560
VI. INTANGIBLE ASSETS (Net)	(13)	150,690	-	150,690	140,114	-	140,114
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		150,690	-	150,690	140,114	-	140,114
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(15)	1,388,740	-	1,388,740	651,090	-	651,090
X. OTHER ASSETS (Net)	(17)	2,756,826	164,712	2,921,538	1,583,783	148,192	1,731,975
TOTAL ASSETS		49,710,727	31,656,848	81,367,575	36,341,397	26,902,777	63,244,174

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

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
LIABILITIES	Note Ref.	TRL THOUSAND					
		Audited			Audited		
		CURRENT PERIOD 31.12.2023			PRIOR PERIOD 31.12.2022		
	TRL	FC	Total	TRL	FC	Total	
I. DEPOSITS	(1)	27,686,995	25,241,854	52,928,849	23,153,275	23,620,216	46,773,491
II. FUNDS BORROWED	(3)	-	6,226,330	6,226,330	4,547	3,749,750	3,754,297
III. MONEY MARKET BALANCES	(4)	3,176,898	1,630,447	4,807,345	1,169,643	-	1,169,643
IV. MARKETABLE SECURITIES ISSUED (Net)	(5)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	(2),(8)	34,263	64,445	98,708	23,563	85,258	108,821
VII. DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
7.1 Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss		34,263	64,445	98,708	23,563	85,258	108,821
7.2 Derivative Financial Liabilities Measured at Fair Value Through Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(7)	578,543	184	578,727	447,509	113	447,622
X. PROVISIONS	(9)	3,643,200	7,770	3,650,970	2,653,890	25,788	2,679,678
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		383,334	-	383,334	331,906	-	331,906
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		3,259,866	7,770	3,267,636	2,321,984	25,788	2,347,772
XI. CURRENT TAX LIABILITY	(10)	459,512	-	459,512	166,288	-	166,288
XII. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	(12)	456,052	2,517,044	2,973,096	452,621	1,598,776	2,051,397
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		456,052	2,517,044	2,973,096	452,621	1,598,776	2,051,397
XV. OTHER LIABILITIES	(6)	1,855,325	184,890	2,040,215	1,236,868	160,975	1,397,843
XVI. SHAREHOLDERS' EQUITY	(13)	7,603,823	-	7,603,823	4,695,094	-	4,695,094
16.1 Paid-in Capital		1,860,000	-	1,860,000	1,860,000	-	1,860,000
16.2 Capital Reserves		(26,253)	-	(26,253)	(9,044)	-	(9,044)
16.2.1 Share Premium		909	-	909	909	-	909
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(27,162)	-	(27,162)	(9,953)	-	(9,953)
16.3 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		964,428	-	964,428	382,756	-	382,756
16.3 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		-	-	-	(3,701)	-	(3,701)
16.5 Profit Reserves		2,360,327	-	2,360,327	965,369	-	965,369
16.5.1 Legal Reserves		224,330	-	224,330	130,798	-	130,798
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1,976,597	-	1,976,597	701,056	-	701,056
16.5.4 Other Profit Reserves		159,400	-	159,400	133,515	-	133,515
16.6 Profit or Loss		2,445,321	-	2,445,321	1,499,714	-	1,499,714
16.6.1 Prior Years' Income/ (Loss)		(371)	-	(371)	(2,436)	-	(2,436)
16.6.2 Current Year Income/ (Loss)		2,445,692	-	2,445,692	1,502,150	-	1,502,150
TOTAL LIABILITIES		45,494,611	35,872,964	81,367,575	34,003,298	29,240,876	63,244,174

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

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SEKERBANK T.A.S. UNCONSOLIDATED OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
	Note Ref.	TRL THOUSAND					
		Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		TRL	FC	Total	TRL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		14,983,322	25,763,750	40,747,072	15,153,446	27,972,049	43,125,495
I. GUARANTEES AND SURETIES	(1)	5,760,383	2,591,733	8,352,116	5,257,730	2,119,208	7,376,938
1.1. Letters of guarantee		5,272,896	2,304,565	7,577,461	4,590,932	1,704,585	6,295,517
1.1.1. Guarantees subject to State Tender Law		438,911	15,052	453,963	266,239	11,325	277,564
1.1.2. Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3. Other letters of guarantee		4,833,985	2,289,513	7,123,498	4,324,693	1,693,260	6,017,953
1.2. Bank loans		-	-	-	-	684	684
1.2.1. Import letter of acceptance		-	-	-	-	684	684
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	81,675	81,675	-	130,312	130,312
1.3.1. Documentary letters of credit		-	81,675	81,675	-	130,312	130,312
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		384,377	-	384,377	565,518	238,962	804,480
1.5.1. Endorsements to the Central Bank of Turkey		384,377	-	384,377	565,518	238,962	804,480
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for securities issued		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		103,110	205,493	308,603	101,280	44,665	145,945
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(1)	7,300,411	295,265	7,595,676	5,159,141	109,959	5,269,100
2.1. Irrevocable commitments		5,068,367	295,265	5,363,632	4,054,780	109,959	4,164,739
2.1.1. Forward asset purchase commitments		52,537	217,302	269,839	14,373	70,280	84,653
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		2,730,036	77,963	2,807,999	2,322,492	39,679	2,362,171
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		1,013,275	-	1,013,275	769,392	-	769,392
2.1.8. Tax and fund liabilities from export commitments		-	13,946	13,946	-	8,625	8,625
2.1.9. Commitments for credit card expenditure limits		1,254,156	-	1,254,156	937,545	-	937,545
2.1.10. Commitments for promotions related with credit cards and banking activities		4,417	-	4,417	2,353	-	2,353
2.1.11. Receivables from short sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables for short sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments	(4)	2,232,044	-	2,232,044	1,104,361	-	1,104,361
2.2.1. Revocable loan granting commitments		2,232,044	-	2,232,044	1,104,361	-	1,104,361
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1,922,528	22,876,752	24,799,280	4,736,575	25,742,882	30,479,457
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		1,922,528	22,876,752	24,799,280	4,736,575	25,742,882	30,479,457
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	343,905	343,905
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	165,330	165,330
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	178,575	178,575
3.2.2. Swap transactions related to f.c. and interest rates		1,922,528	19,865,962	21,788,490	4,637,633	22,583,947	27,221,580
3.2.2.1. Foreign currency swap-buy		-	8,093,873	8,093,873	1,865,832	9,434,068	11,299,900
3.2.2.2. Foreign currency swap-sell		1,922,528	9,216,979	11,139,507	2,771,801	11,295,419	14,067,220
3.2.2.3. Interest rate swaps-buy		-	1,277,555	1,277,555	-	927,230	927,230
3.2.2.4. Interest rate swaps-sell		-	1,277,555	1,277,555	-	927,230	927,230
3.2.3. Foreign currency, interest rate and securities options		-	-	-	98,942	96,402	195,344
3.2.3.1. Foreign currency options-buy		-	-	-	98,942	-	98,942
3.2.3.2. Foreign currency options-sell		-	-	-	-	96,402	96,402
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		-	3,010,790	3,010,790	-	2,718,628	2,718,628
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		906,884,975	1,039,847,804	1,946,732,779	825,729,701	783,646,449	1,609,376,150
IV. ITEMS HELD IN CUSTODY		7,244,290	7,959,250	15,203,540	5,820,689	4,164,316	9,985,005
4.1. Customer fund and portfolio balances		-	-	-	-	-	-
4.2. Investment securities held in custody		126,162	3,732,533	3,858,695	126,162	1,087,138	1,213,300
4.3. Checks received for collection		6,382,356	111,498	6,493,854	5,160,034	167,216	5,327,250
4.4. Commercial notes received for collection		731,655	691,833	1,423,488	524,697	682,415	1,207,112
4.5. Other assets received for collection		2,580	2,540,226	2,542,806	2,580	1,666,583	1,669,163
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		1,536	883,160	884,696	7,215	560,964	568,179
4.8. Custodians		1	-	1	1	-	1
V. PLEDGED ITEMS		898,196,641	1,031,148,218	1,929,344,859	818,233,239	778,695,473	1,596,928,712
5.1. Marketable securities		-	284,896	284,896	-	84,943	84,943
5.2. Guarantee notes		232,648,834	196,940,637	429,589,471	182,061,653	123,987,268	306,048,921
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		70,088,109	48,878,189	118,966,298	153,784,677	155,577,670	309,362,347
5.6. Other pledged items		593,823,829	784,983,033	1,378,806,862	480,504,031	498,962,180	979,466,211
5.7. Pledged items-depository		1,635,869	61,463	1,697,332	1,882,878	83,412	1,966,290
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		1,444,044	740,336	2,184,380	1,675,773	786,660	2,462,433
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		921,868,297	1,065,611,554	1,987,479,851	840,883,147	811,618,498	1,652,501,645

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

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SEKERBANK T.A.S. UNCONSOLIDATED STATEMENT OF INCOME			
	Note Ref.	TRL THOUSAND	
		Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
		01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
I. INTEREST INCOME	(1)	11,566,351	8,529,661
1.1. Interest on Loans		6,917,510	5,623,709
1.2. Interest Received From Reserve Deposits		7,865	23,332
1.3. Interest Received From Banks		44,484	23,098
1.4. Interest Received From Money Market Placements		1,248,648	248,361
1.5. Interest Received From Marketable Securities Portfolio		3,343,530	2,609,600
1.5.1. Financial Assets at Fair Value Through Profit and Loss		9,152	2,138
1.5.2. Financial Assets at Fair Value Through Comprehensive Income		910	44,752
1.5.3. Financial Assets at Amortised Cost		3,333,468	2,562,710
1.6. Financial Leasing Income		-	-
1.7. Other Interest Income		4,314	1,561
II. INTEREST EXPENSE (-)	(2)	5,961,403	3,941,216
2.1. Interest on Deposits		4,111,000	2,546,424
2.2. Interest on Funds Borrowed		334,660	126,478
2.3. Interest on Money Market Transactions		840,046	570,812
2.4. Interest on Securities Issued		369,171	272,029
2.5. Leasing Interest Expense		139,926	85,113
2.6. Other Interest Expense		166,600	340,360
III. NET INTEREST INCOME (I - II)		5,604,948	4,588,445
IV. NET FEES AND COMMISSIONS INCOME		818,514	382,574
4.1. Fees and Commissions Received		2,515,118	1,525,680
4.1.1. Non-cash Loans		150,720	101,845
4.1.2. Other		2,364,398	1,423,835
4.2. Fees and Commissions Paid		1,696,604	1,143,106
4.2.1. Non-cash Loans		-	-
4.2.2. Other		1,696,604	1,143,106
V. DIVIDEND INCOME	(3)	23,597	33,456
VI. NET TRADING INCOME/LOSSES (NET)	(4)	474,304	40,305
6.1. Trading gains/ (losses) on securities		99,463	25,269
6.2. Gains/(Losses) on derivative financial transactions		112,445	(271,456)
6.3. Foreign exchange gains/ (losses)		262,396	286,492
VII. OTHER OPERATING INCOME	(5)	1,245,153	704,755
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		8,166,516	5,749,535
IX. EXPECTED LOSSES PROVISIONS (-)	(6)	298,952	120,044
X. OTHER PROVISIONS (-)	(6)	1,133,477	1,352,361
XI. PERSONNEL EXPENSES (-)		2,280,019	1,134,282
XII. OTHER OPERATING EXPENSES (-)	(7)	2,081,400	1,299,860
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		2,372,668	1,842,988
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV. GAIN / (LOSS) ON EQUITY METHOD		-	-
XVI. GAIN / (LOSS) ON NET MONETARY POSITION PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(8)	2,372,668	1,842,988
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	73,024	(340,838)
17.1. Current tax charge		(867,707)	(770,042)
17.2. Deferred tax charge (+)		(134,559)	(33,772)
17.3. Deferred tax credit (-)		1,075,290	462,976
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS(XVII±XVIII)	(10)	2,445,692	1,502,150
XX. INCOME ON DISCONTINUED OPERATIONS		-	-
20.1. Income on assets held for sale		-	-
20.2. Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
20.3. Income on other discontinued operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1. Loss from assets held for sale		-	-
21.2. Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
21.3. Loss from other discontinued operations		-	-
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	(8)	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	-	-
23.1. Current tax charge		-	-
23.2. Deferred tax charge (+)		-	-
23.3. Deferred tax credit (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(10)	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(11)	2,445,692	1,502,150
Earnings per share (Full TRL)		1.315	0.808

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
	TRL THOUSAND		
	Audited	Audited	
	CURRENT PERIOD 01.01.2023 – 31.12.2023	PRIOR PERIOD 01.01.2022 – 31.12.2022	
I. PROFIT/LOSS FOR THE PERIOD	2,445,692	1,502,150	
II. OTHER COMPREHENSIVE INCOME	585,373	220,287	
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	581,672	220,633	
2.1.1 Revaluation Surplus on Tangible Assets	837,192	490,109	
2.1.2 Revaluation Surplus on Intangible Assets	-	-	
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(53,672)	(182,414)	
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-	
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(201,848)	(87,062)	
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	3,701	(346)	
2.2.1 Translation Differences	-	-	
Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	4,934	(708)	
2.2.2 Gains/losses from Cash Flow Hedges	-	-	
2.2.3 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-	
2.2.4 Other Income/Expense Items to be Recycled to Profit or Loss	-	-	
2.2.5 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(1,233)	362	
2.2.6			
III. TOTAL COMPREHENSIVE INCOME (I+II)	3,031,065	1,722,437	

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	Note Ref.	ŞEKERBANK T.A.Ş. UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY												
		TRL THOUSAND					Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss							
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Asset	Accumulated Remeasurements in Gains/Losses of Defined Benefit Pension Plan	Other	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gains/Losses of the Financial Assets at Fair Value Through Other Comprehensive Income	Other	Profit Reserves	Prior Period Profit/(Loss)	Current Period Profit/(Loss)
I. Balances at Beginning of Period		1,860,000	900	-	(9,953)	194,110	(32,101)	-	(3,355)	-	670,545	277,789	-	2,957,944
II. Correction Made as Per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
III. Effect of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Balances at the Beginning of the Period (I+II)	(13)	1,860,000	900	-	(9,953)	194,110	(32,101)	-	(3,355)	-	670,545	277,789	-	2,957,944
V. Total Comprehensive Income		-	-	-	-	355,444	(13,481)	-	(346)	-	-	-	1,502,150	1,722,437
VI. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Contribution to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease due to Other Changes		-	-	-	-	-	114	-	-	-	26,287	(2,436)	(2,436)	(2,436)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	268,537	(2,685,537)	171,49	171,49
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	268,537	(2,685,537)	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		1,860,000	900	-	(9,953)	549,554	(166,798)	-	(3,701)	-	965,369	(2,436)	1,502,150	4,695,094
I. Balances at Beginning of Period		1,860,000	900	-	(9,953)	549,554	(166,798)	-	(3,701)	-	965,369	1,499,714	-	4,695,094
II. Correction Made as Per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
III. Effect of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Balances at the Beginning of the Period (I+II)	(13)	1,860,000	900	-	(9,953)	549,554	(166,798)	-	(3,701)	-	965,369	1,499,714	-	4,695,094
V. Total Comprehensive Income		-	-	-	-	608,016	(26,344)	-	3,701	-	-	-	2,445,692	3,031,065
VI. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Contribution to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	1,394,958	(2,934)	(2,934)	(2,934)
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	396	(14,647)	(14,647)	(14,647)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	1,394,562	(105,151)	(105,151)	(105,151)
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		1,860,000	900	-	(27,162)	1,157,570	(193,142)	-	3,701	-	2,360,327	(371)	2,445,692	7,603,823

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

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

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SEKERBANK T.A.Ş. UNCONSOLIDATED STATEMENT OF CASH FLOWS			
	Note Ref.	TRL THOUSAND	
		Audited	Audited
		CURRENT PERIOD 01.01.2023 – 31.12.2023	PRIOR PERIOD 01.01.2022 – 31.12.2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(1,669,965)	1,569,926
1.1.1 Interest Received		8,775,850	5,917,518
1.1.2 Interest Paid		(5,356,498)	(3,634,471)
1.1.3 Dividend Received		23,597	33,456
1.1.4 Fees and Commissions Received		2,515,118	1,525,680
1.1.5 Other Income		894,723	745,060
1.1.6 Collections From Previously Written Off Loans		518,829	663,286
1.1.7 Cash Payments to Personnel and Service Suppliers		(2,261,448)	(1,101,113)
1.1.8 Taxes Paid		(614,905)	(666,998)
1.1.9 Others		(6,165,231)	(1,912,492)
1.2 Changes in Operating Assets and Liabilities		5,582,215	(1,011,730)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(120,779)	(42,075)
1.2.2 Net (Increase) Decrease in Due From Banks		-	-
1.2.3 Net (Increase) Decrease in Loans		1,695,039	(545,320)
1.2.4 Net (Increase) Decrease in Other Assets	(1)	1,390,836	(1,901,132)
1.2.5 Net Increase (Decrease) in Bank Deposits		6,087,293	(1,137,846)
1.2.6 Net Increase (Decrease) in Other Deposits		(6,766,245)	2,082,145
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		2,462,876	854,559
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(1)	833,195	(322,061)
I. Net Cash Provided From Banking Operations		3,912,250	558,196
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow Provided From Investing Activities		4,542,311	(2,259,701)
2.1 Cash Paid for Purchase of Entities Under Common Control, Associates and Subsidiaries		(189,999)	(154,136)
2.2 Cash Obtained From Sale of Entities Under Common Control, Associates and Subsidiaries		122,436	-
2.3 Purchases of Tangible Assets		(111,045)	(92,594)
2.4 Sales of Tangible Assets		142,776	646,114
2.5 Purchase of Financial Assets at Fair Value Through Comprehensive Income		(3,531)	(6,082)
2.6 Sale of Financial Assets at Fair Value Through Comprehensive Income		107,246	46,470
2.7 Purchase of Financial Assets at Amortised Cost		(4,581,813)	(5,085,277)
2.8 Sale of Financial Assets at Amortised Cost		9,118,269	2,436,533
2.9 Others		(62,028)	(50,729)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(733,497)	(424,252)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(363,298)	(272,750)
3.3 Equity Instruments Issued		(17,209)	-
3.4 Dividends Paid		(104,755)	-
3.5 Payments for Leases		(245,301)	(149,066)
3.6 Others		(2,934)	(2,436)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	1,548,643	967,662
V. Net Increase/(Decrease) in Cash and Cash Equivalents		9,269,707	(1,158,095)
VI. Cash and Cash Equivalents at Beginning of the Period	(2)	2,766,927	3,925,022
VII. Cash and Cash Equivalents at End of the Period	(3)	12,036,634	2,766,927

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SEKERBANK T.A.Ş. UNCONSOLIDATED PROFIT DISTRIBUTION TABLE			
	Note Ref.	TRL THOUSAND	
		Audited	Audited
		CURRENT PERIOD 01.01.2023 – 31.12.2023(*)	PRIOR PERIOD 01.01.2022 – 31.12.2022
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1 CURRENT YEAR INCOME		2,372,668	1,842,988
1.2 TAXES AND DUTIES PAYABLE (-)		73,024	(340,838)
1.2.1 Corporate tax (Income tax)		(867,707)	(770,042)
1.2.2 Income withholding tax		-	-
1.2.3 Other taxes and duties		940,731	429,204
A. NET INCOME FOR THE YEAR (1.1-1.2)		2,445,692	1,502,150
1.3 PRIOR YEARS' LOSSES (-)		-	2,436
1.4 FIRST LEGAL RESERVES (-)		-	75,108
1.5 OTHER STATUTORY RESERVES (-)		-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]		2,445,692	1,424,606
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	93,000
1.6.1 To owners of ordinary shares		-	93,000
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 (-)		-	12,151
1.9.1 To owners of ordinary shares		-	12,151
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 (-)		-	1,215
1.11 STATUTORY RESERVES (-)		-	-
1.12 EXTRAORDINARY RESERVES		-	1,292,355
1.13 OTHER RESERVES		-	-
1.14 SPECIAL FUNDS		-	25,885
II. DISTRIBUTION OF RESERVES			
2.1 DISTRIBUTED 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(Full TRL)		1.31	0.81
3.2 TO OWNERS OF ORDINARY SHARES (%)		131.49	80.76
3.3 TO OWNERS OF PREFERRED SHARES		-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	0.06
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	5.65
4.3 TO OWNERS OF PREFERRED SHARES		-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)		-	-

(*) The decision on profit distribution will be made at the general assembly meeting.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Financial Reporting Standards” (“TFRS”) and “Turkish Accounting Standards” (“TAS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communique on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” published in the Official Gazette dated 28 June 2012 and numbered 28337. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements have been calculated in TRL on the basis of historical cost except for the financial assets, liabilities and properties which are shown with their fair values. Amounts are expressed in Thousand Turkish Lira unless otherwise stated.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 23 November 2023, businesses applying the Turkish Financial Reporting Standards (TFRS) are required to present their financial statements for the annual reporting period ending on or after 31 December 2023, in accordance with the accounting principles outlined in “IAS 29 Financial Reporting in Hyperinflationary Economies,” adjusted for inflation effects. The statement notes that regulatory authorities in their respective fields can determine different transition dates for the application of inflation accounting. In this context, as per the decision of the Banking Regulation and Supervision Agency on 12 December 2023, it is announced that banks and financial leasing, factoring, financing, savings financing and asset management companies are not required to undergo inflation adjustment for their financial statements as of 31 December 2023. Furthermore, with the decision dated 11 January 2024 and numbered 10825, banks, financial leasing, factoring, financing, savings financing and asset management companies have set the transition date for the application of IAS 29 as 1 January 2025. No inflation adjustment has been made according to IAS 29 when preparing the financial statements as of 31 December 2023.

Accounting policies and valuation principles applied in the preparation of financial statements are disclosed in the footnotes below.

Additional paragraph for convenience translation to English

The effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and the International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank aims to keep up its activities in every line of banking.

The Bank shapes its strategies for financial instruments depending on the source of funds, which mainly consists of deposits. Investment instruments are usually chosen from liquid instruments. A level of liquidity which allows covering the Bank's obligations is secured.

The Bank controls risk by managing currency positions in harmony with market movements on the strength of short-term strategies instead of carrying long-term currency positions in big amounts, in order to avoid risks which might arise from floating currency (exchange rate) regime. A currency risk arising from customer transactions, the Bank tries to close by carrying out counter-transactions.

Yield (return) and risk analyses are made in regard of maturity structure of balance sheet items, re-pricing periods and interest rates, and appropriate investment decisions are made. Budget contains limits on maturity basis and distributions of assets items are defined.

The Bank's off-balance sheet term transactions are managed by including such transactions in the Bank's total currency and interest positions. Term transactions to be made by customers are carried out within loan and risk limits established on customer basis. Currency swaps, in particular, being a larger part of the off-balance sheet transactions, are carried out to manage the Bank's currency cash flow without causing currency and interest risks.

The Bank aims to get longer-term funds (resources) in order to be able to hedge itself against risks arising from short-term character of deposits, while trying to increase the share of floating interest rate items in its assets.

The foreign currency transactions are recorded at the exchange rates on the date of the transaction. In the following periods, foreign currency monetary assets and liabilities are translated into TRL at the exchange rates at the balance sheet date. The non-monetary accounts carried at fair value are converted from the exchange rates at the time the fair value was determined. Exchange rate differences or collection and disbursement arising from monetary items conversion is stated under the income statement.

III. Explanations on Associates and Subsidiaries

Associates and subsidiaries are recorded at the cost of acquisition and provision is provided for any impairment in value.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments mainly consist of foreign currency swaps, interest swaps, option and forward buy/sell transactions. Fair values of foreign currency forward and swap transactions are determined by comparing the Bank's period end foreign exchange rates and current market foreign exchange rates to the balance sheet date. The resulting gain or loss is reflected in the income statement. In calculation of fair values of the interest swap contracts, interest amounts to be paid or received upon the fixed interest rate in the contract and interest amounts to be received or paid upon the floating interest rates in the contracts have been recalculated and discounted in accordance to valid interest rates in the current market and the differences have been reflected to the current period income statement. Discounted values calculated using the interest rates between the transaction date and repricing date are used in determination of the fair values of interest rate swaps. While some derivative transactions provide economic hedging, these transactions are subject to hedge accounting. The purpose of hedge accounting; is to present the effect of the risk management activities using appropriate financial instruments to manage certain risks that may affect profit or loss in the financial statements. The fair value hedge of a portfolio of financial assets or financial liabilities is carried out in accordance with TFRS 9.

The Bank enters into interest rate swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in the statement of income. The change in the fair value of the hedged item of the fixed rate financial asset is shown in the financial statements together with the related asset as long as the hedge is effective. If the hedged item is a fixed rate financial asset at fair value through profit or loss, then any loss or gain on hedged risk is recognized in the income statement

Hedge accounting applies to hedging only when all the following criteria are met:

- The hedging relationship only includes suitable hedging instruments and hedged items.
- At the beginning of the hedging relationship, there is a formal identification and certification of the risk management objective and strategy that leads to the hedging relationship. This certification includes the assessment of the Bank on the hedging instrument, the hedged item and the structure of the hedged risk, and whether the hedging relationship will provide an effective protection against the hedged risk (including analysis of inefficiency resources in the hedging process and how the hedging rate is determined).
- The hedging relationship meets all of the following provisions for the effectiveness of the hedging.
- There is an economic relationship between the hedged item and the hedging tool.
- The credit risk effect is not dominated by changes in value arising from this economic relationship, and the hedging rate in the hedging relationship is equal to the amount of the item that the entity actually hedges and the amount calculated according to the amount of hedging that the entity actually uses to hedge this item. However, the hedging shall not reflect an imbalance between the hedged item and the hedging instrument's weights, which is not consistent with the objectives of hedge accounting and will result in hedging ineffectiveness.

The Bank discontinues hedge accounting prospectively only if the hedging relationship (or part of it) no longer meets the required criteria (after considering rebalancing). This also applies if the hedging instrument expires or sold, terminated or used.

V. Explanations on Interest Income and Expenses

The interest income and expenses are accounted by accrual basis of accounting using the effective interest rate (the ratio that equalizes the future cash flow of financial assets and liabilities to the current net book value).

From 1 January 2018, the Bank has started accruing interest income on non-performing loans. The necessary provisions are reserved in the "Expected Loss Provisions" account in the income statement for the calculated amount.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VI. Explanations on Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected and prepaid commission income on cash loans using the effective interest rate method and then recorded as income in the related period.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses and using the effective interest rate expensed within the related periods.

The dividend income is reflected in the financial statements on a cash basis when the profit distribution is realized by the associates and subsidiaries.

VII. Explanations on Financial Assets

In the framework of "TFRS 9 Financial Instruments, the Bank classifies its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" or "Financial assets at amortised cost". This classification is made during initial recognition based on the contractual cash flow characteristics with the business model of the financial assets determined by management.

Financial assets are recognized or derecognized according to the provision 'Taking into Financial Statements and Excluding the Financial Statements' of section three of TFRS 9.

Financial instruments have the feature of detecting, affecting and diminishing liquidity, credit and interest risks in the financial statements. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank.

Settlement date accounting requires (a) accounting of the asset when acquired by the Bank and (b) disposing of the asset out of the balance sheet on the date settled by the Bank; and accounting of gain or loss upon disposal. In case of application of settlement date accounting, for the financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income the Bank accounts for the changes that occur in the fair value of the asset in the period between trade transaction date and settlement date.

Regular way purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted in the same way as the acquired assets.

Fair value differences are not accounted for financial assets presented at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of financial assets at fair value through other comprehensive income are accounted for in the other comprehensive income.

The following are details of the financial instruments that are classified in the financial statements.

Explanations to determine whether the contractual cash-flows solely represent payments of principal and interest

One of the criteria to be taken into account in classification and measurement is to determine whether the contractual cash-flows solely represent payments of principal and interest.

Classification and measurement guides how the accounting of financial instruments will be measured in the future. TFRS 9 follows a principle-based method and requires careful use of assumptions and judgments.

Financial assets are classified as measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, on the basis of the following:

- The business model used by the enterprise for the management of financial assets
- The characteristics of the financial asset's contractual cash flows.

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VII. Explanations on Financial Assets (cont'd)

Explanations to determine whether the contractual cash-flows solely represent payments of principal and interest (cont'd)

Within the scope of this evaluation; "Principal" is defined as the fair value of the financial asset when it is first included in financial statements. "Interest" takes into account the credit risk associated with the principal amount over a specified period of time for the time value of money, costs for other basic credit risks and profit margin. In the evaluation of contractual cash flows that include only principal and interest payments on the principal, the Bank takes into account the contractual conditions of the financial asset. This assessment involves evaluating whether the financial asset contains a contractual requirement that may change the timing or amount of contractual cash flows. While making the assessment, the Bank takes into account the following:

- Conditions that will change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Conditions restricting the Bank's right to demand cash flows of specified assets (for example, non-returnable loans); and
- Features that change the time value of money (for example, periodic zeroing of interest rates)

The Bank applies the procedures described above for all financial assets and fulfills the on-balance sheet classification and measurement criteria.

Financial Assets at Fair Value Through Profit and Loss

Financial assets at fair value through profit and loss are financial assets other than the ones that are managed with business model that aims to hold assets to collect contractual cash flows or to collect cash flows that are solely payments of principal and interest on the principal outstanding amount; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit taking.

The fair value of financial assets at fair value through profit and loss, which are traded in active markets, is determined according to the price of the stock exchange. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in TFRS 13.

Financial assets at the fair value through profit or loss are initially recognized at fair value. The positive difference between the cost and fair value of such securities is accounted as interest and income accrual, and the negative difference between the cost and fair value is accounted as impairment in the profit and loss.

Financial Assets at Fair Value Through Other Comprehensive Income

The financial assets, which are acquired with the aim to collect the contractual cash flows and to sell the financial asset in future, are classified as financial assets at fair value through other comprehensive income.

The Bank's management may retain both the contractual cash flows as well as the portfolio for sale, in order to meet daily liquidity needs, maintain a certain level of interest income and align the maturity of financial assets with the valuation of the financial liabilities for funding purposes.

Financial assets at fair value through other comprehensive income are initially recognized at fair value including transaction costs.

Valuation of the financial assets whose fair value difference is reflected in other comprehensive income after the first registration is made at their fair value. The results of the subsequent changes in the fair value of financial assets at fair value through other comprehensive income, namely unrealized gain or loss are recorded in "Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss". Accumulated fair value gain or loss, previously reflected in equity, is recorded to the income statement when the said financial assets are disposed.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VII. Explanations on Financial Assets (cont'd)

Financial Assets at Fair Value Through Other Comprehensive Income (cont'd)

The fair value of financial assets at fair value through other comprehensive income, which are traded in active markets is determined according to the price of the stock exchange. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in TFRS 13. The financial assets at Fair Value Through Other Comprehensive Income, that are unquoted on the stock exchange, amount to TRL 18,967 Thousand (31 December 2022 – TRL 13,528 Thousand). There is no quoted stock in the current period (31 December 2022 – None)

Financial Assets at Amortised Cost

A financial asset is classified as a financial asset measured at amortized cost, if the financial asset is held within the scope of a business model for the collection of contractual cash flows and the contractual terms of the financial asset result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

After the initial recognition, provision for impairment to be deducted, if any, financial assets measured at amortized cost are recognized with discounted value using effective interest method (internal rate of return).

Interest earned from financial assets measured at amortized cost is recorded as interest income.

The Bank classifies financial assets in accordance with the classifications explained above during the acquisition of the mentioned assets.

In the securities portfolio of the Bank, consumer prices indexed (CPI) bonds are available. These securities are valued and accounted using the effective interest rate method based on the real coupon rates of the CPI - indexed government bonds and the reference inflation index at the issue date and the estimated inflation rate. As stated in the Treasury and Finance Ministry's CPI Indexed Bonds Investor Guide, the reference indices used in the calculation of the actual coupon and redemption amounts of these securities are calculated by interpolation with the CPI of two months prior and the CPI of three months prior. The Bank has started to determine the estimated inflation rate accordingly. The inflation rate estimated by the Central Bank and the Bank will be updated when necessary. Accounting of coupon and redemption payments are made by considering the real inflation indices. At the year ends the actual inflation rate is used.

Loans

Loans, other than those with intention to be sold, are the financial assets, the contractual terms of which result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

The Bank initially recognizes loans at the cost of the acquisition and accounts for the amortized cost using the effective interest method in subsequent periods.

Foreign currency-indexed individual and commercial loans are shown under Turkish Currency ("TRL") accounts after having been converted into Turkish Lira at exchange rate at transaction date. Repayments are calculated at exchange rate at date of payment and exchange rate differences encountered are reflected in profit and loss accounts. Net foreign exchange gains of the foreign currency indexed loans are presented under foreign exchange gain/loss.

All loans of the Bank are monitored under the account "Financial assets measured by Amortized Cost".

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VIII. Explanations on Impairment of Financial Assets

Expected Loss Provisions

The Bank recognizes the impairment in accordance with the TFRS 9 “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette No. 29750 dated 22 June 2016.

Within this framework, evaluation of the expected loss provisions is applied for the financial lease receivables, contractual assets, credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss, financial assets measured at amortized cost and fair value through other comprehensive income.

The expected loss provisions measured and recorded at the initial recognition of the financial asset and updated according to the rate of the impairment on the credit risk in accordance with measurement performed at each reporting date to reflect changes in credit risk.

The basic principle of the expected credit loss model is to reflect the deterioration or improvement in credit risk to the general pattern. The expected loss measurement is aimed to identify the degree of credit deterioration at the first issuance of the loan and to reflect the changes in the expected credit loss during the lifetime of the related loan.

Financial assets are classified into the following three categories based on the degree of the credit risks observed at the initial recognition of financial assets:

12 Months Expected Loss Provision (First Stage):

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition, the expected credit loan loss provision is calculated for 12 months.

Significant Increase in Credit Risk (Second Stage):

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage Second Expected Credit Loss Provision is determined by the expected credit loss for the life-time of the related financial asset.

The main reasons for the significant increase in the credit risk and its transfer to the second stage are as follows:

- Number of overdue loan dates exceeding 30 days.
- The presence of loans under restructuring due to financial difficulties.
- Quantitative criteria explaining the significant increase in credit risk based on the comparison of the rating calculated at the opening of the loan with the rating assigned to the same loan at the reporting date.

Default (Third Stage):

The Bank takes into account the following criteria for the classification of a financial asset as a default;

- Overdue by more than 90 days
- The Bank’s observation that the debtor cannot fulfill his / her debts related to the loan although it is not more than 90 days.

Life expectancy for these assets is recorded as credit loss.

The Bank measures the expected loss provisions for a financial asset to reflect the following:

- A weighted and unbiased amount of loss based on probabilities of default determined taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on estimates of past events, current conditions, and future economic conditions without undue cost or effort as of the reporting date.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VIII. Explanations on Impairment of Financial Assets (cont'd)

The Bank reflects prospective macroeconomic expectations in the probability of default parameter through the macroeconomic models that reflect the relationships between realized default rates and macroeconomic data in the expected loan loss calculation. Macroeconomic variables consist of real GDP growth, unemployment and inflation data. For the macroeconomic expectations, three scenarios (base scenario, negative scenario, positive scenario) are created by the independent Chief Economist of the Bank, and the probability of the scenarios is determined based on historical data and expert judgment. Final calculations are made on scenarios weighted according to the determined probabilities.

Explanations on write-off policy of the Bank:

Is which; the receivables that have been monitored in the follow-up accounts for a long time, do not have any financial guarantee or that do not cover the risk even if they exist and whose provision ratio is 100%; are written off from assets.

IX. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset 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.

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under Financial Assets at Fair Value Through Profit and Loss, Financial Assets at Fair Value Through Other Comprehensive Income and Financial Assets at Amortised Cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified under debts to the money market borrowings account in the liabilities. The income and expenses from these transactions are reflected in the “Interest Income on Marketable Securities” and “Interest Expense on Money Market Borrowings” accounts in the income statement.

Security (reverse repo) transactions purchased with a commitment to resell are accounted for under “Money Market Replacements” Transactions in the balance sheet, interest income obtained is accounted in “Interests from Money Market” in the income statement.

As of 31 December 2023, the Bank has TRL 639,287 Thousand reverse repo transactions (31 December 2022 – TRL 6,003 Thousand).

As of 31 December 2023, the Bank has no marketable securities lending transactions (31 December 2022 -None).

XI. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale are those assets or group of assets, which will be disposed under a plan prepared by the management regarding the sale of those asset or the group of assets that have high probability of sale together with an active program for determination of buyers and plan completion date. Those assets (or else the group of assets) are marketed in conformity with its fair value. On the other hand, the mentioned sale is expected to be recorded at the completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low.

As of 31 December 2023, the Bank has TRL 331,998 Thousand assets held for sale (31 December 2022 – TRL 388,728 Thousand).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the statement of income separately. The Bank does not have any discontinued operations.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

After 31 December 2004 the cost of assets subject to amortization is restated as the acquisition cost and any other costs incurred in order to make the intangible asset ready for use less reserve for impairment, if any, are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

Those items classified as intangible assets mainly consist of software and licences. These items are determined to have 5 years of amortization. Software is mainly outsourced and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and method and residual values that would have a significant impact in the current and future periods.

The Bank has no written off intangible fixed assets in the current period (31 December 2022 - None).

XIII. Explanations on Tangible Fixed Assets

In the valuation of the real estates of the Bank; The Bank has adopted the revaluation method within the scope of "TAS 16 Standard on Tangible Fixed Assets" appraisal valuation was conducted by an independent valuation company as at 31 December 2023 reflected in the financial statements, accordingly. As of 31 December 2023, accumulated revaluation increase of real estates, after netting off deferred tax, amounting to TRL 1,157,570 Thousand, shown under equity (31 December 2022 - TRL 549,554 Thousand)

Other tangible fixed assets were accounted at their restated costs in line with inflation accounting until 31 December 2004; afterwards the acquisition cost and any other cost incurred to prepare the fixed asset for usage are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. There is no change in amortization method in current period and the annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Transportation vehicles	20
Furniture, fixtures and office equipment and others	2 - 20
Leasehold improvements	During the lease agreement

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There are no purchase commitments related to the tangible fixed assets.

The Bank reviews the residual value and the useful life of buildings at least at each financial year-end and, if expectations differ from previous estimates, the changes accounted for as a change in an accounting estimate in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Bank has no written off fixed assets in the current period (31 December 2022 - None).

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XIV. Explanations on Leasing Transactions

Fixed assets acquired through leases are recorded as assets in the Bank's assets and as lease payables in its liabilities. The foreign currency liabilities are translated to Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the depreciable leased assets in each period. When determining the depreciation rate depreciation of fixed asset class which it relates is used.

With the "IFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Assets" as an asset (right of use) and under "Lease Payables" as a liability.

The Bank has accounted its leasing payments as of 1 January 2019 for the operational leases in the transition to the first application with the present value discounted with the incremental borrowing rate on the Bank's first application date as "Right of Use Assets" and Liabilities from "Lease Payables" as liabilities by using simplified modified method.

The lease agreements for short-term lease agreements with 1 year and less than 1 year and the ATMs determined by the Bank as low value are considered within the scope of the exemption granted by the standard and the payments related to these agreements are continued to be accounted for under "Other Operating Expenses" in the period that they occur.

The Bank does not have any leasing transactions as lessor.

XV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

XVI. Explanations on Liabilities Regarding Employee Benefits

Employee Termination Benefit Provision and Vacation Pay Provision

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 days salary for each employee who has completed over each year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

Within the scope of TAS 19 "Turkish Accounting Standard on Employee Benefits" the Bank measures the expected costs of cumulative paid leaves as the additional amounts that expects to pay due to the accumulated unused rights as of the end of the reporting period.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also assumptions and estimations are made relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. According to TAS 19 published, actuarial gain/losses are recorded under equity. As of 31 December 2023, the carrying value of employee benefit provisions is TRL 383,334 Thousand that consists of employee termination benefit provisions amounting to TRL 368,761 Thousand and employee vacation pay provisions amounting to TRL 14,573 Thousand (31 December 2022 - TRL 318,590 Thousand employee termination benefit provisions and TRL 13,316 Thousand employee vacation benefit provisions).

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVI. Explanations on Liabilities Regarding Employee Benefits (cont'd)

Defined Benefit Plans

Şekerbank T.A.Ş. Pension Fund, of which most of the Bank's employees are members, is established in accordance with the provisional Article 20 of the Social Security Act No: 506. As per the provisional article No: 23 of the Banking Law No: 5411, the Bank pension funds, which were established within the framework of Social Security Institution Law, should be transferred to the Social Security Institution within 3 years after the issuance of the related law. Methods and principles related to the transfer have been determined as per the Cabinet decision no: 2006/11345 made on 30 November 2006. However, the related article of the act has been cancelled upon the President's application filed on 2 November 2005 by the Supreme Court's order no: E.2005/39, K.2007/33 issued on 22 March 2007, which was published in the Official Gazette No: 26479 on 22 March 2007 and the execution of the decision was ceased as of the issuance date of the order.

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court in the Official Gazette dated 15 December 2007 and numbered 26731, Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published in the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However, related transfer period has been prolonged for 2 years by the Cabinet decision dated 14 March 2011, which was published in the Official Gazette dated 9 April 2011 and numbered 27900.

In addition, by the Law numbered 6283 "Emendating Social Security and General Health Insurance Act", which was published in the Official Gazette dated 8 March 2012 and numbered 28227, this period of 2 years has been raised to four years after that related transfer period has been prolonged for one more year by the Cabinet decision dated 08 April 2013, which was published in the Official Gazette dated 3 May 2013 and numbered 28636, also this period has revalidated one more year by the Cabinet decision dated 24 February 2014, which was published in the Official Gazette dated 30 April 2014 and numbered 28987. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated 23 April 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated 9 July 2018. This authority was transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated 9 July 2018.

On the other hand, the application made on 19 June 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the aforementioned court on 30 March 2011.

The above mentioned law also includes the following:

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, the Presidency Ministry of Treasury and Finance, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.80% will be used in the actuarial calculation of the value in cash,

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVI. Explanations on Liabilities Regarding Employee Benefits (cont'd)

Defined Benefit Plans (cont'd)

- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

The technical financial statements of the Pension Fund are reviewed by an actuary registered audit company in accordance with the Article 21 of the Insurance Law numbered 5684 and the requirements of the "Actuary Regulations". There was TRL 67,218 Thousand actuarial deficit in the actuary report which was prepared using a technical interest rate of 9.80 % in accordance with the basis set out in the Council of Ministers decision no: 26377 on 15 December 2006 (31 December 2022 - TRL 326,003 Thousand deficit). The relevant amount of provision is recorded in the financial statements of the Bank.

XVII. Explanations on Taxation

Corporate tax

As of 30 September 2023, the current corporate tax rate is 30%. The corporate tax rate has been permanently increased to 30% for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in accordance with the publication of the Law No. 7456 in the Official Gazette dated 15 July 2023.

The tax legislation requires advance tax payment to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. 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.

Annual tax returns are required to be filed between the first and twenty fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the Law No. 7352 dated 20 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this; TPL financial statements for the 2021 and 2022 accounting periods have not been subjected to inflation adjustment, and the TPL financial statements dated 31 December 2023 have been subjected to inflation adjustment in a way that will not affect corporate tax base. Additionally; with the law number 7491 published in the Official Gazette numbered 32413 dated 28 December 2023, banks, payment and electronic money institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be subject to inflation adjustments in the 2024 and 2025 accounting periods. It is regulated that the resulting profits or losses will not be taken into account in determining the corporate tax base.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVII. Explanations on Taxation (cont'd)

The amendments in duplicate Article 298/Ç and temporary Article 32 of the Tax Procedural Law allows for the permanent and temporary revaluation of companies. Accordingly, as of the beginning of the 2022 accounting period, Bank first updated the value of its fixed assets recorded in company assets as per temporary Article 32 of the Tax Procedural Law, and then revalued them in accordance with duplicate Article 298/Ç of the Tax Procedural Law. As a result of these transactions, the Tax Procedural Law depreciation amounts subject to corporate income tax are calculated using the updated, revalued amounts. As per the relevant legislation, increased value amounts are recognised in a special fund account under equity.

Deferred Tax Liability / Asset

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS 12 "Turkish Accounting Standard on Income Taxes" the Bank calculated deferred tax asset on all deductible temporary differences, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis. The net deferred tax asset is reflected under the deferred tax asset and the net deferred tax liability is reflected under the deferred tax liability in the balance sheet.

Accordind to Temporary Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of corporate tax in the financial statements dated 31 December 2023, have been included in the deferred tax calculation as of 31 December 2023.

XVIII. Additional Explanations on Borrowings

In the case of assets that require significant time to be ready for use and sale, borrowing costs that are directly attributable are included in the cost of the asset until the asset is ready for use or sale. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All borrowing costs are recorded to the income statement in the period they are incurred.

The Bank issued Asset Covered Bond amounting to TRL 1,500,000 Thousand among the institutions and organizations investing up to this time are International Finance Corporation (IFC), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), UniCredit Bank AG, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), KfW Bankengruppe and qualified institutional investors. The Program carried out within the framework of the relevant CMB legislation, SME loans were used as collateral.

As of 31 December 2023, the Bank has no Asset Covered Bond (31 December 2022-None).

As of 31 December 2023, the Bank has no issued bonds (31 December 2022-None).

The Bank has not issued convertible bonds.

There are debt instruments amounting to TRL 16,233 Thousand that can be included in the additional Tier 1 capital calculation, under "other capital reserves" within the framework of "TAS 32 Financial Instruments: Presentation" Standard ("TAS 32"), and interest expense related to borrowing is "retained earnings and losses."

The terms and conditions of the Bank's debt instrument with the contribution capital provision amounting to USD 85 Million which was issued abroad on 12 June 2017 has been amended and the final maturity of the related debt instrument which was 12 June 2027 is revised as 12 June 2032 and the repayment option date which was 13 June 2022 is revised as 14 June 2027 by maintaining the bond holders and the contribution capital provision of the bond on 4 May 2022.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XIX. Explanations on Share Certificates

None.

XX. Explanations on Independent Guarantees and Acceptances

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

XXI. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXII. Explanations on Segment Reporting

The Bank primarily deals with and engages in corporate/commercial, retail, SME and treasury/investment banking in line with its strategy.

Current Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Other	Total
Trading Income/Expense	2,434,274	2,296,300	881,111	2,618,654	(87,420)	8,142,919
Dividend Income	-	-	-	-	23,597	23,597
Trading Profit/(Loss)	2,091,482	2,263,728	871,770	2,618,654	(5,472,966)	2,372,668
Tax Provision	-	-	-	-	73,024	73,024
Net Profit/(Loss) for the Period	2,091,482	2,263,728	871,770	2,618,654	(5,399,942)	2,445,692

Current Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Undistributed	Total
Assets	18,199,554	22,429,810	549,933	31,675,250	8,513,028	81,367,575
Liabilities	10,687,080	7,733,856	34,507,913	14,105,479	14,333,247	81,367,575

Prior Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Other	Total
Trading Income/Expense	847,026	1,716,740	580,679	2,197,118	374,516	5,716,079
Dividend Income	-	-	-	-	33,456	33,456
Trading Profit/(Loss)	1,342,441	1,609,815	594,336	2,197,118	(3,900,722)	1,842,988
Tax Provision	-	-	-	-	(340,838)	(340,838)
Net Profit/(Loss) for the Period	1,342,441	1,609,815	594,336	2,197,118	(4,241,560)	1,502,150

Prior Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Undistributed	Total
Assets	16,192,071	16,971,141	1,094,506	23,293,330	5,693,126	63,244,174
Liabilities	6,119,698	7,903,440	32,750,353	7,084,158	9,386,525	63,244,174

XXIII. Explanations on Other Matters

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT

I. Explanations Related to Shareholders' Equity

The method used for risk measurement in determining capital adequacy standard ratio; capital adequacy standard ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on 23 October 2015 in the Official Gazette numbered 29511 and effective since 31 March 2016 and Communiqué on "Banks' Equity" which was published on 5 September 2013 and in the Official Gazette numbered 28756. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqués is 27.22 % (31 December 2022 – 20.72%).

In the computation of capital adequacy standard ratio, data prepared in accordance with statutory accounting requirements are used. Additionally, the market risk exposure as well as the operational risk exposure are calculated in accordance with the communiqué on the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" and are taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

In the calculation process of credit risk, risk types are classified based on "Measurement and Assessment of Capital Adequacy of Banks-Appendix 1" and financial collaterals taken into account according to the credit risk mitigation techniques communiqué and classified in the related risk weight. According to the credit risk mitigation techniques communiqué while simple approach is taken into account for banking book items, the Bank uses comprehensive approach for trading book items in the credit mitigation process.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5 and related clauses of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

In the calculation of counterparty credit risk, the standard approach method is used according to the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" the Article 21 and Appendix 2.

In accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks in the calculation of the amount subject to credit risk; the presence of non-monetary and monetary assets, the history of excluding the items in foreign currencies are measured at cost of the Central Bank's foreign exchange buying rates for the date of 30 December 2022, has been used while calculating the amounts valued in accordance with Turkish Accounting Standards and the related special provision amounts.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to Shareholders' Equity (cont'd)

	Current Period	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,860,000	
Share issue premiums	909	
Reserves	2,360,327	
Gains recognized in equity as per TAS	1,157,570	
Profit	2,445,692	
Current Period Profit	2,445,692	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	7,824,498	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	193,513	
Improvement costs for operating leasing	46,015	
Goodwill (net of related deferred tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related deferred tax liability)	69,043	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related deferred tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	43,395	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
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	-	
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 more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	351,966	
Total Common Equity Tier 1 Capital	7,472,532	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	16,233	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	16,233	

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

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Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from Tier I Capital in the case that adequate Additional Tier II Capital or is not available (-)	-
Total Deductions From Additional Tier I Capital	16,233
Total Additional Tier I Capital	7,488,765
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	7,488,765
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	2,802,247
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	409,276
Tier II Capital Before Deductions	3,211,523
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions	-
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 (-)	-
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 (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	3,211,523
Total Capital (The sum of Tier I Capital and Tier II Capital)	10,700,288
The Sum of Tier I Capital and Tier II Capital (Total Capital)	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	1,992
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduction Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-

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TOTAL CAPITAL	
Total Capital (The sum of Tier I Capital and Tier II Capital)	10,698,296
Total risk weighted amounts	39,301,374
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	19.01
Tier 1 Capital Adequacy Ratio (%)	19.06
Capital Adequacy Ratio (%)	27.22
BUFFERS	
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.50
a) Bank specific total common equity tier 1 capital ratio	2.50
b) Capital conservation buffer requirement	0.001
c) Systemically important bank buffer ratio (**)	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	13.05
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of 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	-
Portion of the total of 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	-
Remaining Mortgage Servicing Rights	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before limit of one hundred and twenty five per ten Thousand)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	409,276
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

(*) Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the provisional Articles of "Regulations regarding to changes on Regulation on Equity of Banks" effectuated on 1/1/2014 and taken into consideration at the end of transition process.

(**) According to the paragraph 4 of the Article 4 of the Regulation on Systemically Important Banks only Systematically Important Bank, which are not obligated to prepare consolidated financial statements, shall calculate this ratio and the rest banks shall report it as zero.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to Shareholders' Equity (cont'd)

	Prior Period	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER I CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,860,000	-
Share issue premiums	909	-
Reserves	965,369	-
Gains recognized in equity as per TAS	549,681	-
Profit	1,502,150	-
Current Period Profit	1,502,150	-
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier I Capital Before Deductions	4,878,109	-
Deductions from Common Equity Tier I Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	173,062	-
Improvement costs for operating leasing	53,276	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	138,885	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	26,186	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
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	-	-
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 more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	122,582	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	391,409	-
Total Common Equity Tier I Capital	4,486,700	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	16,233	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	16,233	-

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

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Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduct Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from Tier I Capital in the case that adequate Additional Tier II Capital or is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	16,233	-
Total Tier I Capital (Tier I Capital+Common Equity+Additional Tier I Capital)	4,502,933	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,979,356	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	365,403	-
Tier II Capital Before Deductions	2,344,759	-
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions	-	-
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 (-)	-	-
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 (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2,344,759	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	6,847,692	-
The Sum of Tier I Capital and Tier II Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50th and 51st Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	5,020	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduction Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

TOTAL CAPITAL	
Total Capital (The sum of Tier I Capital and Tier II Capital)	6,842,672
Total risk weighted amounts	33,030,756
CAPITAL ADEQUACY RATIOS	
Core Capital Adequacy Ratio (%)	13.58
Tier 1 Capital Adequacy Ratio (%)	13.63
Capital Adequacy Ratio (%)	20.72
BUFFERS	
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.50
a) Bank specific total common equity tier 1 capital ratio	2.50
b) Capital conservation buffer requirement	0.001
c) Systemically important bank buffer ratio (**)	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.63
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier 1 capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier 1 capital	-
Remaining Mortgage Servicing Rights	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before limit of one hundred and twenty five per ten Thousand)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	365,403
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0.6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

(*) Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the provisional Articles of "Regulations regarding to changes on Regulation on Equity of Banks" effectuated on 1/1/2014 and taken into consideration at the end of transition process.

(**) According to the paragraph 4 of the Article 4 of the Regulation on Systemically Important Banks only Systematically Important Bank, which are not obligated to prepare consolidated financial statements, shall calculate this ratio and the rest banks shall report it as zero.

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to Shareholders' Equity (cont'd)

Details on Subordinated Liabilities:

	Current Period			
Issuer	ŞEKERBANK T.A.Ş	ŞEKERBANK T.A.Ş	ŞEKERBANK T.A.Ş	ŞEKERBANK T.A.Ş
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	TRSSKBK52818	XS1626188491	TRSSKBKA2716	TRSSKBKA0017
Governing law(s) of the instrument	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory Treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible on Unconsolidated/consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis
Instrument type	Subordinated Liabilities (Securities)	Subordinated Liabilities (Securities)	Subordinated Liabilities (Securities)	Included in the additional capital calculation (Securities)
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	120	2,502.25	180	16.2
Par value of instrument (Million TRL)	150	2,502.25	300	16.2
Accounting classification	Subordinated Debt Instruments	Subordinated Debt Instruments	Subordinated Debt Instruments	Equity
Original date of issuance	24.05.2018	12.06.2017	22.12.2017	10.12.2019
Demand or time	Time	Time	Time	Demand
Original maturity date	11.05.2028	12.06.2032	10.12.2027	-
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	17 May 2023, TRL 150 Million (10 year maturity with early redemption option in the 5th year, subject to BRSA approval)	14 June 2027, 85 Million USD (10 year maturity with early redemption option in the 5th year, subject to BRSA approval)	16 December 2022, TRL 300 Million (10 year maturity with early redemption option in the 5th year, subject to BRSA approval)	11 December 2024, TRL 16.2 Million (early redemption option in the 5th year, subject to BRSA approval)
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Variable interest (The Borrowing instrument will make coupon payments from the beginning of the maturity to the date of redemption (including the redemption date) once a month (variable days).)	Fixed	Variable interest (The Borrowing instrument will make coupon payments from the beginning of the maturity to the date of redemption (including the redemption date) once a month (variable days).)	Variable interest
Coupon rate and any related index	5 Years Term Indicator + 475 bps on government securities	12 % p.a.	5 Years Term Indicator + 475 bps on government securities	TLREF+150 bps
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	-

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
	According to the Article 8 (2) (ğ) of the Regulation on Equities of Banks, the bonds have a write-off option. If, in accordance with the related regulation, there is a possibility of abolishing the bank's operating permit or transferring it to the SDIF in the framework of the Article 71 of the Banking Law due to the losses it incurs, The Bank can write down these bonds from the related financial records with the decision of the BRSA, in the event of the bankruptcy	Due to the losses incurred, in the framework of Article 71 of the Banking Law that: (1) the removal and liquidation of the Bank's operating permit or (2) the rights of all its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders, the bonds can be written-down.	According to the Article 8 (2) (ğ) of the Regulation on Equities of Banks, the bonds have a write-off option. If, in accordance with the related regulation, there is a possibility of abolishing the bank's operating permit or transferring it to the SDIF in the framework of the Article 71 of the Banking Law due to the losses it incurs, The Bank can write down these bonds from the related financial records with the decision of the BRSA, in the event of the bankruptcy	In case the consolidated and unconsolidated core capital adequacy ratio falls below the rate determined by the BRSA.
If write-down, write-down trigger(s)	Partially or fully	Partially or fully	Partially or fully	Partially or fully
If write-down, full or partial	Partially or fully	Partially or fully	Partially or fully	Partially or fully
If write-down, permanent or temporary	Continuously	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In priority of debt to be included in the calculation of additional capital and comes after deposits and all other receivables	In priority of debt to be included in the calculation of additional capital and comes after deposits and all other receivables	In priority of debt to be included in the calculation of additional capital and comes after deposits and all other receivables	After depositors, other creditors and debt instruments included in the contribution capital calculation
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is not in compliance with article number 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	The instrument is not in compliance with article numbered 7.	The instrument is not in compliance with article numbered 7.	The instrument is not in compliance with article numbered 7.	The instrument is in compliance with article numbered 7.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to Shareholders' Equity (cont'd)

Details on Subordinated Liabilities (cont'd)

The Bank, within the framework of its capital adequacy assessment process, determines limits for risks (credit risk, market risk and operational risk) covered under the Capital Adequacy calculations as well as for risks (concentration risk, interest rate risk in the banking book, liquidity risk, etc.) which are not covered under these calculations. Thus, the Bank determines its "Risk Limits" and with the help of these limits and by means of applying stress tests and scenario analyses, it evaluates the adequacy of its capital level against a background of its current and also projected activities.

The Bank determines "Key Risk Indicators" as "early warning signals" within the context of the "Risk Limits". Both the "Risk Limits" and "Key Risk Indicators" are determined by taking into consideration the Bank's annual budget and strategy; its risk appetite; the volume, qualifications and complexity of its products/services; its experience and prior performance as well as the market conditions. The "Risk Limits" and "Key Risk Indicators" are determined through risk based amounts and nominal amounts. In this scope, regulatory limits and applications, Basel Committee applications, international best practices, concentrations and tolerance levels as well as criteria based on the Bank's capital levels are used. In any case, the "Risk Limits" and "Key Risk Indicators" cannot violate the Banking Law and related regulations.

The "Risk Limits" and "Key Risk Indicators" are reviewed and revised at least annually by the senior management with respect to market conditions and changes in the Bank's strategies. The review process aims to determine whether the current "Risk Limits" and "Key Risk Indicators" are meaningful and sufficient enough compared to the Bank's risk appetite. The revised "Risk Limits" and "Key Risk Indicators" become effective upon the approval of the Board of Directors.

Reconciliation of capital items to balance sheet

The difference between Total Capital and Equity in the balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage 1 and stage 2 and subordinated loans. In the calculation of Total Capital, up to 1.25% of the expected credit loss provision from stage 1 and stage 2 over the credit risk amount and subordinated loans are taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk

Credit risk is the possibility of loss that the Bank may face, in the event that the counter party fails to fulfil wholly or partly of its obligations in a timely manner, by breaching of its contractual obligations.

The Bank's lending activities are executed in line with the legislation and in accordance with the policies and procedures approved by the Bank's Board of Directors under the principle of "segregation of duties" throughout marketing, allocation, monitoring, controlling and auditing activities.

Credit allocation is performed on a debtor or a debtor group basis within certain limits. The limits are determined within a framework of authorization limits, set in line with the legislation, for the Board of Directors, Credit Committee, General Manager, Assistant General Managers (Credit Management, Financial Institutions), Head Office Credit Units, Regional Office Credit Committee (the joint authority of the Region Allocation Manager and the Region Manager), and are approved taking into consideration the financial position and needs of the credit customer.

The Board of Directors has approved concentration limits by industries, regions, business sector, product type, country, debtors / debtor groups monitored within the Risk Limits Report on a regular basis and presented to the Board of Directors on a monthly basis; all of which are reviewed and revised at least once a year, with respect to market conditions and changes in the Bank's strategies.

Since the volume of prolonged and restructured loans and other receivables are not material with regard to the Bank's financial statements, no additional follow-up methodology is needed to be developed in addition to those specified in the legislation.

There are transaction limits as well as dealer limits by transaction types approved by the Board of Directors regarding the counterparty risk arising from the Bank's on-and off-balance sheet transactions monitored on a daily basis. The limits of correspondent banks allocated according to their credit qualities are controlled on a daily basis, while risk concentration is monitored systematically. When reverse positions of open positions are required in order to minimize potential risks, positions are closed through the use of derivative transactions aiming at risk downsizing.

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from potential market fluctuations. The Bank follows up the risk arising from forwards, options and other similar agreements and takes the necessary actions to decrease it when necessary.

Within the framework of the capital adequacy calculations, indemnified non-cash loans are subject to the same risk weighting treatment as overdue loans.

The Bank prefers to take country risk only for those financial institutions and countries regarded at investment level by the international rating agencies and thus, do not have the risk of failing to fulfil their minimum liabilities. Therefore, the related potential risks do not constitute any material risk factor with regards to the Bank's financial structure.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

When evaluated together with financial activities of other financial institutions, the Bank, as an active participant in the international banking environment, has no significant credit risk concentration.

Provision is set for the doubtful loans and the expense is deducted from the current period profit by the Bank. The provisioning amount for non-performing loans are determined by the Bank's management for compensating the probable losses of the doubtful loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economy conditions, other facts and related regulations.

The Bank classifies and monitors its doubtful loans and receivables and calculates expected loss provisions in accordance with the "Procedures and principals regarding classification of loans and allowances allocated for such loans" published in the Official Gazette dated 22 June 2016, no.29750 and by considering other regulations announced by the BRSA and "IFRS 9 - Financial Instruments" standard. Detailed explanations related to accounting practices and provisions are given in footnotes VII and VIII of Section Three.

As of 31 December 2023, the receivables of the Bank from its top 100 and 200 cash loan customers with a share of 61.27 % and 66.19 % (31 December 2022 – 58.58 % and 63.37 %).

As of 31 December 2023, the receivables of the Bank from its top 100 and 200 non-cash loan customers with a share of 55.86 % and 66.72 % in the total non-cash loans (31 December 2022 – 51.49 % and 62.64 %).

As of 31 December 2023, the share of cash and non-cash receivables of the Bank from its top 100 and 200 customers in total balance sheet and off-balance sheet assets is 1.49 % and 1.63 % (31 December 2022 – 1.44 % and 1.59 %).

As of 31 December 2023, the expected loss provision (1. and 2. Stage) related with the credit risk taken by the Bank is TRL 657,381 Thousand (31 December 2022 – TRL 307,656 Thousand).

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Total amount of exposures after offsetting specific provisions before credit risk mitigation adjustments and the risk-weighted exposure amounts classified in different risk groups and types according to the Basel II, are disclosed below for the relevant period:

Risk Classifications	Current Period		Prior Period	
	Credit Risk Amount (*)	Average Risk Weighted Assets (**)	Credit Risk Amount (*)	Average Risk Weighted Assets (**)
Contingent and Non-Contingent Claims on Sovereigns	19,412,799	7,772,589	16,825,253	7,328,644
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	44,000	13,442	32,844	20,556
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	44,945	48,952	64,137	123,075
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	10,174,864	3,644,274	7,890,513	2,500,749
Contingent and Non-Contingent Claims on Corporate Receivables	12,240,776	14,207,076	12,213,141	11,912,500
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	11,685,098	8,215,362	9,296,479	7,963,655
Contingent and Non-Contingent Claims Secured by Residential Property	10,990,875	8,830,792	9,318,346	7,939,496
Past Due Loans	87,831	96,383	168,046	225,422
Higher-Risk Categories Defined by Agency	41,729	11,120	32,149	58,424
Collateralized Marketable Securities	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Stock Investments	18,967	16,755	13,528	9,671
Other claims	7,695,429	6,404,303	5,537,124	4,556,385
Total	72,437,313	49,261,048	61,391,560	42,638,577

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

(**) Total risk weighted assets are the arithmetical monthly average amounts in 2022 and 2023.

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Geographical concentration of the significant risks in the significant areas as follows;

Risk Profile According to Geographical Concentrations

Current Period	Risk Types											Total						
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporate Receivables	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency		Collateralized Marketable Securities	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities	Stock Investments	Other Claims
Domestic	18,796,538	44,000	44,945	-	-	8,996,464	12,240,775	11,683,296	10,988,386	87,773	41,729	-	-	-	-	18,967	2,844,657	65,787,530
European Union Countries	-	-	-	-	-	196,857	-	1,084	1,734	38	-	-	-	-	-	-	-	199,713
OECD Countries (*)	-	-	-	-	-	10,713	-	29	-	-	-	-	-	-	-	-	-	10,742
Off-shore Banking Regions	-	-	-	-	-	392	-	460	206	16	-	-	-	-	-	-	-	1,074
USA, Canada	-	-	-	-	-	731,457	-	44	326	3	-	-	-	-	-	-	-	731,830
Other Countries	-	-	-	-	-	238,981	1	185	223	1	-	-	-	-	-	-	-	239,391
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (**)	616,261	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,143,544
Total	19,412,799	44,000	44,945	-	-	10,174,864	12,240,776	11,685,098	10,990,875	87,831	41,729	-	-	-	-	18,967	7,695,429	72,437,313

(*) OECD countries other than EU countries, USA and Canada

(**) Assets and liabilities that are not distributed according to specific bases.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Geographical concentration of the significant risks in the significant areas as follows;

Risk Profile According to Geographical Concentrations (cont'd)

Prior Period	Risk Types													Total			
	Contingent and Non-Contingent Claims on Regional Government Authorities	Contingent and Non-Contingent Claims on Administrative Units and Local Governments and Local Authorities	Contingent and Non-Contingent Claims on Commercial Enterprises	Contingent and Non-Contingent Claims on Banks	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary Receivables	Contingent and Non-Contingent Claims Included in the Regulatory Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans Defined by Agency	Collateralized Mortgage Securities	Securitization Exposures	Short-Term Claims on Banks and Corporate Investments		Undertakings for Collective Investments in Transferable Securities	Stock Investments	Other Claims
Domestic	16,125,373	32,844	64,137	-	-	6,548,412	12,213,139	9,293,305	9,315,672	167,985	32,106	-	-	-	13,528	1,675,146	55,481,647
European Union Countries	-	-	-	-	-	789,045	1	1,918	1,974	38	43	-	-	-	-	-	793,019
OECD Countries (*)	-	-	-	-	-	1,567	-	1	-	-	-	-	-	-	-	-	1,568
Off-shore Banking Regions	-	-	-	-	-	1,637	-	864	104	22	-	-	-	-	-	-	2,627
USA, Canada	-	-	-	-	-	309,943	-	17	332	1	-	-	-	-	-	-	310,293
Other Countries	-	-	-	-	-	239,909	1	374	264	-	-	-	-	-	-	-	240,548
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	971,993	971,993
Unallocated Assets/Liabilities(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,889,985	3,589,865
Total	16,825,253	32,844	64,137	-	-	7,890,513	12,213,141	9,296,479	9,318,346	168,046	32,149	-	-	-	13,528	5,537,124	61,391,560

(*) OECD countries other than EU countries, USA and Canada

(**) Assets and liabilities that are not distributed according to specific bases.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Risk Profile According to Counterparty and Sector Concentrations

Current Period	Risk Types																	Total
	Contingent and Non-Contingent Claims on Regional Government Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	Contingent and Non-Contingent Claims on Banks	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary Receivables	Contingent and Non-Contingent Claims Included in the Regulatory Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Collateralized Mortgage Securities	Securitization Exposures	Short-Term Claims on Banks and Corporate Investments	Undertakings for Collective Investments in Transferable Securities	Stock Investments	Other Claims	TRL	FC	Total	
Agricultural	-	-	-	-	-	287,402	1,137,496	10,704	12,471	-	-	-	-	-	3,632,198	11,587	3,643,785	
Farming and Livestock	-	-	-	-	-	287,371	1,136,780	10,586	12,471	-	-	-	-	-	3,610,003	11,587	3,621,590	
Forestry	-	-	-	-	-	20	2,481	61	44	-	-	-	-	-	2,606	-	2,606	
Fishery	-	-	-	-	-	11	18,819	655	104	-	-	-	-	-	19,589	-	19,589	
Industry	-	-	-	-	-	3,505,925	2,284,773	559,631	18,929	21,696	-	-	-	-	5,297,908	1,094,691	6,392,599	
Mining and Quarrying	-	-	-	-	-	103,021	47,520	22,183	63	-	-	-	-	-	171,714	1,073	172,787	
Manufacturing	-	-	-	-	-	2,031,493	2,191,164	515,484	18,863	21,696	-	-	-	-	3,800,455	979,890	4,780,345	
Electricity, Gas and Water	-	-	-	-	-	1,371,411	46,089	21,964	3	-	-	-	-	-	1,325,739	113,728	1,439,467	
Construction	-	-	-	-	-	2,791,062	928,968	1,715,149	9,752	327	-	-	-	-	2,960,831	2,545,284	5,506,115	
Services	19,412,765	-	-	-	-	5,373,142	5,759,872	7,430,532	38,959	6,542	-	-	-	-	33,531,858	14,687,060	48,218,918	
Wholesale and Retail Trade	-	-	-	-	-	1,990,609	4,488,281	1,256,450	28,262	6,501	-	-	-	-	7,666,089	109,986	7,776,075	
Hotel, Food and Beverage Services	-	-	-	-	-	1,421,774	166,326	3,541,035	1,364	2	-	-	-	-	2,030,139	3,100,366	5,130,505	
Transportation and Communication	-	-	-	-	-	188,204	459,626	555,979	2,334	9	-	-	-	-	746,493	459,704	1,206,197	
Financial Institutions	19,412,765	-	-	-	-	46,224	1,550	-	-	-	-	-	-	-	21,412,653	8,223,301	29,635,954	
Real Estate and Renting Services	-	-	-	-	-	1,726,255	504,161	2,014,108	5,548	30	-	-	-	-	1,468,004	2,793,697	4,261,701	
Professional Employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education Services	-	-	-	-	-	16	26,106	9,293	195	-	-	-	-	-	35,610	-	35,610	
Health and Social Services	-	-	-	-	-	60	113,822	55,667	1,286	-	-	-	-	-	172,870	6	172,876	
Other	34	44,000	-	-	-	283,240	486,353	148,067	9,487	693	-	-	-	-	7,811,231	864,665	8,675,896	
Total	19,412,799	44,000	44,945	-	-	12,240,776	11,685,098	10,990,875	87,831	41,729	-	-	-	-	53,234,026	19,203,287	72,437,313	

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Risk Profile According to Counterparty and Sector Concentrations (cont'd)

Prior Period	Risk Types											FC	Total				
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporate Receivables	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Collateralized Mortgage Marketable Securities	Securitization Exposures	Short-Term Claims on Banks and Corporate			Undertakings in Collective Investments in Transferable Securities	Stock Investments	Other Claims	TRL
Agricultural and Livestock	-	-	-	262,207	2,004,134	812,018	21,044	1,971	-	-	-	-	563	-	3,107,460	645	3,108,105
Forestry	-	-	-	20	925	80	-	225	-	-	-	-	-	-	3,101,344	645	3,101,989
Fishery	-	-	-	3,354	1,739,182	491,310	20,654	14,548	-	-	-	-	-	-	1,250	-	1,250
Industry	-	-	-	3,430,180	1,739,182	491,310	20,654	14,548	-	-	-	-	82	-	4,866	-	4,866
Mining and Quarrying	-	-	-	33,268	54,295	26,554	128	-	-	-	-	-	-	-	3,906,411	1,789,853	5,696,264
Manufacturing	-	-	-	2,371,301	1,672,243	451,534	20,516	14,548	-	-	-	-	82	-	113,757	488	114,245
Electricity, Gas and Water	-	-	-	1,025,611	12,644	13,222	10	-	-	-	-	-	-	-	3,557,394	973,138	4,530,532
Construction	-	-	-	2,192,832	779,227	2,349,915	16,822	1,429	-	-	-	-	-	-	2,911,204	2,464,127	1,051,487
Services	16,825,220	-	-	5,964,807	3,949,592	5,412,545	94,888	7,239	-	-	-	6,725	-	-	24,325,936	15,835,459	40,161,395
Wholesale and Retail Trade	-	-	-	1,697,400	2,999,612	870,395	41,229	3,065	-	-	-	52	-	-	5,233,139	386,326	5,619,465
Hotel, Food and Beverage Services	-	-	-	1,619,026	105,405	2,909,150	2,119	3,077	-	-	-	-	-	-	1,549,837	3,088,941	4,638,778
Transportation and Communication	-	-	-	666,844	414,940	285,427	4,412	168	-	-	-	-	-	-	638,593	733,212	1,371,805
Financial Institutions	-	-	-	89,625	547	-	390	695	-	-	-	551	-	-	15,347,376	9,460,165	24,807,541
Real Estate and Renting Services	16,825,220	-	-	1,837,517	334,999	1,284,036	45,014	234	-	-	-	6,122	-	-	1,341,358	2,166,815	3,508,173
Professional Employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	-	-	-	48,423	17,461	10,101	221	-	-	-	-	-	-	-	76,206	-	76,206
Health and Social Services	-	-	-	5,072	76,628	53,436	1,503	-	-	-	-	-	-	-	139,427	-	139,427
Other	33	32,844	-	363,373	820,065	251,219	14,407	6,737	-	-	-	-	-	-	6,158	5,537,124	945,251
Total	16,825,253	32,844	64,137	12,213,141	9,296,479	9,318,346	168,046	32,149	-	-	-	13,528	5,537,124	40,356,225	21,035,335	61,391,560	

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Division of the Risks by Remaining Maturities:

Risk Types	Remaining Maturities					Demands and undistributed
	Current Period	1 month	1-3 months	3-6 months	6-12 months	
Contingent and Non-Contingent Claims on Sovereigns	5,262,647	258,865	824,009	1,225,890	6,089,772	5,751,616
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	41,939	2,061
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	44	4,229	4,795	3,535	325	32,017
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	3,095,550	361,289	541,241	42,884	36,184	6,097,716
Contingent and Non-Contingent Claims on Corporate Receivables	1,224,306	2,724,276	1,750,982	2,759,061	2,247,448	1,534,703
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	1,257,405	4,399,623	1,390,502	2,276,856	625,873	1,734,839
Contingent and Non-Contingent Claims Secured by Residential Property	157,836	3,058,484	1,524,459	1,224,917	4,492,587	532,592
Past Due Loans	-	-	-	-	-	87,831
Higher-Risk Categories Defined by Agency	-	-	-	-	-	41,729
Collateralized Marketable Securities	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-
Stock Investments	-	-	-	-	-	18,967
Other Claims	1,501,824	-	1,335	-	-	6,192,270
Total	12,499,612	10,806,766	6,037,323	7,533,143	13,534,128	22,026,341

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Division of the Risks by Remaining Maturities (cont'd)

Risk Types	Remaining Maturities					Demands and undistributed
	Prior Period	1 month	1-3 months	3-6 months	6-12 months	
Contingent and Non-Contingent Claims on Sovereigns	5,136,342	258,376	141,749	634,379	6,401,553	4,252,854
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	28,592	1,973	2,279
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	45	20,135	146	294	216	43,301
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	3,825,617	1,513,154	46,960	348,015	397,789	1,758,978
Contingent and Non-Contingent Claims on Corporate Receivables	1,578,125	2,446,241	864,140	1,228,464	4,843,980	1,252,191
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	1,100,753	3,233,707	661,827	1,646,314	1,212,299	1,441,579
Contingent and Non-Contingent Claims Secured by Residential Property	124,623	2,301,647	149,704	732,817	5,593,267	416,288
Past Due Loans	-	-	-	-	-	168,046
Higher-Risk Categories Defined by Agency	-	-	-	-	-	32,149
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-
Stock Investments	-	-	-	-	-	13,528
Other Claims	682,949	-	1,189	-	3,159	4,849,827
Total	12,448,454	9,773,260	1,865,715	4,618,875	18,454,236	14,231,020

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

In calculating the amount subject to credit risk, the credit note of the Islamic International Rating Agency (IIRA) for Turkey's long-term foreign currency sovereign rating is used for calculation of the receivables from Central Governments and Central Banks in line with the risk groups and credit ratings of JCR Eurasia Rating Inc. for the determination of risk weights for securitization positions indicated in the article 6 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

While the international rating score is used for the risk classification of the exposures with the centralized administration and central banks, for the exposures of the non-rated centralized administration and central banks the Bank uses the country risk classification issued by the Organization for Economic Co-operation and Development (OECD).

The table matching the risk weights used for the risk-weight calculations for the receivables from Centralized Administrations and Central Banks with the credit quality grade indicated in the appendix of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is stated below.

Credit Quality Grade	Islamic International Rating Agency Long-Term Credit Rating	Risk weight for Receivables from Centralized Administrations or Central Banks
1	Between AAA and AA-	0%
2	Between A+ and A-	20%
3	Between BBB+ and BBB-	50%
4	Between BB+ and BB-	100%
5	Between B+ and B-	100%
6	CCC+ and Below	150%

Amounts According to Risk Weights:

Risk Weights												Deductions from Shareholders' Equity	
	Current Period	%0	%10	%20	%25	%35	%50	%75	%100	%150	%250		Other
Amount Before Credit Risk Mitigation	4,126,372	-	7,372,340	-	-	18,716,652	15,788,584	26,432,985	-	-	-	380	1,992
Amount After Credit Risk Mitigation	24,376,918	-	8,040,583	-	2,379,725	11,268,125	8,922,254	16,802,214	248,883	-	-	398,611	1,992

Risk Weights												Deductions from Shareholders' Equity	
	Prior Period	%0	%10	%20	%25	%35	%50	%75	%100	%150	%250		Other
Amount Before Credit Risk Mitigation	1,560,449	-	2,599,834	-	-	21,747,843	12,484,484	22,986,085	695	-	-	12,171	5,020
Amount After Credit Risk Mitigation	21,810,916	-	3,079,169	-	1,778,502	11,804,738	7,698,441	14,041,424	166,928	-	-	1,011,442	5,020

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Information According to Counterparty and Sectors

The Bank evaluates its financial assets in 3 stages under TFRS 9, as explained in footnotes VII and VIII in Section Three. For impaired loans, classified as Stage 3, the Bank calculates the expected credit losses for lifetime and considers the probability of default as 100%.

The Bank has classified the loans that are not overdue but the credit risk is significantly increased as Stage 2 and calculates the expected lifetime credit loss for these loans.

Current Period	Loans		Provisions
	Impaired Receivables		Expected Credit Losses Provisions
	Significant Increase in Credit Risk (Stage 2)	Impaired Loans (Stage 3)	
Significant Sectors/Counterparties			
Agricultural	20,724	135,425	112,484
Farming and Livestock	20,723	134,945	112,149
Forestry	1	90	46
Fishery	-	390	289
Industry	1,606,197	122,497	474,615
Mining and Quarrying	434	847	787
Manufacturing	436,844	121,639	168,329
Electricity, Gas and Water	1,168,919	11	305,499
Construction	131,726	304,294	305,157
Services	719,039	260,608	355,732
Wholesale and Retail Trade	48,586	147,317	113,739
Hotel, Food and Beverage Services	628,887	27,652	158,371
Transportation and Communication	5,969	15,561	13,296
Financial Institutions	-	-	-
Real Estate and Renting Services	32,210	19,393	24,474
Professional Employment	-	-	-
Education Services	42	2,932	2,735
Health and Social Services	3,345	47,753	43,117
Other	15,743	38,837	42,454
Total	2,493,429	861,661	1,290,442

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Information According to Counterparty and Sectors (cont'd)

Prior Period	Loans		Provisions
	Impaired Receivables		Expected Credit Losses Provisions
	Significant Increase in Credit Risk (Stage 2)	Impaired Loans (Stage 3)	
Significant Sectors/Counterparties			
Agricultural	57,248	192,013	170,167
Farming and Livestock	57,247	191,137	169,744
Forestry	1	277	52
Fishery	-	599	371
Industry	687,485	154,694	240,144
Mining and Quarrying	1,165	991	865
Manufacturing	579,261	153,654	202,212
Electricity, Gas and Water	107,059	49	37,067
Construction	188,469	393,548	392,650
Services	434,178	605,446	587,648
Wholesale and Retail Trade	79,895	255,643	232,928
Hotel, Food and Beverage Services	288,791	35,829	86,771
Transportation and Communication	14,142	144,183	139,911
Financial Institutions	-	1,329	245
Real Estate and Renting Services	36,703	99,513	67,389
Professional Employment	-	-	-
Education Services	143	3,138	2,920
Health and Social Services	14,504	65,811	57,484
Other	30,767	60,103	48,125
Total	1,398,147	1,405,804	1,438,734

Information related with Value Adjustments and Loan Loss Provisions

Current Period	Opening Balance	Charge of the Period	Provision Reversals	Other Adjustments	Closing Balance
Stage 3 Provisions	1,205,612	74,939	(548,448)	-	732,103
Stage 1 and Stage 2 Provisions	307,656	489,344	(139,619)	-	657,381

Prior Period	Opening Balance	Charge of the Period	Provision Reversals	Other Adjustments	Closing Balance
Stage 3 Provisions	1,588,601	334,077	(717,066)	-	1,205,612
Stage 1 and Stage 2 Provisions	349,970	394,573	(436,887)	-	307,656

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to Credit Risk (cont'd)

Exposures Subject To Countercyclical Capital Buffer

Country Current Period	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	32,288,261	836	32,289,097
USA	219,890	16,806	236,696
Germany	110,261	16,134	126,395
England	52,426	24,145	76,571
Netherlands	18,056	-	18,056
Saudi Arabia	10,974	-	10,974
Albania	6,595	-	6,595
Switzerland	4,516	-	4,516
Italy	3,416	-	3,416
Azerbaijan	1,977	-	1,977
Other	6,495	-	6,495

Country Prior Period	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	28,732,754	2,941	28,735,695
USA	126,607	13,993	140,600
Germany	231,671	28,152	259,823
England	58,086	36,577	94,663
Netherlands	19,618	-	19,618
Saudi Arabia	12,296	-	12,296
Albania	3,772	-	3,772
Switzerland	2,827	-	2,827
Italy	2,814	-	2,814
Azerbaijan	1,497	-	1,497
Other	6,008	-	6,008

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

III. Explanations Related to Currency Risk

Currency risk is the possibility of loss that the Bank may face, in its total on- and off-balance sheet accounts and positions in foreign currencies, arising from changes in exchange rates.

The Bank's policies and procedures related to currency risk are in line with the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process" and the "Regulation on Measurement and Evaluation of the Capital Adequacy of Banks" and approved by the Bank's Board of Directors.

The Board of Directors has approved limits (position limits, stop-loss limits) compliant with the regulatory "Foreign Exchange Net General Position / Equity Standard Ratio" and based on the Bank's capital. These limits are monitored on a daily basis and reviewed and revised at least once a year, with respect to market conditions and changes in the Bank's strategies.

Within the context of Capital Adequacy, the Bank's currency risk within the market risk exposure is calculated through the use of the "Standard Method" in line with the legislation. In these calculations, the Bank's foreign currency assets and foreign currency liabilities together with the forward transactions and gold position are all taken into consideration. Within the Bank, currency risk exposure is measured, monitored and reported on a daily basis. In this context, "Value-at-Risk (VaR) Methods" are applied as internal model. Among these methods, the "Historical Simulation" is used in reporting; while the "Parametric Method" and the "Monte Carlo Simulation" methods, on the other hand, are used for comparison, in times when volatility increases to a great extent. VaR measurements are based on an observation period covering the last 252 workdays and a 99 % confidence level. In "Economic Capital" measurements based on VaR, a 10-day holding period is applied. Additionally, stress tests and scenario analyses are applied in order to measure and monitor the impact of adverse movements in the markets, while the effectiveness of the Bank's internal model is tested by using retrospective tests on a daily basis.

As of 31 December 2023, the Bank's balance sheet short position is TRL 1,443,819 Thousand (31 December 2022 - TRL 660,601 Thousand short) and the off-balance sheet long position amounts to TRL 1,935,201 Thousand (31 December 2022 - TRL 762,116 Thousand long), resulting in total net long position of TRL 491,382 Thousand (31 December 2022 - TRL 101,105 Thousand total net long).

The announced current foreign exchange buying rates of the Bank at 31 December 2023 and the previous five working days in full TRL are as follows:

	22.12.2023	25.12.2023	26.12.2023	27.12.2023	28.12.2023	29.12.2023
USD	29.1344	29.2108	29.2647	29.3374	29.3973	29.4382
CHF	33.9760	34.0296	34.0778	34.3033	35.0033	34.9666
GBP	36.9491	37.0336	37.0895	37.2657	37.5718	37.4417
100 JPY	20.4417	20.4635	20.5059	20.5175	20.8217	20.7467
EUR	32.0726	32.1766	32.2421	32.4186	32.6937	32.5739

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2023 are as follows:

	Monthly Average Foreign Exchange Rate
USD	29.0552
CHF	33.5465
GBP	36.7411
100 JPY	20.1508
EUR	31.7410

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

III. Explanations Related to Currency Risk (cont'd)

Information on the Bank's Currency Risk: Foreign Currencies

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	3,096,882	5,488,277	1,111,952	9,697,111
Banks	373,021	1,056,800	206,412	1,636,233
Financial Assets at Fair Value Through Profit and Loss	10,397	179,256	-	189,653
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans (*)	13,507,123	4,756,096	2,023	18,265,242
Subsidiaries, Associates and Entities Under Common Control	-	7,083	-	7,083
Financial Assets at Amortised Cost	-	4,791,015	-	4,791,015
Derivative Financial Assets For Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	(184,973)	(59,982)	23,318	(221,637)
Total Assets	16,802,450	16,218,545	1,343,705	34,364,700
Liabilities				
Bank Deposits	685,607	1,839,012	145,630	2,670,249
Foreign Currency Deposits	9,580,297	8,441,147	4,550,161	22,571,605
Money Market Borrowings	-	1,630,447	-	1,630,447
Funds Provided From Other Financial Institutions	981,640	5,244,690	-	6,226,330
Securities Issued (**)	-	2,517,044	-	2,517,044
Sundry Creditors	40,801	23,592	7,612	72,005
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities	6,476	114,331	32	120,839
Total Liabilities	11,294,821	19,810,263	4,703,435	35,808,519
Net Balance Sheet Position	5,507,629	(3,591,718)	(3,359,730)	(1,443,819)
Net Off-Balance Sheet Position	(5,637,893)	4,097,145	3,475,949	1,935,201
Financial Derivative Assets	1,338,468	7,646,996	3,520,817	12,506,281
Financial Derivative Liabilities	6,976,361	3,549,851	44,868	10,571,080
Non-Cash Loans	1,200,153	1,387,821	3,759	2,591,733
Prior Period				
Total Assets	15,999,438	12,040,549	455,030	28,495,017
Total Liabilities	10,136,737	15,425,384	3,593,497	29,155,618
Net Balance Sheet Position	5,862,701	(3,384,835)	(3,138,467)	(660,601)
Net Off-Balance Sheet Position	(5,974,605)	3,497,430	3,239,291	762,116
Financial Derivative Assets	1,134,214	8,879,812	3,273,501	13,287,527
Financial Derivative Liabilities	7,108,819	5,382,382	34,210	12,525,411
Non-Cash Loans	893,516	1,225,692	-	2,119,208

About Currency Risk Table as of 31 December 2023:

(*)The principal amount of currency indexed loans amounting TRL 216,189 Thousand (31 December 2022 - TRL 228,620 Thousand) and accruals amounting TRL 2,657,146 Thousand (31 December 2022 - TRL 1,492,268 Thousand) are shown under loans.

According to the regulation about Foreign Currency Net General Position / Equity Standard Ratio Calculation, Foreign Currency amounts that are not shown in the present currency risk table are as follows:

Derivative Financial Assets Held-for-Trading: TRL 36,286 Thousand (31 December 2022 - TRL 20,678 Thousand)

Unearned income from installment sale of assets: None (31 December 2022 - TRL 1,637 Thousand)

Prepaid expenses: TRL 129,197 Thousand (31 December 2022 - TRL 109,607 Thousand)

Derivative Financial Liabilities Held-for-Trading: TRL 64,445 Thousand (31 December 2022 - TRL 85,258 Thousand)

Financial Derivative Asset amount includes: TRL 124,063 (31 December 2022 - TRL 42,671 Thousand forward asset purchase commitment).

Financial Derivative Liabilities amount includes: TRL 76,546 Thousand (31 December 2022 - TRL 27,785 Thousand) forward asset selling commitment.

(**) Securities Issued includes also the issuances of subordinated debts amounting to TRL 2,517,044 Thousand (31 December 2022 - TRL 1,598,776 Thousand) which are shown under subordinated loans line in the balance sheet.

(***) Includes expected loss provisions calculated in accordance with TFRS 9.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

III. Explanations Related to Currency Risk (cont'd)

Foreign currency sensitivity:

The Bank is mainly exposed to EUR and USD currencies.

The following table details the Bank's sensitivity to a 10 % increase or decrease in the TRL against USD, EUR and other currency. A positive or negative amount represents an increase or decrease in profit /loss or equity due to a 10 % decrease in the value of USD, EUR and other currency against TRL.

	Increase in currency rate in %		Effect on profit or loss		Effect on equity	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
USD	10	10	50,543	11,260	-	-
EUR	10	10	(13,026)	(11,190)	-	-
OTHER	10	10	11,622	10,082	-	-

IV. Explanations Related to Interest Rate Risk

Interest rate risk is the probability of loss that the Bank may face, in relation to its structural position arising from adverse movements in interest rates.

The Bank's policies and procedures related to interest rate risk are in line with the "Regulation on Internal Systems of Banks" and the "Regulation on Measurement and Evaluation of the Capital Adequacy of Banks" and approved by the Bank's Board of Directors.

Within the context of Capital Adequacy, the Bank's interest rate risk within the market risk exposure is calculated through the use of the "Standard Method" in line with the legislation.

The Bank takes interest rate risk positions in both the trading book and banking book. The interest rate risk arising from the trading book is evaluated within the scope of market risk, and thus, measured, monitored, and managed in line with market risk policies and procedures.

Within the Bank, interest rate risk exposure is measured, monitored and reported on a daily basis. In this context, "Value-at-Risk (VaR) Methods" are applied as internal model.

Among these methods, the "Historical Simulation" is used for reporting while "Parametric Method" and the "Monte Carlo Simulation" methods, on the other hand, are used for comparison, in times when volatility increases to a great extent.

VaR measurements are based on an observation period covering the last 252 workdays and a 99 % confidence level. In "Economic Capital" measurements based on VaR, a 10-day holding period is applied.

Additionally, stress tests and scenario analyses are applied in order to measure and monitor the impact of adverse movements in the markets, while the effectiveness of the Bank's internal model is tested by using back tests on a daily basis.

The interest rate risk arising from the Bank's banking accounts is measured, monitored and managed within the scope of assets and liabilities risk. In this context, gap analyses, duration and economic value analyses as well as sensitivity analyses are evaluated on a weekly basis by the Bank's Asset Liability Committee. Simulations on net interest income are performed according to macroeconomic indicator estimations in the Bank's budget targets, while the potential negative impact of adverse movements in market interest rates on the financial position and cash flows is minimized through target revisions. The Bank management monitors the market interest rates on a daily basis, and is able to change the interest rates applied by the Bank whenever it is necessary by ALCO decisions.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to Interest Rate Risk (cont'd)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,649,438	-	-	-	-	9,152,031	11,801,469
Banks	4,114	-	-	-	-	1,633,011	1,637,125
Financial Assets at Fair Value Through Profit and Loss	11,317	40,501	951	20,963	4,054	164,711	242,497
Money Market Placements	5,773,661	-	-	-	-	-	5,773,661
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	18,967	18,967
Loans	21,314,715	5,354,378	11,510,011	1,981,677	1,546,339	861,661	42,568,781
Financial Assets at Amortised Cost	3,883,544	1,301,096	1,840,734	4,114,200	1,001,373	-	12,140,947
Other Assets (**)	1,554,384	-	-	28,965	-	5,600,779	7,184,128
Total Assets	35,191,173	6,695,975	13,351,696	6,145,805	2,551,766	17,431,160	81,367,575
Liabilities							
Bank Deposits	3,091,098	93,678	-	-	-	51,864	3,236,640
Other Deposits	19,254,968	8,066,130	6,673,384	12,316	-	15,685,411	49,692,209
Money Market Borrowings	4,807,345	-	-	-	-	-	4,807,345
Sundry Creditors	-	-	-	-	-	1,524,022	1,524,022
Securities Issued (*)	456,052	-	-	-	2,517,044	-	2,973,096
Funds Provided From Other Financial Institutions	2,743,099	2,129,338	578,744	490,819	284,330	-	6,226,330
Other Liabilities	739,612	459,862	18,371	281,391	153,904	11,254,793	12,907,933
Total Liabilities	31,092,174	10,749,008	7,270,499	784,526	2,955,278	28,516,090	81,367,575
Balance Sheet Long Position							
Balance Sheet Long Position	4,098,999	-	6,081,197	5,361,279	-	-	15,541,475
Balance Sheet Short Position							
Balance Sheet Short Position	-	(4,053,033)	-	-	(403,512)	(11,084,930)	(15,541,475)
Off-Balance Sheet Long Position							
Off-Balance Sheet Long Position	638,777	-	-	638,778	-	-	1,277,555
Off-Balance Sheet Short Position							
Off-Balance Sheet Short Position	(638,777)	-	-	(638,778)	-	-	(1,277,555)
Total Position	4,098,999	(4,053,033)	6,081,197	5,361,279	(403,512)	(11,084,930)	-

(*) The subordinated debts in balance sheet also include the TRL 2,973,096 Thousand bonds issued as subordinated loans.
(**) Expected loss provisions are shown in Non-Interest Bearing column.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to Interest Rate Risk (cont'd)

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

Prior Period	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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	467,457	-	-	-	-	9,981,954	10,449,411
Due From Other Banks and Financial Institutions	1,199	-	-	-	-	1,101,288	1,102,487
Financial Assets at Fair Value Through Profit and Loss	105	18,854	7,601	7,235	4,001	83,211	121,007
Money Market Placements	78,603	-	-	-	-	-	78,603
Financial Assets Available-for-Sale	105,545	-	1,132	-	-	13,528	120,205
Loans	12,562,239	6,030,509	12,811,867	2,472,380	488,187	1,405,804	35,770,986
Held-to-Maturity Investments	2,964,306	2,853,223	1,697,943	2,991,175	1,078,242	-	11,584,889
Other Assets (**)	710,595	11,800	-	23,563	-	3,270,628	4,016,586
Total Assets	16,890,049	8,914,386	14,518,543	5,494,353	1,570,430	15,856,413	63,244,174
Liabilities							
Bank Deposits	613,828	48,424	-	-	-	47,815	710,067
Other Deposits	19,028,859	8,755,681	5,455,737	50,787	-	12,772,360	46,063,424
Money Market Borrowings	1,169,643	-	-	-	-	-	1,169,643
Sundry Creditors	-	-	-	-	-	690,846	690,846
Securities Issued(*)	452,620	-	-	-	1,598,777	-	2,051,397
Funds Provided From Other Financial Institutions	1,935,280	906,639	903,055	4,893	4,430	-	3,754,297
Other Liabilities	881,830	176,274	16,771	236,040	118,813	7,374,772	8,804,500
Total Liabilities	24,082,060	9,887,018	6,375,563	291,720	1,722,020	20,885,793	63,244,174
Balance Sheet Long Position							
Balance Sheet Long Position	-	-	8,142,980	5,202,633	-	-	13,345,613
Balance Sheet Short Position							
Balance Sheet Short Position	(7,192,011)	(972,632)	-	-	(151,590)	(5,029,380)	(13,345,613)
Off-Balance Sheet Long Position							
Off-Balance Sheet Long Position	-	-	486,430	486,430	-	-	972,860
Off-Balance Sheet Short Position							
Off-Balance Sheet Short Position	-	-	(486,430)	(486,430)	-	-	(972,860)
Total Position	(7,192,011)	(972,632)	8,142,980	5,202,633	(151,590)	(5,029,380)	-

(*) The subordinated loans in balance sheet also include the TRL 2,051,397 Thousand bonds issued as subordinated loans.

(**) Expected loss provisions are shown in Non-Interest Bearing column.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to Interest Rate Risk (cont'd)

Average Interest Rates Applied To Monetary Financial Instruments

	EUR	USD	JPY	TRL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks and Financial Institutions	0.04	-	-	16.59
Financial Assets at Fair Value Through Profit and Loss	5.43	7.68	-	30.17
Money Market Placements	-	-	-	30.51
Financial Assets at Fair Value Through Comprehensive Income	-	-	-	3.16
Loans	8.17	10.98	9.29	21.87
Financial Assets at Amortised Cost	-	5.81	-	14.12
Liabilities				
Bank Deposits	3.74	5.35	-	18.40
Other Deposits	0.46	0.73	0.26	19.81
Money Market Borrowings	-	7.73	-	13.10
Sundry Creditors	3.18	-	-	-
Securities Issued	-	6.88	-	9.96
Funds Provided From Other Financial Institutions	6.42	4.49	-	11.05

	EUR	USD	JPY	TRL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks and Financial Institutions	0.01	-	-	15.73
Financial Assets at Fair Value Through Profit and Loss	5.27	7.71	-	9.73
Money Market Placements	-	-	-	16.74
Financial Assets at Fair Value Through Comprehensive Income	-	-	-	16.33
Loans	6.01	8.62	8.57	21.53
Financial Assets at Amortised Cost	-	5.68	-	10.48
Liabilities				
Bank Deposits	1.66	3.15	-	11.54
Other Deposits	0.88	1.71	0.43	15.90
Money Market Borrowings	-	-	-	11.10
Sundry Creditors	0.66	0.11	-	-
Securities Issued	-	6.79	-	9.96
Funds Provided From Other Financial Institutions	4.18	3.08	-	11.11

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to Interest Rate Risk (cont'd)

Interest rate sensitivity:

As of the balance sheet date, under the assumption that market interest rates change by 1 % for both the Turkish Lira and foreign currency denominated items and all other things stay constant:

In case interest rate increases by 1%, it is estimated that the net interest income will be decreased by TRL 2,614 Thousand as of the end of the year (31 December 2022 –TRL 35,090 Thousand), which is 0.05% of net interest income (31 December 2022 –0.76 %).

Within the scope of calculation firstly by calculating the difference between interest sensitive assets and liabilities with maturity up to one year and which behaviorally generate cash flows within one year, net position which is sensitive to interest up to one year is calculated. Secondly, for interest sensitive assets and liabilities the effect of a 1% increase in market interest rates on net interest income (sensitivity in net interest income) is calculated by multiplying the remaining to the end of the period, the 1% increase and the net position.

V. Explanations Related to Equity Securities Position Risk

Associates and subsidiaries are recorded at the cost of acquisition in the financial statements.

Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
Stock Investment			
Stock Investment Group A	709,347	5,107,300	5,107,300
Stock Exchange Securities	709,347	5,107,300	5,107,300
Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-

Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
Stock Investment			
Stock Investment Group A	605,685	2,073,436	2,073,436
Stock Exchange Securities	605,685	2,073,436	2,073,436
Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-

- Types and amounts of positions traded at the exchange and sufficiently diversified private capital portfolios and other exposures: None
- Cumulative realized gains or losses arising from the sale or liquidation during the period: None
- Total unrealized gains or losses, revaluation increases of total supplementary and core capital: None

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

V. Explanations Related to Equity Securities Position Risk (cont'd)

The breakdown of equity investments on the basis of the amount of capital requirement:

Current Period Equity Investments	Balance Sheet Value	Total RWA	Minimum Capital Requirement
	Stock Exchange Securities	709,347	709,347

Prior Period Equity Investments	Balance Sheet Value	Total RWA	Minimum Capital Requirement
	Stock Exchange Securities	605,685	605,685

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity risk refers the incapability of the Bank to have cash or cash inflow at a level that will cover the cash outflow fully and in a timely fashion, due to the instability in cash flow.

The Bank may be exposed to liquidity risk due to the below factors:

- Funding related liquidity risk due to the Bank's inability to meet the anticipated and unforeseen existing and potential cash flow and collateral requirements properly, without affecting its daily operations or financial structure,
- The liquidity risk arising from the lack of required depth in the markets or excessive volatility owing to the inability of the Bank's to balance or close any position over market prices.

a. Information on risk capacity of the Bank, responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The main policy of the Bank is to maintain an asset structure that it will be sufficient to fulfill all its obligations through the use of liquid sources in time and in a sound manner.

The objective of the liquidity risk management is to maintain the Bank's financial stability by means of maintaining the Bank's liquidity risk exposure at measurable and tolerable levels. Thus, it is also the objective to protect the Bank's shareholders from any potential loss that might arise from adverse movements in the Bank's liquidity position.

The Bank's policies and procedures related to the liquidity risk are approved by the Bank's Board of Directors.

The major factors mentioned below are addressed in those policies and procedures:

The Oversight of the Board of Directors:

- The Board of Directors approves policies and procedures related to the liquidity risk, all in line with the Bank's annual budget and the growth strategies for medium and long term.
- The Board of Directors plans the capital structure to cover the Bank's liquidity risk profile, all in line with the Bank's annual budget and the growth strategies for medium and long term.
- The Board of Directors segregates the duties, authorities and responsibilities related to measuring, monitoring, controlling, auditing and management of the liquidity risk, through internal regulations on related committees and units.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

a. Information on risk capacity of the Bank, responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application (cont'd)

The Oversight of the Senior Management:

- The Bank's senior management implements systems and standards related to measuring, monitoring, controlling, auditing and management of the liquidity risk, with respect to its duties, authorities, and responsibility areas.
- The Bank's senior management takes measures to ensure the development of technical knowledge and competencies of human resources as well as information systems infrastructure so that the measuring, monitoring, controlling and auditing of the liquidity risk, are all executed in a sound manner.
- The Bank's senior management analyses potential liquidity risk, which may arise from the new banking products and services, which the Bank plans to implement.
- The Board of Directors and senior management segregate the responsibilities within the scope of the liquidity risk management among the Asset Liability Committee, Treasury Units and Risk Management Head.

Accordingly, the Board of Directors set the Asset Liability Committee (ALCO) as the senior management committee responsible for management of the Bank's balance sheet, usage of funds, and financial management. ALCO sets the strategies for management of the balance sheet, funding, source planning and liquidity as well as conducting stress tests and scenario analyses. The Treasury Unit implements these strategies in order to manage liquidity.

The Board of Directors has accepted "Risk Limits" and "Key Risk Indicators" as part of the Bank's policies and procedures related to the liquidity risk. The compliance with these limits are monitored on a regular basis; all of which are reviewed and revised (if deemed necessary) at least once a year, with respect to the market conditions and changes in the Bank's strategies.

The compliance with the "Risk Limits" is a mandatory agenda item in the regular monthly meetings of the Board of Directors. The liquidity risk profile is analysed, monitored, and assessed by the Risk Management Head. The said Unit presents its findings through those assessments as well as the compliance with the "Risk Limits" to ALCO on a weekly basis and to the Board of Directors on a monthly basis.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

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

The management of liquidity has a decentralised structure. In this context, each subsidiary executes its liquidity management function by its own units/departments/services responsible for carrying out the function of the financial management. Besides, the Bank provides funding to its subsidiaries in line with the regulatory limits while also considering the market conditions.

The Bank's liquidity management is carried out in line with budgeted growth strategies and taking into account the legal requirements, as well as current market conditions and expectations regarding economic and financial conjuncture. In liquidity management, liquidity planning is realized by predicting the effects of global conditions both on the country and on the sector.

In liquidity management policy, the stable core deposit base is determined as the Bank's main funding resources. In order to increase the diversity of funding resources, domestic and foreign capital markets are utilized for medium and long-term funding sources. To prevent the concentration risk of liquidity obligations, the concentration limits for deposit and non-deposit indebtedment is closely monitored. Liquidity ratios (LCR, NFSR) are followed and liquidity projections are performed within the scope of Basel III.

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

Liquidity refers to the capability of the Bank to fund its asset growth and obligations without being subject to unacceptable loss in a timely fashion.

The factors assessed in the Bank's liquidity management are the predicted asset quality projection for the current and the future period, funding requirement projection for the current and future period, creating easily liquidated assets, creating assets which have regular cash flow, diversification of fund resources and preventing concentration.

Deposits are the foundation of the Bank's liquidity. Maintaining a deposit structure with low cost that shows stable growth is essential. To that end, an interest rate policy compatible with annual budget is applied for liquidity management.

In order to meet the liquidity requirements that may arise due to market fluctuations, special attention is paid to ensure availability of sufficient liquidity based on the continuous projections made for Turkish Lira and Foreign Currency cash flows. Based on cash flow projections, price is differentiated for different maturity buckets, and measures to meet liquidity requirements are taken accordingly. Moreover, potential alternative sources of liquidity are determined to be used in case of emergency.

In order to ensure effectiveness and sustainability of liquidity management, funding resources for the subsidiaries that are subject to consolidation and its diversification possibilities are evaluated taking into consideration markets, instruments and funds providers. The liquidity position of the subsidiaries that are subject to consolidation is continuously monitored by the Bank.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

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

In order to measure and monitor the impact of the liquidity risk, the Bank uses cash flow gap analyses indicating both current and future transactions. The assets, liabilities and interest bearing off balance sheet items are grouped into the maturity buckets based on their maturities and analyzed based on the calculated time gaps.

In cash flow gap analyses:

- Aggregate, Turkish Lira and foreign currency items are tabulated separately.
- Calculation for currency items that exceed 5 % of the Bank's total assets (USD, EUR, etc. items) are done separately.
- Currency items that do not exceed 5 % of the Bank's total assets are aggregated with the EUR items.

e. Information on liquidity risk mitigation techniques:

Within the liquidity risk reduction techniques, concentrating on a regular cash flow structure in its assets, establishing a broadly-based structure in its liabilities, regularly issuing bank securities as an alternative funding source, diversifying the sources of funding by concentrating long-term finance resources from the financial institutions such as covered bonds, syndications and others and maintaining the liquidity buffer takes place.

f. Information on the use of stress tests:

With liquidity stress tests, both the size and the cost of liquidity need that will arise under stress are evaluated. Within the scope of ICAAP, the levels that the liquidity coverage ratio and the liquidity ratios in various maturities can reach as a result of possible fluctuations that may occur in cash inflows/outflows, collateral obligations and funding opportunities are evaluated within the 3 year forecast period.

g. General information on urgent and unexpected liquidity situation plans:

The Bank's O/N repo limits in the Central Bank of Turkish republic and the Borsa Istanbul Stock Exchange as well as unutilised limits are also regularly monitored. As a precaution for a worst-case scenario such as the withdrawal of all demand deposits, it is essential to keep a limit unused as much as the amount of current demand deposits. Within this scope, the ALCO sets the alternative liquidity strategies with regards to the current market environment.

The Bank set the "Liquidity Management Urgent Action Plan", which defines the level of coverage, implementation guidelines, possible scenarios, emergency action plan, available funding sources, stress tests and the obstacles to be addressed.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

Liquidity Coverage Ratio:

Liquidity Coverage Ratio refers to the liquidity ratio calculated in accordance with the provisions of the BRSA's "Regulation on Calculation of Banks' Liquidity Coverage Ratio" in order to determine the minimum liquidity level of the Bank, in order to ensure that the Bank has sufficient stock of high-quality liquid assets to meet its net cash outflows.

Hence, these ratios are effected by the levels of a bank's liquid assets which can be liquidated easily and the cash in-flows as well as the cash out-flows arising from a bank's assets, liabilities and also off balance sheet items.

In the last quarter of 2023, the average total liquidity coverage ratio increased compared to average of previous quarter. As a result of the increase in the amount of high-quality liquid assets, the average total liquidity coverage ratio which was 282.40% in the previous quarter realized at 200.61%. The average FX liquidity coverage ratio which was 282.74% in the previous quarter realized as 228.91%, showed a decrease compared to the previous quarter. Both rates continue to be well above the minimum levels stipulated by the statutory legislation.

The Bank's "high quality liquid assets" comprise of cash and the balance sheet items held within the Central Bank of the Turkish Republic as well as borrowing instruments issued by the Turkish Treasury, which are not subject to repurchase agreements or not pledged as collateral. The high-quality liquid assets are represented by cash 7.01%, balances with the central banks 62.98% and first quality liquid borrowing instruments 30.01%.

Items that represent the cash outflows used in the calculation of liquidity coverage ratio include mainly the deposit base, secured and unsecured borrowings, the securities issued and off balance sheet transactions. Main items of the cash inflows include secured and unsecured receivables and other cash inflows. Other cash inflows and outflows derive from derivative transactions and the cash flows of the derivative financial instruments are included in the calculation.

While the effect of derivative transactions on the net cash outflow is limited, the fluctuations in the volume of foreign currency derivatives can effect FC liquidity coverage ratio.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

Liquidity Coverage Ratio (cont'd):

The major funding source for the Bank is the deposit base. In addition to the deposits, the other significant sources of funding include funds received through REPO transactions, issued securities, long-term resources obtained from the financial institutions (Covered Bonds, syndications, and other).

Current Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
	TRL+FC	FC	TRL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			16,124,706	8,631,205
CASH OUTFLOW				
2 Retail deposits and deposits from small business customers, of which:	41,450,770	18,219,750	3,665,967	1,822,072
3 Stable deposits	9,584,140	-	479,207	-
4 Less stable deposits	31,866,630	18,219,750	3,186,760	1,822,072
5 Unsecured wholesale funding, of which:	17,690,753	6,027,705	14,199,623	4,358,275
6 Operational deposits	168,160	1,552	42,040	388
7 Non-operational deposits	9,159,951	4,906,745	6,542,178	3,239,559
8 Unsecured funding	8,362,642	1,119,408	7,615,405	1,118,328
9 Secured wholesale funding			-	-
10 Other cash outflows of which:	84,496	86,010	84,496	86,010
11 Outflows related to derivative exposures and other collateral requirements	84,496	86,010	84,496	86,010
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14 Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet obligations	13,937,508	2,664,755	1,710,144	272,619
16 TOTAL CASH OUTFLOWS			19,660,230	6,538,976
17 Secured receivables	-	-	-	-
18 Unsecured receivables	13,951,540	3,954,797	11,513,475	2,757,184
19 Other cash inflows	109,010	4,973	109,010	11,228
20 TOTAL CASH INFLOWS	14,060,550	3,959,770	11,622,485	2,768,412
			Total Adjusted Value	
21 TOTAL HQLA			16,124,706	8,631,205
22 TOTAL NET CASH OUTFLOWS			8,037,745	3,770,564
23 LIQUIDITY COVERAGE RATIO (%)			200.61	228.91

(*) The average of last three months' liquidity coverage ratio calculated based on weekly simple averages.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

Liquidity Coverage Ratio (cont'd):

Prior Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
	TRL+FC	FC	TRL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA)		15,098,912	10,188,854
CASH OUTFLOW				
2	Retail deposits and deposits from small business customers, of which:			
3	39,303,980	20,929,130	3,497,776	2,092,932
4	8,652,820	-	432,641	-
5	30,651,160	20,929,130	3,065,135	2,092,932
6	Less stable deposits			
7	17,367,235	6,562,679	12,237,811	4,529,325
8	Unsecured wholesale funding, of which:			
9	128,332	1,588	28,491	397
10	8,948,650	5,659,206	5,910,169	3,627,325
11	8,290,253	901,885	6,299,151	901,603
12	Secured wholesale funding		-	-
13	102,439	104,542	102,439	104,542
14	Other cash outflows of which:			
15	102,439	104,542	102,439	104,542
16	Outflows related to derivative exposures and other collateral requirements			
17	-	-	-	-
18	Outflows related to restructured financial instruments			
19	-	-	-	-
20	Payment commitments and other off-balance sheet commitments granted for debts to financial markets			
21	-	-	-	-
22	960	960	48	48
23	Other revocable off-balance sheet commitments and contractual obligations			
24	13,240,640	3,676,210	2,076,506	837,007
25	Other irrevocable or conditionally revocable off-balance sheet obligations			
26	17,914,580	7,563,854		
27	TOTAL CASH OUTFLOWS			
28	Secured receivables		-	-
29	9,985,115	3,459,907	8,168,838	2,741,428
30	Unsecured receivables			
31	441,177	8,434	441,177	46,168
32	Other cash inflows			
33	10,426,292	3,468,341	8,610,015	2,787,596
34	TOTAL CASH INFLOWS			
35	Total Adjusted Value			
36	TOTAL HQLA		15,098,912	10,188,854
37	TOTAL NET CASH OUTFLOWS		9,304,565	4,776,258
38	LIQUIDITY COVERAGE RATIO (%)		162.27	213.32

(*) The average of last three months' liquidity coverage ratio calculated based on weekly simple averages.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

In accordance with the "Regulation on calculation of Bank's liquidity coverage ratio", the information on the highest and the lowest weekly liquidity coverage ratio during the last three months is presented below.

Current Period	Date	Maximum	Date	Minimum
TRL+FC	6.10.2023	263.31	8.12.2023	143.10
FC	22.12.2023	324.60	20.10.2023	199.39

Prior Period	Date	Maximum	Date	Minimum
TRL+FC	30.12.2022	256.78	11.11.2022	135.72
FC	30.12.2022	356.02	09.12.2022	168.75

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	4,283,435	7,518,034	-	-	-	-	-	11,801,469
Banks	1,633,011	4,114	-	-	-	-	-	1,637,125
Financial Assets at Fair Value Through Profit and Loss	652	-	389	951	72,392	168,113	-	242,497
Money Market Placements	-	5,773,661	-	-	-	-	-	5,773,661
Financial Assets at Fair Value Through Other Comprehensive Income	18,967	-	-	-	-	-	-	18,967
Loans (**)	24,523	6,504,391	11,881,208	13,106,383	5,742,133	4,448,482	861,661	42,568,781
Financial Assets at Amortised Cost	-	-	24	2,914,058	8,225,492	1,001,373	-	12,140,947
Other Assets	1,402,892	1,554,384	-	-	28,965	-	4,197,887	7,184,128
Total Assets	7,363,480	21,354,584	11,881,621	16,021,392	14,068,982	5,617,968	5,059,548	81,367,575
Liabilities								
Bank Deposits	51,864	3,091,098	93,678	-	-	-	-	3,236,640
Other Deposits	15,685,411	19,254,199	8,064,410	6,660,514	27,675	-	-	49,692,209
Funds Provided From Other Financial Institutions	-	-	-	725,936	706,674	4,793,720	-	6,226,330
Money Market Borrowings	-	3,176,898	-	1,630,447	-	-	-	4,807,345
Securities Issued (***)	-	-	-	-	456,052	2,517,044	-	2,973,096
Sundry Creditors	1,524,022	-	-	-	-	-	-	1,524,022
Other Liabilities	534,946	697,236	3,448,053	16,614	213,411	393,850	7,603,823	12,907,933
Total Liabilities	17,796,243	26,219,431	11,606,141	9,033,511	1,403,812	7,704,614	7,603,823	81,367,575
Liquidity Gap	(10,432,763)	(4,864,847)	275,480	6,987,881	12,665,170	(2,086,646)	(2,544,275)	-
Net Off-Balance Sheet Position	-	(33,667)	-	-	-	-	-	(33,667)
Derivative Financial Assets	-	11,240,171	-	-	1,277,555	-	-	12,517,726
Derivative Financial Liabilities	-	11,273,838	-	-	1,277,555	-	-	12,551,393
Non-Cash Loans	3,254,180	258,836	686,231	2,906,325	1,089,099	157,445	-	8,352,116
Prior Period								
Total Assets	6,837,319	14,250,962	10,159,343	5,917,369	17,551,080	4,882,131	3,645,970	63,244,174
Total Liabilities	14,253,559	21,677,348	10,806,349	5,674,459	1,948,367	4,188,998	4,695,094	63,244,174
Liquidity Gap	(7,416,240)	(7,426,386)	(647,006)	242,910	15,602,713	693,133	(1,049,124)	-
Net Off-Balance Sheet Position	-	(50,353)	3,135	(12,290)	-	-	-	(59,508)
Derivative Financial Assets	-	9,393,066	4,779,680	152,325	927,230	-	-	15,252,301
Derivative Financial Liabilities	-	9,443,419	4,776,545	164,615	927,230	-	-	15,311,809
Non-Cash Loans	2,688,051	213,734	738,658	2,775,819	789,085	171,591	-	7,376,938

(*) Those assets such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, which are necessary for continuation of banking activities, unavailable for conversion into cash in a short term and other assets account and equity accounts are classified under undistributed.

(**) Overdraft Loans are presented in 1-3 months period.

(***) The subordinated debts in balance sheet also include the TRL 2,973,096 Thousand bonds issued as subordinated loans.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Current Period								
Liabilities								
Bank deposits	51,864	3,091,098	96,072	-	-	-	(2,394)	3,236,640
Other deposits	15,685,411	19,359,490	8,369,946	7,313,167	29,506	15	(1,065,326)	49,692,209
Funds provided from other financial institutions	-	-	23,444	725,936	706,674	4,804,779	(34,503)	6,226,330
Money market borrowings	-	3,199,016	-	1,630,447	-	-	(22,118)	4,807,345
Securities Issued	-	-	-	-	458,029	2,826,320	(311,253)	2,973,096
Total Liabilities	15,737,275	25,649,604	8,489,462	9,669,550	1,194,209	7,631,114	(1,435,594)	66,935,620
Prior Period								
Liabilities								
Bank deposits	47,815	614,498	48,670	-	-	-	(916)	710,067
Other deposits	12,772,360	19,078,952	8,892,990	5,703,367	65,796	12	(450,053)	46,063,424
Funds provided from other financial institutions	-	-	15,705	227,944	1,417,084	2,181,311	(87,747)	3,754,297
Money market borrowings	-	1,170,005	-	-	-	-	(362)	1,169,643
Securities Issued	-	-	-	-	301,801	2,030,235	(280,639)	2,051,397
Total Liabilities	12,820,175	20,863,455	8,957,365	5,931,311	1,784,681	4,211,558	(819,717)	53,748,828

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (cont'd)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Current Period						
Net Settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Foreign currency options	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Gross settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	11,139,507	-	-	-	-	11,139,507
Interest rate swaps	13,844	-	19,479	1,286,155	-	1,319,478
Foreign currency options	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Total	11,153,351	-	19,479	1,286,155	-	12,458,985
Prior Period						
Net Settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Foreign currency options	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Gross settled						
Foreign exchange forward contracts	-	13,961	164,614	-	-	178,575
Currency swaps	9,401,037	4,666,183	-	-	-	14,067,220
Interest rate swaps	-	-	373	928,175	-	928,548
Foreign currency options	-	-	-	96,402	-	96,402
Interest rate options	-	-	-	-	-	-
Total	9,401,037	4,680,144	164,987	1,024,577	-	15,270,745

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VII. Explanations Related to Leverage Ratio

The Bank's unconsolidated leverage ratio calculated according to "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 7.16% (31 December 2022 – 5.19%). Change in the leverage ratio is mainly due to the increase of the on balance sheet assets. The minimum leverage ratio set by the above mentioned regulation is 3%.

	Current Period (*)	Prior Period
On-balance sheet assets		
1 On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	81,310,190	69,549,155
2 (Assets deducted in determining Tier 1 capital)	(188,163)	(299,065)
3 Total on-balance sheet risks (sum of lines 1 and 2)	81,122,027	69,250,090
Derivative financial instruments and credit derivatives		
4 Replacement cost associated with all derivative instruments and credit derivatives	110,475	104,000
5 Add-on amounts for PFE associated with all derivative instruments and credit derivatives	100,055	146,481
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	210,530	250,481
Securities or commodity financing transactions (SCFT)		
7 Risks from SCFT assets	-	-
8 Risks from brokerage activities related exposures	902,511	-
9 Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	902,511	-
Other off-balance sheet transactions		
10 Gross notional amounts of off-balance sheet transactions	16,201,003	14,782,002
11 (Adjustments for conversion to credit equivalent amounts)	(1,916,113)	(1,077,937)
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	14,284,890	13,704,065
Capital and total risks		
13 Tier 1 capital	6,914,079	4,322,461
14 Total risks (sum of lines 3, 6, 9 and 12)	96,519,958	83,204,636
Leverage ratio		
15 Leverage ratio	7.16	5.19

(*) Amounts in the table are three-month average amounts.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

The fair value of financial assets at amortised cost and financial assets at fair value through comprehensive income are based on market prices and quoted market prices for other marketable securities subject to the same nature of interest, maturity and other similar conditions in circumstances where such price cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits, funds provided from other financial institutions with fixed interest rate and securities issued is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term

The market values of the items shown in the table are calculated by combining the accrued interest and the market value of principal amounts, based on term till maturity for the fixed rate items and term till the repricing day for the floating rate items and compared to its book values. The fair values of balance sheet items which are not interest sensitive determined according to their accounting methods.

The table below shows the book value and the fair value of the financial assets and liabilities:

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Assets Measured at Fair Value Through Profit and Loss	242,497	121,007	242,497	121,007
Money Market Placements	5,773,661	78,603	5,474,232	78,603
Banks	1,637,125	1,102,487	1,636,267	1,102,487
Financial Assets at Fair Value Through Other Comprehensive Income	18,967	120,205	18,967	120,205
Financial Assets at Amortised Cost	12,140,947	11,584,889	12,303,393	13,083,187
Loans	42,568,781	35,770,986	42,024,913	35,403,440
Financial Liabilities				
Bank Deposits	3,236,640	710,067	3,234,483	710,916
Other Deposits	49,692,209	46,063,424	49,477,548	45,541,680
Funds Borrowed From Other Financial Institutions	6,226,330	3,754,297	6,738,766	3,801,310
Interbank Borrowings	4,807,345	1,169,643	4,738,719	1,168,934
Securities Issued (*)	2,973,096	2,051,397	2,925,308	1,775,079
Sundry Creditors	1,524,021	690,846	1,524,021	690,846

(*) The subordinated debts in balance sheet also include the TRL 2,973,096 Thousand (31 December 2022 -TRL 2,051,397 Thousand) bonds issued as subordinated loans.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (cont'd)

TFRS 7 "Financial Instruments: Disclosures" standard require those items which are recorded in the balance sheet with their fair values to be disclosed in the footnotes by groups, based on the data used for fair value measurement of these assets. The first group composes the financial instruments whose fair values were determined according to prices of identical assets or liabilities recorded in active markets; the second group is for financial instruments whose fair values were determined according to data of directly or indirectly observable markets; and the third group includes the financial instruments whose fair values are not determined as based on observable market data. These financial instruments recorded in the balance sheet of the Bank with their fair values are grouped accordingly and are shown the table below:

	Level 1	Level 2	Level 3
Current Period			
Financial Assets			
Financial Assets At Fair Value Through Profit And Loss	242,497	-	-
Derivative Financial Assets	-	65,251	-
Loans	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	18,967
Financial Liabilities			
Derivative Financial Liabilities	-	98,708	-
Prior Period (*)			
Financial Assets			
Financial Assets At Fair Value Through Profit And Loss	121,007	-	-
Derivative Financial Assets	-	44,241	-
Loans	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	106,677	-	13,528
Financial Liabilities			
Derivative Financial Liabilities	-	108,821	-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The movement of financial assets in Level 3 is presented below:

	Current Period	Prior Period
Balances at Beginning of Period	13,528	7,406
Purchases	5,439	6,122
Disposals	-	-
Valuation effect	-	-
Transfers	-	-
Balances at the End of Period	18,967	13,528

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IX. Explanations Related to Transactions Made on Behalf of Others and Transactions Based On Trust

The Bank performs buying and selling transactions with fixed interest on behalf of customers, is provide limited custody service, but does not provide administration and consultancy services.

There are no transactions made with other financial institutions under the trust transaction contract and direct financial services provided within this scope.

X. Explanations Related to Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on “Disclosures about Risk Management to Be Announced to Public by Banks” that have been published in the Official Gazette no. 29511 on 23 October 2015.

a. Explanations on Risk Management and Risk Weighted Amount

a.1. Risk management strategy

Especially in the financial sector, the importance of the existence of then effective risk management approach for a sustainable growth based on solid foundations has been growing day-by-day. Having this in mind, the Bank aims to ensure that the risk management approach is adopted as a corporate culture, that the strategy and business plans are prepared in this respect, that decision-making, execution and audit processes are configured accordingly and that a dynamic and effective risk management system is established completely.

The establishment of the risk management systems under the responsibility of the Bank’s Board of Directors and has been configured in a way to cover the institutions, which are subject to consolidation, under the coordination of the Bank’s Board of Directors.

The Management is responsible for execution and coordination of the strategies, policies, risk limits and implementation of the procedures, which are approved by the Board of Directors; reviewing its effectiveness and making proposals on including the new risks. The Management set the Asset / Liability Committee, the Product Development Committee for these purposes.

The Bank has structured Internal Systems in order to monitor and control the risks it is exposed to, and the Board of Inspectors, Internal Control and Compliance Department and Risk Management Department are the units within the scope of internal systems. To the Internal Systems Officer, who is a member of the Internal Control and Compliance Department and Risk Management Board of Directors within the scope of internal systems; The Board of Inspection carries out its activities under the Audit Committee, which also consists of the members of the Board of Directors.

The Bank’s risk management policies are the written standards which are prepared based on the must-have factors in relation to the local regulations, the Bank’s good practice guides and the international practices and are approved by the Board of Directors. These policies include the organization of the risk management function, the definition of the risks exposed, measuring effects on the activities and financial structure and classifying according to the degree of importance and determining the risk limits by taking into account the risk tolerance of the institution, monitoring and reporting the compliance with all these processes. The Bank’s risk management processes are executed in conformity with the matters specified in the Risk Management Policies and regulations.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

a. Explanations on Risk Management and Risk Weighted Amount (cont'd)

a.1. Risk management strategy (cont'd)

The Bank monitors its risk profile through the “Risk Limits and “Risk Indicators” which are set by the management and approved by the Board of Directors and conducts scenario analyses in this respect. In order to measure, monitor and report the risks, to which it is exposed to, the Bank uses the measurement methodologies and risk management software.

The Bank takes necessary actions for ensuring that the risk management approach is adopted as a corporate culture. All measures have been taken for ensuring that the instructions and regulations introduced in the Bank are prepared in compliance with the strategy, the risk management policies, limits and risk management practices. All Bank’s employees are informed on the risk management policies, procedures and the instructions and manuals prepared in connection to these policies. Furthermore, all departments, branches and consolidated subsidiaries are all subject to supervision and audit.

The Bank has established a written Internal Capital Adequacy Assessment Process (“ICAAP”) in line with the legislation. The Bank conducts holistic stress tests and scenario analyses in compliance with the methods and approaches set in the ICAAP. In addition to its own scenarios within the stress test programme, the Bank also conducts the scenarios, which are required by the BRSA.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

a. Explanations on Risk Management and Risk Weighted Amount (cont'd)

a.2. Overview of Risk Weighted Amount

		a		b	c
		Risk Weighted Amount		Minimum capital requirement	Current Period
		Current Period	Prior Period		
1	Credit risk (excluding counterparty credit risk) (CCR)	32,684,174	29,150,586	2,614,734	
2	Standardised approach (SA)	32,684,174	29,150,586	2,614,734	
3	Internal rating-based (IRB) approach	-	-	-	
4	Counterparty credit risk	57,920	81,663	4,634	
5	Standardised approach for counterparty credit risk (SA-CCR)	57,920	81,663	4,634	
6	Internal model method (IMM)	-	-	-	
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-	
8	Investments made in collective investment companies – look-through approach	-	-	-	
9	Investments made in collective investment companies – mandate-based approach	-	-	-	
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-	
11	Settlement risk	-	-	-	
12	Securitization positions in banking accounts	-	-	-	
13	IRBratings-based approach (RBA)	-	-	-	
14	IRB Supervisory Formula Approach (SFA)	-	-	-	
15	SA/simplified supervisory formula approach (SSFA)	-	-	-	
16	Market risk	991,117	570,651	79,289	
17	Standardised approach (SA)	991,117	570,651	79,289	
18	Internal model approaches (IMM)	-	-	-	
19	Operational Risk	5,568,163	3,227,856	445,453	
20	Basic Indicator Approach	5,568,163	3,227,856	445,453	
21	Standard Approach	-	-	-	
22	Advanced measurement approach	-	-	-	
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	
24	Floor adjustment	-	-	-	
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	39,301,374	33,030,756	3,144,110	

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount

b.1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting			
		Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	Amount recognised in regulatory capital / Not subject to capital requirements or subject to deduction from capital
Current Period					
Assets					
Cash and Balances With Central Bank of Turkey	11,801,469	11,801,469	-	-	-
Banks	1,637,125	1,637,125	-	-	-
Money Market Placements	5,773,661	5,773,661	-	-	-
Financial Assets at Fair Value Through Profit or Loss	242,497	164,711	-	77,786	-
Financial Assets at Fair Value Through Comprehensive Income	18,967	18,967	-	-	-
Financial Assets at Amortised Cost	12,140,947	12,140,947	-	-	-
Derivative Financial Assets	65,251	-	-	65,251	-
Expected Credit Loss (-)	128,261	-	-	-	128,261
Loans(Net)	41,179,297	41,909,408	-	-	(730,111)
Loans	41,707,120	41,705,128	-	-	1,992
Leasing Receivables	-	-	-	-	-
Factoring Receivables	-	-	-	-	-
Non-Performing Receivables	861,661	861,661	-	-	-
Expected Credit Loss (-)	1,389,484	657,381	-	-	732,103
Assets Held for Sale and Assets of Discontinued Operations	331,998	331,998	-	-	-
Ownership Investments	1,146,128	1,146,128	-	-	-
Tangible Assets (net)	2,697,528	2,651,513	-	-	-
Intangible Assets (net)	150,690	81,647	-	-	46,015
Investment Property (net)	-	-	-	-	69,043
Current Tax Asset	-	-	-	-	-
Deferred Tax Asset	1,388,740	1,388,740	-	-	-
Other Assets	2,921,538	2,921,538	-	-	-
Total Assets	81,367,575	81,967,852	-	143,037	(743,314)
Liabilities					
Deposits	52,928,849	-	-	-	52,928,849
Funds Borrowed	6,226,330	-	-	-	6,226,330
Interbank Money Markets	4,807,345	-	4,807,345	-	-
Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Financial Liabilities Measured At Fair Value Through Profit And Loss	-	-	-	-	-
Derivative Financial Liabilities	98,708	-	-	98,708	-
Factoring Payables	-	-	-	-	-
Lease Payables	578,727	-	-	-	578,727
Provisions	3,650,970	-	-	-	3,650,970
Current Tax Liability	459,512	-	-	-	459,512
Deferred Tax Liability	-	-	-	-	-
Liabilities for Assets Held for Sale and Assets of Discontinued Operations	-	-	-	-	-
Subordinated Debts	2,973,096	-	-	-	2,973,096
Other Payables	2,040,215	-	-	-	2,040,215
Shareholders' Equity	7,603,823	-	-	-	7,603,823
Total Liabilities	81,367,575	4,807,345	98,708	-	76,461,522

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X. Explanations Related to Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount (cont'd)

b.1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation (cont'd)

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards			
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitisation framework	Subject to market risk
Prior Periods					
Assets					
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	10,449,411	10,449,411	-	-	-
Banks	1,102,487	1,102,487	-	-	-
Money Market Placements	78,603	78,603	-	-	-
Financial Assets Held for Trading	121,007	83,211	-	37,796	-
Derivative financial assets held for trading	120,205	120,205	-	-	-
Financial Assets at Fair Value Through Profit or Loss	11,584,889	11,588,590	-	(3,701)	-
Banks	44,241	-	-	44,241	-
Financial Assets Available-for-Sale	108,882	-	-	-	108,882
Loans	34,257,718	35,458,310	-	-	(1,200,592)
Factoring Receivables	34,365,182	34,360,162	-	-	5,020
Investment Held-to-Maturity	-	-	-	-	-
Investment in Associates	-	-	-	-	-
Investment in Subsidiaries	1,405,804	1,405,804	-	-	-
Investment in Joint-Ventures	1,513,268	307,656	-	-	1,205,612
Lease Receivables	388,728	388,728	-	-	-
Derivative Financial Assets Held for Risk	974,028	974,028	-	-	-
Tangible Assets	1,708,560	1,655,284	-	-	53,276
Intangible Assets	140,114	1,229	-	-	138,885
Investment Property	-	-	-	-	-
Tax Asset	-	-	-	-	-
Assets Held for Sale and Assets of Discontinued	651,090	651,090	-	-	-
Other Assets	1,731,975	1,731,975	-	-	-
Total Assets	63,244,174	64,283,150	-	78,336	(1,117,312)
Liabilities					
Deposits	46,773,491	-	-	-	46,773,491
Funds Borrowed	3,754,297	-	-	-	3,754,297
Interbank Money Markets	1,169,643	-	1,169,643	-	-
Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Financial Liabilities Measured At Fair Value	-	-	-	-	-
Derivative Financial Liabilities	108,821	-	-	108,821	-
Factoring Payables	-	-	-	-	-
Lease Payables	447,622	-	-	-	447,622
Provisions	2,679,678	-	-	-	2,679,678
Current Tax Liability	166,288	-	-	-	166,288
Deferred Tax Liability	-	-	-	-	-
Liabilities for Assets Held for Sale and Assets of Discontinued Operations	-	-	-	-	-
Subordinated Debts	2,051,397	-	-	-	2,051,397
Other Payables	1,397,843	-	-	-	1,397,843
Shareholders' Equity	4,695,094	-	-	-	4,695,094
Total Liabilities	63,244,174	1,169,643	108,821	-	61,965,710

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount (cont'd)

b.2. Major items causing differences between assets and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

		Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
Current Period						
1	Asset carrying value amount under scope of regulatory consolidation	82,110,889	81,967,852	-	-	143,037
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	4,807,345	98,708
3	Total net amount under regulatory scope of consolidation	82,110,889	81,967,852	-	(4,807,345)	44,329
4	Off-balance sheet amounts	14,716,166	5,274,886	-	124,282	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	Exposure amounts	96,827,055	87,242,738	-	(4,683,063)	44,329

		Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
Prior Period						
1	Asset carrying value amount under scope of regulatory consolidation	64,361,486	64,283,150	-	-	78,336
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	1,169,643	108,821
3	Total net amount under regulatory scope of consolidation	64,361,486	64,283,150	-	(1,169,643)	(30,485)
4	Off-balance sheet amounts	12,088,665	4,910,120	-	189,835	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	Exposure amounts	76,450,151	69,193,270	-	(979,808)	(30,485)

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount (cont'd)

b.3. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities

In principle, the Bank aims to use methods that measure the fair value in accordance with TFRS 13 "Fair Value Measurement" standard. In this respect, the valued amounts of the items, which are subject to market risk show the fair value of the financial instruments for trading. Valuation models that use market data such as interest rates, efficiency curves, currency, and volatility curves are used as the basis for derivative transactions, while third party valuation services are also available. On the other hand, the amount shown in the "risk amount line" represents the amount of the market risk based on the calculated capital requirement for losses that may be caused by factors such as interest rate risk, equity securities price risk and exchange rate risk of the market risk under the "Regulation on Measurement and Evaluation of Banks' Capital Adequacy".

c. General Information On Credit Risk

c.1. General qualitative information on credit risk

The Bank conducts the lending operations in compliance with the principles and procedures, which are approved by the Board of Directors. With in this scope, marketing, financial analysis, allocation, monitoring and controlling functions are carried out through segregation of duties according to policies and procedures approved by the Board of Directors.

The methodologies and responsibilities for credit risk management, controlling, monitoring and the framework of credit risk limitations are set in the credit risk management policy and procedures. The Bank ensures that the credit risk related to its products is defined, measured and managed. At least annually, the Board of Directors reviews the Bank's credit risk policies and credit risk strategy. The Management is responsible for the execution of the credit risk policies that are approved by the Board of Directors.

In the Bank's credit risk management, along the limits as required by legal regulations, the Bank applies the risk limits for the maximum credit risk within risk groups and for the sectors, which are set by the Board of Directors. These limits are determined in a way that does not create risk concentration. The Risk Management Head conducts measurement, monitoring and reporting of the credit risk by using statistical models and submits the results of the risk-limit compliance, assessments of these limits and credit portfolio concentration analyses to the Management and the Board of Directors.

In the credit allocation process, customers are allocated to business and segment based portfolios in accordance with the established criteria and each credit customer is subjected to a rating or scoring system which is developed in accordance with the portfolio and periodically validated. The cash flow of the activity or investment that is subject to lending is considered as the main source of payment and the sustainability of the income situation of the client is taken into account when credit limits are set. According to the rating/scoring results, credit applications are evaluated and approved in accordance with the credit allocation policies. A credit disbursement is made after approval of a loan application by the related allocation authorities.

The Bank has established loan monitoring system that generate the necessary early warnings and assessments of the loan portfolio, allowing effective monitoring of the loan portfolio.

All branches, departments, regional offices and subsidiaries involved in crediting processes are subject to audit and monitoring by the internal systems departments. All the findings are regularly reported to the Board of Directors and the Bank Management. In addition to transaction and company based risk assessment process refers to an approach that includes monitoring and management of parameters such as maturity, sector, collateral, geography, currency, credit type and credit rating.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.2. Credit quality of assets

	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Alliances / amortisation and impairments	Net values
	Defaulted	Non-defaulted		
Current Period				
1 Loans	861,661	41,707,120	1,389,484	41,179,297
2 Debt securities	-	12,404,906	115,518	12,289,388
3 Off-balance sheet exposures	206,046	14,609,086	98,966	14,716,166
4 Total	1,067,707	68,721,112	1,603,968	68,184,851

	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Alliances / amortisation and impairments	Net values
	Defaulted	Non-defaulted		
Prior Period				
1 Loans	1,405,804	34,365,182	1,513,268	34,257,718
2 Debt securities	-	11,833,496	105,047	11,728,449
3 Off-balance sheet exposures	219,970	11,966,640	97,945	12,088,665
4 Total	1,625,774	58,165,318	1,716,260	58,074,832

c.3. Changes in stock of defaulted loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	1,405,804	2,120,255
2 Loans and debt securities that have defaulted since the last reporting period	148,814	284,479
3 Returned to non-defaulted status	-	-
4 Amounts written off	(174,128)	(335,644)
5 Other changes	(518,829)	(663,286)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	861,661	1,405,804

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.4. Additional disclosure related to the credit quality of assets

c.4.1. Qualitative disclosures related to the credit quality of assets

The Bank reclassifies loans and performs credit impairment loss calculations according to TFRS 9 as stated in Note VIII "Impairment of Financial Assets" in Section three.

The Bank calculates expected loss provision based on the degree of impairment in credit risk by performing calculations as of each reporting date to reflect changes in the credit risk from the initial recognition of financial assets. Negative developments in the customer's ability to pay or cash flows are subjected to a new loan to cover all or part of the receivables or to re-financing or restructuring by creating a new payment plan.

c.4.2. Breakdown of exposures by geographical areas, industry and ageing

Related explanations are disclosed in section IV note II.

c.4.3. Exposures provisioned against by major regions and sectors

Current Period	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Domestic	860,367	730,868	174,096
European Union (EU) Countries	187	149	32
OECD Countries	-	-	-
Off-Shore Banking Regions	1,021	1,004	-
USA, Canada	84	81	-
Other Countries	2	1	-
Total	861,661	732,103	174,128

Prior Period (*)	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Domestic	1,404,387	1,204,298	335,644
European Union (EU) Countries	343	264	-
OECD Countries	20	20	-
Off-Shore Banking Regions	985	962	-
USA, Canada	68	67	-
Other Countries	1	1	-
Total	1,405,804	1,205,612	335,644

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.4. Additional disclosure related to the credit quality of assets (cont'd)

c.4.3. Exposures provisioned against by major regions and sectors (cont'd)

Current Period	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Agricultural	135,425	112,238	28,003
Farming and raising livestock	134,945	111,903	27,978
Forestry	90	46	-
Fishing	390	289	25
Manufacturing	122,497	81,958	20,737
Mining	847	786	226
Production	121,639	81,165	20,467
Electricity, Gas, Water	11	7	44
Construction	304,294	294,231	15,686
Services	260,608	211,817	94,401
Wholesale and Retail Trade	147,317	112,704	51,188
Hotel, Food, Beverage Services	27,652	26,266	1,474
Transportation and Telecommunication	15,561	13,203	35,795
Financial Institutions	-	-	35
Real Estate and Lending Services	19,393	13,838	3,770
Self employment Service	-	-	-
Education Service	2,932	2,734	273
Health and social Services	47,753	43,072	1,866
Other	38,837	31,859	15,301
Total	861,661	732,103	174,128

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.4. Additional disclosure related to the credit quality of assets (cont'd)

c.4.3. Exposures provisioned against by major regions and sectors (cont'd)

Prior Period	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Agricultural	192,013	168,989	26,150
Farming and raising livestock	191,137	168,566	26,134
Forestry	277	52	11
Fishing	599	371	5
Manufacturing	154,694	119,446	46,595
Mining	991	860	2,701
Production	153,654	118,549	43,894
Electricity, Gas, Water	49	37	-
Construction	393,548	374,565	27,406
Services	605,446	496,198	224,675
Wholesale and Retail Trade	255,643	211,450	64,076
Hotel, Food, Beverage Services	35,829	30,640	118,148
Transportation and Telecommunication	144,183	139,570	9,536
Financial Institutions	1,329	245	59
Real Estate and Lending Services	99,513	54,222	31,463
Self employment Service	-	-	-
Education Service	3,138	2,914	28
Health and social Services	65,811	57,157	1,365
Other	60,103	46,414	10,818
Total	1,405,804	1,205,612	335,644

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.4. Additional disclosure related to the credit quality of assets (cont'd)

c.4.4. Ageing of Past Due Loans

Current Period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	6,061	42	7,350	10,970	5,242
Small and Medium Enterprises	65,814	42,538	99,361	498,527	78,939
Retail Loans	631	2,427	18,461	1,233	2,036
Others	1,163	11,717	1,642	2,143	5,364
Total	73,669	56,724	126,814	512,873	91,581

Prior Period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	9,471	16,057	133,352	24,860	6,049
Small and Medium Enterprises	54,645	129,678	634,350	245,495	80,727
Retail Loans	2,029	10,336	20,229	7,732	4,678
Others	11,718	594	6,622	1,943	5,239
Total	77,863	156,665	794,553	280,030	96,693

c.4.5. Breakdown of restructured receivables based on whether or not provisions are allocated

	Current Period	Prior Period
Loans Structured from Standard Loans and Other Receivables	658	3,545
Loans Restructured from Loans Under Close Monitoring and Other Receivables	1,359,919	452,009
Loans Restructured from Non-Performing Loans	110,337	138,980

The Bank evaluates its financial assets in 3 stages under TFRS 9, as explained in Section Three Note VII and VIII. For the Impaired stage 3 loans, the Bank calculates the expected credit losses for lifetime and considers the probability of default to be 100%.

The Bank classifies loans that have not been impaired yet but the credit risk has increased significantly, as Second Stage and calculates the lifetime expected credit loss for these loans.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.5. Credit Risk Mitigation Techniques

c.5.1. Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques

The Bank calculates credit risk using mitigation techniques specified in the “Notification Related to the Credit Risk Mitigation Techniques” that entered into force through the publication in the Official Gazette dated 06 September 2014 and numbered 29111.

The Bank considers the deposit or cash values as financial security and real estate mortgages as physical security.

In accordance with the provisions of the “Communiqué on Credit Risk Mitigation Techniques”, the Bank periodically reviews the real estates, which are received as collateral and, if necessary, the real estate appraisals are being renewed at specific intervals. Appraisal of these real estate is made by the appraisal institutions authorized by the BRSA and the CMB. The collaterals are insured for possible damage.

The general principles and practices regarding the collateralization of loans and other receivables are stated in the internal regulations of the Bank and its compliance is subject to audit by the internal systems departments.

c.5.2. Credit risk mitigation techniques – overview

	Current Period	Exposures unsecured (according to TAS)	Exposures secured by collateral	Amount of Collateral	Exposures secured by financial guarantees	Amount of Financial guarantees	Exposures secured by credit derivatives	Amounts secured by credit derivatives
1	Loans	18,019,933	23,687,187	18,266,413	-	-	-	-
2	Debt Securities	12,404,906	-	-	-	-	-	-
3	Total	30,424,839	23,687,187	18,266,413	-	-	-	-
4	Of which defaulted	861,661	-	-	-	-	-	-

	Prior Period (*)	Exposures unsecured (according to TAS)	Exposures secured by collateral	Amount of Collateral	Exposures secured by financial guarantees	Amount of Financial guarantees	Exposures secured by credit derivatives	Amounts secured by credit derivatives
1	Loans	16,591,088	17,774,094	13,839,698	-	-	-	-
2	Debt Securities	11,833,496	-	-	-	-	-	-
3	Total	28,424,584	17,774,094	13,839,698	-	-	-	-
4	Of which defaulted	1,405,804	-	-	-	-	-	-

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.6. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

In calculating the amount subject to credit risk, the credit note of the Islamic International Rating Agency (IIRA) for Turkey's long-term foreign currency sovereign rating is used for calculation of the receivables from Central Governments and Central Banks in line with the risk groups and credit ratings of JCR Eurasia Rating Inc. for the determination of risk weights for securitization positions indicated in the article 6 of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”.

While the international rating score is used for the risk classification of the exposures with the central governments and central banks, for the exposures of the non-rated central governments and central banks the Bank uses the country risk classification issued by the Organization for Economic Co-operation and Development (OECD).

The table matching the risk weights used for the risk-weight calculations for the receivables from Central Governments and Central Banks with the credit quality grade indicated in the appendix of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” is stated below.

Credit Quality Grade	Islamic International Rating Agency Long-Term Credit Rating	Risk weight for Receivables from Central Governments or Central Banks
1	Between AAA and AA-	0%
2	Between A+ and A-	20%
3	Between BBB+ and BBB-	50%
4	Between BB+ and BB-	100%
5	Between B+ and B-	100%
6	CCC+ and Below	150%

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.7. Credit risk exposure and credit risk mitigation techniques

Current Period	Exposures before CCF and credit risk mitigation		Exposures post-CCF and credit risk mitigation		Risk weighted amounts and Risk weighted amounts density	
	On-balance sheet amount	Off-balance Sheet amount	On-balance Sheet amount	Off-balance Sheet amount	Risk weighted amounts	Risk weighted amounts density
1 Exposures to sovereigns and their central banks	19,411,616	1,183	19,411,616	1,183	-	-
2 Exposures to regional and local governments	41,939	4,122	41,939	2,061	83,115	188.90%
3 Exposures to administrative bodies and non-commercial entities	8,940	70,296	8,940	36,005	47,157	104.92%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to banks and brokerage houses	9,371,298	1,044,197	9,371,298	803,566	3,054,246	30.02%
7 Exposures to corporates	10,357,389	6,576,909	10,357,388	1,883,388	10,243,798	83.69%
8 Retail exposures	9,704,115	5,966,024	9,704,116	1,980,982	7,092,236	60.69%
9 Exposures secured by residential property	2,207,046	329,505	2,207,045	173,599	834,054	35.03%
10 Exposures secured by commercial property	8,217,015	719,510	8,217,015	393,216	4,305,906	50.01%
11 Past-due items	87,831	-	87,831	-	60,806	69.23%
12 Exposures in high-risk categories	41,729	-	41,729	-	62,552	149.90%
13 Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14 Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15 Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16 Other exposures	7,697,412	4,420	7,694,543	886	6,920,029	89.92%
17 Equity share investments	18,967	-	18,967	-	18,967	100.00%
18 Total	67,165,297	14,716,166	67,162,427	5,274,886	32,722,866	45.11%

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.7. Credit risk exposure and credit risk mitigation techniques (cont'd)

Prior Period	Exposures before CCF and credit risk mitigation		Exposures post-CCF and credit risk mitigation		Risk weighted amounts and Risk weighted amounts density	
	On-balance sheet amount	Off-balance Sheet amount	On-balance Sheet amount	Off-balance Sheet amount	Risk weighted amounts	Risk weighted amounts density
1 Exposures to sovereigns and their central banks	16,801,101	24,152	16,801,101	24,152	-	-
2 Exposures to regional and local governments	30,565	4,557	30,565	2,279	16,422	50.00%
3 Exposures to administrative bodies and non-commercial entities	20,836	88,250	20,836	43,301	77,771	121.26%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to banks and brokerage houses	7,075,411	1,031,885	7,075,411	815,102	2,617,886	33.18%
7 Exposures to corporates	10,380,813	4,974,106	10,380,813	1,832,328	11,207,159	91.76%
8 Retail exposures	7,559,749	5,114,667	7,559,749	1,736,730	6,126,311	65.90%
9 Exposures secured by residential property	1,641,070	263,084	1,641,070	142,477	627,546	35.19%
10 Exposures secured by commercial property	7,221,522	585,608	7,221,522	313,277	3,770,899	50.05%
11 Past-due items	168,046	-	168,046	-	141,783	84.37%
12 Exposures in high-risk categories	32,149	-	32,149	-	48,224	150.00%
13 Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14 Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15 Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16 Other exposures	5,538,270	2,356	5,536,650	474	4,550,424	82.18%
17 Equity share investments	13,528	-	13,528	-	13,528	100.00%
18 Total	56,483,060	12,088,665	56,481,440	4,910,120	29,197,953	47.56%

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General Information On Credit Risk (cont'd)

c.8. Exposures by asset classes and risk weights

	Current Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount
Regulatory portfolio													
1 Exposures to sovereigns and their central banks	19,412,799	-	-	-	-	-	-	-	-	-	-	-	19,412,799
2 Exposures to regional and local government	-	-	-	-	-	-	3,257	-	-	-	-	40,743	44,000
3 Exposures to administrative bodies and non-commercial entities	2,874	-	82	-	-	-	-	1,288	35,227	-	-	5,474	44,945
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	33,153	-	-	7,261,803	-	-	2,540,291	-	331,579	-	-	8,038	10,174,864
6 Exposures to banks and brokerage houses	1,929,842	-	-	494,088	-	-	29,939	305	9,442,507	1,829	-	342,266	12,240,776
7 Exposures to corporates	2,281,505	-	-	211,756	-	-	32,706	8,917,997	35,043	204,381	-	1,710	11,685,098
8 Retail exposures	-	-	-	-	-	2,379,725	-	-	456	463	-	-	2,380,644
9 Exposures secured by residential property	-	-	-	-	-	-	8,608,723	927	44	537	-	-	8,610,231
10 Exposures secured by commercial property	-	-	-	-	-	-	53,209	1,681	32,941	-	-	-	87,831
11 Past-due items	-	-	-	-	-	-	-	56	-	41,673	-	-	41,729
12 Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Collateral Securities	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	18,967	-	-	-	18,967
16 Investments in equities	-	-	-	-	-	-	-	-	6,905,450	-	-	380	7,695,429
17 Other assets	716,745	-	72,854	-	-	-	-	-	-	-	-	-	-
18 Total	24,376,918	-	8,040,583	-	-	2,379,725	11,268,125	8,922,254	16,802,214	248,883	-	398,611	72,437,313

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

c. General information on credit risk (cont'd)

c.8. Exposures by asset classes and risk weights (cont'd)

	Prior Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Total risk amount
Risk classes													
1 banks	16,825,253	-	-	-	-	-	-	-	-	-	-	-	16,825,253
2 Exposures to regional and local government	-	-	-	-	-	-	32,844	-	-	-	-	-	32,844
3 Exposures to administrative bodies and non-commercial entities	1,771	-	222	-	-	-	-	-	46,561	-	-	15,583	64,137
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	1,335,640	-	-	2,328,725	-	-	4,140,925	-	81,606	-	-	3,617	7,890,513
6 Exposures to banks and brokerage houses	1,614,984	-	-	435,501	-	-	28,506	198	9,161,815	864	-	971,273	12,213,141
7 Exposures to corporates	1,191,880	-	-	147,989	-	-	21,158	7,696,455	98,208	131,991	-	8,799	9,296,480
8 Retail exposures	-	-	-	-	-	1,778,502	-	98	4,848	99	-	-	1,783,547
9 Exposures secured by residential property	-	-	-	-	-	-	7,528,020	1,690	4,019	1,068	-	-	7,534,797
10 Exposures secured by commercial real estate	-	-	-	-	-	-	53,284	-	114,005	757	-	-	168,046
11 Past-due loans	-	-	-	-	-	-	-	-	-	32,149	-	-	32,149
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Collateral Securities	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	13,528	-	-	-	13,528
16 Investments in equities	841,388	-	166,732	-	-	-	-	-	4,516,834	-	-	12,171	5,537,125
17 Other assets	21,810,916	-	3,079,169	-	-	1,778,502	11,804,737	7,698,441	14,041,424	166,928	-	1,011,443	61,391,560
18 Total	21,810,916	-	3,079,169	-	-	1,778,502	11,804,737	7,698,441	14,041,424	166,928	-	1,011,443	61,391,560

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

d. Explanations on Counterparty Credit Risk

d.1. Qualitative disclosure on counterparty credit risk

The Bank may expose to losses due to the inability of one of the counterparties to fulfill its obligation within the transaction period. The Bank may be exposed to counterparty credit risk based on both trading accounts and banking accounts due to repurchase transactions, securities and commodity lent transactions, and derivative financial instruments.

Counterparty Credit Risk is considered as a quantifiable risk. The counterparty credit risk arising from liability transactions on both sides, such as derivatives and repo-like transactions, is calculated with "Standart Approach Method" within the framework of the provisions of "Annex-2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

The Bank determines the maximum risk amount that can be occurred on a counterparty basis through the limits of the counterparty in order to prevent concentration.

d.2. Counterparty credit risk approach analysis

	Current Period	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at	Exposure at default after CRM	RWA
1	Standardised Approach - Counterparty credit risk	130,501	169,699	-	1.4	124,282	57,920
2	Internal Model Method	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation	-	-	-	-	-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing	-	-	-	-	-	-
6	Total	-	-	-	-	-	57,920

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

d. Explanations on Counterparty Credit Risk (cont'd)

d.2. Counterparty credit risk approach analysis (cont'd)

	Prior Period	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at	Exposure at default after CRM	RWA
1	Standardised Approach - Counterparty credit risk	77,217	329,803	-	1.4	189,835	81,663
2	Internal Model Method	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation	-	-	-	-	-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing	-	-	-	-	-	-
6	Total	-	-	-	-	-	81,663

d.3. Credit valuation adjustment capital charge

	Current Period		Prior Period	
	EAD post-credit risk mitigation	Risk weighted amounts	EAD post-credit risk mitigation	Risk weighted amounts
Total portfolios subject to the Advanced credit valuation adjustment capital obligation	-	-	-	-
1 (i) VaR component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised credit valuation adjustment capital obligation	17,938	1,435	33,538	2,683
4 Total subject to the credit valuation adjustment capital obligation	17,938	1,435	33,538	2,683

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

d. Explanations on Counterparty Credit Risk (cont'd)

d.4. Counterparty credit risk exposures by risk class and risk weights (cont'd)

Risk Weights Current Period	0%	10%	20%	50%	75%	100%	150%	Other	Total credit Exposure (*)
Risk weight/ Regulatory portfolio									
Exposures to sovereigns and their central banks	1,183	-	-	-	-	-	-	-	1,183
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	-	-	346	114,049	-	-	-	8,038	122,433
Exposures to corporates	-	-	-	-	-	666	-	-	666
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	1,183	-	346	114,049	-	666	-	8,038	124,282

(*)/Total credit exposure: the amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

(**)/Other assets: the amount excludes exposures to "Central counterparty" which is reported in Counterparty credit risk.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

d. Counterparty Credit Risk (cont'd)

d.4. Counterparty credit risk exposures by risk class and risk weights (cont'd)

Risk Weights Prior Period	0%	10%	20%	50%	75%	100%	150%	Other	Total credit Exposure (*)
Risk weight/ Regulatory portfolio									
Exposures to sovereigns and their central banks	24,152	-	-	-	-	-	-	-	24,152
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	-	-	-	156,380	-	-	-	-	162,854
Exposures to corporates	-	-	2,857	-	-	2,829	-	-	2,829
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	24,152	-	2,857	156,380	-	2,829	-	3,617	189,835

(*)/Total credit exposure: the amount relevant for the capital requirements calculation applied CRM techniques.

(**)/Other assets: the amount excludes exposures to "Central counterparty" which is reported in Counterparty credit risk.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

d. Explanations on Counterparty Credit Risk (cont'd)

d.5. Collaterals for counterparty credit risk

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	380	-	837	-	55
Cash-foreign currency	33,877	-	547,561	-	-	-
Domestic sovereign bonds/bills	-	-	130,945	-	-	2,137,108
Other sovereign bonds/bills	-	-	-	-	-	1,375,374
Government agency bonds/bills	-	-	-	-	-	-
Corporate bonds/bills	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	33,877	380	678,506	837	-	3,512,537

Prior Period (*)	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	12,171	-	381	-	40
Cash-foreign currency	20,732	-	38,068	-	-	-
Domestic sovereign bonds/bills	-	-	-	-	-	1,229,451
Other sovereign bonds/bills	-	-	-	-	-	2,149,815
Government agency bonds/bills	-	-	-	-	-	-
Corporate bonds/bills	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	20,732	12,171	38,068	381	-	3,379,306

d.6. Credit derivatives: None.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

d. Counterparty Credit Risk (cont'd)

d.7. Exposures to central counterparties (CCP) :

	Current Period		Prior Period	
	a	b	a	b
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		1,451		1,075
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of				
2 Which	8,038	161	15,788	315
3 (i) OTC Derivatives	8,038	161	15,788	315
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	-	-	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	1,290	1,290	760	760
10 Unfunded default fund contributions	-	-	-	-
11 Exposures to non-QCCPs (total)				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)				
12 (i) OTC Derivatives	-	-	-	-
13 (ii) Exchange-traded Derivatives	-	-	-	-
14 (iii) Securities financing transactions	-	-	-	-
15 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
16 Segregated initial margin	-	-	-	-
17 Non-segregated initial margin	-	-	-	-
18 Pre-funded default fund contributions	-	-	-	-
19 Unfunded default fund contributions	-	-	-	-
20	-	-	-	-

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

e. **Securitization Explanations:** None.

f. Explanations on Market Risk

f.1. Qualitative Disclosure Requirements Related to Market Risk

Market risk is the risk that the Bank may be exposed to due to changes in the value of the positions related to the financial instruments monitored in the trading accounts, depending on the volatility in market prices. Banking accounts are interest-sensitive on-balance sheet and off-balance sheet accounts and positions except for the Bank's trading accounts and the subordinated debts which are considered in the equity calculation in accordance with the BRSA's "Regulation on the Equity of Banks".

Interest rate risk, exchange rate risk, equity risk, option risk and commodity risk are calculated using the standard method in calculation of market risk based on the risk arising from trading accounts. The processes related to the calculations are audited by the internal audit system and reported to the Bank's top management. In addition, market risk is measured, monitored and reported on a daily basis within the Bank and "risk-exposed value (REV) methods" are applied using the internal model. Among the REV methods, "Historical Simulation Method" is used in reporting; "Parametric Method" and "Monte Carlo Simulation" methods are used for comparison purposes in periods when volatility increases. To calculate the REV amount, an observation interval covering the last 252 business days and a 99% confidence level are taken as basis. In the "Economic Capital" calculation over REV, a 10-day holding period is applied in accordance with the legislation.

The principal goal of the Asset & Liability Management is to mitigate the impacts of the interest rate risks arising in the banking accounts. The market risks are reviewed during the Asset & Liability Committee meetings, using the results of the analyses on duration, gap, economic value and sensitivity. Negative impacts that may be caused by the volatility of the market interest rates on both financial position and cash flow are monitored through analyses and the risk levels are reduced to minimum.

Market risk policies, monitoring and assessment processes are stated in details in the Bank's related internal regulations, approved by the Board of Directors.

Risk Management policies and application methods covering the asset-liability management process and relevant to market risk are approved by the Board of Directors. The assignments, authorizations and responsibilities to effectively perform the functions such as measurement, monitoring, controlling, auditing and managing of the market risk are described in the regulations of the relevant committees and departments.

Within this framework the Management established the information system structure and provides the resources that will ensure development of the technical and academic knowledge of human resources. Asset & Liability Committee supervises the conformity with the policies and implementation methods on behalf of the Board of Directors and shapes the protection and tactic strategies within this scope. The departments within the internal systems perform the functions such as measurements, monitoring, analyses and auditing.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

f. Explanations On Market Risk (cont'd)

f.2. Market risk under standardised approach

		Risk weighted amounts	
		Current Period	Prior Period
	Outright products	991,117	564,413
1	Interest rate risk (general and specific)	48,150	105,561
2	Equity risk (general and specific)	328,117	176,764
3	Foreign exchange risk	614,850	282,088
4	Commodity risk	-	-
	Options	-	6,238
5	Simplified approach	-	-
6	Delta-plus method	-	6,238
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	991,117	570,651

g. Explanations on operational risk

- a) The amount subject to Operational Risk is calculated using Basic Indicator Approach annually, in line with the articles 23 and 24 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. The amount for the current period is TRL 5,568,163 Thousand (31 December 2022 - TRL 3,227,856 Thousand).

Annual gross income is calculated as the sum of the net amounts of interest income and non-interest income after deducting the profit / (loss) arising from the sale of financial assets at fair value through comprehensive income and financial assets at amortised cost, the amounts of extraordinary income and compensation amount from insurance.

	2 Prior Period Amount	1 Prior Period Amount	Current Period Amount	Total/Positive GI Year Numbers	Ratio (%)	Total
Gross income (GI)	1,649,369	2,131,149	5,128,542	3	15	445,453
Amount subject to Operational Risk (Amount*12,5)						5,568,163

- b) The Bank does not use Standard Approach.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

h. Interest Rate Risk Related To Banking Book

In connection to the following factors, the Bank may be exposed to interest rate risk arising from banking accounts:

- Repricing risk arising from mismatches between the maturities of the bank's assets, liabilities, interest-sensitive off-balance sheet items (fixed-interest items) and the repricing periods (variable interest rate),
- The risk of the return curve resulting from the change in the slope and/or shape of the yield curve as a result of the change in market interest rates at different levels according to different maturity periods,
- The core risk arising from the change in the interest rate applied to assets and liabilities with similar characteristics and interest-sensitive off-balance sheet items at different times and/or different amounts as a result of the change in the spreads,
- The option risk arising from the fact that the Bank's assets and liabilities and interest-sensitive off-balance sheet items have different characteristics than the contractual maturities in cases such as closing credits before maturity (partially / completely), recall of syndicated loans, withdrawal or renewal of demand and time deposits.

The policy and application procedures related to interest rate risk arising from banking accounts are structured in accordance with the "Regulation On The Internal Systems of the Banks" and the "Regulation On The Measurement and Assessment of the Capital Adequacy of the Banks" and further been approved by the Bank's Board of Directors.

The Bank's Board of Directors has accepted risk limits related to equity related to the risk of structural interest rate risk arising from banking accounts other than trading accounts, and has determined the rate of the mismatch level to be occurred within specific maturity buckets, which can be tolerated by the Net Worth. The compliance of these limits is monitored on a weekly basis, reviewed at least once a year and updated if deemed necessary, depending on the changes in the economic conditions and the Bank's strategy.

In order to measure and monitor the effect of the interest-rate risk on both income and equity, the Bank uses two methods, which include "income approach" and "economic value approach". "Income approach" is used to calculate the effect of volatility of market interest rates on the Bank's Net Interest Revenue while the "Economic Value Approach" is used to calculate the effect of volatility of market interest rates on the Economic Value of the Equity. In "Economic Value Approach", the recent value of all future cash flows is taken into consideration it provides a comprehensive perspective and is based on the Bank's Assets & Liability Management. Stress tests and scenario analyses are also used for the measurement and monitoring of the changes in the present value of the items sensitive to interest on the balance sheet and off-balance sheet, depending on the movements in market interest rates.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to Risk Management (cont'd)

h. Interest Rate Risk Related To Banking Book (cont'd)

Calculation of the interest rate risk derived from banking books is presented below:

	Current Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity – Losses/Equity
1	TRL	+ 500	(213,000)	(1.99)%
		- 400	210,369	1.97%
2	EUR	+ 200	137,615	1.29%
		- 200	(143,771)	(1.34)%
3	USD	+ 200	269,977	2.52%
		- 200	(330,383)	(3.09)%
	Total (of negative shocks)		(263,785)	(2.47)%
	Total (of positive shocks)		194,592	1.82%

	Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity – Losses/Equity
1	TRL	+ 500	(360,997)	(5.28)%
		- 400	396,588	5.80%
2	EUR	+ 200	67,543	0.99%
		- 200	(71,066)	(1.04)%
3	USD	+ 200	190,434	2.78%
		- 200	(235,762)	(3.45)%
	Total (of negative shocks)		89,760	1.31%
	Total (of positive shocks)		(103,020)	(1.51)%

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Cash in TRL/Foreign Currency	210,806	811,727	209,479	863,181
Balances with the Central Bank of Turkey	1,893,552	8,885,384	1,315,771	8,060,980
Other	-	-	-	-
Total	2,104,358	9,697,111	1,525,250	8,924,161

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Unrestricted demand deposit (*)	1,893,552	6,235,946	1,315,771	7,593,523
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	2,649,438	-	467,457
Total	1,893,552	8,885,384	1,315,771	8,060,980

(*) The reserve deposits include TRL 6,235,946 Thousand of FC unrestricted demand deposit (31 December 2022 – TRL 7,593,523 Thousand) and TRL 1,434,356 Thousand of the TRL unrestricted demand deposit (31 December 2022 – TRL 1,266,250 Thousand). TRL unrestricted demand deposit includes the reserve deposit amount that is held in the Central Bank of the Turkish Republic on average.

In accordance with the principles of the Communiqué numbered 2013/15 of The Central Bank of Turkey on "Required Reserves" the required reserve ratios to be held in The Central Bank of Turkey vary according to the currency denomination and term of the liabilities subject to the reserve requirements. Thus, the reserve requirement rate range between 0% - 30% (31 December 2022 4% - 9%) is applied for TRL deposits, participation funds and other liabilities and 5% - 30% (31 December 2022 6% - 30%) for FX deposits, participation funds and other liabilities. Securities facility implementation is carried out within the scope of the Communiqué No 2022/20 on the Securities Establishment. The additional required reserve ratio for foreign currency deposits/participation funds (excluding foreign banks deposits/participation funds and precious metal deposit accounts) is 8%

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

2. Information on financial assets at fair value through profit and loss (net):

i. Information on financial assets at fair value through profit and loss given as collateral or blocked:
TRL 50,914 Thousand (31 December 2022 – TRL 10,147 Thousand).

ii. Financial assets at fair value through profit and loss subject to repurchase agreements:
None (31 December 2022 – None).

Net book value of unrestricted financial assets at fair value through profit and loss is TRL 191,583 Thousand (31 December 2022 – TRL 110,860 Thousand).

iii. Positive differences related to derivative financial assets held-for-trading:

Derivative financial assets held for trading are classified in the financial statements as fair value of derivative financial assets through profit and loss.

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Derivatives Held for Trading				
Forward Transactions	-	-	-	-
Swap Transactions	28,965	36,286	23,563	16,732
Futures Transactions	-	-	-	-
Options	-	-	-	3,946
Other	-	-	-	-
Total	28,965	36,286	23,563	20,678

3. Information on banks:

a. Information on banks account:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Banks	892	1,636,233	338	1,102,149
Domestic	892	858	338	-
Foreign	-	1,635,375	-	1,102,149
Branches and head office abroad	-	-	-	-
Total	892	1,636,233	338	1,102,149

b. Information on foreign bank accounts:

	Current Period		Prior Period	
	Restricted Amount	Unrestricted Amount	Unrestricted Amount	Restricted Amount
European Union Countries	180,007	-	465,622	-
USA and Canada	934,130	14,093	385,623	8,952
OECD Countries	18,369	-	2,086	-
Off-shore banking regions	615	-	2,296	-
Other	488,161	-	237,570	-
Total	1,621,282	14,093	1,093,197	8,952

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

4. Information on Financial Assets at Fair Value Through Other Comprehensive Income:

a.1. Information on financial assets at fair value through other comprehensive income given as collateral or blocked:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Share certificates	-	-	-	-
Bonds, Treasury bills and similar investment securities	-	-	105,546	-
Other	-	-	-	-
Total	-	-	105,546	-

a.2. Financial assets at fair value through other comprehensive income subject to repurchase agreements: None (31 December 2022-None).

Net book value of unrestricted financial assets at fair value through other comprehensive income is TRL 18,967 Thousand (31 December 2022 - TRL 14,659 Thousand).

b. Information on financial assets at fair value through other comprehensive income portfolio:

	Current Period		Prior Period	
	Debt securities	-	-	-
Quoted on a stock exchange	-	-	-	106,677
Not quoted on a stock exchange	-	-	-	-
Share certificates	20,960	-	15,521	-
Quoted on a stock exchange	-	-	-	-
Not quoted on a stock exchange	20,960	-	15,521	-
Impairment provision(-)	(1,993)	-	(1,993)	-
Total	18,967	-	120,205	-

5. Information on Loans:

a. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	1,243,962	34,443	1,116,947	21,700
Loans granted to employees	43,447	-	49,095	-
Total	1,287,409	34,443	1,166,042	21,700

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

5. Information on Loans (cont'd):

b. Information on standard loans and restructured loans under close monitoring:

	Current Period			
	Cash loans	Standard loans	Loans Under Close Monitoring	
			Out of the scope of Restructuring	Restructured
			Amendment of Contract Conditions	Refinanced
Non-specialized loans	36,793,961	1,122,611	-	1,353,600
Corporation loans	-	-	-	1,083,957
Export loans	2,891,833	285,990	-	29,598
Import loans	4,301	381	-	-
Loans given to financial sector	4,296,645	-	-	-
Consumer loans	385,261	9,392	-	4,294
Credit cards	588,717	5,729	-	15
Other	28,627,204	821,119	-	235,736
Specialized loans	2,419,172	10,798	-	6,319
Other receivables	558	101	-	-
Total	39,213,691	1,133,510	-	1,359,919

	Current Period		Prior Period	
	Standard loans	Loans Under Close Monitoring	Standard loans	Loans Under Close Monitoring
12 Months Expected Loss	99,042	-	74,534	-
Significant Increase in Credit Risk	-	558,339	-	233,122

c. Loans and other receivables according to their maturity structure:

Current Period	Standard Loans	Loans Under Close Monitoring	
		Out of the Scope of Restructuring	Restructured
Short-term loans and other receivables	18,720,391	138,755	29,639
Medium and Long-term loans	20,493,300	994,755	1,330,280
Total	39,213,691	1,133,510	1,359,919

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

5. Information On Loans (cont'd):

d. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TRL	7,953	313,679	321,632
Mortgage Loans	-	105,577	105,577
Vehicle Loans	1,015	61,668	62,683
General Purpose Loans	6,938	146,434	153,372
Other	-	-	-
Consumer Loans -Indexed to FC	-	241	241
Mortgage Loans	-	241	241
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRL	128,549	-	128,549
With Installments	25,028	-	25,028
Without Installments	103,521	-	103,521
Individual Credit Cards-FC	95	-	95
With Installments	-	-	-
Without Installments	95	-	95
Personnel Loans-TRL	1,304	15,742	17,046
Mortgage Loans	-	563	563
Vehicle Loans	-	-	-
General Purpose Loans	1,304	15,179	16,483
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRL	16,245	-	16,245
With Installments	3,126	-	3,126
Without Installments	13,119	-	13,119
Personnel Credit Cards-FC	5	-	5
With Installments	-	-	-
Without Installments	5	-	5
Overdraft Accounts-TRL(Real Person) (*)	60,028	-	60,028
Overdraft Accounts-FC (Real Person)	-	-	-
Total	214,179	329,662	543,841

(*) As of 31 December 2023, overdraft accounts for real persons include TRL 10,151 Thousand personnel overdraft account.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

5. Information On Loans (cont'd):

e. Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRL	1,292,473	2,132,045	3,424,518
Business Loans	-	13,366	13,366
Vehicle Loans	36,978	62,263	99,241
General Purpose Loans	1,255,495	2,056,416	3,311,911
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	-	2,712,882	2,712,882
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	2,712,882	2,712,882
Other	-	-	-
Commercial loans with installment facility -FC	34,459	11,192,217	11,226,676
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	34,459	11,192,217	11,226,676
Other	-	-	-
Corporate Credit Cards-TRL	449,415	92	449,507
With Installments	41,593	92	41,685
Without Installments	407,822	-	407,822
Corporate Credit Cards-FC	60	-	60
With Installments	-	-	-
Without Installments	60	-	60
Overdraft Accounts-TRL (Legal Entity)	72,456	-	72,456
Overdraft Accounts-FC (Legal Entity)	-	-	-
Total	1,848,863	16,037,236	17,886,099

f. Loans according to borrowers:

	Current Period	Prior Period
Public	41,436	30,014
Private	41,665,684	34,335,168
Total	41,707,120	34,365,182

g. Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	41,649,543	34,307,707
Foreign loans	57,577	57,475
Total	41,707,120	34,365,182

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

5. Information On Loans (cont'd):

h. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	28,779	27,314
Indirect loans granted to subsidiaries and associates	-	-
Total	28,779	27,314

i. Impaired Loans (Stage 3) provisions provided against loans:

	Current Period	Prior Period
Loans with limited collectability	12,096	13,814
Loans with doubtful collectability	3,934	18,919
Uncollectible loans	716,073	1,172,879
Total	732,103	1,205,612

j. Information on non-performing loans (Net):

j.1. Information on non-performing loans and restructured loans:

	III. Group:	IV. Group:	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period			
Gross amounts before Provisions	68,904	13,363	779,394
Loans which are restructured	48	6	110,283
Prior period			
Gross amounts before Provisions	60,334	60,099	1,285,371
Loans which are restructured	423	6,620	131,937

j.2. The movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Prior period end balance	60,334	60,099	1,285,371
Additions (+)	101,881	2,853	44,080
Transfers from other categories of non-performing loans (+)	-	71,333	96,984
Transfers to other categories of non-performing loans (-)	71,333	96,984	-
Collections (-)	21,978	23,938	472,913
Write-off (-)	-	-	174,128
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Current period end balance	68,904	13,363	779,394
Provision (-)	12,096	3,934	716,073
Net Balances on Balance Sheet	56,808	9,429	63,321

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

5. Information On Loans (cont'd):

j.3. Information on non-performing loans and other receivables in foreign currency: None (31 December 2022 – None).

j.4. Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	68,904	13,363	779,394
Provision (-)	12,096	3,934	716,073
Loans to Real Persons and Legal Entities (Net)	56,808	9,429	63,321
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	60,334	60,099	1,285,371
Provision (-)	13,814	18,919	1,172,879
Loans to Real Persons and Legal Entities (Net)	46,520	41,180	112,492
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-

j.5. Information on interest accruals for non-performing loans, rediscounts and valuation differences and their provisions regarding the banks that allocate expected loan loss provisions according to IFRS 9:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)			
Interest accruals, rediscounts and valuation differences	-	-	358,392
Provisions (-)	-	-	358,392
Prior Period (Net)			
Interest accruals, rediscounts and valuation differences	-	76,452	444,484
Provisions (-)	-	76,452	444,484

k. Main principles of uncollectable loans and receivables: within the framework of the “Regulation on the Procedures and Principles of the Classification of Loans and the Provisions to be Set aside for them”, as for all receivables in the accounts of “Loans with limited collection possibility”, “Loans with doubtful collectability”, “Loans with loss nature” subject to liquidation, amicable negotiations are carried out by evaluating the collection ability. or through legal follow-up, on the collection of our Bank's receivables in the minimum possible time.

l. Explanations on write-off policy:

Is which; the receivables that have been monitored in the follow-up accounts for a long time, do not have any collateral or that do not cover the risk even if they exist and whose provision ratio is 100%; are written off from assets.

None-performing loans has been written-off in the current period: TRL 174,128 Thousand none-performing loans has been written off in the current period and the effect on NPL ratio is 0.40% (31 December 2022 – TRL 335,644 Thousand written-off loans and the effect on NPL ratio is 0.89 %).

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

5. Information On Loans (cont'd):

m. Other explanations and disclosures

Information on expected loan loss provision (stage three) movements:

	Corporate	Small Business	Consumer	Total
Current Period				
At 1 January 2023	195,746	978,531	31,335	1,205,612
Charge for the year	4,510	69,222	1,207	74,939
Recoveries	(121,914)	(248,973)	(3,433)	(374,320)
Amounts written off	(35,702)	(127,166)	(11,260)	(174,128)
At 31 December 2023	42,640	671,614	17,849	732,103
Prior Period				
At 1 January 2022	229,584	1,318,699	46,888	1,595,171
Charge for the year	98,594	226,165	9,318	334,077
Recoveries	(98,827)	(275,075)	(7,520)	(381,422)
Amounts written off	(33,605)	(291,258)	(10,781)	(335,644)
Other	-	-	(6,570)	(6,570)
At 31 December 2022	195,746	978,531	31,335	1,205,612

Information on loan and expected loan loss provisions by segment:

	Corporate	Small Business	Consumer	Total
Current Period				
Standard Loans	17,143,039	21,569,488	501,164	39,213,691
Under Close Monitoring Loans	1,622,887	855,424	15,118	2,493,429
Non-Performing Loans	51,693	785,180	24,788	861,661
Total	18,817,619	23,210,092	541,070	42,568,781
12-Month ECL (Stage 1)	24,307	74,556	179	99,042
Significant Increase in Credit Risk (Stage 2)	389,219	157,588	11,532	558,339
Impaired Loans (Stage 3)	42,639	671,614	17,850	732,103

	Corporate	Small Business	Consumer	Total
Prior Period				
Standard Loans	15,855,092	16,114,463	997,480	32,967,035
Under Close Monitoring Loans	506,131	864,312	27,704	1,398,147
Non-Performing Loans	215,904	1,144,896	45,004	1,405,804
Total	16,577,127	18,123,671	1,070,188	35,770,986
12-Month ECL (Stage 1)	36,457	37,401	676	74,534
Significant Increase in Credit Risk (Stage 2)	100,546	130,939	1,637	233,122
Impaired Loans (Stage 3)	195,746	978,531	31,335	1,205,612

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

5. Information On Loans (cont'd):

Collaterals of nonperforming loans:

Current Period	III. Group	IV. Group	V. Group
Mortgages	32,322	3,562	346,563
Asset Pledges	-	-	40,161
Cheques and Notes of Consumers	3,439	-	1,341
Pledged Vehicles	3,216	447	16,981
Allowance Alienation	-	-	848
Deposit Pledge	247	6	1,215

Prior Period	III. Group	IV. Group	V. Group
Mortgages	28,115	12,705	538,288
Asset Pledges	-	9	41,422
Cheques and Notes of Consumers	1,285	-	118
Pledged Vehicles	4,068	5,170	18,296
Allowance Alienation	-	-	869
Deposit Pledge	15	1	3,302

Aging analysis of past due but not impaired loans per classes of financial statements:

	31-60 days	61-90 days	Total
Current Period			
Loans and advances to customers			
Corporate loans	40,414	12	40,426
Small business loans	12,234	36,480	48,714
Consumer loans	3,806	2,658	6,464
Total	56,454	39,150	95,604
Prior Period			
Loans and advances to customers			
Corporate loans	52,163	77	52,240
Small business loans	22,378	59,717	82,095
Consumer loans	7,262	5,475	12,737
Total	81,803	65,269	147,072

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

6. Information on Financial Assets at Amortised Cost:

a.1. Information on investments at amortised cost given as collateral or blocked:

	Current Period	Prior Period
Treasury Bill	-	-
Bond and Similar Securities	4,506,019	4,928,590
Other	14,719	9,349
Total	4,520,738	4,937,939

a.2. Financial assets at amortised cost subject to repurchase agreements are TRL 3,027,285 Thousand (31 December 2022 – TRL 499,932 Thousand).

Net book value of unrestricted financial assets at amortised cost is TRL 4,592,924 Thousand (31 December 2022 – TRL 6,147,018 Thousand).

b. Information on public sector debt investments at amortised cost:

	Current Period	Prior Period
Government Bonds	7,263,431	5,734,836
Treasury Bills	3,998,266	2,535,804
Other Public Sector Debt Securities	15,089	9,586
Total	11,276,786	8,280,226

c. Information on financial assets at amortised costs:

	Current Period	Prior Period
Debt Securities	12,238,220	11,639,280
Quoted on a stock exchange	11,443,055	10,595,027
Not quoted on a stock exchange	795,165	1,044,253
Accruals (-)	(97,273)	(54,391)
Total	12,140,947	11,584,889

d. Movement of financial assets at amortised costs:

	Current Period	Prior Period
Beginning Balance	11,584,889	5,351,387
Foreign Exchange Differences in Monetary Assets	1,758,440	712,925
Purchases during the year	4,581,813	5,272,886
Disposals through Sales and Amortisation	(7,291,386)	(1,772,692)
Provision reversal / Impairment provision (-)	(42,881)	(16,807)
Revaluation Effect	1,550,072	2,037,190
Total	12,140,947	11,584,889

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

7. Information on associates (Net):

a. Information on associates:

Seltur Turistik İşletmeler Yatırım A.Ş. is not consolidated since the Bank does not have control power and it is not a financial entity.

Description	Address (City/ Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Seltur Turistik İşletmeler Yatırım A.Ş. (*)	Muğla/Turkey	11.32	50.00

(*) Unaudited financial information of the associate as of 31 December 2023 is stated below.

b. Information on associates:

Total Asset	Shareholders' Equity	Tangible Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
157,105	144,835	73,613	7,618	-	49,300	(20,836)	235,697

c. Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	4,140	4,140
Movement during the period	-	-
Purchases	-	-
Bonus shares obtained	-	-
Share in the current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision of Impairment (-)	-	-
Balance at the end of the period	4,140	4,140
Capital Commitment	-	-
Share percentage at the end of the period (%)	-	-

d. Measurement of associates

	Current Period	Prior Period
Measured with cost	4,140	4,140
Measured with fair value	-	-
Measured with equity method	-	-

e. Sectoral information and the related carrying amounts on Associates:

Seltur Turistik İşletmeler A.Ş. is operating in tourism sector.

f. Associates quoted to stock exchange: None (31 December 2022 – None).

g. Information on associates, which are sold in the current period: None (31 December 2022 – None).

h. Information on associates purchased in the current period: None (31 December 2022 – None).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

8. Information on subsidiaries (Net):

a. Information related to consolidated equity components of subsidiaries:

The Bank does not have any capital requirements arising from subsidiaries that are included in the consolidated capital adequacy standard ratio. The capital information of the significant subsidiaries is presented in the following table.

	Şekerbank Kıbrıs Ltd.	Şeker Finansal Kiralama A.Ş.	Şeker International Banking Unit Ltd.	Şeker Yatırım Menkul Değerler A.Ş.	Şeker Faktoring A.Ş.	Şeker Gayrimenkul Yatırım Ortaklığı A.Ş.
CORE CAPITAL						
Paid in Capital	43,554	66,808	147,191	156,195	301,041	813,555
Share Premiums	-	1,208	-	205,238	-	29,380
Marketable Securities Value Increase Fund	-	-	77,039	560	-	(2,473)
Legal Reserves	4,639	13,560	22,403	7,994	2,108	330
Extraordinary Reserves	25,827	98,285	-	67,354	7,612	17
Tangible assets revaluation differences	-	79,152	-	160,559	41,947	2,544,259
Other capital reserves	-	23,036	-	-	8,606	(4,635)
Other Income Reserves	-	134	-	-	-	-
Profit/Loss	50,153	55,375	9,381	119,959	94,385	1,008,847
Prior Years' Profits and Losses	(6,410)	(33,620)	4,520	-	(6,430)	516,959
Current Year's Profit and Losses	56,563	88,995	4,861	119,959	100,815	491,888
Total Core Capital	124,173	337,558	256,014	717,859	455,699	4,389,280
TIER II CAPITAL	-	-	-	-	-	-
CAPITAL	124,173	337,558	256,014	717,859	455,699	4,389,280

b. Information on the unconsolidated subsidiaries: None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

8. Information on subsidiaries (Net) (cont'd):

c. Information on the subsidiaries:

Description	Address (City/Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Şekerbank Kıbrıs Ltd.	Nicosia/TRNC	98.69	98.69
Şeker Finansal Kiralama A.Ş.	Istanbul/ Turkey	37.69	52.09
Şeker International Banking Unit Ltd.	Nicosia/TRNC	95.79	95.79
Şeker Yatırım Menkul Değerler A.Ş.	Istanbul/ Turkey	65.39	66.13
Şeker Faktoring A.Ş.	Istanbul/ Turkey	99.99	100.00
Şeker Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	75.00	75.00

d. Information on the subsidiaries with the order as presented in the table above:

Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Pror Period Profit/Loss	Fair Value (*)
1,308,692	124,173	11,527	122,348	1,840	56,563	(6,410)	121,344
1,619,362	337,558	213,931	232,738	-	88,995	(33,620)	284,521
259,853	256,014	-	11,043	-	4,861	4,520	223,681
1,611,421	717,859	173,124	333,631	23,629	119,959	-	900,863
916,603	455,699	89,101	348,236	-	100,815	(6,430)	559,853
5,293,906	4,389,280	4,616,371	18,938	11,892	491,888	516,959	3,921,916

(*)The fair value amounts are shown as of 31 December 2023, Şeker Finansal Kiralama A.Ş. and Şeker Gayrimenkul Yatırım Ortaklığı A.Ş. and Şeker Yatırım Menkul Değerler A.Ş. are shown with its market value.

e. Movement of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	969,888	815,752
Movement during the period	172,100	154,136
Purchases	189,999	154,136
Bonus shares obtained	-	-
Share in the current year income	-	-
Sales	(17,899)	-
Revaluation increase	-	-
Provision reversal / Provision of Impairment (-)	-	-
Balance at the end of the period	1,141,988	969,888
Capital Commitment	-	-
Share percentage at the end of the period (%)	-	-

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

8. Information on subsidiaries (Net) (cont'd):

f. Measurement of subsidiaries

	Current Period	Prior Period
Measured with cost	1,141,988	969,888
Measured with fair value	-	-
Measured with equity method	-	-

g. Sectoral information and the related carrying amounts on subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	35,077	35,077
Insurance Companies	-	-
Factoring Companies	397,564	207,565
Leasing Companies	19,910	19,910
Other Financial Subsidiaries	689,437	707,336

h. Subsidiaries Quoted to Stock Exchange

	Current Period	Prior Period
Quoted to Domestic Stock Exchange	709,347	605,685
Quoted to Foreign Stock Exchange	-	-

i. Information on Subsidiaries which are sold in the Current Period: Şeker Yatırım Menkul Değerler A.Ş.'s issued capital has been increased from TRL 120,000 Thousand to TRL 155,000 Thousand by raising TRL 35,000 Thousand. 35,000,000 shares have been issued, including 17,500,000 shares owned by the Bank in Şeker Yatırım, a total of 52,500,000 shares offered to the public.

j. Information on Subsidiaries Purchased in the Current Period: Şeker Factoring A.Ş. realized a cash capital increase of TRL 190,000 Thousand.

9. **Information on entities under common control:** None (31 December 2022 – None).

10. **Information on lease receivables (Net):** None (31 December 2022 – None).

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

11. **Information on derivative financial assets for hedging purposes:** None (31 December 2022 – None).

12. Information on tangible assets:

	Buildings	Right-of-use Assets	Other Fixed Assets	Assets Held Under Finance Leases	Total
Cost					
Opening Balance, 1 January 2023	2,289,100	625,729	419,974	20	3,334,823
Additions	-	240,168	111,045	-	351,213
Write off	-	-	-	-	-
Transfer	-	-	-	-	-
Disposals (-)	(8,136)	(6,688)	(12,308)	-	(27,132)
Revaluation	1,063,341	-	-	-	1,063,341
Impairment Provision/Reversal	-	-	-	-	-
Closing Balance, 31 December 2023	3,344,305	859,209	518,711	20	4,722,245
Accumulated Amortization					
Opening Balance, 1 January 2023	1,191,816	212,931	221,498	18	1,626,263
Write off	-	-	-	-	-
Transfer	-	-	-	-	-
Charge for the year	7,607	135,025	56,160	-	198,792
Revaluation	223,525	-	-	-	223,525
Impairment Provision/Reversal	-	-	-	-	-
Disposals (-)	(8,135)	(4,684)	(11,044)	-	(23,863)
Closing Balance, 31 December 2023	1,414,813	343,272	266,614	18	2,024,717
Net Book Value, 31 December 2023	1,929,492	515,937	252,097	2	2,697,528
Net Book Value, 31 December 2022	1,097,284	412,798	198,476	2	1,708,560

a. If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:

a.1. Events and conditions for recording or reversing impairment: None (31 December 2022-None).

a.2. Amount of depreciation recorded or reversed impairment in the financial statements: None (31 December 2022- None).

b. The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None (31 December 2022 – None).

c. Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None (31 December 2022 – None)

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

13. Information on intangible assets:

	Current Period
Cost	
Opening Balance, 1 January 2023	494,491
Additions	68,190
Disposals	(9,757)
Write Off	-
Closing Balance, 31 December 2023	552,924
Accumulated Amortization	
Opening Balance, 1 January 2023	354,377
Charge for the year	51,452
Disposals	(3,595)
Write Off	-
Closing Balance, 31 December 2023	402,234
Net Book Value, 31 December 2023	150,690
Net Book Value, 31 December 2022	140,114

The useful lives of the intangible fixed assets, which are amortized with straight-line amortization method, are averagely 5 years.

- Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.
- Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- The book value of intangible fixed assets that are pledged or restricted for use: None.
- Amount of purchase commitments for intangible fixed assets: None.
- Information on revalued intangible assets according to their types: None.
- Amount of total research and development expenses recorded in statement of income within the period if any: None.
- Information on goodwill: None.
- Movements on goodwill in the current period: None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Assets (cont'd)

14. Information on investment property: None (31 December 2022 – None).

15. Explanations on deferred tax asset:

a. Breakdown of deferred tax:

	Current Period	Prior Period
Tangible Assets Base Differences	(552,683)	(184,829)
Provisions (*)	1,275,928	737,032
Valuation of Financial Assets	665,495	98,887
Net Deferred Tax Assets/(Liabilities)	1,388,740	651,090

(*) Provisions include employee benefit liabilities, credit card bonuses provisions, legal case provisions, employee termination benefit provisions, retirement fund provision, SDIF premium provision, general provisions and other provisions.

- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None (31 December 2022: None)
- Allowance for deferred tax and deferred tax assets from reversal of allowance: None (31 December 2022: None)
- Movement of deferred tax asset/(liability):

Current and prior year deferred tax movements are shown in the table below.

	Current Period	Prior Period
Deferred Tax Asset/(Liability), Period Beginning	651,090	308,768
Current Period (Expense) / Income	940,731	429,204
Deferred Tax Classified under Equity	(203,081)	(86,700)
Other	-	(182)
Deferred Tax Asset/(Liability), Period Ending	1,388,740	651,090

16. Information on assets held for sale and discontinued operations:

	Current Period	Prior Period
Cost		
Opening Balance, 1 January 2023	388,728	533,737
Additions	64,789	150,199
Write off	-	-
Transfer	-	-
Disposals (-)	(121,517)	(295,171)
Revaluation value increase / (decrease)	(2)	(39)
Impairment Provision/Reversal	-	2
Closing Balance, 31 December 2023	331,998	388,728

Assets held for sale and discontinued operations includes real estate acquired due to receivables.

Amount of recorded or reversed impairment in the financial statements: TRL 2 Thousand (31 December 2022 – TRL 39 Thousand).

17. Information on other assets:

Other assets do not exceed 10 % of the total balance sheet (excluding off balance sheet commitments).

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities

1. Information on Maturity Structure of Deposits

a. Maturity structure of deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	1,464,741	-	241,601	5,190,089	6,759,051	1,675,129	3,765,937	13,002	19,109,550
Foreign currency deposits	6,790,745	-	2,252,850	6,056,532	922,451	529,011	1,845,985	6,269	18,403,843
Residents in Turkey	6,011,221	-	2,170,993	5,109,841	683,934	317,653	832,534	5,653	15,131,829
Residents abroad	779,524	-	81,857	946,691	238,517	211,358	1,013,451	616	3,272,014
Public sector deposits	133,428	-	90	9,170	71	-	-	-	142,759
Commercial deposits	3,630,513	-	2,138,198	235,432	341,497	687,374	481,092	-	7,514,106
Other institutions deposits	165,176	-	29,982	133,650	23,213	1,883	285	-	354,189
Precious metals deposits	3,500,808	-	-	-	513,845	41,926	111,183	-	4,167,762
Interbank deposits	51,864	-	2,105,628	1,079,148	-	-	-	-	3,236,640
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1,141	-	516,764	17,957	-	-	-	-	535,862
Foreign Banks	32,738	-	1,588,864	1,061,191	-	-	-	-	2,682,793
Participation Banks	17,985	-	-	-	-	-	-	-	17,985
Other	-	-	-	-	-	-	-	-	-
Total	15,737,275	-	6,768,349	12,704,021	8,560,128	2,935,323	6,204,482	19,271	52,928,849

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	1,352,777	-	533,633	4,869,466	7,522,677	613,790	1,479,332	9,807	16,381,482
Foreign currency deposits	5,412,118	-	813,791	8,932,039	1,656,831	826,750	2,323,801	3,157	19,968,487
Residents in Turkey	4,516,237	-	754,968	7,927,065	1,368,363	532,655	1,092,656	2,818	16,194,762
Residents abroad	895,881	-	58,823	1,004,974	288,468	294,095	1,231,145	339	3,773,725
Public sector deposits	128,028	-	-	7,389	-	-	-	-	135,417
Commercial deposits	3,295,955	-	608,914	519,486	972,325	546,357	436,166	-	6,379,203
Other institutions deposits	113,773	-	35,396	64,134	1,166	525	237	-	215,231
Precious metals deposits	2,469,709	-	-	-	416,221	33,440	64,234	-	2,983,604
Interbank deposits	47,815	-	1,243	661,009	-	-	-	-	710,067
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1,075	-	-	-	-	-	-	-	1,075
Foreign Banks	18,032	-	1,243	661,009	-	-	-	-	680,284
Participation Banks	28,708	-	-	-	-	-	-	-	28,708
Other	-	-	-	-	-	-	-	-	-
Total	12,820,175	-	1,992,977	15,053,523	10,569,220	2,020,862	4,303,770	12,964	46,773,491

Within the scope of the “Communiqué on Supporting the Conversion of Turkish Lira Deposits and Participation Accounts”, the amount of currency protected deposit products, the operating rules of which were determined by the Ministry of Treasury and Finance and the CBRT, is TRL 10,719,540 Thousand as of 31 December 2023 (31 December 2022 - TRL 10,904,870 Thousand).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

1. Information on maturity structure of deposits (cont'd)

b. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the guarantee of insurance (*)		Exceeding the limit of insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	7,584,045	6,835,665	11,532,329	9,549,504
Foreign currency saving deposits	7,216,092	5,007,032	10,601,002	13,566,384
Other deposits in the form of saving deposits	-	-	-	-
Branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	14,800,137	11,842,697	22,133,331	23,115,888

(*) According to the BRSA's circular no 1584 dated 23 February 2005, accruals are included in the saving deposit amounts

In accordance with the “Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund” published in the Official Gazette dated 28 May 2022 and numbered 31936, official institutions in the presence of credit institutions, credit institutions and financial institutions other than those belonging to the credit institutions all deposit and participation funds have been insured. In this context, commercial deposits covered by the insurance amount to TRL 2,348,525 Thousand and the amount is not included in the footnote.

c. Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad:

Headquarter of the Bank is in Turkey and the Bank is under the coverage of saving deposit insurance.

d. Retail deposits not guaranteed by insurance:

	Current Period	Prior Period
Deposits and other accounts in branches abroad	-	-
Deposits and other accounts of ultimate shareholders and their Mother, Father, Spouse, Dependent Children	-	-
Deposits and other accounts of chairman and members of the Board of Directors and their Mother, Father, Spouse, Dependent Children	5,865	11,629
Deposits and other accounts obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004.	-	-
Saving deposits in banks established in Turkey exclusively for offshore banking activities	-	-

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

2. Information on derivative financial liabilities:

Negative differences table related to derivative financial liabilities held-for-trading:

Derivative financial liabilities held-for-trading are classified in the financial statement as derivative financial liabilities at fair value through profit and loss.

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Liabilities due to held for trading derivatives				
Forward Transactions	-	-	-	11,491
Swap Transactions	34,263	64,445	23,563	73,767
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	34,263	64,445	23,563	85,258

3. Information on banks and other financial institutions:

a. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	-	300,051	4,547	298,944
From Foreign Banks, Institutions and Funds	-	5,926,279	-	3,450,806
Total	-	6,226,330	4,547	3,749,750

b. Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Short-Term	-	-	4,264	4,050
Medium And Long-Term	-	6,226,330	283	3,745,700
Total	-	6,226,330	4,547	3,749,750

c. Additional explanation related to the concentrations of the Bank's major liabilities:

Within the scope of normal banking activities, the Bank's funding sources are deposits, loans received, money market balances. The most important fund source of the bank's; stable and local resource structure and mainly deposits consisting of widespread savings. The loans obtained consist of medium and long term sustainable development-oriented foreign borrowings obtained from the international development and finance institutions, as well as in the deposit portfolio. Repo transactions in TRL are also among the other funding sources of the bank.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

4. Information on Money Market borrowings:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Interbank money market takings	2,645,627	-	466,560	-
Istanbul Stock Exchange money market takings	111,292	-	-	-
Borsa Istanbul Debts to Money Markets	-	-	-	-
Funds Provided Through Repo Transactions	419,979	1,630,447	703,083	-
Total	3,176,898	1,630,447	1,169,643	-

5. Marketable securities issued:

The Bank issued Asset Covered Bond amounting to TRL 1,500,000 Thousand among the institutions and organizations investing up to this time are International Finance Corporation (IFC), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), UniCredit Bank AG, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), KfW Bankengruppe and qualified institutional investors. The Program carried out within the framework of the relevant CMB legislation, SME loans were used as collateral.

6. Other liabilities which exceed 10 % of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20 % of grand total:

Other liabilities do not exceed 10 % of the balance sheet total.

7. Explanations on lease obligations (Net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	2,700	262	2,700	262
1-4 Years	821,534	412,191	563,060	334,047
More than 4 Years	405,577	166,274	247,340	113,313
Total	1,229,811	578,727	813,100	447,622

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

8. Information on derivative financial liabilities for hedging purposes: None (31 December 2022 – None).

9. Information on provisions:

- a. Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (31 December 2022 – None).
- b. Expected loss provisions of non-cash loans amount to TRL 98,966 Thousand (31 December 2022 – TRL 97,945 Thousand)
- c. Obligations regarding leave provision and severance pay:

The Bank calculated employee benefits provision using the actuarial valuation method specified in TAS 19 “Employee Benefits Standard” and reflected it in its financial statements

The main actuarial assumptions used in the calculation of the severance pay liability are as follows

	Current Period	Prior Period
Discount rate (%)	24.60	9.20
Inflation rate (%)	21.61	7.06
Salary increase rate (%)	21.61	7.06

As of 31 December 2023, the Bank has recorded in the financial statements TRL 368,761 Thousand reserve for employee termination benefits (31 December 2022 – TRL 318,590 Thousand).

As of 31 December 2023, the Bank allocated a reserve of TRL 14,573 Thousand for the unused vacations, which is classified under reserve for employee benefits provisions in the financial statements (31 December 2022 – TRL 13,316 Thousand).

c.1. Movement of employee termination benefits:

	Current Period	Prior Period
As of 1 January	318,590	120,671
Service Cost	86,339	14,844
Interest Cost	29,068	23,944
Actuarial Loss/(Gain)	53,520	182,414
Indemnity Paid During the Term	(118,756)	(23,107)
Other (*)	-	(176)
Total	368,761	318,590

(*) Includes the amount resulting from merger of Şeker Finansman A.Ş.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

9. Information on provisions (cont'd):

d. Information on other provisions:

d.1. The breakdown of other provisions:

	Current Period	Prior Period
Unindemnified Non-Cash Loans	98,966	97,945
Credit Card Liquid Point Promotion Provisions	3,586	2,022
Retirement Fund Provision	67,218	326,003
Case Provision	43,412	32,333
Premium Provisions	109,110	72,012
SDIF Premium Provision	35,234	13,002
Other Provisions (*)	2,910,110	1,804,455
Total	3,267,636	2,347,772

(*) Includes free provision for possible risks amounting to TRL 2,900,000 Thousand (31 December 2022 - TRL 1,750,000 Thousand).

e. Liabilities on pension rights:

e.1. Liabilities for pension funds established in accordance with “Social Security Institution”:

Şekerbank T.A.Ş. Pension Fund, of which each Bank employee is a member, is established in accordance with the provisional Article 20 of the Social Security Act No: 506. As per the provisional article No: 23 of the Banking Law No: 5411, the Bank pension funds, which were established within the framework of Social Security Institution Law, should be transferred to the Social Security Institution within 3 years after the issuance of the related law. Methods and principles related to the transfer have been determined as per the Cabinet decision no: 2006/11345 made on 30 November 2006. However, the related article of the act has been cancelled upon the President’s application filed on 2 November 2005 by the Supreme Court’s order no: E.2005/39, K.2007/33 issued on 22 March 2007, which was published in the Official Gazette No: 26479 on 31 March 2007 and the execution of the decision was ceased as of the issuance date of the order.

Following the issuance of the justified order in relation to the annulment of the provisional Article 23 of the Banking Law by the Constitutional Court in the Official Gazette No: 26731 on 15 December 2007, TBMM started to work on establishing new legal regulations, the Law No: 5754 “Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees”, which was published in the Official Gazette No: 26870 on 8 May 2008 has become effective following the approval of the General Assembly of the TBMM. The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation, and that the three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However, related transfer period has been prolonged for 2 years by the Cabinet decision dated 14 March 2011, which was published in the Official Gazette dated 9 April 2011 and numbered 27900.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

9. Information on provisions (cont'd):

e. Liabilities on pension rights (cont'd):

e.1. Liabilities for pension funds established in accordance with "Social Security Institution" (cont'd):

In addition, by the Law numbered 6283 "Emendating Social Security and General Health Insurance Act", which was published in the Official Gazette dated 8 March 2012 and numbered 28227, this period of 2 years has been raised to 4 years. Further the transfer period has been prolonged for one more year by the Cabinet decision dated 08 April 2013, which was published in the Official Gazette, dated 3 May 2013 and numbered 28636. The prolongation for another one year has been taken by the Cabinet on 24 February 2014, and has been published in the Official Gazette dated 30 April 2014 and numbered 28987. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated 23 April 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated 9 July 2018.

On the other hand, the application made on 19 June 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on 30 March 2011.

The above mentioned law also includes the following:

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, the Presidency Ministry of Treasury and Finance, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.80% will be used in the actuarial calculation of the value in cash,
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

The technical financial statements of the Pension Fund are reviewed by an actuary registered audit company in accordance with the Article 21 of the Insurance Law numbered 5684 and the requirements of the "Actuary Regulations". There was TRL 67,218 Thousand actuarial deficit in the actuary report which was prepared using a technical interest rate of 9.80 % in accordance with the basis set out in the Council of Ministers decision no: 26377 on 15 December 2006 (31 December 2022 - TRL 326,003 Thousand deficit). The relevant amount of provision is recorded in the financial statements of the Bank.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

9. Information on provisions (cont'd):

e. Liabilities on pension rights (cont'd):

e.1. Liabilities for pension funds established in accordance with "Social Security Institution" (cont'd):

The actuarial audit described above, which has been carried out in accordance with the related law, measures the present value of the liability as of 31 December 2023, in other words, the estimated payment amount to be made to the SGK by the Bank is measured by the actuary audit. In actuarial calculations, CSO 1980 mortality table, 9.80% technical interest rate and 34.50% premium rate were taken into account.

Present values of bonuses and salaries payments taking into account the health expenditures in the scope of Social Security Institution are shown in the following table in as of 31 December 2023.

	31.12.2023	31.12.2022
Reserve of Probable Retirement Pensions	(569,594)	(542,633)
Reserve of Probable Widow and Orphan	(705,589)	(392,019)
Reserve of Liability Items	(5,801,244)	(2,923,467)
Reserve for Salary Portions to be Given to Social Insurance Institution for those who leave the Pension Fund	(1,824,946)	(836,396)
Health and Funeral Expenses Reserve	(825,223)	(482,248)
Assets (*)	904,308	332,238
Cash Value of the Premiums of the Active Members	7,754,248	4,096,512
Reserve of Common Members' Salary Proportion Receivables from other social insurance institutions.	1,000,822	422,010
Actual and Technical Surplus / (Deficit) Amount	(67,218)	(326,003)

(*) The Pension Fund records the assets by their fair value and these fair values were considered for the actuarial work.

Assets of the Pension Fund consist of following items:

	31.12.2023	31.12.2022
Banks and Other Financial Investments	775,311	368,952
Associates	862,577	400,238
Buildings	26,250	12,030
Other	(759,830)	(448,982)
Total	904,308	332,238

- e.2. Liabilities resulting from all kinds of pension funds, foundations etc., which provide post-retirement benefits for the employees: See footnote, e.1 II/9 of Section Five.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

10. Explanations on taxes payable:

a. Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2023, the Bank has TRL 915,207 Thousand corporate tax provision and TRL 616,261 Thousand prepaid corporate tax (31 December 2022 –TRL 770,042 Thousand provision for corporate tax and prepaid corporate tax of TRL 699,880 Thousand).

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax	298,946	70,162
Taxation on Securities	18,531	11,184
Capital Gains Tax on Property	2,292	1,189
Banking Insurance Transaction Tax (BITT)	80,985	53,729
Foreign Exchange Tax	805	1,400
Value Added Tax Payable	21,581	11,564
Other	31,303	14,780
Total	454,443	164,008

a.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	1,388	629
Social Security Premiums-Employer	2,776	1,254
Bank Social Aid Pension Fund Premiums-Employee	284	142
Bank Social Aid Pension Fund Premiums-Employer	618	253
Pension Fund Membership Fees and Provisions-Employee	1	1
Pension Fund Membership Fees and Provisions-Employer	2	1
Unemployment insurance-Employee	-	-
Unemployment insurance-Employer	-	-
Other	-	-
Total	5,069	2,280

b. Explanations on deferred tax liabilities:

b.1. Deferred tax asset / liability table:

As of 31 December 2023, deferred tax asset computed on the temporary differences is reflected in the financial statements by netting off with deferred tax liability and is presented in Section V. Note I.15-a.

b.2. Movement of deferred tax: mentioned in Section V. Note I.15-d.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

11. Information on liabilities regarding assets held for sale and discontinued operations: None.

12. Explanations on the maturity, interest rate and the number of subordinated debt instruments the Bank had, institution that is the creditor of the debt instrument, and conversion option, if any:

Information on subordinated borrowing instruments is included in the footnote 4.1. Information on borrowing instruments to be included in the equity calculation.

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Borrowing Instruments Included in Additional Tier I Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Borrowing Instruments Included in Tier II Calculation	456,052	2,517,044	452,621	1,598,776
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	456,052	2,517,044	452,621	1,598,776
Total	456,052	2,517,044	452,621	1,598,776

13. Information on Shareholders' Equity

a. Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock (*)	1,860,000	1,860,000
Preferred stock	-	-

(*) Nominal Capital

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

Capital System	Paid-in capital	Ceiling
Registered capital system	1,860,000	2,500,000

c. Information on share capital increases and their sources: None.

d. Information on share capital increases from capital reserves: None.

e. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Liabilities (cont'd)

13. Information on Shareholders' Equity (cont'd)

- f. Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators: Retained and current year income, profitability and liquidity of the Bank are closely monitored, reported by the Financial Control, Reporting and Budget Management Department to the Board of Directors, Asset and Liability Committee. Prognoses the effects of interest, currency and maturity fluctuations with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Prognoses are made for future interest income via simulations of net interest income and scenario analysis.
- g. Information on preferred shares: The Bank has no preferred shares.
- h. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
From Subsidiaries, Associations and Entities Under Common Control	-	-	-	-
Financial Assets at Fair Value Through Comprehensive Income	-	-	(3,701)	-
Valuation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Total	-	-	(3,701)	-

14. Information on legal reserves:

	Current Period	Prior Period
Legal reserves	207,121	130,798
Other legal reserves appropriated in accordance with special legislation	17,209	-
Total	224,330	130,798

15. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	1,976,201	701,056
Retained earnings	396	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	1,976,597	701,056

16. Other Information on Shareholders' Equity:

Pursuant to the share repurchase program decision of the Board of Directors of the Bank dated 14 February 2023, the total number of repurchased shares are reached 7,000,000. The ratio of the repurchased shares to the Bank's capital is 0.38% and the share repurchase program has been completed.

In the Ordinary General Assembly of the Bank held on 29 March 2023, it was decided to distribute TRL 105,151 Thousand cash dividend to the shareholders, to transfer TRL 25,885 Thousand to special funds account under other capital reserves, to allocate TRL 76,322 Thousand as legal and TRL 1,292,355 Thousand as extraordinary reserves from the TRL 1,502,150 Thousand net income for the period 2022. Cash dividend payments were completed on 10 April 2023 and 12 April 2023.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

- a. Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Forward Asset Purchase Commitments	269,839	84,653
Loan Granting Commitments	2,807,999	2,362,171
Payment Commitments for Cheques	1,013,275	769,392
Commitments for Credit Card Expenditure limits	1,254,156	937,545
Commitments for Promotions related with Credit Cards and Banking Transactions	4,417	2,353
Tax and Fund Obligations for Export Commitments	13,946	8,625
Total	5,363,632	4,164,739

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

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

- b.1. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside expected loss provisions of non-cash loans amount to TRL 98,966 Thousand (31 December 2022 – TRL 97,945 Thousand)

- b.2. Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period	Prior Period
Guarantees	308,603	145,945
Bank Loans	-	684
Letters of Credit	81,675	130,312
Endorsements	384,377	804,480
Total	774,655	1,081,421

- b.3. Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Definite Letter of Guarantees	5,237,854	4,333,478
Temporary Letter of Guarantees	245,813	322,503
Surety ships and Similar Transactions	-	-
Other Letter of Guarantees	2,093,794	1,639,536
Total	7,577,461	6,295,517

- c. Information on non-cash loans:

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

	Current Period	Prior Period
Letters of Guarantees issued for cash loans	1,022,563	687,661
With maturity of 1 year or less than 1 year	903,164	179,267
With maturity of more than 1 year	119,399	508,394
Other non-cash loans	7,329,553	6,689,277
Total	8,352,116	7,376,938

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (cont'd)

1. Information on off-balance sheet liabilities (cont'd):

c. Information on non-cash loans (cont'd):

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

	Current Period				Prior Period			
	TRL	(%)	FC	(%)	TRL	(%)	FC	(%)
Agricultural	63,616	1.10	19,606	0.76	27,958	0.53	1,795	0.08
Farming and raising livestock	53,839	0.93	19,606	0.76	26,479	0.50	1,795	0.08
Forestry	4,714	0.08	-	-	1,416	0.03	-	-
Fishery	5,063	0.09	-	-	63	-	-	-
Manufacturing	1,070,120	18.57	704,052	27.16	1,033,520	19.66	788,068	37.19
Mining	163,690	2.84	1,060	0.04	89,611	1.70	-	-
Production	872,872	15.15	520,757	20.09	914,676	17.40	675,113	31.86
Electric, gas and water	33,558	0.58	182,235	7.03	29,233	0.56	112,955	5.33
Construction	1,366,243	23.72	1,135,075	43.80	1,326,700	25.23	864,504	40.79
Services	3,253,231	56.46	719,205	27.75	2,860,371	54.40	456,332	21.54
Wholesale and retail trade	1,485,174	25.78	136,838	5.28	1,268,073	24.12	99,025	4.67
Hotel, food and beverage services	34,007	0.59	49,960	1.93	15,371	0.29	18,698	0.88
Transportation and telecommunication	187,826	3.26	38,843	1.50	153,261	2.91	30,643	1.45
Financial institutions	893,086	15.50	23,381	0.90	851,223	16.19	12,406	0.59
Real estate and renting services	584,261	10.14	462,801	17.86	511,400	9.73	290,726	13.72
Self-employment services	-	-	-	-	-	-	-	-
Education services	726	0.01	-	-	597	0.01	-	-
Health and social services	68,151	1.18	7,382	0.28	60,446	1.15	4,834	0.23
Other	7,173	0.15	13,795	0.53	9,181	0.18	8,509	0.40
Total	5,760,383	100.00	2,591,733	100.00	5,257,730	100.00	2,119,208	100.00

c.3. Information on Ist and IInd Group non-cash loans:

Non-cash loans	Ist Group		IInd Group	
	TRL	FC	TRL	FC
Letters of guarantee	5,037,443	1,677,797	101,398	591,574
Bank acceptances	-	-	-	-
Letters of credit	-	79,938	-	-
Endorsements	384,377	-	-	-
Underwriting commitments	-	-	-	-
Guaranteed prefinancing credits	-	-	-	-
Other commitments and surety ships	102,602	205,493	-	-

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (cont'd)

2. Information related to derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I):	19,233,380	25,906,369
Forward transactions	-	343,905
Swap transactions	19,233,380	25,367,120
Futures transactions	-	-
Option transactions	-	195,344
Interest related derivative transactions (II):	2,555,110	1,854,460
Forward rate transactions	-	-
Interest rate swap transactions	2,555,110	1,854,460
Interest option transactions	-	-
Futures interest transactions	-	-
Other trading derivative transactions (III)	3,010,790	2,718,628
A. Total trading derivative transactions (I+II+III)	24,799,280	30,479,457
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	24,799,280	30,479,457

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank's financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to statement of income in the current period because of the agreements:

The Bank's derivative instruments consist of foreign currency swaps, option and forward foreign currency buy/sell transactions. The Bank revalues foreign currency forward and swap transactions using the Bank's end of reporting foreign exchange rates. The resulting gain or loss is reflected in the income statement. In calculation of fair values of the interest swap contracts, interest amounts to be paid or received upon the fixed interest rate in the contract and interest amounts to be received or paid upon the floating interest rates in the contracts have been recalculated and discounted in accordance to valid interest rates in the current market and the differences have been reflected to the current term's statement of income. While some derivative transactions provide economic hedging, these transactions are subject to hedge accounting. The purpose of hedge accounting is to present the effect of the risk management activities performed by using the appropriate financial instruments to manage certain risks that may affect profit or loss in the financial statements. The Bank applies TFRS to hedge the fair value changes of a portfolio of financial assets or financial liabilities.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (cont'd)

2. Information related to derivative financial instruments (cont'd):

As of 31 December 2023, breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRL equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell
Current Period								
TRL	-	-	-	1,922,528	-	-	-	-
USD	-	-	7,596,950	3,473,307	-	-	-	-
EUR	-	-	1,277,555	6,976,359	-	-	-	-
OTHER	-	-	3,507,713	44,868	-	-	-	-
Total	-	-	12,382,218	12,417,062	-	-	-	-
Prior Period								
TRL	-	-	1,865,832	2,771,801	98,942	-	-	-
USD	-	178,575	8,879,196	5,129,034	-	46,989	-	-
EUR	165,330	-	927,230	7,059,405	-	49,413	-	-
OTHER	-	-	3,273,500	34,210	-	-	-	-
Total	165,330	178,575	14,945,758	14,994,450	98,942	96,402	-	-

As of 31 December 2023, the Bank has no derivative hedge transactions (31 December 2022 – None).

3. Credit derivatives and risk exposures on credit derivatives: None.

4. Explanations on contingent liabilities and assets:

As of 31 December 2023 the provision amount for continuing legal cases against Bank for contingent liabilities that are highly probable is TRL 43,412 Thousand. However, the probability of these lawsuits to be concluded against is not high and no cash outflow is expected for these cases (31 December 2022- TRL 32,333 Thousand).

The Bank has no contingent assets.

Explanations on revocable commitments: In the current period, the Bank's revocable commitments amount to TRL 2,232,044 Thousand (31 December 2022 – TRL 1,104,361 Thousand).

5. Custodian and intermediary services:

The Bank performs buying and selling transactions with fixed interest on behalf of customers, is provide limited custody service, but does not provide administration and consultancy services.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Income Statement

1. Information on interest income:

a. Information on interest income on loans:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Interest on Loans (*)	5,310,315	1,607,195	4,397,525	1,226,184
Short Term Loans	3,809,210	253,993	3,060,698	134,709
Medium and Long Term Loans	1,164,093	1,353,202	1,153,856	1,091,475
Interest on Non-Performing Loans	337,012	-	182,971	-
Premiums received from Resource Utilization Support Fund	-	-	-	-

(*) Includes fees and commissions obtained from cash loans.

b. Information on interest received from banks:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
The Central Bank of Turkey	-	858	-	-
Domestic Banks	18,561	200	4,851	157
Foreign Banks	-	24,865	-	18,090
Branches and Head Office Abroad	-	-	-	-
Total	18,561	25,923	4,851	18,247

c. Interest income from marketable securities portfolio:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Financial Assets At Fair Value Through Profit And Loss	4,809	4,343	788	1,350
Financial Assets At Fair Value Through Other Comprehensive Income	910	-	44,752	-
Financial Assets at Amortised Cost	3,124,680	208,788	2,392,816	169,894
Total	3,130,399	213,131	2,438,356	171,244

d. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Income Received from Associates and Subsidiaries	10,432	6,120

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Income Statement (cont'd)

2. Information on interest expense

a. Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Banks (*)	364	334,296	694	125,784
The Central Bank of Turkey	-	-	-	-
Domestic Banks	364	29,686	694	15,682
Foreign Banks	-	304,610	-	110,102
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	364	334,296	694	125,784

(*) Includes fees and commission expenses of cash loans.

b. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest Expense to Associates and Subsidiaries	3,841	5,008

c. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Interest expense on securities issued	97,480	271,691	102,230	169,799

d. Distribution of interest expense on deposits based on maturity of deposits:

Current Period	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRL								
Bank deposits	-	439,594	3,294	-	-	-	-	442,888
Saving deposits	288	42,485	1,095,651	1,354,233	255,869	387,198	1,283	3,137,007
Public sector deposits	-	15	1,225	35	-	-	-	1,275
Commercial deposits	21	58,050	54,923	104,197	70,329	70,680	-	358,200
Other deposits	30	6,253	10,904	1,847	119	29	-	19,182
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal stock	-	-	-	-	-	-	-	-
Total	339	546,397	1,165,997	1,460,312	326,317	457,907	1,283	3,958,552
Foreign Currency								
Foreign currency deposits	1,675	10,050	15,259	7,980	5,897	41,319	-	82,180
Bank deposits	48,387	3	19,905	-	-	-	-	68,295
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal stock	1,973	-	-	-	-	-	-	1,973
Total	52,035	10,053	35,164	7,980	5,897	41,319	-	152,448
Grand Total	52,374	556,450	1,201,161	1,468,292	332,214	499,226	1,283	4,111,000

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Income Statement (cont'd)

3. Information on dividend income:

	Current Period	Prior Period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	10,164	26,997
Other	13,433	6,459
Total	23,597	33,456

4. Information on net trading income:

	Current Period	Prior Period
Income	63,730,135	42,949,235
Profit on capital market operations	105,074	28,630
Profit on derivative financial instruments	5,717,684	5,042,142
Foreign exchange gains	57,907,377	37,878,463
Losses (-)	63,255,831	42,908,930
Losses on capital market operations	5,611	3,361
Losses on derivative financial instruments	5,605,239	5,313,598
Foreign exchange losses	57,644,981	37,591,971

5. Information on other operating income:

The information about the factors significantly affecting income of the Bank and also information including the explanation of the aspect of increasing levels:

As of 31 December 2023, TRL 1,245,153 Thousand (31 December 2022- TRL 704,755 Thousand) stated under other operating income in the statement of income includes TRL 838,327 Thousand (31 December 2022- TRL 354,514 Thousand) prior years' expense and provisions reversal income, TRL 208,708 Thousand (31 December 2022- TRL 300,428 Thousand) income from the sales of real estate and TRL 198,118 Thousand (31 December 2022- TRL 49,813 Thousand) other operating income.

As of 31 December 2023, prior year's expense and provision reversal income includes TRL 85,543 Thousand (31 December 2022 - TRL 59,807 Thousand) cash collections from non performing loans followed in off balance sheet, TRL 1,340 Thousand (31 December 2022 - TRL 3,206 Thousand) securities impairment loss, TRL 477,519 Thousand (31 December 2022 - TRL 186,417 Thousand) reversals of expected loss provisions, TRL 273,925 Thousand (31 December 2022 - TRL 105,084 Thousand) reversals of legal case provision and other provisions.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Income Statement (cont'd)

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Expected Credit Losses Provisions	298,952	120,044
12-Month ECL (Stage 1)	24,015	66,880
Significant Increase in Credit Risk (Stage 2)	274,113	36,169
Impaired Credits (Stage 3)	824	16,995
Impairment Losses on Securities	1,122	6
Financial Assets Measured at Fair Value through Profit or Loss	1,122	6
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Other (*)	1,132,355	1,352,355
Total	1,432,429	1,472,405

(*) Includes free provision expense.

7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	84,047	15,833
Bank social aid provision fund deficit provision	-	-
Impairment losses on fixed assets	-	-
Depreciation expenses of fixed assets	198,792	121,683
Impairment losses on intangible assets	-	-
Goodwill impairment losses	-	-
Depreciation expenses of intangible assets	51,452	46,067
Impairment for investments accounted for under equity method	-	-
Impairment losses on assets held for resale	523	656
Depreciation expenses of assets held for resale	-	-
Impairment losses on assets held for sale	-	-
Other operating expenses	1,168,305	726,092
Lease Expenses Related to TFRS 16 Exemptions	4,154	2,899
Maintenance expenses	97,658	57,036
Advertisement expenses	14,546	31,266
Other expenses (**)	1,051,947	634,891
Loss on sales of assets	315	50
Other (*)	577,966	389,479
Total	2,081,400	1,299,860

(*) "Other" includes TRL 157,000 Thousand premiums paid to the Saving Deposit Insurance Fund, TRL 16,225 Thousand legal case provision, TRL 121,703 Thousand financial operating fee (31 December 2022 – TRL 113,156 Thousand premiums paid to the Saving Deposit Insurance Fund, TRL 3,188 Thousand legal case provision, TRL 40,944 Thousand financial operating fee).

(**) Other expenses include TRL 44,635 Thousand communication expenses, TRL 143,963 Thousand computer usage expenses, TRL 36,566 Thousand promotion applications related with credit cards and banking services, TRL 270,175 Thousand security and group transfer services, (31 December 2022– TRL 27,152 Thousand communication expenses, TRL 96,008 Thousand computer usage expenses, TRL 39,101 Thousand promotion applications related with credit cards and banking services, TRL 166,368 Thousand security and group banking services).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Income Statement (cont'd)

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

As of 31 December 2023, the Bank has TRL 2,372,668 Thousand profit before tax (31 December 2022 - TRL 1,842,988 Thousand profit before tax), TRL 8,166,516 Thousand (31 December 2022 – TRL 5,749,535 Thousand) of total operating profit, TRL 818,514 Thousand of net fees and commissions income (31 December 2022 - TRL 382,574 Thousand), TRL 298,952 Thousand of expected losses provision (31 December 2022 - TRL 120,044 Thousand), TRL 1,133,477 Thousand other provisions (31 December 2022 – TRL 1,352,361 Thousand), TRL 1,245,153 Thousand (31 December 2022 - TRL 704,755 Thousand) of other operating income and TRL 2,081,400 Thousand (31 December 2022 - TRL 1,299,860 Thousand) of other operating expense.

9. Information on tax provision for continued and discontinued operations:

As of 31 December 2023, The Bank has TRL 867,707 Thousand current tax charge (31 December 2022 – TRL 770,042 Thousand) and deferred tax benefit on temporary differences is TRL 1,075,290 Thousand (31 December 2022 – TRL 462,976 Thousand), deferred tax charge is TRL 134,559 Thousand (31 December 2022 – TRL 33,772 Thousand).

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

The Bank's net profit for the period ended on 31 December 2023 is TRL 2,445,692 Thousand and increased by 62.81% compared to the previous period (31 December 2022 – TRL 1,502,150 Thousand).

11. The explanations on net profit/ loss for the period:

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None.
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- If the other items in the income statement exceed 10 % of the income statement total, accounts amounting to at least 20 % of these items are shown below:

Other Fees and commissions received	Current Period	Prior Period
Banking Services Income	2,364,398	1,423,835

Other Fees and commissions given	Current Period	Prior Period
Fees and commissions given to Banks	53,915	32,925
Fees and commissions given for Credit Cards	1,343,234	750,736
Other	299,455	359,445
Total	1,696,604	1,143,106

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

V. Explanations Related to Statement of Shareholders' Equity Movement

1. Information on the changes from valuation of financial assets at fair value through comprehensive income

Value increase or loss from the revaluation of financial assets at fair value through comprehensive income is recorded under shareholders equity. In the current period, the value increase recorded under shareholders equity is TRL 4,934 Thousand (31 December 2022 - TRL 708 Thousand) and net value increase from investments at fair value through other comprehensive income is TRL 1,233 Thousand (31 December 2022- TRL 362 Thousand) with netted off deferred tax asset amounting to TRL 3,701 Thousand (31 December 2022 - TRL 346 Thousand).

2. Information on revaluation of tangible assets

As a result of the revaluation of the Bank's real estates within the scope of "TAS 16 Tangible Assets Standard", the value increase amounting to TRL 608,016 Thousand (31 December 2022 - TRL 355,444 Thousand) has been reflected to the financial statements after the deferred tax effect in the current period.

VI. Explanations Related to Statement of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Net increase/decrease in other liabilities" amounting to TRL 833,195 Thousand (31 December 2022 – TRL 322,061 Thousand) in "Changes in operating assets and liabilities" consists of changes in sundry creditors and other liabilities. "Net increase/decrease in other assets" with a total amount of TRL 1,390,836 Thousand (31 December 2022 - TRL 1,901,132 Thousand) consists of changes in sundry debtors and other assets.

The effect of change in foreign exchange rate on "cash and cash equivalents" is an increase amounting to TRL 1,548,643 Thousand (31 December 2022 – TRL 967,662 Thousand).

2. Cash and cash equivalents at beginning of periods

The recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

	01.01.2023	01.01.2022
Cash		
Cash in TRL/Foreign Currency	1,072,660	1,260,842
Central Bank of Turkey	516,980	1,433,307
Other	-	17
Cash Equivalents		
Banks (Maturity is less than 3 months)	1,101,287	1,230,856
Money Market Placements	76,000	-
Total Cash and Cash Equivalents	2,766,927	3,925,022

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

VI. Explanations Related to Statement of Cash Flows (cont'd)

3. Cash and cash equivalents at the end of periods

	31.12.2023	31.12.2022
Cash		
Cash in TRL/Foreign Currency	1,022,533	1,072,660
Central Bank of Turkey	3,764,930	516,980
Other	-	-
Cash Equivalents		
Banks (Maturity is less than 3 months)	1,633,011	1,101,287
Money Market Placements	5,616,160	76,000
Total Cash and Cash Equivalents	12,036,634	2,766,927

VII. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a. Current Period:

Related Parties	Associates, Subsidiaries and Joint-Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of period	27,314	1,204	1,116,947	21,700	-	-
Balance at the end of period	28,779	905	1,243,962	34,443	-	-
Interest and commission income	10,432	44	99,262	329	-	-

b. Prior Period:

Related Parties	Associates, Subsidiaries and Joint-Ventures		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of period	28,914	1,521,463	800,701	15,402	-	-
Balance at the end of period	27,314	1,204	1,116,947	21,700	-	-
Interest and commission income	6,120	56	78,185	231	-	-

c.1. Information on related party deposits balances:

Related parties	Associates, Subsidiaries and Joint-Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of period	316,026	1,575,452	219,962	70,054	-	-
Balance at the end of period	221,545	316,026	360,369	219,962	-	-
Interest on deposits	3,841	5,008	19,419	12,125	-	-

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION FIVE (cont'd)

VII. Explanations on the Risk Group of the Bank (cont'd)

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances (cont'd):

c.2. Information on forward and option agreements and other similar agreements made with related parties:
None

Related Parties (*)	Associates, Subsidiaries and Joint-Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-
Beginning Balance	-	22,406	-	-	-	-
Ending Balance	-	-	-	-	-	-
Total Profit/Loss (*)	-	-	-	-	-	-
Hedging Transactions	-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-
Total Profit/Loss (*)	-	-	-	-	-	-

(*)The Bank and its subsidiaries do not conduct derivative transactions "for-profit", derivative transactions for hedging are carried out in the framework of subsidiaries' risk management policy. The risks arising from derivative transactions conducted with subsidiaries are covered by the derivative transactions with third parties.

2. Disclosures for related parties:

a. The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

The Bank conducts various banking transactions with related parties at commercial terms and at rates which approximate market rates.

b. Besides the structure of the transactions amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	Shares (%)
Cash loans	1,272,741	2.99
Non-cash loans	35,348	0.42
Deposits	581,914	1.10

These transactions are priced in accordance with the general pricing policies of the Bank and are in line with market rates.

c. In cases separate disclosure is not necessary, in order to present the total impact on the financial statements, total of similar items: Explained in b).

d. Transactions accounted under the equity method: None.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

VII. Explanations on the Risk Group of the Bank (cont'd)

2. Disclosures for related parties (cont'd):

e. The Bank enters into lease agreements with Şeker Finansal Kiralama A.Ş. Additionally, the Bank provides agency services for Şeker Yatırım Menkul Değerler A.Ş., Şeker Faktoring A.Ş.

With-in the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these loans to the Bank's total cash and non-cash loan portfolio is 2.57% as of end of the reporting period. Details of these loans are explained in the Section V, Note V 1a.

f. Benefits provided to top management personnel as of 31 December 2023 amount to TRL 63,867 Thousand (31 December 2022 - TRL 27,645 Thousand).

VIII. Explanations on The Bank's Domestic Branches, Agencies and Branches Abroad and Off-Shore Branches:

1. Explanations on The Bank's Domestic Branches, Agencies And Branches Abroad and Off-Shore Branches

	Number of Branches	Number of Employees		
Domestic Branches	238	3,703		
Rep-offices Abroad	-	-	Country	
Branches Abroad	-	-	Total Assets	Capital
Off-shore Branches	-	-	-	-

2. Explanations on Branch and Agency Openings or Closings of the Bank: None

IX. Fees for services received from Independent Auditor / Independent Audit Firm:

In accordance with the decision of KGK dated 26 March 2021, the fee information for the reporting period for the services received from an independent auditor or an independent audit firm is given in the table below, based on amounts excluding VAT.

	Current Period	Prior Period
Independent Audit Fee for the Reporting Period	3,302	2,265
Fee for Other Assurance Services	2,801	180
Total	6,103	2,445

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS (cont'd)

X. Explanations And Notes Related To Subsequent Events

The Bank's limit application for the issuance of domestic debt instrument in Turkish Lira, up to TRL 2,500,000 Thousand, in different types and maturities, one or more than one times, by being sold to qualified investors and/or private placement without being offered to the public was approved by the CMB at the meeting dated 9 January 2024 and numbered 01/12.

International credit rating agency Moody's revised Turkey's credit rating outlook from Stable to Positive on 12 January 2024, and increased Şekerbank's credit rating outlook from Stable to Positive on 17 January 2024 and confirmed Bank's credit scores in their current state.

The limit application by the Bank for the issuance of green/sustainable themed bonds or bills to be sold abroad in one time or more, has an interest rate and maturity to be determined according to market conditions on the dates of issuance, up to a maximum total amount of USD 300,000 Thousand and/or equivalent Turkish Lira or foreign currency, with a fixed or variable interest, in various arrangements or maturities, was approved by the CMB with the decision numbered 4/68 dated 18 January 2024.

The limit application by the Bank for the issuance of bonds or bills to be sold abroad in one time or more, has an interest rate and maturity to be determined according to market conditions on the dates of issuance, up to a maximum total amount of USD 300,000 Thousand and/or equivalent Turkish Lira or foreign currency, with a fixed or variable interest, in various arrangements or maturities, was approved by the CMB with the decision numbered 4/68 dated 18 January 2024.

"Corporate Governance Rating Periodic Revision Report" has been completed by SAHA Corporate Governance and Credit Rating Services, a rating agency licensed to operate in accordance with the Capital Markets Board (CMB) Corporate Governance Principles in Turkey. The Bank's Corporate Governance Rating score, which was 9.50 (95.03%) in 2022, was revised upwards to 9.53 (95.35%) in the assessment made for 2023.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations On The Operations Of The Bank:

The results of the Bank's rating by the international rating institutions are shown below

Fitch Ratings		Moody's	
December 2023		January 2024	
Long-term		Long-term	
Long Term FC IDR	B-	Long Term FC Bank Deposit Rating	Caa1
Long Term LC IDR	B-	Long Term LC Bank Deposit Rating	Caa1
Short-term		Short-term	
Short Term FC IDR	B	Short Term FC Bank Deposit Rating	Not Prime (NP)
Short Term LC IDR	B	Short Term LC Bank Deposit Rating	Not Prime (NP)
Outlook		Outlook	
National Long Term Rating		NSR Long Term LC Bank Deposit (Domestic)	
Viability Rating	BBB+ (tur)	NSR Short Term LC Bank Deposit (Domestic)	Baa3.tr
Subordinated Debt Rating	b-	Baseline Credit Assesment (BCA)	TR-3
	CCC		caa1

JCR Eurasia Rating

October 2023	
Long Term International FC Rating and Outlook	BB/Negative
Long Term International LC Rating and Outlook	BB/Negative
Long Term National Rating and Outlook	A (tr) / Stable
Short Term National Rating and Outlook	J1 (tr) / Stable

ŞEKERBANK TÜRK ANONİM ŞİRKETİ

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report:

The unconsolidated financial statements for the year ended 31 December 2023 were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and Independent Auditors' Report dated 16 February 2024 is presented in the introduction of this report.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.

ŞEKERBANK TÜRK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements as of and for the Year Ended 31 December 2023 with Auditors' Report Thereon

*(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and
Footnotes Originally Issued in Turkish)*

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Şekerbank T.A.Ş.

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

We have audited the financial statements of Şekerbank T.A.Ş. (the "Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the consolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group 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 Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

As stated in Note 2.9.d.1 of Section 5, the accompanying consolidated financial statements as of 31 December 2023 include a free provision of TL 3,005,564 thousand, of which TL 1,832,500 thousand was recognized as expense in previous periods and TL 1,173,064 thousand was recognized as expense in the current period, with a deferred tax asset for this free provision amounting to TL 901,669 thousand of which TL 458,125 thousand was recognized in the prior periods and TL 443,544 thousand was recognized in the current period, provided by the Bank management due to the possible effects of negative developments that may occur in the economy and markets which does not meet the requirements of BRSA Accounting and Financial Reporting Legislation. As of 31 December 2023, if the related free provision had not been provided, other provisions would have been TL 3,005,364 thousand less and deferred tax asset would have been TL 901,669 thousand less, retained earnings would have been TL 1,374,375 thousand more and net profit for the period would have been TL 729,520 thousand more.

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

3) 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. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
<p><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard ("TFRS 9")</i></p> <p>Impairment of loans is a key area of judgment for the management. The Group has the total loans, leasing and factoring receivables amounting to TL 45,227,712 thousands, which comprise 50% of the Group's total assets in its consolidated financial statements and the total provision for impairment amounting to TL 1,518,354 as at 31 December 2023.</p> <p>As of 1 January 2018, the Group has started to recognize provisions for impairment in accordance with TFRS 9 and also "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been applied the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.5.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets' exposure periods.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p>

Key Audit Matters	How the matter was addressed in the audit
	<p>Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the consolidated financial statements of the Group with respect to loans and receivables and related impairment provisions.</p>
<p>Information Technologies Audit</p> <p>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • We identified and tested the Group's controls over information systems as part of our audit procedures. • Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> • Security management • Change management • Operations management • We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

4) Other Matters

The independent audit of the consolidated financial statements of the Bank and its consolidated subsidiaries for the year ended 31 December 2022 has been performed by another independent auditor who expressed a qualified opinion in the independent auditor's report dated 28 February 2023.

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

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

In preparing the 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.

6) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent 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 the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA 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 the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism 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 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, related safeguards.

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

B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mehmet Erol.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying consolidated financial statements. The accounting principles used in the preparation of the accompanying consolidated financial statements differ materially from IFRS. Accordingly, the accompanying consolidated financial statements are not intended to present the Group's consolidated financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Mehmet Erol, SMMM
Partner

İstanbul, 16 February 2024

**THE CONSOLIDATED FINANCIAL REPORT OF ŞEKERBANK T.A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2023**

Address	: Emniyet Evleri Mah. Eski Büyükdere Cad. No:1/1A 34415 Kağıthane / İstanbul
Telephone	: (212) 319 70 00
Fax	: (212) 319 73 79
Web Site	: www.sekerbank.com.tr
E-mail Address	: https://www.sekerbank.com.tr/hakimizda/iletisimformu

The consolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

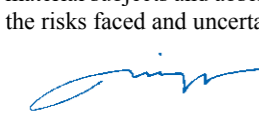
- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED
- INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES
- INDEPENDENT AUDITORS' REPORT

Subsidiaries whose financial statements have been consolidated in the consolidated financial report are as follows:

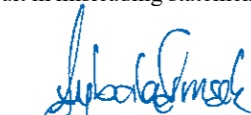
Subsidiaries
Şekerbank (Kıbrıs) Ltd.
Şeker International Banking Unit Ltd.
Şeker Gayrimenkul Yatırım Ortaklığı A.Ş.
Şeker Faktoring A.Ş.
Şeker Yatırım Menkul Değerler A.Ş.
Şeker Finansal Kiralama A.Ş.

The consolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **Thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

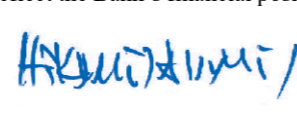
The consolidated 31 December 2023 financial statements are audited and they do not include any false explanation in material subjects and absences that may result in misleading statements and fairly reflect the Bank's financial position, the risks faced and uncertainty.



Dr. Hasan Basri GÖKTAN
Chairman of The Board of Directors



Ayşe Aybala ŞİMŞEK GALPIN
General Manager



Hikmet Aydın SİMİT
Member of the Audit Committee



Levend TORUSDAĞ
Member of the Audit Committee



Burak Latif LATİFOĞLU
Executive Vice President



Ahu ALÇİÇEK PEKSAN
Department Head

Information related to responsible personnel for the questions about financial statements:

Name-Surname / Title	: Oya SARI / Financial Institutions and Investor Relations Department Unit Manager
Telephone No	: (212) 319 71 58
Fax No	: (212) 319 71 62

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ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Parent Bank's Incorporation Date, Beginning Status, History of the Bank Containing the Changes in the Mentioned Status

Şekerbank T.A.Ş. ("the Parent Bank") founded as a Turkish bank by 14 partners in Eskişehir and started its operations under Pancar Kooperatifleri Bankası A.Ş. in Eskişehir, changed the name to Şekerbank T.A.Ş. and moved to headquarters to Ankara in 1956. The Parent Bank gained private bank status in 1993, 15 % of the Bank shares were offered to public in 1997. Headquarters was moved to İstanbul in 2004. The Bank's one of the main shareholders, Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı, gives its members additional social rights and retirement assurances in the social security system. The Parent Bank has affiliates and subsidiaries in the finance, real estates and tourism sectors.

Business line of the Parent Bank covers extending all kinds of cash and non-cash loans in Turkish Lira and foreign currency and carrying out capital market transactions, accepting deposits in TRL and FC and providing other banking services.

II. Explanations Regarding The Parent Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

Name of Shareholders	Amounts of Share	Share (%)	Paid in Capital	Unpaid Capital
Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	569,600	30.62	569,600	-
Samruk-Kazyna Invest LLP	224,353	12.06	224,353	-
Şekerbank T.A.Ş. Personeli Sosyal Sigorta Sandığı Vakfı	122,530	6.59	122,530	-
Other	943,517	50.73	943,517	-
Total	1,860,000	100.00	1,860,000	-

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

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION ONE (cont'd)

GENERAL INFORMATION (cont'd)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Executive Vice Presidents and Their Shares and Their Rights of Responsibility in the Parent Bank

Title	Name and Surname	Responsibility Areas
Chairman of the Board of Directors	Dr. Hasan Basri Gökten	Chairman & Executive Board Member, Corporate Governance Committee, Remuneration Committee, Credit Committee (reserve member)
General Manager	Ayşe Aybala Şimşek Galpin	General Manager, Credit Committee, Remuneration Committee
Members of the Board of Directors	Yernar Zhanadil	Vice-Chairman, Remuneration Committee, Credit Committee (reserve member)
	Mehmet Ayhan Altıntaş	Independent Member, Internal Systems, Corporate Governance Committee
	Orhan Karakaş	Executive Board Member, Credit Committee
	Çetin Aydın	Executive Board Member, Remuneration Committee, Credit Committee
	Nariman Zharkinbayev	Executive Board Member, Credit Committee
	Almat Zhamiyev	Corporate Governance Committee
	Levend Torusdağ	Audit Committee
	Hikmet Aydın Simit	Audit Committee, Credit Committee (reserve member)
	Prof. Dr. Turgay Berksoy	-
	Mirat Utepov	-
Executive Vice Presidents (**)	Ender Dilekçi	Credit Management
	Fahrettin Özcan	Audit
	Hüseyin Üst	Credit Monitoring and NPL Management
	Burak Latif Latifoğlu	Financial Control, Reporting and Budget Management
	Mehmet Ak	Information Technologies
	Şükrü Tuğbay Kumoğlu	SME, Retail and Agricultural Banking
	Fatma Nur Çetinel (*)	Treasury and Financial Institutions
	Mutlu Akpara (*)	-

According to Communiqué On Corporate Governance Principles of Capital Markets Board, No: II-17.1, Audit Committee members of the banks are accepted as independent members of the Board of Directors.

(*) As of 7 December 2023, departments related to Treasury are connected to Executive Vice President Fatma Nur Çetinel. Executive Vice President Mutlu Akpara, has resigned as of January 2024.

(**) As of 2 January 2024, Executive Vice President responsible for Credit Management, Ender Dilekçi, continues his duty as Executive Vice President of Credit Monitoring and NPL Management; Executive Vice President responsible for Audit, Fahrettin Özcan, continues his duty as Executive Vice President of Credit Management; Executive Vice President responsible for Credit Monitoring and NPL Management, Hüseyin Üst, continues his duty as Executive Vice President of SME Banking; Executive Vice President responsible for SME, Retail and Agricultural Banking, Şükrü Tuğbay Kumoğlu, continues his duty as Executive Vice President of Retail, Business and Agricultural Banking.

IV. Information About the Persons and Institutions That Have Qualified Shares in the Parent Bank:

Name/ Commercial Name	Amounts of Share in TRL Thousand	Share (%)	Paid in Capital In TRL Thousand	Unpaid Capital
Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	569,600	30.62	569,600	-
Samruk-Kazyna Invest LLP	224,353	12.06	224,353	-

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION ONE (cont'd)

GENERAL INFORMATION (cont'd)

V. Summary on the Parent Bank's Functions and Areas of Activity

Business line of the Parent Bank covers extending all kinds of cash and non-cash loans in Turkish Lira and foreign currency and carrying out capital market transactions, accepting deposits in TRL and FC and providing other banking services. As of 31 December 2023, the Parent Bank has 238 domestic branches and 3,703 employees (31 December 2022 - 238 domestic branches - 3,427 employees).

VI. Differences Between The Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation about The Institutions Subject to Line-By-Line Method or Proportional Consolidation And Institutions Which Are Deducted From Equity or Not Included in These Three Methods

According to the Communiqué On Preparation Of Consolidated Financial Statements Of Banks, the Bank's subsidiaries Şekerbank (Kıbrıs) Ltd., Şeker Finansal Kiralama A.Ş., Şeker International Banking Unit Ltd., Şeker Yatırım Menkul Değerler A.Ş., Şeker Faktoring A.Ş., and Şeker Gayrimenkul Yatırım Ortaklığı A.Ş. are included in the scope of consolidation by line-by-line method.

Seltur Turistik İşletmeler Yatırım A.Ş. is not consolidated in the financial statements since the Parent Bank has no control and it is not a financial subsidiary.

According to Turkish Accounting Standards, all financial and non-financial subsidiaries are consolidated.

VII. The Existing or Potential, Actual or Legal Obstacles on The Transfer of Shareholders' Equity Between The Parent Bank And its Subsidiaries or The Reimbursement of Liabilities

There is no transfer of the shareholders' equity between the Parent Bank and its subsidiaries. Dividend distribution from shareholders' equity is done according to related regulations. There is no existing or potential, actual or legal obstacle to the repayment of liabilities between the Parent Bank and its subsidiaries.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Consolidated Statement of Financial Position)
- II. Consolidated Statement of Off-Balance Sheet Contingencies and Commitments
- III. Consolidated Statement of Income
- 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

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note Ref.	TRL THOUSAND					
		Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		31.12.2023		31.12.2022			
		TRL	FC	Total	TRL	FC	Total
I. FINANCIAL ASSETS (Net)		8,371,320	12,484,109	20,855,429	2,048,300	10,754,911	12,803,211
1.1 Cash and Cash Equivalents		8,216,866	11,961,824	20,178,690	1,764,274	10,444,663	12,208,937
1.1.1 Cash and Balances with Central Bank	(1)	2,143,899	9,877,393	12,021,292	1,553,849	9,078,621	10,632,470
1.1.2 Banks	(3)	178,123	1,898,516	2,076,639	111,479	1,264,518	1,375,997
1.1.3 Money Market Placements		5,901,661	196,637	6,098,298	102,600	117,195	219,795
1.1.4 Expected Losses (-)		(6,817)	(10,722)	(17,539)	(3,654)	(15,671)	(19,325)
1.2 Financial Assets at Fair Value Through Profit and Loss	(2)	93,190	189,653	282,843	127,447	109,492	236,939
1.2.1 Public Sector Debt Securities		69,382	25,594	94,976	84,104	26,281	110,385
1.2.2 Equity Securities		7,446	-	7,446	1,605	-	1,605
1.2.3 Other Financial Assets		16,362	164,059	180,421	41,738	83,211	124,949
1.3 Financial Assets at Fair Value Through Comprehensive Income	(4)	32,299	296,346	328,645	133,016	180,078	313,094
1.3.1 Public Sector Debt Securities		13,332	296,346	309,678	119,488	180,078	299,566
1.3.2 Equity Securities		18,967	-	18,967	13,528	-	13,528
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(2),(12)	28,965	36,286	65,251	23,563	20,678	44,241
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		28,965	36,286	65,251	23,563	20,678	44,241
1.4.2 Derivative Financial Assets Measured at Fair Value Through Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS AT AMORTISED COST (NET)		34,620,764	21,201,767	55,822,531	30,229,349	17,484,443	47,713,792
2.1 Loans	(5)	27,312,556	15,968,261	43,280,817	22,447,041	13,952,685	36,399,726
2.2 Leasing Receivables	(10)	489,359	672,923	1,162,282	354,043	447,773	801,816
2.3 Factoring Receivables	(11)	784,613	-	784,613	584,236	-	584,236
2.4 Financial Assets at Amortised Cost	(6)	7,349,932	4,876,888	12,226,820	8,351,714	3,289,114	11,640,828
2.4.1 Public Sector Debt Securities		7,263,429	4,013,357	11,276,786	5,734,836	2,545,390	8,280,226
2.4.2 Other Financial Assets		86,503	863,531	950,034	2,616,878	743,724	3,360,602
2.5 Expected Losses (-)		(1,315,696)	(316,305)	(1,632,001)	(1,507,685)	(205,129)	(1,712,814)
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(17)	394,071	-	394,071	451,090	-	451,090
3.1 Held For Sale		394,071	-	394,071	451,090	-	451,090
3.2 Discontinued operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)		80,333	-	80,333	59,356	-	59,356
4.1 Associates (Net)	(7)	4,236	-	4,236	4,236	-	4,236
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4,236	-	4,236	4,236	-	4,236
4.2 Subsidiaries (Net)	(8)	76,097	-	76,097	55,120	-	55,120
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		76,097	-	76,097	55,120	-	55,120
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(13)	6,000,002	-	6,000,002	3,441,380	146	3,441,526
VI. INTANGIBLE ASSETS (Net)	(14)	156,403	-	156,403	144,805	-	144,805
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		156,403	-	156,403	144,805	-	144,805
VII. INVESTMENT PROPERTY (Net)	(15)	1,589,159	-	1,589,159	901,335	-	901,335
VIII. CURRENT TAX ASSET		4,397	-	4,397	4,983	-	4,983
IX. DEFERRED TAX ASSET	(16)	1,533,840	-	1,533,840	693,116	-	693,116
X. OTHER ASSETS (Net)	(18)	4,104,812	200,919	4,305,731	2,612,079	156,143	2,768,222
TOTAL ASSETS		56,855,101	33,886,795	90,741,896	40,585,793	28,395,643	68,981,436

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

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
LIABILITIES	Note Ref.	TRL THOUSAND					
		Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		31.12.2023		31.12.2022			
		TRL	FC	Total	TRL	FC	Total
I. DEPOSITS	(1)	27,902,876	25,870,353	53,773,229	23,269,017	24,025,620	47,294,637
II. FUNDS BORROWED	(3)	1,121,293	7,388,812	8,510,105	925,367	4,487,938	5,413,305
III. MONEY MARKET BALANCES	(4)	3,539,690	1,630,447	5,170,137	1,478,650	-	1,478,650
IV. MARKETABLE SECURITIES ISSUED (Net)	(5)	187,758	-	187,758	219,719	-	219,719
4.1 Bills		187,758	-	187,758	219,719	-	219,719
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2),(8)	34,263	64,445	98,708	23,563	85,258	108,821
7.1 Derivative Financial Liabilities Measured At Fair Value Through Profit And Loss		34,263	64,445	98,708	23,563	85,258	108,821
7.2 Derivative Financial Liabilities Measured At Fair Value Through Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		656	-	656	1,294	-	1,294
IX. LEASE PAYABLES (Net)	(7)	484,607	184	484,791	388,184	113	388,297
X. PROVISIONS	(9)	3,793,029	11,350	3,804,379	2,765,587	28,143	2,793,730
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve For Employee Benefits		407,281	2,858	410,139	354,770	1,799	356,569
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		3,385,748	8,492	3,394,240	2,410,817	26,344	2,437,161
XI. CURRENT TAX LIABILITY	(10)	520,743	156	520,899	190,375	130	190,505
XII. DEFERRED TAX LIABILITY	(10)	-	-	-	6,212	-	6,212
XIII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held For Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	(12)	456,052	2,517,044	2,973,096	452,621	1,598,776	2,051,397
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		456,052	2,517,044	2,973,096	452,621	1,598,776	2,051,397
XV. OTHER LIABILITIES	(6)	2,201,819	283,694	2,485,513	1,875,143	322,245	2,197,388
XVI. SHAREHOLDERS' EQUITY	(13)	12,483,883	248,742	12,732,625	6,694,782	142,699	6,837,481
16.1 Paid-In Capital		1,860,000	-	1,860,000	1,860,000	-	1,860,000
16.2 Capital Reserves		(10,710)	-	(10,710)	3,282	-	3,282
16.2.1 Share Premium		1,466	-	1,466	1,466	-	1,466
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(12,176)	-	(12,176)	1,816	-	1,816
16.3 Other Comprehensive Income/Expense Items Not To Be Recycled To Profit Or Loss		3,053,338	-	3,053,338	1,182,900	-	1,182,900
16.4 Other Comprehensive Income/Expense Items To Be Recycled To Profit Or Loss		560	208,755	209,315	(3,067)	111,032	107,965
16.5 Profit Reserves		2,517,606	21,090	2,538,696	1,049,930	12,101	1,062,031
16.5.1 Legal Reserves		246,210	21,090	267,300	145,572	12,101	157,673
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		2,111,941	-	2,111,941	770,843	-	770,843
16.5.4 Other Profit Reserves		159,455	-	159,455	133,515	-	133,515
16.6 Profit Or Loss		3,485,544	8,762	3,494,306	1,900,639	12,763	1,913,402
16.6.1 Prior Years' Income / (Loss)		519,614	4,105	523,719	65,890	1,950	67,840
16.6.2 Current Year Income / (Loss)		2,965,930	4,657	2,970,587	1,834,749	10,813	1,845,562
16.7 Minority Shares		1,577,545	10,135	1,587,680	701,098	6,803	707,901
TOTAL LIABILITIES		52,726,669	38,015,227	90,741,896	38,290,514	30,690,922	68,981,436

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

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
	Note Ref.	TRL THOUSAND					
		Audited			Audited		
		CURRENT PERIOD 31.12.2023			PRIOR PERIOD 31.12.2022		
	TRL	FC	Total	TRL	FC	Total	
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
A. (I+II-III)		15,383,209	25,845,607	41,228,816	15,631,465	27,983,572	43,615,037
I. GUARANTEES AND SURETIES	(1)	5,790,659	2,611,827	8,402,486	5,259,735	2,129,644	7,389,376
1.1. Letters of Guarantee		5,303,172	2,324,659	7,627,831	4,592,937	1,714,889	6,307,826
1.1.1. Guarantees Subject to State Tender Law		438,911	15,052	453,963	266,239	11,325	277,564
1.1.2. Guarantees Given For Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		4,864,261	2,309,607	7,173,868	4,326,698	1,703,564	6,030,262
1.2. Bank Loans		-	-	-	-	684	684
1.2.1. Import Letter of Acceptance		-	-	-	-	684	684
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	81,675	81,675	-	130,312	130,312
1.3.1. Documentary Letters of Credit		-	81,675	81,675	-	130,312	130,312
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Pre-financing Given As Guarantee		-	-	-	-	-	-
1.5. Endorsements		384,377	-	384,377	565,518	238,962	804,480
1.5.1. Endorsements To The Central Bank of Turkey		384,377	-	384,377	565,518	238,962	804,480
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees For Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		103,110	205,493	308,603	101,280	44,665	145,945
1.9. Other Sureties		-	-	-	-	129	129
II. COMMITMENTS	(1)	7,670,022	357,028	8,027,050	5,635,155	111,049	5,746,204
2.1. Irrevocable Commitments		5,370,417	295,265	5,665,682	4,253,766	109,959	4,363,725
2.1.1. Forward Asset Purchase Commitments		52,537	217,302	269,839	14,373	70,280	84,653
2.1.2. Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates And Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		2,726,036	77,963	2,803,999	2,318,537	39,679	2,358,216
2.1.5. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6. Commitments For Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Payment Commitment For Checks		1,018,783	-	1,018,783	776,524	-	776,524
2.1.8. Tax And Fund Liabilities From Export Commitments		13,946	-	13,946	8,625	-	8,625
2.1.9. Commitments For Credit Card Expenditure Limits		1,275,039	-	1,275,039	943,367	-	943,367
2.1.10. Commitments For Promotions Related With Credit Cards And Banking Activities		4,417	-	4,417	2,353	-	2,353
2.1.11. Receivables From Short Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables For Short Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		279,659	-	279,659	189,987	-	189,987
2.2. Revocable Commitments	(4)	2,299,605	61,763	2,361,368	1,381,389	1,090	1,382,479
2.2.1. Revocable Loan Granting Commitments		2,299,605	57,135	2,356,740	1,373,359	-	1,373,359
2.2.2. Other Revocable Commitments		-	4,628	4,628	8,030	1,090	9,120
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1,922,528	22,876,752	24,799,280	4,736,575	25,742,882	30,479,457
3.1. Derivative Financial Instruments For Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge Of Net Investment In Foreign Operations		-	-	-	-	-	-
3.2. Held For Trading Transactions		1,922,528	22,876,752	24,799,280	4,736,575	25,742,882	30,479,457
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	343,905	343,905
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	165,330	165,330
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	178,575	178,575
3.2.2. Swap Transactions Related To F.C. And Interest Rates		1,922,528	19,865,962	21,788,490	4,637,633	22,583,947	27,221,580
3.2.2.1. Foreign Currency Swap-Buy		-	8,093,873	8,093,873	1,865,832	9,434,068	11,299,900
3.2.2.2. Foreign Currency Swap-Sell		1,922,528	9,216,979	11,139,507	2,771,801	11,295,419	14,067,220
3.2.2.3. Interest Rate Swaps-Buy		-	1,277,555	1,277,555	-	927,230	927,230
3.2.2.4. Interest Rate Swaps-Sell		-	1,277,555	1,277,555	-	927,230	927,230
3.2.3. Foreign Currency, Interest Rate And Securities Options		-	-	-	98,942	96,402	195,344
3.2.3.1. Foreign Currency Options-Buy		-	-	-	98,942	-	98,942
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	96,402	96,402
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		-	3,010,790	3,010,790	-	2,718,628	2,718,628
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		912,204,684	1,047,576,386	1,959,781,070	830,251,035	789,042,584	1,619,293,619
IV. ITEMS HELD IN CUSTODY		7,784,598	10,736,538	18,521,136	6,462,196	6,300,018	12,762,214
4.1. Customer Fund And Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held In Custody		381,367	4,986,239	5,367,606	886,654	3,218,682	4,105,336
4.3. Checks Received For Collection		6,150,660	194,174	6,344,834	4,998,976	186,468	5,185,444
4.4. Commercial Notes Received For Collection		731,655	691,833	1,423,488	523,656	682,415	1,206,071
4.5. Other Assets Received For Collection		2,580	2,467,836	2,470,416	2,580	1,622,281	1,624,861
4.6. Assets Received For Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		518,335	2,396,456	2,914,791	50,329	590,172	640,501
4.8. Custodians		1	-	1	-	-	1
V. PLEDGED ITEMS		901,062,261	1,034,466,761	1,935,529,022	820,890,309	781,068,759	1,601,959,068
5.1. Marketable Securities		-	579,278	579,278	-	84,943	84,943
5.2. Guarantee Notes		233,477,336	199,265,617	432,742,953	182,565,319	125,015,585	307,580,904
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		72,536,079	55,065,615	127,601,694	156,309,161	160,468,832	316,777,993
5.6. Other Pledged Items		593,412,977	779,494,788	1,372,907,765	480,132,951	495,415,987	975,548,938
5.7. Pledged Items-Depository		1,635,869	61,463	1,697,332	1,882,878	83,412	1,966,290
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		3,357,825	2,373,087	5,730,912	2,898,530	1,673,807	4,572,337
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		927,587,893	1,073,421,993	2,001,009,886	845,882,500	817,026,156	1,662,908,656

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

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. CONSOLIDATED STATEMENT OF INCOME			
INCOME STATEMENT	Note Ref.	TRL THOUSAND	
		Audited	Audited
		CURRENT PERIOD 01.01.2023-31.12.2023	PRIOR PERIOD 01.01.2022-31.12.2022
I. INTEREST INCOME	(1)	12,619,520	9,070,909
1.1. Interest on Loans		7,351,019	5,871,963
1.2. Interest Received From Reserve Deposits		9,130	23,827
1.3. Interest Received From Banks		80,016	37,220
1.4. Interest Received From Money Market Placements		1,257,088	249,728
1.5. Interest Received From Marketable Securities Portfolio		3,380,891	2,634,424
1.5.1. Financial Assets at Fair Value Through Profit and Loss		34,621	16,680
1.5.2. Financial Assets at Fair Value Through Comprehensive Income		12,802	55,034
1.5.3. Financial Assets at Amortised Cost		3,333,468	2,562,710
1.6. Financial Leasing Income		226,015	168,661
1.7. Other Interest Income		315,361	85,086
II. INTEREST EXPENSE (-)	(2)	6,490,286	4,266,459
2.1. Interest on Deposits		4,161,677	2,578,498
2.2. Interest on Funds Borrowed		701,114	347,007
2.3. Interest on Money Market Transactions		901,559	589,110
2.4. Interest on Securities Issued		450,391	342,863
2.5. Leasing Interest Expense		108,945	68,614
2.6. Other Interest Expense		166,600	340,367
III. NET INTEREST/INCOME (I - II)		6,129,234	4,804,450
IV. NET FEES AND COMMISSIONS INCOME		938,896	475,514
4.1. Fees and Commissions Received		2,688,622	1,636,906
4.1.1. Non-cash Loans		150,996	102,068
4.1.2. Other		2,537,626	1,534,838
4.2. Fees and Commissions Paid		1,749,726	1,161,392
4.2.1. Non-cash Loans		9,191	4,350
4.2.2. Other		1,740,535	1,157,042
V. DIVIDEND INCOME	(3)	10,502	27,256
VI. NET TRADING INCOME/LOSSES (NET)	(4)	524,717	19,949
6.1. Trading Gains/ (losses) on Securities		108,333	16,518
6.2. Gains/(losses) on Derivative Financial Transactions		124,265	(263,170)
6.3. Foreign Exchange Gains/ (losses)		292,119	266,601
VII. OTHER OPERATING INCOME	(5)	1,937,919	1,247,819
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		9,541,268	6,574,957
IX. EXPECTED LOSSES PROVISIONS (-)	(6)	320,335	170,050
X. OTHER PROVISIONS (-)	(6)	1,156,702	1,419,666
XI. PERSONNEL EXPENSES (-)		2,546,263	1,260,300
XII. OTHER OPERATING EXPENSES (-)	(7)	2,333,780	1,436,204
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		3,184,188	2,288,768
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV. GAIN / (LOSS) ON EQUITY METHOD		-	-
XVI. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(8)	3,184,188	2,288,768
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	3,301	(320,624)
18.1. Current Tax Charge		(957,467)	(783,033)
18.2. Deferred Tax Charge (+)		(160,740)	(54,116)
18.3. Deferred Tax Credit (-)		1,121,508	516,525
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS(XVII±XVIII)	(10)	3,187,489	1,968,144
XX. INCOME ON DISCONTINUED OPERATIONS		-	-
20.1. Income on assets held for sale		-	-
20.2. Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
20.3. Income on other discontinued operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1. Loss from assets held for sale		-	-
21.2. Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
21.3. Loss from other discontinued operations		-	-
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	(8)	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	-	-
23.1. Current Tax Charge		-	-

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
TRL THOUSAND			
	Audited		Audited
	CURRENT PERIOD	PRIOR PERIOD	
	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022	
I. PROFIT/LOSS FOR THE PERIOD	3,187,489	1,968,144	
II. OTHER COMPREHENSIVE INCOME	2,452,454	1,277,084	
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	2,342,964	1,239,526	
2.1.1 Revaluation Surplus on Tangible Assets	2,514,279	1,535,100	
2.1.2 Revaluation Surplus on Intangible Assets	-	-	
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(59,879)	(192,934)	
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-	
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(111,436)	(102,640)	
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	109,490	37,558	
2.2.1 Translation Differences	95,744	44,336	
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	16,142	(6,943)	
2.2.3 Gains/losses from Cash Flow Hedges	-	-	
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-	
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-	
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(2,396)	165	
III. TOTAL COMPREHENSIVE INCOME (I+II)	5,639,943	3,245,228	

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY														
TRL THOUSAND														
CHANGES IN SHAREHOLDERS' EQUITY	Note	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss					Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss					Total Equity		
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Asset	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement (Gain/Loss) of the Financial Assets at Fair Value	Other Comprehensive Income	Prior Period Profit/(Loss)		Current Period Profit/(Loss)	
Audited														
PRIOR PERIOD														
I. Balances at Beginning of Period		1,860,000	1,466	-	14,554	234,749	(34,206)	77,948	(5,733)	401,583	401,583	3,280,152	85,976	3,366,128
II. Correction Made as Per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
III. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Balances at the Beginning of the Period		1,860,000	1,466	-	14,554	234,749	(34,206)	77,948	(5,733)	401,583	401,583	3,280,152	85,976	3,366,128
V. Total Comprehensive Income	(13)	-	-	-	-	1,125,679	(142,067)	42,528	(6,778)	-	1,845,562	2,864,924	380,304	3,245,228
VI. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Increase in Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-
X. Subordinated Debt Instruments		-	-	-	-	(1,285)	-	-	-	-	-	(2,436)	242,997	(2,436)
XI. Increase/Decrease due to Other Changes		-	-	-	-	-	-	-	-	-	-	(1,997)	(1,997)	(3,373)
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+XI+XII)		1,860,000	1,466	-	1,816	1,359,173	(176,273)	120,476	(12,511)	1,062,031	67,840	6,129,580	707,901	6,837,481
Audited														
CURRENT PERIOD														
I. Balances at Beginning of Period		1,860,000	1,466	-	1,816	1,359,173	(176,273)	120,476	(12,511)	1,062,031	1,913,402	6,129,580	707,901	6,837,481
II. Correction Made as Per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
III. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Balances at the Beginning of the Period	(13)	1,860,000	1,466	-	1,816	1,359,173	(176,273)	120,476	(12,511)	1,062,031	1,913,402	6,129,580	707,901	6,837,481
V. Total Comprehensive Income		-	-	-	-	1,913,583	(29,403)	90,324	11,241	-	2,970,587	4,956,332	683,611	5,639,943
VI. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Increase in Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	(13,742)	-	(215)	-	-	-	(2,934)	200,008	(2,934)
X. Increase/Decrease due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+XI+XII)		1,860,000	1,466	-	(12,176)	3,259,014	(205,676)	210,585	(1,270)	2,538,696	533,719	11,144,945	1,587,680	12,732,625

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

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ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Note Ref.	TRL THOUSAND	
		Audited	Audited
		CURRENT PERIOD 01.01.2023-31.12.2023	PRIOR PERIOD 01.01.2022-31.12.2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(1,856,519)	2,154,916
1.1.1 Interest Received		10,001,779	6,350,571
1.1.2 Interest Paid		(6,024,908)	(3,969,407)
1.1.3 Dividend Received		10,502	27,256
1.1.4 Fees and Commissions Received		2,688,622	1,636,906
1.1.5 Other Income		950,078	1,267,768
1.1.6 Collections From Previously Written Off Loans		540,972	723,533
1.1.7 Cash Payments to Personnel and Service Suppliers		(2,759,121)	(1,293,962)
1.1.8 Taxes Paid		(619,953)	(667,236)
1.1.9 Others		(6,644,490)	(1,920,513)
1.2 Changes in Operating Assets and Liabilities		5,227,798	(2,048,441)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(45,770)	(78,957)
1.2.2 Net (Increase) Decrease in Due From Banks		(8,261)	(38,812)
1.2.3 Net (Increase) Decrease in Loans		1,816,005	(59,577)
1.2.4 Net (Increase) Decrease in Other Assets	(1)	75,707	(4,238,732)
1.2.5 Net Increase (Decrease) in Bank Deposits		6,127,849	(966,512)
1.2.6 Net Increase (Decrease) in Other Deposits		(6,463,750)	2,319,404
1.2.7 Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		3,054,016	795,922
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(1)	672,002	218,823
I. Net Cash Provided From Banking Operations		3,371,279	106,475
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow Provided From Investing Activities		4,713,827	(2,108,910)
2.1 Cash Paid for Purchase of Entities Under Common Control, Associates and Subsidiaries		(1,275)	-
2.2 Cash Obtained From Sale of Entities Under Common Control, Associates and Subsidiaries		122,436	-
2.3 Purchases of Tangible Assets		(126,219)	(143,305)
2.4 Sales of Tangible Assets		143,099	687,651
2.5 Purchase of Financial Assets at Fair Value Through Comprehensive Income		(3,531)	(6,082)
2.6 Sale of Financial Assets at Fair Value Through Comprehensive Income		107,555	47,801
2.7 Purchase of Financial Assets at Amortised Cost		(4,581,813)	(5,085,277)
2.8 Sale of Financial Assets at Amortised Cost		9,118,269	2,436,533
2.9 Others		(64,694)	(46,231)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(788,601)	(136,467)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		526,730	531,608
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(973,546)	(761,134)
3.3 Equity Instruments Issued		(13,992)	223,728
3.4 Dividends Paid		(114,015)	(3,373)
3.5 Payments for Leases		(210,844)	(124,860)
3.6 Others		(2,934)	(2,436)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	1,665,459	1,053,348
V. Net Increase in Cash and Cash Equivalents		8,961,964	(1,085,554)
VI. Cash and Cash Equivalents at Beginning of the Period	(2)	3,249,365	4,334,919
VII. Cash and Cash Equivalents at End of the Period	(3)	12,211,329	3,249,365

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

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

ŞEKERBANK T.A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION			
		TRL THOUSAND	
		AUDITED	AUDITED
		CURRENT PERIOD 01.01.2023-31.12.2023 (*)	PRIOR PERIOD 01.01.2022-31.12.2022
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1 CURRENT YEAR INCOME		2,372,668	1,842,988
1.2 TAXES AND DUTIES PAYABLE (-)		73,024	(340,838)
1.2.1 Corporate tax (Income tax)		(867,707)	(770,042)
1.2.2 Income withholding tax		-	-
1.2.3 Other taxes and duties		940,731	429,204
A. NET INCOME FOR THE YEAR (1.1-1.2)		2,445,692	1,502,150
1.3 PRIOR YEARS' LOSSES (-)		-	2,436
1.4 FIRST LEGAL RESERVES (-)		-	75,108
1.5 OTHER STATUTORY RESERVES (-)		-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]		2,445,692	1,424,606
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	93,000
1.6.1 To owners of ordinary shares		-	93,000
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 (-)		-	12,151
1.9.1 To owners of ordinary shares		-	12,151
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 (-)		-	1,215
1.11 STATUTORY RESERVES (-)		-	-
1.12 EXTRAORDINARY RESERVES		-	1,292,355
1.13 OTHER RESERVES		-	-
1.14 SPECIAL FUNDS		-	25,885
II. DISTRIBUTION OF RESERVES			
2.1 DISTRIBUTED 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(Full TRL)		1.31	0.81
3.2 TO OWNERS OF ORDINARY SHARES (%)		131.49	80.76
3.3 TO OWNERS OF PREFERRED SHARES (%)		-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	0.06
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	5.65
4.3 TO OWNERS OF PREFERRED SHARES		-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)		-	-

(*) The decision on profit distribution will be made at the general assembly meeting.

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

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Financial Reporting Standards” (“TFRS”) and “Turkish Accounting Standards” (“TAS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communique on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” published in the Official Gazette dated 28 June 2012 and numbered 28337. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements have been calculated in TRL on the basis of historical cost except for the financial assets, liabilities and properties which are shown with their fair values. Amounts are expressed in Thousand Turkish Lira unless otherwise stated.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 23 November 2023, businesses applying the Turkish Financial Reporting Standards (TFRS) are required to present their financial statements for the annual reporting period ending on or after 31 December 2023, in accordance with the accounting principles outlined in “IAS 29 Financial Reporting in Hyperinflationary Economies,” adjusted for inflation effects. The statement notes that regulatory authorities in their respective fields can determine different transition dates for the application of inflation accounting. In this context, as per the decision of the Banking Regulation and Supervision Agency on 12 December 2023, it is announced that banks and financial leasing, factoring, financing, savings financing and asset management companies are not required to undergo inflation adjustment for their financial statements as of 31 December 2023. Furthermore, with the decision dated 11 January 2024 and numbered 10825, banks, financial leasing, factoring, financing, savings financing and asset management companies have set the transition date for the application of IAS 29 as 1 January 2025. No inflation adjustment has been made according to IAS 29 when preparing the financial statements as of 31 December 2023.

Additional paragraph for convenience translation to English

The effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 and Article 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and the International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Parent Bank aims to keep up its activities in every line of banking.

The Parent Bank shapes its strategies for financial instruments depending on the source of funds, which mainly consists of deposits. Investment instruments are usually chosen from liquid instruments. A level of liquidity which allows covering obligations of the Group is secured.

The Group controls risk by managing positions in harmony with market movements on the strength of short-term strategies instead of carrying long-term currency positions in big amounts, in order to avoid risks which might arise from floating currency (exchange rate) regime. A currency risk arising from customer transactions, the Group tries to close by carrying out counter-transactions.

Yield (return) and risk analysis are made in regard of maturity structure of balance sheet items, repricing periods and interest rates, and appropriate investment decisions are made. Within the budget, limits are set in terms of maturity and distribution of assets is determined.

The Group off-balance sheet derivative transactions are managed by including such transactions in the total currency and interest positions. Derivative transactions to be made by customers are carried out within loan and risk limits established on customer basis. Currency swaps, in particular, being a larger part of the off-balance sheet transactions, are carried out to manage the currency cash flow without causing currency and interest risks.

The Parent Bank aims to get longer-term funds (resources) in order to be able to hedge itself against risks arising from short-term character of deposits, while trying to increase the share of floating interest rate items in its assets.

The foreign currency transactions are recorded at the exchange rates on the date of the transaction. In the following periods, foreign currency monetary assets and liabilities are translated into TRL at the exchange rates at the balance sheet date. The non-monetary accounts carried at fair value are converted from the exchange rates at the time the fair value was determined. Exchange rate differences or collection and disbursement arising from monetary items conversion is stated under the income statement. The Parent Bank and subsidiaries of the Parent Bank converts their foreign currency transactions with the Central Bank’s exchange rates.

There are no capitalized foreign exchange differences.

The information regarding the principles of foreign currency risk management is stated in the Section Four, Note III. Foreign exchange gains and losses arising from conversion monetary financial assets are reflected to “Foreign Exchange Gains / Losses” in the statement of income.

The foreign currency net investment in consolidated foreign subsidiaries are translated into Turkish Lira using the Parent Bank’s exchange rate prevailing at the balance sheet date for their assets and liabilities and annual average exchange rate for their statement of income items. The currency conversion derived from the consolidated subsidiaries’ currency translation differences amounting to TRL 90,324 Thousand gain (31 December 2022- TRL 42,458 Thousand gain).

III. Explanations on Associates and Consolidated Subsidiaries

The accompanying consolidated financial statements are prepared in accordance with “Communique on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated 8 November 2006 numbered 26340. The Parent Bank and the subsidiaries included in the consolidation are referred to as “the Group” in this report.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code, Financial Leasing, Factoring and Financing Companies Law, communiqués of the Capital Market Board and the BRSA, are duly adjusted in order to present their financial statements in accordance with the accounting policies of the Parent Bank.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

III. Explanations on Associates and Consolidated Subsidiaries (cont'd)

Explanations on Consolidation Method and Scope

The commercial names of the entities included in consolidation and the locations of the head offices of these institutions are:

<u>Commercial Name</u>	<u>Head Office</u>	<u>Consolidation Method</u>
Şekerbank (Kıbrıs) Ltd.	Nicosia/TRNC	Full Consolidation
Şeker Finansal Kiralama A.Ş.	Istanbul/Turkey	Full Consolidation
Şeker International Banking Unit Ltd.	Nicosia/TRNC	Full Consolidation
Şeker Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Full Consolidation
Şeker Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	Full Consolidation
Şeker Faktoring A.Ş.	Istanbul/Turkey	Full Consolidation

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of 31 December 2023.

The transactions and balances between the consolidated financial subsidiaries and the Parent Bank are bilaterally eliminated.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Group's derivative instruments mainly consist of foreign currency swaps, interest swaps, option and forward foreign currency buy/sell transactions. Fair values of foreign currency forward and swap transactions are determined by comparing the period end foreign exchange rates and current market foreign exchange rates at the balance sheet date. The resulting gain or loss is reflected in the statement of income. In calculation of fair values of the interest swap contracts, interest amounts to be paid or received upon the fixed interest rate in the contract and interest amounts to be received or paid upon the floating interest rates in the contracts have been recalculated and discounted in accordance to valid interest rates in the current market and the differences have been reflected to the current term statement of income.

While some derivative transactions provide economic hedging, these transactions are subject to hedge accounting. The purpose of hedge accounting; is to present the effect of the risk management activities using appropriate financial instruments to manage certain risks that may affect profit or loss in the financial statements. The Parent Bank performs the fair value hedge of a portfolio of financial assets or financial liabilities in accordance with TFRS 9.

The Parent Bank enters into interest rate swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognized in statement of income. The change in the fair value of the hedged item of the fixed rate financial asset is shown in the financial statements together with the related asset as long as the hedge is effective. If the hedged item is a fixed rate financial asset at fair value through profit or loss, then any loss or gain on hedged risk is recognized in the income statement.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

IV. Explanations on Forward and Option Contracts and Derivative Instruments (cont'd)

Hedge accounting applies to hedging only when all the following criteria are met:

- The hedging relationship only includes suitable hedging instruments and hedged items.
- At the beginning of the hedging relationship, there is a formal identification and certification of the risk management objective and strategy that leads to the hedging relationship. This certification includes the assessment of the Parent Bank on the hedging instrument, the hedged item and the structure of the hedged risk, and whether the hedging relationship will provide an effective protection against the hedged risk (including analysis of inefficiency resources in the hedging process and how the hedging rate is determined).
- The hedging relationship meets all the following provisions for the effectiveness of the hedging.
- There is an economic relationship between the hedged item and the hedging tool.
- The credit risk effect is not dominated by changes in value arising from this economic relationship, and the hedging rate in the hedging relationship is equal to the amount of the item that the entity actually hedges and the amount calculated according to the amount of hedging that the entity actually uses to hedge this item. However, the hedging shall not reflect an imbalance between the hedged item and the hedging instrument's weights, which is not consistent with the objectives of hedge accounting and will result in hedging ineffectiveness.

Hedge accounting discontinues prospectively only if the hedging relationship (or part of it) no longer meets the required criteria (after considering rebalancing). This also applies if the hedging instrument expires or sold, terminated or used.

V. Explanations on Interest Income and Expenses

The interest income and expenses are accounted by accrual basis of accounting using the effective interest rate (the ratio that equalizes the future cash flow of financial assets and liabilities to the current net book value).

Starting from 1 January 2018, the Group has started accruing interest income on non-performing loans. The necessary provisions are reserved in the "Expected Loss Provisions" account in the income statement for the calculated amount.

VI. Explanations on Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected and prepaid commission income on cash loans using the effective interest rate method and recorded as income in the related period.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses and using the effective interest rate expensed within the related periods.

The dividend income is reflected in the financial statements on a cash basis when the profit distribution is realized by the associates and subsidiaries.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES

VII. Explanations on Financial Assets

In the framework of “IFRS 9 Financial Instruments, the Bank classifies its financial assets as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” or “Financial assets at amortised cost”. This classification is made during initial recognition based on the contractual cash flow characteristics with the business model of the financial assets determined by management.

Financial assets are recognized or derecognized according to the provision “Taking into Financial Statements and Excluding the Financial Statements” of section three of IFRS 9.

Financial instruments have the feature of detecting, affecting and diminishing liquidity, credit and interest risks in the financial statements. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Group.

Settlement date accounting requires (a) accounting of the asset when acquired by the Group and (b) disposing of the asset out of the balance sheet on the date settled by the Group; and accounting of gain or loss upon disposal. In case of application of settlement date accounting, for the financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income the Group accounts for the changes that occur in the fair value of the asset in the period between trade transaction date and settlement date.

Regular way purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted in the same way as the acquired assets. Fair value differences are not accounted for financial assets presented at amortized cost; gain or loss of financial assets at fair value through profit and loss is reflected in the statement of income; gain or loss of financial assets at fair value through other comprehensive income is accounted for in the other comprehensive income.

The following are details of the financial instruments that are classified in the financial statements.

Explanations to determine whether the contractual cash-flows solely represent payments of principal and interest

One of the criteria to be taken into account in classification and measurement is to determine whether the contractual cash-flows solely represent payments of principal and interest.

Classification and measurement guides how the accounting of financial instruments will be measured in the future. IFRS 9 follows a principle-based method and requires careful use of assumptions and judgments.

Financial assets are classified as measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, based on the following:

- The business model used by the enterprise for the management of financial assets
- The characteristics of the financial asset's contractual cash flows.

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(Amounts expressed in Thousands of Turkish Lira (TRL) unless otherwise stated.)

SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VII. Explanations on Financial Assets (cont'd)

Explanations to Determine whether the contractual cash-flows solely represent payments of principal and interest (cont'd)

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets.

Within the scope of this evaluation; “Principal” is defined as the fair value of the financial asset when it is first included in financial statements. “Interest” takes into account the credit risk associated with the principal amount over a specified period of time for the time value of money, costs for other basic credit risks and profit margin. In the evaluation of contractual cash flows that include only principal and interest payments on the principal, the Bank takes into account the contractual conditions of the financial asset. This assessment involves evaluating whether the financial asset contains a contractual requirement that may change the timing or amount of contractual cash flows. While making the assessment, the Bank takes into account the following.

- Conditions that will change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Conditions restricting the Bank's right to demand cash flows of specified assets (for example, non-returnable loans); and
- Features that change the time value of money (for example, periodic zeroing of interest rates)

The Bank applies the procedures described above for all financial assets and fulfills the on-balance sheet classification and measurement criteria.

Financial Assets at Fair Value Through Profit and Loss

Financial assets at fair value through profit and loss are financial assets other than the ones that are managed with business model that aims to hold assets to collect contractual cash flows or to collect cash flows that are solely payments of principal and interest on the principal outstanding amount; and that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit taking.

The fair value of financial assets at fair value through profit and loss, which are traded in active markets, is determined according to the price of the stock exchange. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in IFRS 13.

Financial assets at the fair value through profit or loss are initially recognized at fair value. The positive difference between the cost and fair value of such securities is accounted as interest and income accrual, and the negative difference between the cost and fair value is accounted as loss accrual in the profit and loss.

Financial Assets at Fair Value Through Other Comprehensive Income

The financial assets, which are acquired with the aim to collect the contractual cash flows and to sell the financial asset in future, are classified as financial assets at fair value through other comprehensive income.

The Bank's management may retain both the contractual cash flows as well as the portfolio for sale, in order to meet daily liquidity needs, maintain a certain level of interest income and align the maturity of financial assets with the valuation of the financial liabilities for funding purposes.

Financial assets at fair value through other comprehensive income are initially recognized at fair value including transaction costs.

Valuation of the financial assets whose fair value difference is reflected in other comprehensive income after the first registration is made at their fair value. The results of the subsequent changes in the fair value of financial assets at fair value through other comprehensive income, namely unrealized gain or loss are recorded in “Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss”. Accumulated fair value gain or loss, reflected in equity, is recorded to the income statement when the said financial assets are disposed.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VII. Explanations on Financial Assets (cont'd)

Financial Assets at Fair Value Through Other Comprehensive Income (cont'd)

The fair value of financial assets at fair value through other comprehensive income, which are traded in active markets is determined according to the price of the stock exchange. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in TFRS 13. The financial assets at Fair Value Through Other Comprehensive Income, that are unquoted on the stock exchange, amount to TRL 18,967 Thousand (31 December 2022 - TRL 13,528 Thousand) and there is no (31 December 2022-None) listed stocks and are classified under "Equity securities" in the current period.

Financial Assets at Amortised Cost

A financial asset is classified as a financial asset measured at amortized cost, if the financial asset is held within the scope of a business model for the collection of contractual cash flows and the contractual terms of the financial asset result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

After the initial recognition, provision for impairment to be deducted, if any, financial assets at amortized cost are measured at discounted value using effective interest method (internal rate of return).

Interest earned from financial assets measured at amortized cost is recorded as interest income.

The Group classifies financial assets in accordance with the classifications explained above during the acquisition of the mentioned assets.

In the securities portfolio of the Parent Bank, consumer prices (CPI) indexed bonds are available. These securities are valued and accounted using the effective interest rate method based on the real coupon rates of the CPI - indexed government bonds and the reference inflation index at the issue date and the estimated inflation rate. As stated in the Treasury and Finance Ministry's CPI Indexed Bonds Investor Guide, the reference indices used in the calculation of the actual coupon and redemption amounts of these securities are calculated by interpolation with the CPI of two months prior and the CPI of three months prior. The Parent Bank has started to determine the estimated inflation rate accordingly. The inflation rate estimated by the Central Bank and the Parent Bank will be updated when necessary. Accounting of coupon and redemption payments are made by considering the real inflation indices. At the year ends the actual inflation rate is used.

Loans

Loans, other than those with intention to be sold, are the financial assets, the contractual terms of which result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

The Group initially recognizes loans at the cost of the acquisition and accounts for at the amortized cost using the effective interest method in subsequent periods.

Foreign currency-indexed individual and commercial loans are shown under Turkish Currency ("TRL") accounts after having been converted into Turkish Lira at exchange rate at transaction date. Repayments are calculated at exchange rate at date of payment and exchange rate differences encountered are reflected in profit and loss accounts. Net foreign exchange gains of the foreign currency indexed loans are presented under foreign exchange gain/loss.

Group's all loans are tracked under the account "Financial assets measured by Amortized Cost".

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VIII. Explanations on Impairment of Financial Assets

Expected Loss Provision

The Group recognizes the impairment in accordance with the TFRS 9 "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette No. 29750 dated 22 June 2016.

Within this framework, evaluation of the expected loss provisions is applied for the financial lease receivables, contractual assets, credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss, financial assets measured at amortized cost and fair value through other comprehensive income.

The expected loss provisions measured and recorded at the initial recognition of the financial asset and updated according to the rate of the impairment on the credit risk in accordance with measurement performed at each reporting date to reflect changes in credit risk.

The basic principle of the expected credit loss model is to reflect the deterioration or improvement in credit risk to the general pattern. The expected loss measurement is aimed to identify the degree of credit deterioration at the first issuance of the loan and to reflect the changes in the expected credit loss during the lifetime of the related loan.

Financial assets are classified into the following three categories based on the degree of the credit risks observed at the initial recognition of financial assets:

12 Months Expected Loss Provision (First Stage):

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition, the expected credit loss provision is calculated for 12 months.

Significant Increase in Credit Risk (Second Stage):

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage two. Expected credit loss provision is determined by the expected credit loss for the life-time of the related financial asset.

The main reasons for the significant increase in the credit risk and its transfer to the second stage are as follows:

- Number of overdue loan dates exceeding 30 days.
- The presence of loans under restructuring due to financial difficulties.
- Quantitative criteria explaining the significant increase in credit risk based on the comparison of the rating calculated at the opening of the loan with the rating assigned to the same loan at the reporting date.

Default (Third Stage):

The Parent Bank takes into account the following criteria for the classification of a financial asset as a default;

- Overdue by more than 90 days (150 days for leasing receivables)
- The Group's observation that the debtor cannot fulfill his / her debts related to the loan although it is not more than 90 days.

Life expectancy for these assets is recorded as credit loss.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

VIII. Explanations on Impairment of Financial Assets (cont'd)

Default (Third Stage)(cont'd):

The Parent Bank measures the expected loss provisions for a financial asset to reflect the following:

- A weighted and unbiased amount of loss based on probabilities of default determined taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on estimates of past events, current conditions, and future economic conditions without undue cost or effort as of the reporting date.

The Parent Bank reflects prospective macroeconomic expectations in the probability of default parameter through the macroeconomic models that reflect the relationships between realized default rates and macroeconomic data in the expected loan loss calculation. Macroeconomic variables consist of real GDP growth, unemployment and inflation data. For the macroeconomic expectations, three scenarios (base scenario, negative scenario, positive scenario) are created by the independent Chief Economist of the Parent Bank, and the probability of the scenarios is determined based on historical data and expert judgment. Final calculations are made on scenarios weighted according to the determined probabilities.

Explanations on write-off policy of the Parent Bank:

Is which; the receivables that have been monitored in the follow-up accounts for a long time, do not have any financial guarantee or that do not cover the risk even if they exist and whose provision ratio is 100%; are written off from assets.

IX. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset 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.

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in the balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under Financial Assets at Fair Value Through Profit and Loss, Financial Assets at Fair Value Through Other Comprehensive Income and Financial assets at amortised cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under debts to the money market borrowings account in the liabilities.

The income and expenses from these transactions are reflected in the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the statement of income.

Security (reverse repurchase) transactions purchased with a commitment to resell are accounted for under "Claims on Money Markets Placements", interest income is also accounted in "Interests from money market transactions" in the income statement.

As of 31 December 2023 , the Group has TRL 717,287 Thousand reverse repo transactions (31 December 2022 – TRL 10,000 Thousand).

As of 31 December 2023 , the Group does not have marketable securities lending transactions (31 December 2022 - None).

ŞEKERBANK T.A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XI. Explanations on Assets Held for Sale and Discontinued Operations and About Liabilities Related to these Assets

Assets held for sale are those assets or group of assets, which will be disposed under a plan prepared by the management regarding the sale of those asset or the group of assets that have high probability of sale together with an active program for determination of buyers and plan completion date. Those assets (or else the group of assets) are marketed in conformity with its fair value. On the other hand, the mentioned sale is expected to be recorded at the completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low.

As of 31 December 2023 , the Group has TRL 394,071 Thousand assets held for sale (31 December 2022 - TRL 451,090 Thousand).

A discontinued operation is a division of a Group that is either disposed or held for sale. Results of discontinued operations are included in the statement of income separately.

The Group does not have any discontinued operations.

XII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method. After 31 December 2004 the cost of assets subject to amortization is restated as the acquisition cost and any other costs incurred in order to make the intangible asset ready for use less reserve for impairment, if any, are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets. Those items classified as intangible assets mainly consist of software and licences. These items are determined to have 5 years of amortization. Software is mainly outsourced and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and method and residual values that would have a significant impact in the current and future periods.

In the current period, the Group has no written-off intangible fixed assets with an expired useful life (31 December 2022 - None).

XIII. Explanations on Tangible Fixed Assets

In the valuation of the real estates; the group has adopted the revaluation method within the scope of "TAS 16 Standard on Tangible Fixed Assets" appraisal valuation was conducted by an independent valuation company as at 31 December 2023 reflected in the financial statements, accordingly. As of 31 December 2023, accumulated revaluation increase of real estates, after netting off deferred tax, amounting to TRL 3,259,014 Thousand, shown under equity (31 December 2022 - TRL 1,359,173 Thousand)

Other tangible fixed assets were accounted at their restated costs in line with inflation accounting until 31 December 2004; afterwards the acquisition cost and any other cost incurred to prepare the fixed asset for usage are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. There is no change in amortization method in current period and the annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Transportation vehicles	20
Furniture, fixtures and office equipment and others	2 – 20
Leasehold improvements	During Leasehold

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XIII. Explanations on Tangible Fixed Assets (cont'd)

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the statement of income as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There is no purchase commitments related to the tangible fixed assets.

The Group reviews the residual value and the useful life of buildings at each financial year-end and, if expectations differ from previous estimates, the adjustments are accounted as a change in an accounting estimate in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group has no written-off tangible fixed assets in the current period (31 December 2022 - None).

Explanations on investment property:

Investment properties are properties that are held for the purpose of earning rental and / or value gains and are first measured by their cost values and the transaction costs involved. After initial accounting, investment properties are valued at fair value reflecting market conditions as of the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the income statement in the period in which they occur.

XIV. Explanations on Leasing Transactions

Fixed assets acquired through financial leasing are recorded as assets in the assets of the Group and liabilities from leasing transactions in liabilities. In accordance with this standard, the leasing transactions, which consist of foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Parent Bank's period end exchange rates. Subsidiaries' foreign currency liabilities are translated to Turkish Lira with the Central Bank of the Republic of Turkey's exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the depreciable leased assets in each period. When determining the depreciation rate depreciation of fixed asset class which it relates is used.

With the "IFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Assets" as an asset (tenure) and under "Lease Payables" as a liability.

The Group has accounted its leasing payments as of 1 January 2019 for the operational leases in the transition to the first application with the present value discounted with the incremental borrowing rate on the Bank's first application date as "Right of Use Assets" and Liabilities from "Lease Payables" as liabilities by using simplified modified method.

The lease agreements for short-term lease agreements with 1 year and less than 1 year and the ATMs determined by the Parent Bank as low value are considered within the scope of the exemption granted by the standard and the payments related to these agreements are continued to be accounted for under "Other Operating Expenses" in the period that they occur.

The gross lease receivables including interest and principal amounts regarding the Group's financial leasing activities conducted by Şeker Finansal Kiralama A.Ş. as "Lessor" are stated under the receivables from the financial leasing activities. The difference between the total of rent payments and the cost of the related fixed assets are reflected to the "unearned income" account. The interest income is calculated and recorded to create a constant rate of return over the lessor's net investment on the leased item.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Group's best expectation of expenses in fulfilling the obligation and discounted to present value if material.

XVI. Explanations on Liabilities Regarding Employee Benefits

Employee Termination Benefit Provision and Vacation Pay Provision

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities over a 30-day salary for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Group is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

Within the scope of TAS 19 "Turkish Accounting Standard on Employee Benefits" the Bank measures the expected costs of cumulative paid leaves as the additional amounts that expects to pay due to the accumulated unused rights as of the end of the reporting period.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. According to TAS 19 published, actuarial gain/losses are recorded under equity. As of 31 December 2023, the carrying value of employee benefit provisions is TRL 410,139 Thousand that consists of employee termination benefit provisions amounting to TRL 391,404 Thousand and employee vacation pay provisions amounting to TRL 18,735 Thousand (31 December 2022 - Total employee benefit provision was TRL 356,569 Thousand, employee termination benefit provisions was TRL 340,964 Thousand and employee vacation pay provisions was TRL 15,605 Thousand).

Defined Benefit Plans

Şekerbank T.A.Ş. Pension Fund, of which most of the Parent Bank's employees are members, is established in accordance with the provisional Article 20 of the Social Security Act No: 506. As per the provisional article No: 23 of the Banking Law No: 5411, the Bank pension funds, which were established within the framework of Social Security Institution Law, should be transferred to the Social Security Institution within 3 years after the issuance of the related law. Methods and principles related to the transfer have been determined as per the Cabinet decision no: 2006/11345 made on 30 November 2006. However, the related article of the act has been cancelled upon the President's application filed on 2 November 2005 by the Supreme Court's order no: E.2005/39, K.2007/33 issued on 22 March 2007, which was published in the Official Gazette No: 26479 on 31 March 2007 and the execution of the decision was ceased as of the issuance date of the order.

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court in the Official Gazette dated 15 December 2007 and numbered 26731, the Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published in the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Banks' pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However, related transfer period has been prolonged for 2 years by the Cabinet decision dated 14 March 2011, which was published in the Official Gazette dated 9 April 2011 and numbered 27900.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVI. Explanations on Liabilities Regarding Employee Benefits (cont'd)

Defined Benefit Plans (cont'd)

In addition, by the Law “Emendating Social Security and General Health Insurance Act”, which was published in the Official Gazette dated 8 March 2012 and numbered 28227, this period of 2 years has been raised to four years after that related transfer period has been prolonged for one more year by the Cabinet decision dated 08 April 2013, which was published in the Official Gazette dated 3 May 2013 and numbered 28636 also this period has revalidated one more year by the Cabinet decision dated 24 February 2014, which was published in the Official Gazette dated 30 April 2014 and numbered 28987. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the “Occupational Health and Safety Law and Other Laws and Decree Laws” published in the Official Gazette dated 23 April 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated 9 July 2018.

On the other hand, the application made on 19 June 2008 by the Republican People’s Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on 30 March 2011.

The above mentioned law also includes the following:

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, the Presidency Ministry of Treasury and Finance, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.80% will be used in the actuarial calculation of the value in cash,
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons’ uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

The technical financial statements of the Pension Fund are reviewed by an actuary registered audit company in accordance with the Article 21 of the Insurance Law numbered 5684 and the requirements of the “Actuary Regulations”. There was TRL 67,218 Thousand actuarial deficit in the actuary report which was prepared using a technical interest rate of 9.80 % in accordance with the basis set out in the Council of Ministers decision no: 26377 on 15 December 2006 (31 December 2022 - TRL 326,003 Thousand actuarial deficit). The relevant amount of provision is recorded in the financial statements of the Bank.)

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVII. Explanations on Taxation

Corporate tax (Excluding Şeker GYO and Foreign Subsidiaries)

As of 30 September 2023, the current corporate tax rate is 30%. The corporate tax rate has been permanently increased to 30% for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in accordance with the publication of the Law No. 7456 in the Official Gazette dated 15 July 2023.

The tax legislation requires advance tax payment to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year .

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. 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.

Annual tax returns are required to be filed between the first and twenty fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the Law No. 7352 dated 20 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this; TPL financial statements for the 2021 and 2022 accounting periods have not been subjected to inflation adjustment, and the TPL financial statements dated 31 December 2023 have been subjected to inflation adjustment in a way that will not affect corporate tax base. Additionally; with the law number 7491 published in the Official Gazette numbered 32413 dated 28 December 2023, banks, payment and electronic money institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be subject to inflation adjustments in the 2024 and 2025 accounting periods. It is regulated that the resulting profits or losses will not be taken into account in determining the corporate tax base.

The amendments in duplicate Article 298/Ç and temporary Article 32 of the Tax Procedural Law allows for the permanent and temporary revaluation of companies. Accordingly, as of the beginning of the 2022 accounting period, The Parent Bank first updated the value of its fixed assets recorded in company assets as per temporary Article 32 of the Tax Procedural Law, and then revalued them in accordance with duplicate Article 298/Ç of the Tax Procedural Law. As a result of these transactions, the Tax Procedural Law depreciation amounts subject to corporate income tax are calculated using the updated, revalued amounts. As per the relevant legislation, increased value amounts are recognised in a special fund account under equity.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVII. Explanations on Taxation (cont'd)

Deferred Tax Liability / Asset (Excluding Şeker GYO)

The Group calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS 12 “Turkish Accounting Standard on Income Taxes” the Group calculated deferred tax asset on all deductible temporary differences, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis. The net deferred tax asset is reflected under the deferred tax asset and the net deferred tax liability is reflected under the deferred tax liability in the balance sheet.

Accordind to Temporary Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of corporate tax in the financial statements dated 31 December 2023, have been included in the deferred tax calculation as of 31 December 2023.

Şeker GYO Tax Applications

According to Turkish Tax Law Article 5/1 (d)(4), earnings from real estate investment funds or partnerships,(operating a portfolio consisting of real estate, real estate projects and real estate based rights as of its mail field of activity,(except for the profits of those established for the purpose) are exempted from corporate tax. This exception is also applied for the interim temporary tax. As per article 15/(3) of corporate tax law, whether the earnings of real estate investment trusts are distributed or not, they are subject to a 15% tax deduction within the institution. Within the scope of Corporate Tax Law Article 15/(4); The Council of Ministers is authorized to reduce tax deduction rates in Article 15 to zero separately for each payment and income, to raise it up to the corporate tax rate and within the same limits, to make specifications in tax deduction rates to earnings which is specified in the third paragraph according to fund or partnership type or the quality and distribution of assets in their portfolios . The tax deduction rate within the scope of clause (a) of the first paragraph,the work whether it is committed to public institutions and organizations and their affiliated, related institutions and whether they are within the scope of general or special budget administration, duration,type and contractor; it is authorized to determine the requirements separately or together, depending on whether it is a main contractor, subcontractor or full or limited taxpayer. In accordance with the Council of Ministers Decree No. 2009/14594 a tax withholding of 0% is applied on the portfolio management earnings of Real Estate Investment Trusts, which are exempt from corporate tax. In addition since Şeker GYO’s corporate income is exempt from corporate tax in accordance with Article 5 of the Corporate Tax Law, no deferred tax has been calculated.

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVII. Explanations on Taxation (cont'd)

Foreign Tax Applications

KKTC

Corporate tax is calculated over the corporate income earned by the obliged parties within an accounting period The rules of the current income tax legislation are applied in determining the corporate income.

Corporate tax return in April; If the accounting period falls on the date other than the end of the calendar year, it is given to the Tax Office within the fourth month in which it is closed.

Corporate Tax is calculated at the rate of 10 % (ten percent) over the corporate earnings (Including foreign companies) determined according to the Corporate Tax Law.

Corporate tax is paid in two equal installments, one in May and the other in October.

XVIII. Additional Explanations on Borrowings

In the case of assets that require significant time to be ready for use and sale, borrowing costs that are directly attributable are included in the cost of the asset until the asset is ready for use or sale. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All borrowing costs are recorded to the statement of income in the period they are incurred.

As of 31 December 2023, outstanding issued bonds amount of the Group is TRL 187,758 Thousand, (31 December 2022 – TRL 219,719 Thousand).

Issuer	Issuance Date	Issuance Amount	Maturity
Şeker Yatırım Menkul Değerler A.Ş.	19.10.2023	55,240	83 days
Şeker Yatırım Menkul Değerler A.Ş.	10.11.2023	76,401	91 days
Şeker Yatırım Menkul Değerler A.Ş.	17.11.2023	63,670	105 days

The Parent Bank issued Asset Covered Bond amounting to TRL 1,500,000 Thousand among the institutions and organizations investing up to this time are International Finance Corporation (IFC), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), UniCredit Bank AG, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), KfW Bankengruppe and qualified institutional investors. The Program carried out within the framework of the relevant CMB legislation, SME loans were used as collateral.

As of 31 December 2023 the Group has no Asset Covered Bonds (31 December 2022 - None).

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XVIII. Additional Explanations on Borrowings (cont'd)

There are debt instruments amounting to TRL 16,233 Thousand that can be included in the additional Tier 1 capital calculation, under "other capital reserves" within the framework of "TAS 32 Financial Instruments: Presentation" Standard ("TAS 32"), and interest expense related to borrowing is "retained earnings and losses."

The terms and conditions of the Bank's debt instrument with the contribution capital provision amounting to USD 85 Million which was issued abroad on 12 June 2017 has been amended and the final maturity of the related debt instrument which was 12 June 2027 is revised as 12 June 2032 and the repayment option date which was 13 June 2022 is revised as 14 June 2027 by maintaining the bond holders and the contribution capital provision of the bond on 4 May 2022.

The Group does not have issued convertible bonds.

XIX. Explanations on Share Certificates

None.

XX. Explanations on Independent Guarantees and Acceptances

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

XXI. Explanations on Government Incentives

The Parent Bank's subsidiary Şeker Finansal Kiralama A.Ş. has TRL 70,526 Thousand of unused investment incentives as of 31 December 2023 (31 December 2022 – TRL 47,802 Thousand).

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SECTION THREE (cont'd)

ACCOUNTING PRINCIPLES (cont'd)

XXII. Explanations on Segment Reporting

The Group primarily deals with and engages in corporate/commercial, retail, SME and treasury/investment finance in line with its strategy.

Current Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Other	Total
Trading Income/Expense	3,407,854	2,549,122	910,752	2,618,654	44,384	9,530,766
Dividend Income	-	-	-	-	10,502	10,502
Trading Profit/(Loss)	3,060,897	2,501,991	900,058	2,618,654	(5,897,412)	3,184,188
Tax Provision	-	-	-	-	3,301	3,301
Net Profit/(Loss) for the Period	3,060,897	2,501,991	900,058	2,618,654	(5,894,111)	3,187,489

Current Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Undistributed	Total
Assets	20,249,384	22,779,243	680,731	33,175,980	13,856,558	90,741,896
Liabilities	11,353,930	7,733,856	34,685,443	16,939,804	20,028,863	90,741,896

Prior Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Other	Total
Trading Income/Expense	1,576,459	1,807,444	593,935	2,197,118	372,776	6,547,732
Dividend Income	-	-	-	-	27,256	27,256
Trading Profit/(Loss)	2,062,288	1,678,062	605,216	2,197,118	(4,253,916)	2,288,768
Tax Provision	-	-	-	-	(320,624)	(320,624)
Net Profit/(Loss) for the Period	2,062,288	1,678,062	605,216	2,197,118	(4,574,540)	1,968,144

Prior Period	Corporate/ Commercial	SME	Retail	Treasury /Investment	Undistributed	Total
Assets	17,648,983	17,329,378	1,192,270	24,309,273	8,501,532	68,981,436
Liabilities	6,545,282	7,903,440	32,845,915	9,271,892	12,414,907	68,981,436

XXIII. Explanations on Other Matters :

None.

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SECTION FOUR

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. Explanations Related to the Consolidated Shareholders' Equity

The method used for risk measurement in determining capital adequacy standard ratio; capital adequacy standard ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on 23 October 2015 in the Official Gazette numbered 29511 and effective since 31 March 2016 and Communiqué on "Banks' Equity" which was published on 5 September 2013 and in the Official Gazette numbered 28756. The Group's consolidated capital adequacy ratio in accordance with the related communiqués is 31.45 % (31 December 2022 – 23.28 %).

In the computation of capital adequacy standard ratio, data prepared in accordance with statutory accounting requirements are used. Additionally, the market risk exposure as well as the operational risk exposure are calculated in accordance with the communiqué on the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

In the calculation process of credit risk, risk types are classified based on "Measurement and Assessment of Capital Adequacy of Banks-Appendix 1" and financial collaterals taken into account according to the credit risk mitigation techniques communiqué and classified in the related risk weight. According to the credit risk mitigation techniques communiqué while simple approach is taken into account for banking book items, the Group uses comprehensive approach for trading book items in the credit mitigation process.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5 and related clauses of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

In the calculation of counterparty credit risk, the standard approach method is used according to the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" the Article 21 and Appendix 2

In accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks in the calculation of the amount subject to credit risk; the presence of non-monetary and monetary assets, the history of excluding the items in foreign currencies are measured at cost of the Central Bank's foreign exchange buying rates for the date of 30 December 2022, has been used while calculating the amounts valued in accordance with Turkish Accounting Standards and the related special provision amounts.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to the Consolidated Shareholders' Equity (cont'd)

	Current Period	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,860,000	-
Share issue premiums	1,466	-
Reserves	2,538,696	-
Gains recognized in equity as per TAS	3,484,211	-
Profit	3,494,306	-
Current Period Profit (Net)	2,970,587	-
Prior Period Profit	523,719	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Minorities' Share	1,014,705	-
Common Equity Tier 1 Capital Before Deductions	12,393,384	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	206,572	-
Improvement costs for operating leasing	46,225	-
Goodwill (net of related deferred tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related deferred tax liability)	74,756	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related deferred tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	43,395	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
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	-	-
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 more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	370,948	-
Total Common Equity Tier 1 Capital	12,022,436	-

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ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums		16,233
Debt instruments and premiums approved by BRSA		-
Debt instruments and premiums approved by BRSA(Temporary Article 4)		-
Third parties' share in the Additional Tier I capital		-
Third parties' share in the Additional Tier I capital (Temporary Article 3)		-
Additional Tier I Capital before Deductions		16,233
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital		-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.		-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		-
Other items to be defined by the BRSA		-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)		-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)		-
Deductions to be made from Tier I Capital in the case that adequate Additional Tier II Capital or is not available (-)		-
Total Deductions From Additional Tier I Capital		-
Total Additional Tier I Capital		16,233
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)		12,038,669
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA		2,802,247
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		-
Third parties' share in the Tier II Capital		-
Third parties' share in the Tier II Capital (Temporary Article 3)		-
Provisions (Article 8 of the Regulation on the Equity of Banks)		511,784
Tier II Capital Before Deductions		3,314,031
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)		-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions		-
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 (-)		-
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 (-)		-
Total Deductions from Tier II Capital		-
Total Tier II Capital		3,314,031
Total Capital (The sum of Tier I Capital and Tier II Capital)		15,352,700
The Sum of Tier I Capital and Tier II Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law		-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years		-
Other items to be defined by the BRSA		1,992
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduction Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds		-

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The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds		-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds		-
TOTAL CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital)		15,350,708
Total risk weighted amounts		48,809,216
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)		24.63
Tier 1 Capital Adequacy Ratio (%)		24.67
Capital Adequacy Ratio (%)		31.45
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)		2.50
a) Bank specific total common equity tier 1 capital ratio		2.50
b) Capital conservation buffer requirement		0.001
c) Systemically important bank buffer ratio (**)		-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets		18.66
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of 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		-
Portion of the total of 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		-
Amount arising from deferred tax assets based on temporary differences		-
Limits related to provisions considered in Tier II calculation		-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before limit of one hundred and twenty five per ten Thousand)		-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used		511,784
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4		-
Upper limit for Additional Tier II Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4		-

(*) Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the provisional Articles of "Regulations regarding to changes on Regulation on Equity of Banks" effected on 1/1/2014 and taken into consideration at the end of transition process.

(**) According to the paragraph 4 of the Article 4 of the Regulation on Systemically Important Banks only Systematically Important Bank, which are not obligated to prepare consolidated financial statements, shall calculate this ratio and the rest banks shall report it as zero.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to the Consolidated Shareholders' Equity (cont'd)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,860,000	
Share issue premiums	1,466	
Reserves	1,062,031	
Gains recognized in equity as per TAS	1,491,418	
Profit	1,913,402	
Current Period Profit (Net)	1,845,562	
Prior Period Profit	67,840	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Minorities' Share	654,219	
Common Equity Tier 1 Capital Before Deductions	6,982,536	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	188,784	
Improvement costs for operating leasing	53,486	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	143,576	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communicé Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	26,186	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
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	-	
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 more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	125,797	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier 1 Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	412,032	
Total Common Equity Tier 1 Capital	6,570,504	
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	16,233	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier 1 capital	-	
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	
Additional Tier 1 Capital before Deductions	16,233	

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Deductions from Additional Tier 1 Capital		
Direct and indirect investments of the Bank in its own Additional Tier 1 Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from Tier I Capital in the case that adequate Additional Tier II Capital or is not available (-)	-	
Total Deductions From Additional Tier 1 Capital		
Total Additional Tier 1 Capital		16,233
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier 1 Capital)		6,586,737
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,979,356	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	427,352	
Tier II Capital Before Deductions	2,406,708	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions	-	
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 (-)	-	
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 (-)	-	
Total Deductions from Tier II Capital		
Total Tier II Capital		2,406,708
Total Capital (The sum of Tier I Capital and Tier II Capital)		8,993,445
The Sum of Tier I Capital and Tier II Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	5,020	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduction Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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TOTAL CAPITAL	
Total Capital (The sum of Tier I Capital and Tier II Capital)	8,988,425
Total risk weighted amounts	38,614,710
CAPITAL ADEQUACY RATIOS	
Core Capital Adequacy Ratio (%)	17.02
Tier I Capital Adequacy Ratio (%)	17.06
Capital Adequacy Ratio (%)	23.28
BUFFERS	
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.50
a) Bank specific total common equity tier 1 capital ratio	2.50
b) Capital conservation buffer requirement	0.001
c) Systemically important bank buffer ratio (**)	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	11.06
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of 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	-
Portion of the total of 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	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before limit of one hundred and twenty five per ten Thousand)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	427,352
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

(*) Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the provisional Articles of "Regulations regarding to changes on Regulation on Equity of Banks" effectuated on 1/1/2014 and taken into consideration at the end of transition process.

(**) According to the paragraph 4 of the Article 4 of the Regulation on Systemically Important Banks only Systematically Important Bank, which are not obligated to prepare consolidated financial statements, shall calculate this ratio and the rest banks shall report it as zero.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to the Consolidated Shareholders' Equity (cont'd)

Information on borrowing instruments to be included in the equity calculation:

Issuer	Current Period			
	ŞEKERBANK T.A.Ş	ŞEKERBANK T.A.Ş	ŞEKERBANK T.A.Ş	ŞEKERBANK T.A.Ş
Unique identifier (CUSIP, ISIN etc.)	TRSSKBK52818	XS1626188491	TRSSKBKA2716	TRSSKBKA0017
Governing law(s) of the instrument	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.	Subject to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis
Instrument type	Subordinated Liabilities (Securities)	Subordinated Liabilities (Securities)	Subordinated Liabilities (Securities)	Included in the additional capital calculation (Securities)
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	120	2,502.25	180	16.2
Par value of instrument (Million TRL)	150	2,502.25	300	16.2
Accounting classification	Subordinated Debt Instruments	Subordinated Debt Instruments	Subordinated Debt Instruments	Equity
Original date of issuance	24.05.2018	12.06.2017	22.12.2017	10.12.2019
Demand or time	Maturity	Maturity	Maturity	Demand
Expiry date of the debt instrument	11.05.2028	12.06.2032	10.12.2027	-
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	17 May 2023, TRL 150 Million (10 year maturity with early redemption option in the 5th year, subject to BRSA approval)	14 June 2027, 85 Million USD (10 year maturity with early redemption option in the 5th year, subject to BRSA approval)	16 December 2022, TRL 300 Million (10 year maturity with early redemption option in the 5th year, subject to BRSA approval)	11 December 2024, TRL 16.2 Million (early redemption option in the 5th year, subject to BRSA approval)
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Variable interest (The Borrowing instrument will make coupon payments from the beginning of the maturity to the date of redemption (including the redemption date) once a month (variable days).)	Fixed	Variable interest (The Borrowing instrument will make coupon payments from the beginning of the maturity to the date of redemption (including the redemption date) once a month (variable days).)	Variable interest
Coupon rate and any related index	5 Years Term Indicator + 475 bps on government securities	12.00% p.a.	5 Years Term Indicator + 475 bps on government securities	TLREF+150 bps
Existence of a dividend stopper	-	-	-	-

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Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
	According to the Article 8 (2) (ğ) of the Regulation on Equities of Banks, the bonds have a write-off option. If, in accordance with the related regulation, there is a possibility of abolishing the bank's operating permit or transferring it to the SDIF in the framework of the Article 71 of the Banking Law due to the losses it incurs, The Bank can write down these bonds from the related financial records with the decision of the BRSBA, in the event of the bankruptcy	Due to the losses incurred, in the framework of Article 71 of the Banking Law that: (1) the removal and liquidation of the Bank's operating permit or (2) the rights of all its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders, the bonds can be written-down.	According to the Article 8 (2) (ğ) of the Regulation on Equities of Banks, the bonds have a write-off option. If, in accordance with the related regulation, there is a possibility of abolishing the bank's operating permit or transferring it to the SDIF in the framework of the Article 71 of the Banking Law due to the losses it incurs, The Bank can write down these bonds from the related financial records with the decision of the BRSBA, in the event of the bankruptcy	In case the consolidated and unconsolidated core capital adequacy ratio falls below the rate determined by the BRSBA
If write-down, write-down trigger(s)	Partially or fully	Partially or fully	Partially or fully	Partially or fully
If write-down, full or partial	Partially or fully	Partially or fully	Partially or fully	Partially or fully
If write-down, permanent or temporary	Continuously	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In priority of debt and comes after deposits and all other receivables	In priority of receivables, it comes after the debt instruments which are non subordinated loans	In priority of debt and comes after deposits and all other receivables	After depositors, other creditors and debt instruments included in the contribution capital calculation
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is not in compliance with article number 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is in compliance with article numbered 7.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. Explanations Related to the Consolidated Shareholders' Equity (cont'd)

Information on borrowing instruments to be included in the equity calculation (cont'd):

The Group, within the framework of its capital adequacy assessment process, determines limits for risks (credit risk, market risk and operational risk) covered under the Capital Adequacy calculations as well as for risks (concentration risk, interest rate risk in the banking book, liquidity risk, etc.) which are not covered under these calculations. Thus, the Parent Bank determines its "Risk Limits" and with the help of these limits and by means of applying stress tests and scenario analyses, it evaluates the adequacy of its capital level against a background of its current and also projected activities.

The Group determines "Key Risk Indicators" as "early warning signals" within the context of the "Risk Limits". Both the "Risk Limits" and "Key Risk Indicators" are determined by taking into consideration the annual budget and strategy; its risk appetite; the volume, qualifications and complexity of its products/services; its experience and prior performance as well as the market conditions. The "Risk Limits" and "Key Risk Indicators" are determined through risk based amounts and nominal amounts. In this scope, regulatory limits and applications, Basel Committee applications, international best practices, concentrations and tolerance levels as well as criteria based on the Group's capital levels are used. In any case, the "Risk Limits" and "Key Risk Indicators" cannot violate the Banking Law and related regulations.

The "Risk Limits" and "Key Risk Indicators" are reviewed and revised at least annually by the senior management with respect to market conditions and changes in the Group's strategies. The review process aims to determine whether the current "Risk Limits" and "Key Risk Indicators" are meaningful and sufficient enough compared to the risk appetite. The revised "Risk Limits" and "Key Risk Indicators" become effective upon the approval of the Parent Bank's Boards of Directors.

Reconciliation of capital items to balance sheet

The difference between Total Capital and Equity in the balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage 1 and stage 2 and subordinated loans. In the calculation of Total Capital, up to 1.25% of the expected credit loss provision from stage 1 and stage 2 over the credit risk amount and subordinated loans are taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk

Credit risk is the possibility of loss that the Group may face, in the event that the counter party fails to fulfil wholly or partly of its obligations in a timely manner, by breaching of its contractual obligations.

Lending activities are executed in line with the legislation and in accordance with the policies and procedures approved by the Board of Directors under the principle of “segregation of duties” throughout marketing, allocation, monitoring, controlling and auditing activities.

Credit allocation is performed on a debtor or a debtor group basis within certain limits. The limits are determined within a framework of authorisation limits, set in line with the legislation, for the Board of Directors, Credit Committee, General Manager, Assistant General Managers (Credit Management, Financial Institutions), Head Office Credit Units, Regional Office Credit Committee (the joint authority of the Region Allocation Manager and the Region Manager), and are approved taking into consideration the financial position and needs of the credit customer.

The Parent Bank’s Board of Directors has approved concentration limits by industries, regions, business sector, product type, country, debtors / debtor groups monitored within the Risk Limits Report on a regular basis and presented to the Board of Directors on a monthly basis; all of which are reviewed and revised at least once a year, with respect to market conditions and changes in the Parent Bank’s strategies.

Since the volume of prolonged and restructured loans and other receivables are not material with regard to the Bank’s financial statements, no additional follow-up methodology is needed to be developed in addition to those specified in the legislation.

There are transaction limits as well as dealer limits by transaction types approved by the Board of Directors regarding the counterparty risk arising from the Parent Bank’s balance sheet and off-balance sheet transactions monitored on a daily basis. The limits of correspondent banks allocated according to their credit qualities are controlled on a daily basis, while risk concentration is monitored systematically. When reverse positions of open positions are required in order to minimize potential risks, positions are closed through the use of derivative transactions aiming at risk downsizing.

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from potential market fluctuations. The Bank follows up the risk arising from forwards, options and other similar agreements and takes the necessary actions to decrease it when necessary.

Within the framework of the capital adequacy calculations, indemnified non-cash loans are subject to the same risk weighting treatment as overdue loans.

The Group prefers to take country risk only for those financial institutions and countries regarded at investment level by the international rating agencies and thus, do not have the risk of failing to fulfil their minimum liabilities. Therefore, the related potential risks do not constitute any material risk factor with regards to the Group’s financial structure.

When evaluated together with financial activities of other financial institutions, the Group has no significant credit risk concentration.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Provision is set for the doubtful loans and the expense is deducted from the current period profit by the Group. The provisioning amount for non-performing loans are determined by the Parent Bank’s management for compensating the probable losses of the doubtful loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economy conditions, other facts and related regulations.

Group classifies and monitors its doubtful loans and receivables and calculates expected loss provisions in accordance with the “Procedures and principals regarding classification of loans and allowances allocated for such loans” published in the Official Gazette dated 22 June 2016, no.29750 and by considering other regulations announced by the BRSA and “ TFRS 9- Financial Instruments” standard. Detailed explanations related to accounting practices and provisions are given in footnotes VII and VIII of Section Three.

As of 31 December 2023, the receivables of the Group its top 100 and 200 cash loan customers with a share of 59.58% and 64.70 % (31 December 2022 - 56.32 % and 61.52 %).

As of 31 December 2023, the receivables of the Group its top 100 and 200 non-cash loan customers with a share of 55.52 % and 66.32 % (31 December 2022 - 51.40 % and 62.53 %).

As of 31 December 2023, the share of cash and non-cash receivables of the Group from its top 100 and 200 customers in total balance sheet and off-balance sheet assets is 1.51 % and 1.67 % (31 December 2022 - 1.45 % and 1.61 %).

As of 31 December 2023, the expected loss provision (1. and 2. Stage) related with the credit risk taken by the Group is TRL 689,905 Thousand (31 December 2022 – TRL 331,375 Thousand).

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Total amount of exposures after offsetting specific provisions before credit risk mitigation adjustments and the risk-weighted exposure amounts classified into different risk groups according to the Basel II, are disclosed below for the relevant period:

Risk Classifications	Current Period		Prior Period	
	Risk Amount (*)	Average Risk Amount (**)	Risk Amount (*)	Average Risk Amount (**)
Contingent and Non-Contingent Claims on Sovereigns	19,706,418	7,968,233	17,068,327	7,422,747
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	46,154	16,989	37,152	23,997
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	44,945	48,952	64,137	123,075
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	10,450,846	3,743,882	8,119,486	2,591,964
Contingent and Non-Contingent Claims on Corporate Receivables	14,146,328	16,094,605	13,710,156	12,842,697
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	11,930,440	8,422,428	9,546,002	8,138,890
Contingent and Non-Contingent Claims Secured by Residential Property	11,107,369	8,978,350	9,466,119	8,081,570
Past Due Loans	106,281	116,021	190,106	266,115
Higher-Risk Categories Defined by Agency	48,189	21,322	46,858	80,382
Collateralized Marketable Securities	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Stock Investments	18,967	16,755	13,528	9,671
Other Claims	13,340,956	9,972,392	8,361,938	5,727,854
Total	80,946,893	55,399,929	66,623,809	45,308,962

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

(**) Total risk weighted assets are the arithmetical monthly average amounts in 2023 and 2022.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Risk Profile According to Geographical Concentrations (cont'd):

Current Period (***)	Risk Types										Total							
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporate Receivables	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Contingent and Non-Contingent Claims Secured by Past Due Loans		Higher-Risk Categories Defined by Agency	Collateralized Mortgage Marketable Securities	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities	Stock Investments	Other Claims
Domestic	19,088,003	46,154	44,945	-	-	9,176,960	14,034,839	11,928,638	11,104,880	106,223	48,189	-	-	-	-	18,967	8,490,183	74,087,981
European Union	-	-	-	-	-	292,344	-	1,084	1,734	38	-	-	-	-	-	-	-	295,200
Countries	-	-	-	-	-	10,713	-	29	-	-	-	-	-	-	-	-	-	10,742
OECD Countries (*)	-	-	-	-	-	-	-	-	206	16	-	-	-	-	-	-	-	1,074
Off-shore Banking Regions	-	-	-	-	-	392	-	460	326	3	-	-	-	-	-	-	-	731,830
USA, Canada	-	-	-	-	-	731,457	-	44	223	-	-	-	-	-	-	-	-	1,143,544
Other Countries	-	-	-	-	-	238,980	-	185	-	-	-	-	-	-	-	-	-	3,707,229
Associates, Subsidiaries and Entities Under Common Control (Joint-Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,143,544
Unallocated Assets/Liabilities(**)	618,415	-	-	-	-	-	111,488	-	11,107,369	106,281	48,189	-	-	-	-	-	-	4,437,132
Total	19,706,418	46,154	44,945	-	-	10,450,846	14,146,328	11,930,440	11,107,369	106,281	48,189	-	-	-	-	18,967	13,340,956	80,946,893

(*) OECD countries other than EU countries, USA and Canada

(**) Assets and liabilities that are not distributed according to specific bases.

(***) In balance sheet and off-balance sheet assets are shown with their values regardless of their collateral amounts after applying the provisions and conversion ratios.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Risk Profile According to Geographical Concentrations (cont'd):

	Risk Types										Total		
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and commercial Enterprises	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Intermediaries	Contingent and Non-Contingent Claims on Corporate Receivables	Contingent and Non-Contingent Claims Secured by Residential Property	Higher-Risk Categories Defined by Agency	Collateralized Mortgage Securities	Securitization Exposures		Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities
Prior Period (***)	16,364,139	37,152	64,137	-	6,629,423	13,622,303	9,542,828	190,045	46,815	190,045	-	13,528,488,535	60,462,350
Domestic	-	-	-	-	-	-	-	-	-	-	-	-	-
European Union Countries	-	-	-	-	937,007	1	1,918	38	43	-	-	-	940,981
OECD Countries (*)	-	-	-	-	1,567	-	-	-	-	-	-	-	1,568
Off-shore Banking Regions	-	-	-	-	1,637	-	864	104	22	-	-	-	2,627
USA, Canada	-	-	-	-	309,943	-	17	332	1	-	-	-	310,293
Other Countries	-	-	-	-	239,909	1	374	264	-	-	-	-	240,548
Associates, Subsidiaries and Entities Under Common Control	-	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventr.)	-	-	-	-	-	-	-	-	-	-	-	971,993	971,993
Unallocated Assets/Liabilities(**)	704,188	-	-	-	-	87,851	-	-	-	-	-	-2,901,410	3,693,449
Total	17,068,327	37,152	64,137	-	8,119,486	13,710,156	9,546,002	119,190,106	46,858	-	-	13,528,836,938	66,623,809

(*) OECD countries other than EU countries, USA and Canada

(**) Assets and liabilities that are not distributed according to specific bases.

(***) In balance sheet and off-balance sheet assets are shown with their values regardless of their collateral amounts after applying the provisions and conversion ratios.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Risk Profile According to Counterparty and Sector Concentrations

	Risk Types														Total					
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Government Authorities	Contingent and Non-Contingent Claims on Administrative and commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Intermediaries	Contingent and Non-Contingent Claims on Corporate Receivables	Contingent and Non-Contingent Claims Secured in the Residential Property Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Collateralized Mortgage Securities	Securitization Exposures	Short-Term Claims on Banks and Corporate		Undertakings for Collective Investments in Transferable Securities	Stock Investments	Other Claims	TRL	FC
Current Period	-	-	-	-	-	-	321,106	2,195,133	1,042,685	10,704	12,471	-	-	-	563	-	3,558,184	24,495	3,582,679	
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	19,552,191	-	10,078	-	10,118,330	-	3,968,837	2,284,773	592,720	31,109	21,696	-	-	82	-	5,647,719	1,253,061	6,900,780		
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transportation and Communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Financial Institutions	19,552,191	-	-	-	10,118,330	-	3,113,34	1,550	-	-	-	-	-	-	-	-	-	-	-	
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	154,227	46,154	2,430	-	332,516	846,024	731,693	194,100	9,487	7,153	-	-	-	6,158	13,340,956	14,309,704	1,361,194	15,670,898		
Total	19,706,418	46,154	44,945	-	10,450,846	14,146,328	11,930,440	11,107,369	106,281	48,189	-	-	-	18,967	13,340,956	60,492,236	20,454,657	80,946,893		

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Division of the Risks by Remaining Maturities:

Risk Types	Remaining Maturities					Demand and Undistributed
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Prior Period						
Contingent and Non-Contingent Claims on Sovereigns	5,214,129	302,001	153,905	639,346	6,401,553	4,357,393
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	28,592	1,973	6,587
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	45	20,135	146	294	216	43,301
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	3,775,577	1,513,154	46,960	348,015	436,099	1,999,681
Contingent and Non-Contingent Claims on Corporate Receivables	1,898,947	2,785,718	1,034,308	1,361,988	5,034,319	1,594,876
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	1,100,753	3,442,842	661,827	1,646,314	1,212,299	1,481,967
Contingent and Non-Contingent Claims Secured by Residential Property	203,573	1,902,842	209,228	847,155	5,782,720	520,601
Past Due Loans	2,096	3,503	-	16,461	-	168,046
Higher-Risk Categories Defined by Agency	-	-	-	-	-	46,858
Collateralized Marketable Securities	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-
Stock Investments	-	-	-	-	-	13,528
Other Claims	920,224	-	1,189	-	3,159	7,437,366
Total	13,115,344	9,970,195	2,107,563	4,888,165	18,872,338	17,670,204

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

In calculating the amount subject to credit risk, the credit note of the Islamic International Rating Agency (IIRA) for Turkey's long-term foreign currency sovereign rating is used for calculation of the receivables from Central Governments and Central Banks in line with the risk groups and credit ratings of JCR Eurasia Rating Inc. for the determination of risk weights for securitization positions indicated in the article 6 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

While the international rating score is used for the risk classification of the exposures with the central governments and central banks, for the exposures of the non-rated central governments and central banks the Parent Bank uses the country risk classification issued by the Organization for Economic Co-operation and Development (OECD).

The table matching the risk weights used for the risk-weight calculations for the receivables from Central Governments and Central Banks with the credit quality grade indicated in the appendix of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is stated below.

Credit Quality Grade	Islamic International Rating Agency Long-Term Credit Rating	Risk weight for Receivables from Centralized Administrations or Central Banks
1	Between AAA and AA-	0%
2	Between A+ and A-	20%
3	Between BBB+ and BBB-	50%
4	Between BB+ and BB-	100%
5	Between B+ and B-	100%
6	CCC+ and Below	150%

Amounts According to Risk Weights:

Risk Weights	%0	%10	%20	%25	%35	%50	%75	%100	%150	%250	Other	Deductions from Shareholders' Equity
Current Period												
Amount Before Credit Risk Mitigation	4,219,697	-	7,372,340	-	-	19,054,801	16,007,121	34,276,396	16,158	-	380	1,992
Amount After Credit Risk Mitigation	24,470,243	-	8,040,583	-	2,379,725	11,606,273	9,140,791	24,645,626	265,041	-	398,611	1,992

Amounts According to Risk Weights:

Risk Weights	%0	%10	%20	%25	%35	%50	%75	%100	%150	%250	Other	Deductions from Shareholders' Equity
Prior Period												
Amount Before Credit Risk Mitigation	1,635,310	-	2,599,834	-	-	22,056,943	12,713,374	27,584,877	21,301	-	12,171	5,020
Amount After Credit Risk Mitigation	21,885,777	-	3,079,169	-	1,778,502	12,113,839	7,927,331	18,640,216	187,534	-	1,011,441	5,020

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Information According to Counterparty and Sectors

The Group evaluates its financial assets in 3 stages under TFRS 9, as explained in footnotes VII and VIII in Section Three. For impaired loans, classified as Stage 3, the Bank calculates the expected credit losses for lifetime and considers the probability of default as 100%.

The Group has classified the loans that are not overdue but the credit risk is significantly increase data as Stage 2 and calculates the expected lifetime credit loss for these loans.

Current Period	Loans		Provisions
	Impaired Receivables		Expected Credit Losses Provisions
Significant Sectors/Counterparties	Significant Increase in Credit Risk (Stage 2)	Impaired Loans (Stage 3)	
Agricultural	20,864	137,282	113,134
Farming and Livestock	20,863	136,802	112,799
Forestry	1	90	46
Fishery	-	390	289
Industry	1,669,020	125,778	476,480
Mining and Quarrying	10,021	847	1,181
Manufacturing	490,080	124,920	169,800
Electricity, Gas and Water	1,168,919	11	305,499
Construction	160,879	313,756	308,744
Services	1,191,244	281,175	373,512
Wholesale and Retail Trade	49,113	164,294	120,254
Hotel, Food and Beverage Services	1,082,154	27,730	166,234
Transportation and Communication	5,969	15,561	13,296
Financial Institutions	16,836	-	459
Real Estate and Renting Services	32,210	19,393	24,474
Professional Employment	-	133	56
Education Services	1,542	3,002	2,764
Health and Social Services	3,420	51,062	45,975
Other	44,107	121,243	125,664
Total	3,086,114	979,234	1,397,534

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Information According to Counterparty and Sectors (cont'd)

Prior Period	Loans		Provisions
	Impaired Receivables		Expected Credit Losses Provisions
Significant Sectors/Counterparties	Significant Increase in Credit Risk (Stage 2)	Impaired Loans (Stage 3)	
Agricultural	57,361	195,956	171,626
Farming and Livestock	57,360	195,080	171,203
Forestry	1	277	52
Fishery	-	599	371
Industry	771,471	166,658	245,332
Mining and Quarrying	11,127	3,883	1,749
Manufacturing	653,285	162,726	206,516
Electricity, Gas and Water	107,059	49	37,067
Construction	191,074	414,416	396,646
Services	592,896	635,149	601,887
Wholesale and Retail Trade	80,512	279,465	241,499
Hotel, Food and Beverage Services	343,750	38,009	88,073
Transportation and Communication	80,163	144,373	140,793
Financial Institutions	19,599	1,329	699
Real Estate and Renting Services	36,703	99,513	67,389
Professional Employment	-	133	56
Education Services	143	3,208	2,949
Health and Social Services	32,026	69,119	60,429
Other	32,579	107,300	106,172
Total	1,645,381	1,519,479	1,521,663

Information related with Value Adjustments and Loan Loss Provisions

Current Period	Opening Balance	Charge of the Period	Provision Reversals	Other Adjustments	Closing Balance
Stage 3 Provisions	1,283,772	99,537	(554,860)	-	828,449
Stage 1 and Stage 2 Provisions	331,375	506,662	(148,131)	-	689,905

Prior Period	Opening Balance	Charge of the Period	Provision Reversals	Other Adjustments	Closing Balance
Specific Provision	1,680,173	367,191	(763,592)	-	1,283,772
Stage 1 and Stage 2 Provisions	367,860	411,555	(448,040)	-	331,375

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

II. Explanations Related to the Consolidated Credit Risk (cont'd)

Exposures subject to countercyclical capital buffer

Current Period	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Country			
Turkey	32,288,261	836	32,289,097
USA	219,890	16,806	236,696
Germany	110,261	16,134	126,395
England	52,426	24,145	76,571
Netherlands	18,056	-	18,056
Saudi Arabia	10,974	-	10,974
Albania	6,595	-	6,595
Switzerland	4,516	-	4,516
Italy	3,416	-	3,416
Azerbaijan	1,977	-	1,977
Other	6,495	-	6,495

Prior Period	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Country			
Turkey	28,732,754	2,941	28,735,695
USA	126,607	13,993	140,600
Germany	231,671	28,152	259,823
England	58,086	36,577	94,663
Netherlands	19,618	-	19,618
Saudi Arabia	12,296	-	12,296
Albania	3,772	-	3,772
Switzerland	2,827	-	2,827
Italy	2,814	-	2,814
Azerbaijan	1,497	-	1,497
Other	6,008	-	6,008

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

III. Explanations Related to the Consolidated Currency Risk

Currency risk is the possibility of loss that the Bank may face, in its total on- and off-balance sheet accounts and positions in foreign currencies, arising from changes in exchange rates.

The Parent Bank's policies and procedures related to currency risk are in line with the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process" and the "Regulation on Measurement and Evaluation of the Capital Adequacy of Banks" and approved by The Parent Bank's Board of Directors.

The Board of Directors has approved limits (position limits, stop-loss limits) compliant with the regulatory "Foreign Exchange Net General Position / Equity Standard Ratio" and based on the Group's capital. These limits are monitored on a daily basis and reviewed and revised at least once a year, with respect to market conditions and changes in the Group's strategies.

Within the context of Capital Adequacy, the Group's currency risk within the market risk exposure is calculated through the use of the "Standard Method" in line with the legislation. In these calculations, the Group's foreign currency assets and foreign currency liabilities together with the forward transactions and gold position are all taken into consideration. Within the Group, currency risk exposure is measured, monitored and reported on a daily basis. In this context, "Value-at-Risk (VaR) Methods" are applied as internal model. Among these methods, the "Historical Simulation" is used in reporting; while the "Parametric Method" and the "Monte Carlo Simulation" methods, on the other hand, are used for comparison, in times when volatility increases to a great extent. VaR measurements are based on an observation period covering the last 252 workdays and a 99 % confidence level. In "Economic Capital" measurements based on VaR, a 10-day holding period is applied. Additionally, stress tests and scenario analyses are applied in order to measure and monitor the impact of adverse movements in the markets, while the effectiveness of the Parent Bank's internal model is tested by using Retro perspective tests on a daily basis.

As of 31 December 2023, the Group's balance long position is TRL 1,107,392 Thousand (31 December 2022 – TRL 475,082 Thousand short) and short position on the off balance sheet amounting to TRL 1,935,201 Thousand (31 December 2022 TRL – 762,116 Thousand long), resulting in total net long position of TRL 827,809 Thousand (31 December 2022 - TRL 287,034 Thousand total net long).

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2023 and the previous five working days in full TRL are as follows:

	22.12.2023	25.12.2023	26.12.2023	27.12.2023	28.12.2023	29.12.2023
USD	29.1344	29.2108	29.2647	29.3374	29.3973	29.4382
CHF	33.9760	34.0296	34.0778	34.3033	35.0033	34.9666
GBP	36.9491	37.0336	37.0895	37.2657	37.5718	37.4417
100 JPY	20.4417	20.4635	20.5059	20.5175	20.8217	20.7467
EUR	32.0726	32.1766	32.2421	32.4186	32.6937	32.5739

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2023 are as follows:

	Monthly Average Foreign Exchange Rate
USD	29.0552
CHF	33.5465
GBP	36.7411
100 JPY	20.1508
EUR	31.7410

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

III. Explanations Related to the Consolidated Currency Risk (cont'd)

Information on the foreign currency risk of the Group:

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	3,177,163	5,519,570	1,180,660	9,877,393
Banks	432,156	1,258,698	207,662	1,898,516
Financial Assets at Fair Value Through Profit and Loss	10,397	179,256	-	189,653
Money Market Placements	-	61,828	134,809	196,637
Financial Assets at Fair Value Through Other Comprehensive Income	-	296,346	-	296,346
Loans (*)	13,710,193	5,530,599	273,728	19,514,520
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets at Amortised Cost	-	4,791,015	85,873	4,876,888
Derivative Financial Assets For Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (**)	(176,958)	(106,198)	27,851	(255,305)
Total Assets	17,152,951	17,531,114	1,910,583	36,594,648
Liabilities				
Bank Deposits	680,704	1,837,096	141,727	2,659,527
Foreign Currency Deposits	9,703,552	8,398,587	5,108,687	23,210,826
Money Market Borrowings	-	1,630,447	-	1,630,447
Funds Provided From Other Financial Institutions	1,249,382	6,139,430	-	7,388,812
Securities Issued (**)	-	2,517,044	-	2,517,044
Sundry Creditors	40,801	23,592	7,612	72,005
Other Liabilities	50,802	168,737	3,840	223,379
Total Liabilities	11,725,241	20,714,933	5,261,866	37,702,040
Net Balance Sheet Position	5,427,710	(3,183,819)	(3,351,283)	(1,107,392)
Net Off-Balance Sheet Position	(5,637,893)	4,097,145	3,475,949	1,935,201
Financial Derivative Assets	1,338,468	7,646,996	3,520,817	12,506,281
Financial Derivative Liabilities	6,976,361	3,549,851	44,868	10,571,080
Non-Cash Loans	1,211,700	1,392,727	7,400	2,611,827
Prior Period				
Total Assets	16,300,327	12,889,401	798,155	29,987,883
Total Liabilities	10,425,207	16,107,585	3,930,173	30,462,965
Net Balance Sheet Position	5,875,120	(3,218,184)	(3,132,018)	(475,082)
Net Off-Balance Sheet Position	(5,974,605)	3,497,430	3,239,291	762,116
Financial Derivative Assets	1,134,214	8,879,812	3,273,501	13,287,527
Financial Derivative Liabilities	7,108,819	5,382,382	34,210	12,525,411
Non-Cash Loans	899,774	1,227,761	2,106	2,129,641

About Currency Risk Table as of 31 December 2023 :

(*) The principal amount of currency indexed loans amounting TRL 216,189 Thousand (31 December 2022 - TRL 228,620 Thousand) and accruals amounting TRL 2,657,147 Thousand (31 December 2022 - TRL 1,492,268 Thousand) are shown under loans.

According to the regulation about Foreign Currency Net General Position / Equity Standard Ratio Calculation, Foreign Currency amounts that are not shown in the present currency risk table are as follows: Derivative Financial Assets Held-for-Trading: TRL 36,286 Thousand (31 December 2022 - TRL 20,678 Thousand).

Prepaid expenses: TRL 129,197 Thousand (31 December 2022 - TRL 109,607 Thousand).

Derivative Financial Liabilities Held-for-Trading: TRL 64,445 Thousand (31 December 2022 - TRL 85,258 Thousand).

Unearned income from installment sale of assets: None (31 December 2022 - TRL 1,637 Thousand).

Foreign currency receivables in equity accounts TRL 208,755 Thousand (31 December 2022 - TRL 111,032 Thousand).

Financial Derivative Asset amount includes: forward asset purchase commitment TRL 124,063 Thousand (31 December 2022 - TRL 42,671 Thousand).

Financial Derivative Liabilities amount includes TRL 76,546 Thousand (31 December 2022 - TRL 27,785 Thousand) forward asset selling commitment and none options (31 December 2022 - 96,402).

(**) Securities Issued includes also the issuances of subordinated debts amounting to TRL 2,517,044 Thousand (31 December 2022 - TRL 1,598,777 Thousand) which are shown under subordinated loans line in the balance sheet.

(***) Includes expected loss provisions calculated in accordance with TFRS 9.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

III. Explanations Related to the Consolidated Currency Risk

Foreign currency sensitivity:

The Group is mainly exposed to EUR and USD currencies.

The following table details the Group's sensitivity to a 10 % increase or decrease in the TRL against USD, EUR and other currency. A positive or negative amount represents an increase or decrease in profit /loss or equity due to a 10 % decrease in the value of USD, EUR and other currency against TRL.

	Increase in currency rate in %		Effect on profit or loss		Effect on equity	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
USD	10	10	91,333	27,925	24,874	14,270
EUR	10	10	(21,018)	(9,949)	-	-
Other Currency	10	10	12,467	10,727	-	-

IV. Explanations Related to the Consolidated Interest Rate Risk

Interest rate risk is the possibility of loss that the Group may face, in relation to its structural position arising from adverse movements in interest rates.

Group's policies and procedures related to interest rate risk are in line with the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process" and the "Regulation on Measurement and Evaluation of the Capital Adequacy of Banks" and approved by the Board of Directors.

Within the context of Capital Adequacy, the Group's interest rate risk within the market risk exposure is calculated through using "Standard Method" in line with the legislation.

The Group takes interest rate risk positions in both the trading book and banking book. The interest rate risk arising from the trading book is evaluated within the scope of market risk, and thus, measured, monitored, and managed in line with market risk policies and procedures.

Within the Parent Bank, interest rate risk exposure is measured, monitored and reported on a daily basis. In this context, "Value-at-Risk (VaR) Methods" are applied as internal model.

Among these methods, the the "Historical Simulation" is used for reporting while "Parametric Method" and the "Monte Carlo Simulation" methods, on the other hand, are used for comparison, in times when volatility increases to a great extent.

VaR measurements are based on an observation period covering the last 252 workdays and a 99 % confidence level. In "Economic Capital" measurements based on VaR, a 10-day holding period is applied.

Additionally, stress tests and scenario analyses are applied in order to measure and monitor the impact of adverse movements in the markets, while the effectiveness of the internal model is tested by using back tests on a daily basis.

The interest rate risk arising from the Group's banking accounts is measured, monitored and managed within the scope of assets and liabilities risk. In this context, gap analyses, duration and economic value analyses as well as sensitivity analyses are evaluated on a weekly basis by the Parent Bank's Asset Liability Committee. Simulations on net interest income are performed according to macroeconomic indicator estimations in the Parent Bank's budget targets, while the potential negative impact of adverse movements in market interest rates on the financial position and cash flows is minimized through target revisions. The Group management monitors the market interest rates on a daily basis and is able to change the interest rates applied by the Group whenever it is necessary by ALCO decisions.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to the Consolidated Interest Rate Risk (cont'd)

Average interest rates applied to monetary financial instruments

	EUR	USD	JPY	TRL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.01	1.52	1.30	24.83
Banks	0.04	-	-	16.59
Financial Assets at Fair Value Through Profit and Loss	5.43	7.68	-	30.17
Money Market Placements	-	1.99	1.76	30.49
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	3.16
Loans	8.17	10.98	9.29	21.87
Financial Assets at Amortised Cost	-	5.81	-	14.12
Liabilities				
Bank Deposits	3.74	5.35	-	18.40
Other Deposits	0.46	0.73	0.26	19.81
Money Market Borrowings	-	7.73	-	13.10
Sundry Creditors	3.18	-	-	-
Securities Issued	-	6.88	-	9.96
Funds Provided From Other Financial Institutions	6.42	4.49	-	11.05

	EUR	USD	JPY	TRL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks and Financial Institutions	0.01	-	-	15.73
Financial Assets at Fair Value Through Profit and Loss	5.27	7.71	-	9.73
Money Market Placements	-	1.94	0.63	16.74
Financial Assets Available-for-Sale	-	-	-	16.33
Loans	6.01	8.62	8.57	21.53
Held-to-Maturity Investments	-	5.68	-	10.48
Liabilities				
Bank Deposits	1.66	3.15	-	11.54
Other Deposits	0.88	1.71	0.43	15.90
Money Market Borrowings	-	-	-	11.10
Sundry Creditors	0.66	0.11	-	-
Securities Issued	-	6.79	-	9.96
Funds Provided From Other Financial Institutions	4.18	3.08	-	11.11

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to the Consolidated Interest Rate Risk (cont'd)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,745,891	-	-	-	-	9,275,401	12,021,292
Banks	71,063	141,235	8,949	51,774	-	1,803,618	2,076,639
Financial Assets at Fair Value Through Profit and Loss	11,441	51,003	18,047	26,141	4,054	172,157	282,843
Money Market Placements	6,006,298	-	-	-	-	92,000	6,098,298
Financial Assets at Fair Value Through Other Comprehensive Income	-	9,707	296,864	3,107	-	18,967	328,645
Loans	21,604,772	5,947,412	12,572,992	2,543,162	1,586,588	972,786	45,227,712
Financial Assets at Amortised Cost	3,883,544	1,357,259	1,859,695	4,124,579	1,001,373	370	12,226,820
Other Assets (**)	2,041,414	-	-	50,174	-	10,388,059	12,479,647
Total Assets	36,364,423	7,506,616	14,756,547	6,798,937	2,592,015	22,723,358	90,741,896
Liabilities							
Bank Deposits	2,998,692	182,581	-	-	-	37,666	3,218,939
Other Deposits	19,970,509	8,226,027	6,700,044	12,316	-	15,645,394	50,554,290
Money Market Borrowings	5,170,137	-	-	-	-	-	5,170,137
Sundry Creditors	125,986	-	-	-	-	1,669,499	1,795,485
Securities Issued (*)	643,810	-	-	-	2,517,044	-	3,160,854
Funds Provided From Other Financial Institutions	3,705,731	2,238,137	1,391,936	889,971	284,330	-	8,510,105
Other Liabilities	826,634	504,260	22,423	300,685	153,904	16,524,180	18,332,086
Total Liabilities	33,441,499	11,151,005	8,114,403	1,202,972	2,955,278	33,876,739	90,741,896
Balance Sheet Long Position	2,922,924	-	6,642,144	5,595,965	-	-	15,161,033
Balance Sheet Short Position	-	(3,644,389)	-	-	(363,263)	(11,153,381)	(15,161,033)
Off-Balance Sheet Long Position	638,778	-	-	638,778	-	-	1,277,556
Off-Balance Sheet Short Position	(638,778)	-	-	(638,778)	-	-	(1,277,556)
Total Position	2,922,924	(3,644,389)	6,642,144	5,595,965	(363,263)	(11,153,381)	-

(*) The subordinated debt instruments in balance sheet also includes the 2,973,096 Thousand bonds issued as subordinated loans.

(**) The expected loss provisions are shown in the interest-free column.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to the Consolidated Interest Rate Risk (cont'd)

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

Prior Period	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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	650,420	-	-	-	-	9,982,050	10,632,470
Due From Other Banks and Financial Institutions	8,443	96,083	-	54,561	-	1,216,910	1,375,997
Financial Assets at Fair Value Through Profit and Loss (*)	53,685	62,479	24,724	7,235	4,001	84,815	236,939
Money Market Placements	209,795	-	-	-	-	10,000	219,795
Financial Assets Available-for-Sale	110,927	3,559	185,080	-	-	13,528	313,094
Loans	12,912,141	6,388,198	13,625,110	2,812,957	585,063	1,462,309	37,785,778
Held-to-Maturity Investments	2,964,306	2,894,362	1,712,743	2,991,175	1,078,242	-	11,640,828
Other Assets (**)	930,818	11,800	-	40,503	-	5,793,414	6,776,535
Total Assets	17,840,535	9,456,481	15,547,657	5,906,431	1,667,306	18,563,026	68,981,436
Liabilities							
Bank Deposits	627,914	48,817	-	-	-	41,034	717,765
Other Deposits	19,503,172	8,884,915	5,482,283	50,787	-	12,655,715	46,576,872
Money Market Borrowings	1,478,650	-	-	-	-	-	1,478,650
Sundry Creditors	381,663	-	-	-	-	1,074,041	1,455,704
Securities Issued (*)	672,339	-	-	-	1,598,777	-	2,271,116
Funds Provided From Other Financial Institutions	2,644,144	1,098,337	1,228,071	438,323	4,430	-	5,413,305
Other Liabilities	817,372	198,614	28,368	256,729	118,813	9,648,128	11,068,024
Total Liabilities	26,125,254	10,230,683	6,738,722	745,839	1,722,020	23,418,918	68,981,436
Balance Sheet Long Position	-	-	8,808,935	5,160,592	-	-	13,969,527
Balance Sheet Short Position	(8,284,719)	(774,202)	-	-	(54,714)	(4,855,892)	(13,969,527)
Off-Balance Sheet Long Position	-	-	486,430	486,430	-	-	972,860
Off-Balance Sheet Short Position	-	-	(486,430)	(486,430)	-	-	(972,860)
Total Position	(8,284,719)	(774,202)	8,808,935	5,160,592	(54,714)	(4,855,892)	-

(*) TRL 2,051,397 Thousand of loans is shown under Financial Assets at Fair Value through Profit and Loss in the financial statements.

(**) The expected loss provisions are shown in the interest-free column.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. Explanations Related to Consolidated Interest Rate Risk (cont'd)

Interest rate sensitivity:

As of the balance sheet date, under the assumption that market interest rates change by 1 % for both the Turkish Lira and foreign currency denominated items and all other things stay constant:

In case interest rate increases by 1%, it is estimated that the net interest income will be decreased by TRL 10,869 Thousand as of the end of the year (31 December 2022 –TRL 41,257 Thousand), which is 0.18 % of net interest income (31 December 2022 – 0.86 %).

Within the scope of calculation firstly by calculating the difference between interest sensitive assets and liabilities with maturity up to one year and which behaviorally generate cash flows within one year, net position which is sensitive to interest up to one year is calculated. Secondly, for interest sensitive assets and liabilities the effect of a 1% increase in market interest rates on net interest income (sensitivity in net interest income) is calculated by multiplying the remaining to the end of the period, the 1% increase and the net position.

V. Explanations Related to the Equity Securities Position Risk of Equity Securities in Banking Book

Consolidated Position Risk of Equity Securities in Banking Book: None

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio

Liquidity risk refers the incapability of the Group to have cash or cash inflow at a level that will cover the cash outflow fully and in a timely fashion, due to the instability in cash flow.

The Group may be exposed to liquidity risk due to the below factors:

- Funding related liquidity risk due to the Group's inability to meet the anticipated and unforeseen existing and potential cash flow and collateral requirements properly, without affecting its daily operations or financial structure,
- The liquidity risk arising from the lack of required depth in the markets or excessive volatility owing to the inability of the Group's to balance or close any position over market prices.

a) Information on risk capacity of the Group, responsibilities and structure of liquidity risk management, the Group's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The main policy of the Group is to maintain an asset structure that it will be sufficient to fulfill all its obligations through the use of liquid sources in time and in a sound manner.

The objective of the liquidity risk management is to maintain the Group's financial stability by means of maintaining the Group's liquidity risk exposure at measurable and tolerable levels. Thus, it is also the objective to protect the shareholders from any potential loss that might arise from adverse movements in the Group's liquidity position.

The Group's policies and procedures related to the liquidity risk are approved by the Board of Directors.

The major factors mentioned below are addressed in those policies and procedures:

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

a) Information on risk capacity of the Group, responsibilities and structure of liquidity risk management, the Group's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application: (cont'd)

The Oversight of the Board of Directors:

- The Board of Directors approves policies and procedures related to the liquidity risk, all in line with the annual budget and the growth strategies for medium and long term.
- The Board of Directors plans the capital structure to cover the liquidity risk profile, all in line with annual budget and the growth strategies for medium and long term.
- The Board of Directors segregates the duties, authorities and responsibilities related to measuring, monitoring, controlling, auditing and management of the liquidity risk, through internal regulations on related committees and units.

The Oversight of the Senior Management:

- Senior management implements systems and standards related to measuring, monitoring, controlling, auditing and management of the liquidity risk, with respect to its duties, authorities, and responsibility areas.
- Senior management takes measures to ensure the development of technical knowledge and competencies of human resources as well as information systems infrastructure so that the measuring, monitoring, controlling and auditing of the liquidity risk, are all executed in a sound manner.
- Senior management analyses potential liquidity risk which may arise from the new banking products and services which the Bank plans to implement.
- Board of Directors and senior management segregate the responsibilities within the scope of the liquidity risk management among the Asset Liability Committee, Treasury Department and Risk Management Unit.

Accordingly, the Parent Bank's Board of Directors set the Asset Liability Committee (ALCO) as the senior management committee responsible for management of the Group's balance sheet, usage of funds, and financial management. ALCO sets the strategies for management of the balance sheet, funding, source planning and liquidity as well as conducting stress tests and scenario analyses. The Treasury Unit implement these strategies in order to manage liquidity.

The Boards of Directors have approved "Risk Limits" and "Key Risk Indicators" as part of the policies and procedures related to the liquidity risk. The compliance with these limits are monitored on a regular basis; all of which are reviewed and revised (if deemed necessary) at least once a year, with respect to the market conditions and changes in the strategies.

The compliance with the "Risk Limits" is a mandatory agenda item in the regular monthly meetings of the Boards of Directors.

The liquidity risk profile of th Group is analysed, monitored, and assessed by the Risk Management Unit. The said Unit presents its findings through those assessments as well as the compliance with the "Risk Limits" to ALCO on a weekly basis and to the Board of Directors of the Parent Bank on a monthly basis.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Parent Bank and the Parent Bank's subsidiaries:

Management of liquidity has a decentralised structure. In this context, each subsidiary executes its liquidity management function by its own units/departments/services responsible for carrying out the function of the financial management. Besides, the Parent Bank provides funding to its subsidiaries in line with the regulatory limits while also considering the market conditions.

Liquidity management is carried out in line with budgeted growth strategies and taking into account the legal requirements, as well as current market conditions and expectations regarding economic and financial conjuncture.

In liquidity management, liquidity planning is realized by predicting the effects of global conditions both on the country and on the sector.

In liquidity management policy, the stable core deposit base is determined as the Group's main funding resources. In order to increase the diversity of funding resources, domestic and foreign capital markets are utilized for medium and long-term funding sources. To prevent the concentration risk of liquidity obligations, the concentration limits for deposit and non-deposit indebtment is closely monitored. Liquidity ratios (LCR, NSFR) are followed and liquidity projections are performed within the scope of Basel III.

c) Information on the Parent Bank's funding strategy including the policies on funding types and variety of maturities:

Liquidity refers to the capability of the Group to fund its asset growth and obligations without being subject to unacceptable loss in a timely fashion.

The factors assessed in liquidity management are the predicted asset quality projection for the current and the future period, funding requirement projection for the current and future period, creating easily liquidated assets, creating assets which have regular cash flow, diversification of fund resources and preventing concentration.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

c) Information on the Parent Bank's funding strategy including the policies on funding types and variety of maturities: (cont'd)

Deposits are the foundation of the Group's liquidity. Maintaining a deposit structure with low cost that shows stable growth is essential. To that end, an interest rate policy compatible with annual budget is applied for liquidity management.

In order to meet the liquidity requirements that may arise due to market fluctuations, special attention is paid to ensure availability of sufficient liquidity based on the continuous projections made for Turkish Lira and Foreign Currency cash flows. Based on cash flow projections, price is differentiated for different maturity buckets, and measures to meet liquidity requirements are taken accordingly. Moreover, potential alternative sources of liquidity are determined to be used in case of emergency.

In order to ensure effectiveness and sustainability of liquidity management, funding sources for the subsidiaries that are subject to consolidation and the diversification possibilities are evaluated taking into consideration markets, instruments and funds providers. The liquidity position of the subsidiaries that are subject to consolidation is continuously monitored by the Parent Bank.

d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Parent Bank's total liabilities:

In order to measure and monitor the impact of the liquidity risk, the Parent Bank uses cash flow gap analyses indicating both current and future transactions. The Parent Bank, uses Board of Director's approved maturity projections for off-balance sheet items as base in these analyses. Within these projections, the behavioral analyses are used for debtor current accounts, overdraft accounts, demand deposit accounts and time deposit accounts.

In the cashflow gap analyses:

- Aggregate, Turkish Lira and foreign currency items are tabulated separately;
- Calculation for currency items that exceed 5 % of the Parent Bank's total assets (USD, EUR, etc. items) are done separately;
- Currency items that do not exceed 5 % of the Parent Bank's total assets are aggregated with the EUR items.

e) Information on liquidity risk mitigation techniques:

Within the liquidity reduction techniques, concentrating on a regular cash flow structure in its assets, establishing a broadly-based structure in its liabilities, regularly issuing bank securities as an alternative funding source, diversifying the sources of funding by concentrating long-term finance resources from the financial institutions such as covered bonds, syndications and others and maintaining the liquidity buffer takes place.

f) Information on the use of stress tests:

With liquidity stress tests, both the size and the cost of liquidity need that will arise under stress are evaluated. Within the scope of ICAAP, the levels that the liquidity coverage ratio and the liquidity ratios in various maturities can reach as a result of possible fluctuations that may occur in cash inflows/outflows, collateral obligations and funding opportunities are evaluated within the 3 year forecast period.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

g) General information on urgent and unexpected liquidity situation plans:

The Group's O/N repo limits in the Central Bank of the Turkish Republic and Borsa Istanbul Stock Exchange as well as unutilised limits are also regularly monitored. As a precaution for a worst-case scenario such as the withdrawal of all demand deposits, it is essential to keep limits unused equal to the amount of current demand deposits. Within this scope, the Parent Bank's ALCO set the alternative liquidity strategies with regards to the current market environment. "Liquidity Management Urgent Action Plan" was set, which defines the level of coverage, implementation guidelines, possible scenarios, emergency action plan, available funding sources, and the obstacles to be addressed.

Consolidated Liquidity Coverage Ratio:

Liquidity Coverage Ratio refers to the liquidity ratio calculated in accordance with the provisions of the BRSA's "Regulation on Calculation of Banks' Liquidity Coverage Ratio" in order to determine the minimum liquidity level of the Bank, in order to ensure that the Bank has sufficient stock of high-quality liquid assets to meet its net cash outflows.

These ratios are effected by the levels of a Group's liquid assets which can be liquidified easily and the cash in-flows as well as the cash out-flows arising from a Group's assets, liabilities and also off balance sheet items.

In the last quarter of 2023, the average total liquidity coverage ratio decrease compared to previous quarter's average. As a result of the decrease in the high quality liquid asset, the average total liquidity coverage ratio, which was 224.31% in the previous quarter, decrease 169.27%. The FX liquidity coverage ratio which 278.77% in the previous quarter realized as 228.86%, decreased compared to the previous quarter. Both of the ratios are still above the minimum level predicted by the legislation.

The Group's "high quality liquid assets" comprise of cash and the balance sheet items held within the Central Bank of the Turkish Republic as well as borrowing instruments issued by the Turkish Treasury, which are not subject to repurchase agreements or not pledged as collateral. The high quality liquid assets are represented by cash 7.04%, balances with the central banks 63.11% and first quality liquid borrowing instruments 29.85%.

Items that represent the cash outflows used in the calculation of liquidity coverage ratio include mainly the deposit base, secured and unsecured borrowings, the securities issued and off balance sheet transactions. Main items of the cash inflows include secured and unsecured receivables and other cash inflows. Other cash inflows and outflows derive from derivative transactions and the cash flows of the derivative financial instruments are included in the calculation.

While the effect of derivative transactions on the net cash outflow is limited, the fluctuations in the volume of foreign currency derivatives can affect FC liquidity coverage ratio.

The major funding source for the Group is the deposit bases. In addition to the deposits, the another main sources of funding include funds received through REPO transactions, issued securities, long-term resources obtained from the financial institutions (Covered Bonds, syndications, and other).

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

Consolidated Liquidity Coverage Ratio (cont'd):

Current Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
	TRL+FC	FC	TRL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			16,419,796	8,826,932
CASH OUTFLOW				
2 Retail deposits and deposits from small business customers, of which:	42,122,160	18,711,450	3,699,982	1,846,613
3 Stable deposits	10,246,600	492,560	512,330	24,628
4 Less stable deposits	31,875,560	18,218,890	3,187,652	1,821,985
5 Unsecured wholesale funding, of which:	19,932,901	6,520,836	16,454,711	4,856,734
6 Operational deposits	168,268	1,560	42,067	390
7 Non-operational deposits	9,579,244	5,301,141	6,966,371	3,639,277
8 Unsecured funding	10,185,389	1,218,135	9,446,273	1,217,067
9 Secured wholesale funding			-	-
10 Other cash outflows of which:	85,021	86,535	85,021	86,535
11 Outflows related to derivative exposures and other collateral requirements	85,021	86,535	85,021	86,535
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14 Other revocable off-balance sheet commitments and contractual obligations	81,520	-	4,076	-
15 Other irrevocable or conditionally revocable off-balance sheet obligations	14,086,178	2,665,793	1,857,156	272,699
16 TOTAL CASH OUTFLOWS			22,100,946	7,062,581
17 Secured receivables	-	-	-	-
18 Unsecured receivables	14,929,204	4,507,166	12,288,469	3,194,434
19 Other cash inflows	111,899	4,919	111,899	11,289
20 TOTAL CASH INFLOWS	15,041,103	4,512,085	12,400,368	3,205,723
			Total Adjusted Value	
21 TOTAL HQLA			16,419,796	8,826,932
22 TOTAL NET CASH OUTFLOWS			9,700,578	3,856,858
23 LIQUIDITY COVERAGE RATIO (%)			169.27	228.86

(*) The average of last three months' liquidity coverage ratio calculated based on monthly simple averages.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

Consolidated Liquidity Coverage Ratio (cont'd):

Prior Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
	TRL+FC	FC	TRL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			15,560,940	10,546,602
CASH OUTFLOW				
2 Retail deposits and deposits from small business customers, of which:	39,709,220	21,278,750	3,519,565	2,112,873
3 Stable deposits	9,027,520	300,420	451,376	15,021
4 Less stable deposits	30,681,700	20,978,330	3,068,189	2,097,852
5 Unsecured wholesale funding, of which:	19,235,777	7,025,326	14,081,587	4,978,906
6 Operational deposits	132,316	1,608	29,391	402
7 Non-operational deposits	9,357,948	5,971,849	6,309,395	3,926,914
8 Unsecured funding	9,745,513	1,051,869	7,742,801	1,051,590
9 Secured wholesale funding			-	-
10 Other cash outflows of which:	101,775	103,718	101,775	103,718
11 Outflows related to derivative exposures and other collateral requirements	101,775	103,718	101,775	103,718
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14 Other revocable off-balance sheet commitments and contractual obligations	13,700	960	685	48
15 Other irrevocable or conditionally revocable off-balance sheet obligations	13,327,961	3,705,508	2,150,870	847,438
16 TOTAL CASH OUTFLOWS			19,854,482	8,042,983
17 Secured receivables	-	-	-	-
18 Unsecured receivables	10,587,921	3,829,446	8,599,845	3,008,653
19 Other cash inflows	428,556	8,995	428,556	44,477
20 TOTAL CASH INFLOWS	11,016,477	3,838,441	9,028,401	3,053,130
			Total Adjusted Value	
21 TOTAL HQLA			15,560,940	10,546,602
22 TOTAL NET CASH OUTFLOWS			10,826,081	4,989,853
23 LIQUIDITY COVERAGE RATIO (%)			143.74	211.36

(*) The average of last three months' liquidity coverage ratio calculated based on monthly simple averages.

The information on the coverage ratio during the last three months is below:

	Current Period	
	TRL+FC	FC
October	211.94	204.90
November	150.68	225.70
December	142.20	276.38

	Prior Period	
	TRL+FC	FC
October	151.51	202.66
November	133.21	215.74
December	154.80	252.08

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	4,302,032	7,614,487	-	-	-	-	104,773	12,021,292
Banks	1,834,776	170,092	8,949	-	51,774	-	11,048	2,076,639
Financial Assets at Fair Value Through Profit and Loss	652	124	10,891	18,047	77,570	168,113	7,446	282,843
Money Market Placements	92,000	6,006,298	-	-	-	-	-	6,098,298
Financial Assets at Fair Value Through Other Comprehensive Income	18,967	-	9,707	296,864	3,107	-	-	328,645
Loans (**)	30,389	6,793,134	12,603,132	14,228,253	6,135,005	4,464,989	972,810	45,227,712
Financial Assets at Amortised Cost	-	56,163	24	2,943,398	8,225,492	1,001,373	370	12,226,820
Other Assets	1,467,248	2,041,414	-	-	50,174	-	8,920,811	12,479,647
Total Assets	7,746,064	22,681,712	12,632,703	17,486,562	14,543,122	5,634,475	10,017,258	90,741,896
Liabilities								
Bank Deposits	37,666	2,998,692	182,581	-	-	-	-	3,218,939
Other Deposits	15,645,394	19,969,740	8,224,307	6,687,174	27,675	-	-	50,554,290
Funds Provided From Other Financial Institutions	-	962,632	108,799	1,539,128	1,105,826	4,793,720	-	8,510,105
Money Market Borrowings	-	3,539,690	-	1,630,447	-	-	-	5,170,137
Securities Issued (***)	-	187,758	-	-	456,052	2,517,044	-	3,160,854
Sundry Creditors	1,669,499	125,986	-	-	-	-	-	1,795,485
Other Liabilities	780,123	553,263	3,618,854	20,666	232,705	393,850	12,732,625	18,332,086
Total Liabilities	18,132,682	28,337,761	12,134,541	9,877,415	1,822,258	7,704,614	12,732,625	90,741,896
Liquidity Gap	(10,386,618)	(5,656,049)	498,162	7,609,147	12,720,864	(2,070,139)	(2,715,367)	-
Net Off-Balance Sheet Position	-	(33,667)	-	-	-	-	-	(33,667)
Derivative Financial Assets	-	11,240,171	-	-	1,277,555	-	-	12,517,726
Derivative Financial Liabilities	-	11,273,838	-	-	1,277,555	-	-	12,551,393
Non-Cash Loans	3,254,180	265,953	694,635	2,917,933	1,089,491	157,445	22,849	8,402,486
Prior Period								
Total Assets	7,058,185	15,150,213	10,779,704	6,898,578	17,932,797	4,979,007	6,182,952	68,981,436
Total Liabilities	14,669,799	23,693,189	11,150,351	6,039,132	2,402,486	4,188,998	6,837,481	68,981,436
Liquidity Gap	(7,611,614)	(8,542,976)	(370,647)	859,446	15,530,311	790,009	(654,529)	-
Net Off-Balance Sheet Position	-	(50,353)	3,135	(12,290)	-	-	-	(59,508)
Derivative Financial Assets	-	9,393,066	4,779,680	152,325	927,230	-	-	15,252,301
Derivative Financial Liabilities	-	9,443,419	4,776,545	164,615	927,230	-	-	15,311,809
Non-Cash Loans	2,688,051	216,652	738,748	2,781,938	791,589	171,934	464	7,389,376

(*) Those assets such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, which are necessary for continuation of banking activities, unavailable for conversion into cash in a short term and other assets account and equity accounts are classified under "Undistributed".

(**) Overdraft Loans are presented in 1-3 months period.

(***) The subordinated loans in balance sheet also includes the TRL 2,973,096 Thousand bonds issued as subordinated loans.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

Analysis of contractual maturity of the Group's derivative financial instruments:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Current Period						
Net Settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Foreign currency options	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Gross settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	11,139,507	-	-	-	-	11,139,507
Interest rate swaps	13,844	-	19,479	1,286,155	-	1,319,478
Foreign currency options	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Future swaps	-	-	-	-	-	-
Total	11,153,351	-	19,479	1,286,155	-	12,458,985
Prior Period						
Net Settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Foreign currency options	-	-	-	-	-	-
Gross settled						
Foreign exchange forward contracts	-	13,961	164,614	-	-	178,575
Currency swaps	9,401,037	4,666,183	-	-	-	14,067,220
Interest rate swaps	-	-	373	928,175	-	928,548
Foreign currency options	-	-	-	96,402	-	96,402
Interest rate options	-	-	-	-	-	-
Future swaps	-	-	-	-	-	-
Total	9,401,037	4,680,144	164,987	1,024,577	-	15,270,745

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (cont'd)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Current Period								
Liabilities								
Bank deposits	37,666	2,998,695	184,975	-	-	-	(2,397)	3,218,939
Other deposits	15,768,437	19,969,740	8,567,003	7,353,467	34,867	15	(1,139,239)	50,554,290
Funds provided from other financial institutions	-	989,114	108,799	1,539,128	1,141,513	4,804,779	(73,228)	8,510,105
Money market borrowings	-	3,586,367	-	1,630,447	-	-	(46,677)	5,170,137
Securities Issued	-	187,758	-	-	458,029	2,826,320	(311,253)	3,160,854
Total Liabilities	15,806,103	27,731,674	8,860,777	10,523,042	1,634,409	7,631,114	(1,572,794)	70,614,325
Prior Period								
Liabilities								
Bank deposits	41,427	628,580	49,063	-	-	-	(1,305)	717,765
Other deposits	12,655,905	19,572,001	9,068,685	5,729,497	65,796	12	(515,024)	46,576,872
Funds provided from other financial institutions	-	708,864	258,573	524,904	1,878,364	2,181,311	(138,711)	5,413,305
Money market borrowings	-	1,479,012	-	-	-	-	(362)	1,478,650
Securities Issued	-	220,586	37,000	-	301,801	2,030,235	(318,506)	2,271,116
Total Liabilities	12,697,332	22,609,043	9,413,321	6,254,401	2,245,961	4,211,558	(973,908)	56,457,708

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VII. Explanations Related to the Consolidated Leverage Ratio

a. Information on subjects that causes difference in leverage ratio between current and prior periods

The Group's consolidated leverage ratio calculated according to "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 10.08 % (31 December 2022 – 6.17 %). Change in the leverage ratio is mainly due to the increase in the on and off balance sheet assets. The minimum leverage ratio set by the above mentioned regulation is 3 %.

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

	Current Period	Prior Period
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	78,541,602	69,510,436
Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks (*)	557,291	529,000
Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures (**)	(94,146)	(161,251)
Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures (**)	1,002,122	123,837
Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures (**)	3,816,772	3,280,033
Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	-	-
Total Risk	105,417,805	88,337,799

(*) The consolidated financial statements as of 30 June 2023 in current period and 31 December 2022 in prior period prepared in accordance with the sixth paragraph of the Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

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

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VII. Explanations Related to the Consolidated Leverage Ratio (cont'd)

c. Disclosure of Leverage Ratio template

	On-balance sheet assets (*)	Current Period	Prior Period
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	89,680,633	74,352,281
2	(Assets deducted in determining Tier 1 capital)	(194,249)	(314,491)
3	Total on-balance sheet risks (sum of lines 1 and 2)	89,486,384	74,037,790
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	110,475	104,000
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	100,055	146,481
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	210,530	250,481
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets	-	-
8	Risks from brokerage activities related exposures	1,002,122	123,837
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,002,122	123,837
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	16,792,041	15,236,606
11	(Adjustments for conversion to credit equivalent amounts)	(2,073,272)	(1,310,915)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	14,718,769	13,925,691
Capital and total risks			
13	Tier 1 capital	10,627,045	5,450,145
14	Total risks (sum of lines 3, 6, 9 and 12)	105,417,805	88,337,799
Leverage ratio			
15	Leverage ratio	10.08	6.17

(*) Amounts in the table are three-month average amounts.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

The fair value of financial assets at amortised cost and financial assets at fair value through comprehensive income are based on market prices and quoted market prices for other marketable securities subject to the same nature of interest, maturity and other similar conditions in circumstances where such price cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits, funds provided from other financial institutions with fixed interest rate and securities issued is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term

The market values of the items shown in the table are calculated by combining the accrued interest and the market value of principal amounts, based on term till maturity for the fixed rate items and term till the repricing day for the floating rate items and compared to its book values. The fair values of balance sheet items which are not interest sensitive determined according to their accounting methods.

The table below shows the book value and the fair value of the financial assets and liabilities of the Group.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Assets Measured at Fair Value Through Profit and Loss	282,843	236,939	282,843	234,668
Money Market Placements	6,098,298	219,795	6,098,298	219,795
Banks	2,076,639	1,375,997	2,075,781	1,374,901
Financial Assets at Fair Value Through Other Comprehensive Income	328,645	313,094	328,645	302,194
Financial Assets at Amortised Cost	12,226,820	11,640,828	12,389,266	13,139,126
Loans	45,227,712	37,785,778	44,674,386	37,376,860
Financial Liabilities				
Bank Deposits	3,218,939	717,765	3,216,839	903,941
Other Deposits	50,554,290	46,576,872	50,552,457	46,054,900
Funds Borrowed From Other Financial Institutions	8,510,105	5,413,305	8,991,802	5,446,692
Interbank Borrowings	5,170,137	1,478,650	5,026,278	1,472,942
Securities Issued (*)	3,160,854	2,271,116	3,113,066	2,031,690
Sundry Creditors	1,795,485	1,455,704	1,795,485	1,455,704

(*) The subordinated debt instruments in balance sheet also includes the TRL 2,973,096 Thousand (31 December 2022- TRL 2,5051,397 Thousand) bonds issued as subordinated loans.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (cont'd)

TFRS 7 "Financial Instruments: Disclosures" standard require those items which are recorded in the balance sheet with their fair values to be disclosed in the footnotes by groups, based on the data used for fair value measurement of these assets. The first group composes the financial instruments whose fair values were determined according to prices of identical assets or liabilities recorded in active markets; the second group is for financial instruments whose fair values were determined according to data of directly or indirectly observable markets; and the third group includes the financial instruments whose fair values are not determined as based on observable market data. These financial instruments recorded in the balance sheet of the Group with their fair values are grouped accordingly and are shown the table below:

	Level 1	Level 2	Level 3
Current Period			
Financial Assets			
Financial Assets At Fair Value Through Profit And Loss	282,843	-	-
Financial Assets Held For Trading	-	-	-
Derivative Financial Assets	-	65,251	-
Loans	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	309,678	-	18,967
Financial Liabilities			
Derivative Financial Liabilities	-	98,708	-
Prior Period			
Financial Assets			
Financial Assets At Fair Value Through Profit And Loss	236,939	-	-
Financial Assets Held For Trading	-	-	-
Derivative Financial Assets	-	44,241	-
Loans	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	299,566	-	13,528
Financial Liabilities			
Derivative Financial Liabilities	-	108,821	-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The movement of financial assets in Level 3 is presented below

	Current Period	Prior Period
Balances at Beginning of Period	13,528	7,406
Purchases	5,439	6,122
Disposals	-	-
Valuation effect	-	-
Transfers	-	-
Balances at the End of Period	18,967	13,528

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IX. Explanations Related to Transactions Made on Behalf of Others and Transactions Based on Trust

The Parent Bank performs securities buying and selling transactions, brokerage and custody services on behalf of customers.

There are no transactions made with other financial institutions under the trust transaction contract and direct financial services provided within this scope

X. Explanations Related to the Consolidated Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on "Disclosures about Risk Management to Be Announced to Public by Banks" that have been published in the Official Gazette no. 29511 on 23 October 2015.

a. Risk Management Approach and Risk Weighted Amounts

a.1. Risk Management Strategy

Especially in the finance sector, the importance of the existence of an effective risk management approach for a sustainable growth based on solid foundations has been growing day-by-day. Having this in mind, the Group aims to ensure that the risk management approach is adopted as a corporate culture, that the strategy and business plans are prepared in this respect, that decision-making, execution and audit processes are configured accordingly and that a dynamic and effective risk management system is established completely.

The establishment of the risk management systems under the responsibility of the Parent Bank's Board of Directors and has been configured in a way to cover the institutions, which are subject to consolidation, under the coordination of the Parent Bank's Board of Directors.

The Group Management is responsible for execution and coordination of the strategies, policies, risk limits and implementation of the procedures, which are approved by the Board of Directors; reviewing its effectiveness and making proposals on including the new risks. The Parent Bank Management set the Asset / Liability Committee, the Operational Findings Improvement Committee and the Product Development Committee for these purposes.

In order to monitor and control the risks encountered, the Group has configured the Internal Systems, which include the Internal Audit Department, the Internal Control & Compliance Unit and the Risk Management Unit. The Internal Control & Compliance Unit and the Risk Management Units report to the member of the Board of Directors who is responsible for the Internal Systems and Internal Audit Department reports to the Audit Committee which the members are Board of Directors.

All departments and branches of the Group as well as all institutions within consolidation are subject to supervision and audit by the Internal Systems. The Group's Internal Systems departments periodically report to the Board of Directors and the committees formed under the Board of Directors of the Parent Bank. The Group defined in the internal regulations the internal systems, its operation and position in the organization, the interaction with the other departments.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

a. Explanations on Risk Management and Risk Weighted Amount (cont'd)

a.1. Risk Management Strategy (cont'd)

The Group's risk management policies are the written standards which are prepared based on the must-have factors in relation to the local regulations, the Group's good practice guides and the international practices and are approved by the Boards of Directors. These policies include the organization of the risk management function, the definition of the risks exposed, measuring effects on the activities and financial structure and classifying according to the degree of importance and determining the risk limits by taking into account the risk tolerance of the institution, monitoring and reporting the compliance with all these processes. The Group's risk management processes are executed in conformity with the matters specified in the Risk Management Policies and regulations.

The Group takes necessary actions for ensuring that the risk management approach is adopted as a corporate culture. All measures have been taken for ensuring that the instructions and regulations introduced in the Group are prepared in compliance with the strategy, the risk management policies, limits and risk management practices. All Group's employees are informed on the risk management policies, procedures and the instructions and manuals prepared in connection to these policies. Furthermore, all departments, branches and consolidated subsidiaries are all subject to supervision and audit.

The Group has established a written Internal Capital Adequacy Assessment Process ("ICAAP") in parallel to legal regulations. The Group conducts holistic stress tests and scenario analyses in compliance with the methods and approaches set in the ICAAP. In addition to its own scenarios within the stress test programme, the Group also conducts the scenarios, which are required by the BRSA.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

a. Explanations on Risk Management and Risk Weighted Amount (cont'd)

a.2. Overview of Risk Weighted Amount

		a	b	c
		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	40,806,800	34,096,504	3,264,544
2	Standardised approach (SA)	40,806,800	34,096,504	3,264,544
3	Internal rating-based (IRB) approach		-	-
4	Counterparty credit risk	135,920	91,663	10,874
5	Standardised approach for counterparty credit risk (SA-CCR)	135,920	91,663	10,874
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	1,425,618	780,302	114,049
17	Standardised approach (SA)	1,425,618	780,302	114,049
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	6,440,878	3,646,241	515,270
20	Basic Indicator Approach	6,440,878	3,646,241	515,270
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	48,809,216	38,614,710	3,904,737

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount

b.1. Differences and Matching Between Asset and Liabilities' Carrying Values in Financial Statements and Risk Amounts in Capital Adequacy Calculation

	Carrying values of items in accordance with Turkish Accounting Standards					
	Carrying values in financial statements prepared as per TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the market risk	Amount recognised in regulatory capital	Not subject to capital requirements or subject to deduction from capital
Current Period						
Assets						
Cash and Balances With Central Bank of Turkey	12,021,292	12,021,292	-	-	-	-
Banks	2,076,639	2,076,639	-	-	-	-
Money Market Placements	6,098,298	6,098,298	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	282,843	187,867	-	94,976	-	-
Financial Assets at Fair Value Through Comprehensive Income	328,645	328,645	-	-	-	-
Financial Assets at Amortised Cost	12,226,820	12,227,716	-	(896)	-	-
Derivative Financial Assets	65,251	-	-	65,251	-	-
Expected Credit Loss (-)	131,186	-	-	-	131,186	-
Loans(Net)	43,709,358	44,535,815	-	-	(826,457)	-
Loans	42,342,950	42,340,958	-	-	1,992	-
Leasing Receivables	1,151,933	1,151,933	-	-	-	-
Factoring Receivables	753,595	753,595	-	-	-	-
Non-Performing Receivables	979,234	979,234	-	-	-	-
Expected Credit Loss (-)	1,518,354	689,905	-	-	828,449	-
Assets Held for Sale and Assets of Discontinued Operations (Net)	394,071	394,071	-	-	-	-
Ownership Investments	80,333	80,333	-	-	-	-
Tangible Assets (Net)	6,000,002	5,953,777	-	-	46,225	-
Intangible Assets (Net)	156,403	81,647	-	-	74,756	-
Investment Property (Net)	1,589,159	1,589,159	-	-	-	-
Current Tax Asset	4,397	-	-	-	-	4,397
Deferred Tax Asset	1,533,840	1,533,840	-	-	-	-
Other Assets	4,305,731	4,305,731	-	-	-	-
Total Assets	90,741,896	91,414,830	-	159,331	(836,662)	4,397
Liabilities						
Deposits	53,773,229	-	-	-	-	53,773,229
Funds Borrowed	8,510,105	-	-	-	-	8,510,105
Interbank Money Markets	5,170,137	-	5,170,137	-	-	-
Securities Issued	187,758	-	-	-	-	187,758
Funds	-	-	-	-	-	-
Financial Liabilities Measured At Fair Value Through Profit And Loss	-	-	-	-	-	-
Derivative Financial Liabilities	98,708	-	-	98,708	-	-
Factoring Payables	656	-	-	-	-	656
Lease Payables	484,791	-	-	-	-	484,791
Provisions	3,804,379	-	-	-	-	3,804,379
Current Tax Liability	520,899	-	-	-	-	520,899
Deferred Tax Liability	-	-	-	-	-	-
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debts	2,973,096	-	-	-	-	2,973,096
Other Payables	2,485,513	-	-	-	-	2,485,513
Shareholders' Equity	12,732,625	-	-	-	-	12,732,625
Total Liabilities	90,741,896	-	5,170,137	98,708	-	85,473,051

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount (cont'd)

b.1. Differences and Matching Between Asset and Liabilities' Carrying Values in Financial Statements and Risk Amounts in Capital Adequacy Calculation (cont'd)

	Carrying values of items in accordance with Turkish Accounting Standards					
	Carrying values in financial statements prepared as per TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the market risk	Amount recognised in regulatory capital	Not subject to capital requirements or subject to deduction from capital
Prior Period						
Assets						
Cash and Balances With Central Bank of Turkey	10,632,470	10,632,470	-	-	-	-
Banks	1,375,997	1,375,997	-	-	-	-
Money Market Placements	219,795	219,795	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	236,939	126,554	-	110,385	-	-
Financial Assets at Fair Value Through Comprehensive Income	313,094	313,094	-	-	-	-
Financial Assets at Amortised Cost	11,640,828	11,653,339	-	(12,511)	-	-
Derivative Financial Assets	44,241	-	-	44,241	-	-
Expected Credit Loss (-)	116,992	-	-	-	116,992	-
Loans(Net)	36,170,631	37,449,383	-	-	(1,278,752)	-
Loans	34,921,028	34,916,008	-	-	5,020	-
Leasing Receivables	784,900	784,900	-	-	-	-
Factoring Receivables	560,371	560,371	-	-	-	-
Non-Performing Receivables	1,519,479	1,519,479	-	-	-	-
Expected Credit Loss (-)	1,615,147	331,375	-	-	1,283,772	-
Assets Held for Sale and Assets of Discontinued Operations	451,090	451,090	-	-	-	-
Ownership Investments	59,356	59,356	-	-	-	-
Tangible Assets (net)	3,441,526	3,388,040	-	-	53,486	-
Intangible Assets (net)	144,805	1,229	-	-	143,576	-
Investment Property (net)	901,335	901,335	-	-	-	-
Current Tax Asset	4,983	-	-	-	-	4,983
Deferred Tax Asset	693,116	693,116	-	-	-	-
Other Assets	2,768,222	2,768,222	-	-	-	-
Total Assets	68,981,436	70,033,020	-	142,115	(1,198,682)	4,983
Liabilities						
Deposits	47,294,637	-	-	-	-	47,294,637
Funds Borrowed	5,413,305	-	-	-	-	5,413,305
Interbank Money Markets	1,478,650	-	1,478,650	-	-	-
Securities Issued	219,719	-	-	-	-	219,719
Funds	-	-	-	-	-	-
Financial Liabilities Measured At Fair Value Through Profit And Loss	-	-	-	-	-	-
Derivative Financial Liabilities	108,821	-	-	108,821	-	-
Factoring Payables	1,294	-	-	-	-	1,294
Lease Payables	388,297	-	-	-	-	388,297
Provisions	2,793,730	-	-	-	-	2,793,730
Current Tax Liability	190,505	-	-	-	-	190,505
Deferred Tax Liability	6,212	-	-	-	-	6,212
Liabilities for Assets Held for Sale and Assets of Discontinued Operations	-	-	-	-	-	-
Subordinated Debts	2,051,397	-	-	-	-	2,051,397
Other Payables	2,197,388	-	-	-	-	2,197,388
Shareholders' Equity	6,837,481	-	-	-	-	6,837,481
Total Liabilities	68,981,436	-	1,478,650	108,821	-	67,393,965

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount (cont'd)

b.2. Major Items Causing Differences Between Assets and Liabilities' Carrying Values in Financial Statements and Risk Amounts in Capital Adequacy Calculation

	Current Period	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	91,578,558	91,414,830	-	-	159,331
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	5,170,137	98,708
3	Total net amount under regulatory scope of consolidation	91,578,558	91,414,830	-	(5,170,137)	60,623
4	Off-balance sheet amounts	15,166,009	5,356,618	-	202,282	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	Exposure amounts	106,744,567	96,771,448	-	(4,967,855)	60,623

	Prior Period	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	70,180,118	70,033,020	-	-	142,115
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	1,478,650	108,821
3	Total net amount under regulatory scope of consolidation	70,180,118	70,033,020	-	(1,478,650)	33,294
4	Off-balance sheet amounts	12,586,164	4,954,864	-	199,835	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	Exposure amounts	82,766,282	74,987,884	-	(1,278,815)	33,294

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

b. Explanations on Risk Management and Risk Weighted Amount (cont'd)

b.3. Explanations on Differences Between Carrying Values in Financial Statements and Risk Amounts in Capital Adequacy Calculation of Assets and Liabilities

In principle, the Group aims to use methods that measure the fair value in accordance with TFRS 13 'Fair Value Measurement' standard. In this respect, the valued amounts of the items which are subject to market risk show the fair value of the financial instruments for trading. Valuation models that use market data such as interest rates, efficiency curves, currency, volatility curves are used as the basis for derivative transactions, while third party valuation services are also available. On the other hand, the amount shown in the "risk amount line" represents the amount of the market risk based on the calculated capital requirement for losses that may be caused by factors such as interest rate risk, equity securities price risk and exchange rate risk of the market risk under the "Regulation on Measurement and Evaluation of Banks' Capital Adequacy".

c. General Information on Consolidated Credit Risk

c.1. General Qualitative Information on Consolidated Credit Risk

The Group conducts the lending operations in compliance with the principles and procedures, which are approved by the Boards of Directors. Within this scope, marketing, financial analysis, allocation, monitoring and controlling functions are carried through within segregation of duties according to policies and procedures approved by the Boards of Directors.

The methodologies and responsibilities of credit risk management, controlling and monitoring and the framework of credit risk limitations specified with credit risk management policy and procedures. The Group ensures that the credit risk related to its products is defined, measured and managed. At least annually, the Boards of Directors reviews the Group's credit risk policies and credit risk strategy. The Group Management is responsible for the execution of the credit risk policies that are approved by the Boards of Directors.

In the Group's credit risk management, along the limits as required by legal regulations, the Group utilizes the risk limits to undertake the maximum credit risk within risk groups or sectors that the Board of Directors determines. The Risk Management Unit conducts measurement, monitoring and reporting of the credit risk by using statistical models and submits the results of the risk-limit compliance, assessments on these limits and credit portfolio concentration analyses to the Management and the Board of Directors.

In the credit allocation process, customers are divided into portfolios on a branch and segment basis in accordance with the defined criteria and each credit customer is subjected to a rating system which is developed in accordance with the portfolio and periodically validated. The cash flow of the activity or investment that is subject to credit in lending is considered as the main source of payment and while setting the credit limits, the sustainability of the customers' income is taken into consideration. According to the rating results, credit demands are concluded in accordance with the credit allocation policies. A credit disbursement is made after approval of a loan application by the related allocation authorities.

The Group has established loan monitoring systems that generate the necessary early warnings and assessments of the loan portfolio, allowing effective monitoring of the loan portfolio.

All branches, departments, regional offices and subsidiaries involved in crediting processes are subject to audit and monitoring by the internal systems departments. All the findings are regularly reported to the Boards of Directors and the Group Management. In addition to transaction and company based risk assessment process, monitoring of credit risk also refers to an approach with monitoring and managing the credit as a whole maturity, sector, collateral, geography, currency, credit type and credit rating.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.2. Credit Quality of Assets

	Current Period	Gross carrying value as per TAS		Allowances/ impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	979,234	44,248,478	1,518,354	43,709,358
2	Debt securities	-	18,806,890	117,818	18,689,072
3	Off-balance sheet exposures	206,046	15,059,429	99,466	15,166,009
4	Total	1,185,280	78,114,797	1,735,638	77,564,439

	Prior Period	Gross carrying value as per TAS		Allowances/ impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	1,519,479	36,266,299	1,615,147	36,170,631
2	Debt securities	-	15,300,121	112,702	15,187,419
3	Off-balance sheet exposures	219,970	12,464,448	98,254	12,586,164
4	Total	1,739,449	64,030,868	1,826,103	63,944,214

c.3. Changes in Stock of Defaulted Loans and Debt Securities

	Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	2,286,593
2	Loans and debt securities that have defaulted since the last reporting period	318,454
3	Returned to non-defaulted status	-
4	Amounts written off	(347,025)
5	Other changes	(738,543)
6	Defaulted loans and debt securities at end of the reporting period	1,519,479

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.4. Additional Disclosure Related to the Credit Quality of Assets (cont'd)

c.4.1. Qualitative Disclosures Related to the Credit Quality of Assets (cont'd)

The Group reclassifies loans and performs credit impairment loss calculations according to TFRS 9 as stated in Note VIII "Impairment of Financial Assets" in Section Three.

The Group calculates expected loss provision based on the degree of impairment in credit risk by performing calculations as of each reporting date to reflect changes in the credit risk from the initial recognition of financial assets. Negative developments in the customer's ability to pay or cash flow are subject to a new loan to cover all or part of the observed receivables or to re-financing or restructuring by creating a new payment plan.

c.4.2. Breakdown of Exposures by Geographical Areas, Industry and Ageing

Related explanations are disclosed in section IV note II.

c.4.3. Exposures Provisioned Against by Major Regions and Sectors

Current Period	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Domestic	977,940	827,214	176,743
European Union (EU) Countries	187	149	32
OECD Countries	-	-	-
Off-Shore Banking Regions	1,021	1,004	-
USA, Canada	84	81	-
Other Countries	2	1	-
Total	979,234	828,449	176,775

Prior Period	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Domestic	1,518,062	1,282,458	347,025
European Union (EU) Countries	343	264	-
OECD Countries	20	20	-
Off-Shore Banking Regions	985	962	-
USA, Canada	68	67	-
Other Countries	1	1	-
Total	1,519,479	1,283,772	347,025

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.4. Additional Disclosure Related to the Credit Quality of Assets (cont'd)

c.4.3. Exposures Provisioned Against by Major Regions and Sectors (cont'd)

Current Period	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Agricultural	137,282	112,888	28,003
Farming and raising livestock	136,802	112,553	27,978
Forestry	90	46	-
Fishing	390	289	25
Manufacturing	134,188	91,678	23,173
Mining	4,347	3,911	259
Production	129,830	87,760	22,870
Electricity, Gas, Water	11	7	44
Construction	327,378	304,297	15,852
Services	277,457	228,020	94,446
Wholesale and Retail Trade	157,864	124,729	51,188
Hotel,Food,Beverage Services	29,787	26,845	1,519
Transportation and Telecommunication	16,216	13,858	35,795
Financial Institutions	-	-	35
Real Estate and Lending Services	19,393	13,838	3,770
Self employment Service	133	56	-
Education Service	3,002	2,763	273
Health and social Services	51,062	45,931	1,866
Other	102,929	91,566	15,301
Total	979,234	828,449	176,775

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X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.4. Additional Disclosure Related to the Credit Quality of Assets (cont'd)

c.4.3. Exposures Provisioned Against by Major Regions and Sectors (cont'd)

Prior Period	Loans Under Follow-Up	Stage 3 Provisions	Write-Offs
Agricultural	195,956	170,448	26,150
Farming and raising livestock	195,080	170,025	26,134
Forestry	277	52	11
Fishing	599	371	5
Manufacturing	166,658	127,100	48,947
Mining	3,883	2,261	2,701
Production	162,726	124,802	46,246
Electricity, Gas, Water	49	37	-
Construction	414,416	383,611	29,193
Services	635,149	511,497	225,987
Wholesale and Retail Trade	279,465	222,959	65,248
Hotel,Food,Beverage Services	38,009	31,264	118,251
Transportation and Telecommunication	144,373	139,705	9,573
Financial Institutions	1,329	245	59
Real Estate and Lending Services	99,513	54,222	31,463
Self employment Service	133	56	-
Education Service	3,208	2,943	28
Health and social Services	69,119	60,103	1,365
Other	107,300	91,116	16,748
Total	1,519,479	1,283,772	347,025

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.4. Additional Disclosure Related to the Credit Quality of Assets (cont'd)

c.4.4. Aging of Past Due Loans

Current Period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	15,274	42	7,350	68,101	14,929
Small and Medium Enterprises	96,832	42,538	99,361	501,242	78,973
Retail Loans	1,154	3,884	18,461	1,233	7,831
Others	1,163	11,717	1,642	2,143	5,364
Total	114,423	58,181	126,814	572,719	107,097

Prior Period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	18,684	16,057	139,146	58,752	31,279
Small and Medium Enterprises	78,510	129,678	634,592	248,489	83,417
Retail Loans	2,552	11,793	20,229	7,732	12,453
Others	11,718	594	6,622	1,943	5,239
Total	111,464	158,122	800,589	316,916	132,388

c.4.5. Breakdown of Restructured Receivables Based on Whether or not Provisions are Allocated

	Current Period	Prior Period
Loans Structured from Standard Loans and Other Receivables	658	3,545
Loans Composed of Follow-on Loans and Other Receivables	1,892,669	697,431
Loans Restructured from Non-Performing Loans	127,737	156,380

The Group evaluates its financial assets in 3 stages under TFRS 9, as explained in Section Three Note VII and VIII. For the Impaired stage 3 loans, the Group calculates the expected credit losses for lifetime and considers the probability of default to be 100%.

The Group classifies loans that have not been impaired yet but the credit risk has increased significantly, as Second Stage and calculates the lifetime expected credit loss for these loans.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.5. Explanations Related to Consolidated Credit Risk Mitigation Techniques

c.5.1. Qualitative Requirements to be Disclosed to the Public Regarding Credit Risk Mitigation Techniques

The Group calculates credit risk using mitigation techniques specified in the “Notification Related to the Credit Risk Mitigation Techniques” that entered into force through the publication in the Official Gazette dated 6 September 2014 and numbered 29111.

The Group considers the deposit or cash values as financial security and real estate mortgages as physical security.

In accordance with the provisions of the “Communiqué on Credit Risk Mitigation Techniques”, the Group periodically reviews the real estates which received as collateral and, if necessary, the real estate appraisals are being renewed at specific intervals. Appraisal of these real estates is made by the appraisal institutions authorized by the BRSA and the CMB. The collaterals are insured for possible damage.

The general principles and practices regarding the collateralization of loans and other receivables are stated in the internal regulations and its compliance is subject to audit by the internal systems departments.

c.5.2. Credit Risk Mitigation Techniques – Overview

	Exposures unsecured (according to TAS)	Exposures secured by collateral	Amount of Collateral	Exposures secured by financial guarantees	Amount of Financial guarantees	Exposures secured by credit derivatives	Amounts secured by credit derivatives
Current Period							
1 Loans	20,561,291	23,687,187	18,266,413	-	-	-	-
2 Debt Securities	18,806,890	-	-	-	-	-	-
3 Total	39,368,181	23,687,187	18,266,413	-	-	-	-
4 Of which defaulted	963,000	-	-	-	-	-	-

	Exposures unsecured (according to TAS)	Exposures secured by collateral	Amount of Collateral	Exposures secured by financial guarantees	Amount of Financial guarantees	Exposures secured by credit derivatives	Amounts secured by credit derivatives
Prior Period							
1 Loans	18,492,205	17,774,094	13,839,698	-	-	-	-
2 Debt Securities	15,300,121	-	-	-	-	-	-
3 Total	33,792,326	17,774,094	13,839,698	-	-	-	-
4 Of which defaulted	1,510,106	-	-	-	-	-	-

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X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.6. Qualitative Disclosures on Banks' Use of External Credit Ratings Under the Standardised Approach for Credit Risk

In calculating the amount subject to credit risk, the credit note of the Islamic International Rating Agency (IIRA) for Turkey's long-term foreign currency sovereign rating is used for calculation of the receivables from Central Governments and Central Banks in line with the risk groups and credit ratings of JCR Eurasia Rating Inc. for the determination of risk weights for securitization positions indicated in the article 6 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

While receivables from Central Governments or Central Banks are considered as an international rating grade for the entire risk class, the country risk classification published by the OECD is based on unrated Central Government and the Economic Cooperation and Development Organization for Central Banks.

The table matching the risk weights used for the risk-weight calculations for the receivables from Central Governments and Central Banks with the credit quality grade indicated in the appendix of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is stated below.

Credit Quality Grade	Islamic International Rating Agency Long-Term Credit Rating	Risk weight for Receivables from Centralized Administrations or Central Banks
1	Between AAA and AA-	0%
2	Between A+ and A-	20%
3	Between BBB+ and BBB-	50%
4	Between BB+ and BB-	100%
5	Between B+ and B-	100%
6	CCC+ and Below	150%

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.7. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period	Exposures before CCF and CRM		Exposures after CCF and CRM		RWA and RWA Weights		
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	
Risk classes							
1	Exposures to sovereigns and their central banks	19,705,235	1,183	19,705,235	1,183	185,771	0.94%
2	Exposures to regional and local governments	44,093	4,122	44,095	2,059	85,268	184.75%
3	Exposures to administrative bodies and non-commercial entities	8,940	70,296	8,940	36,005	47,157	104.92%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	9,647,280	1,044,197	9,647,280	803,566	3,192,237	30.55%
7	Exposures to corporates	12,181,207	7,026,752	12,181,206	1,965,122	12,149,350	85.88%
8	Retail exposures	9,949,457	5,966,024	9,949,458	1,980,982	7,287,793	61.09%
9	Exposures secured by residential property	2,207,046	329,505	2,207,045	173,599	834,054	35.03%
10	Exposures secured by commercial property	8,333,510	719,510	8,333,509	393,216	4,422,401	50.68%
11	Past-due items	106,281	-	106,281	-	77,700	73.11%
12	Exposures in high-risk categories	48,189	-	48,189	-	72,242	149.91%
13	Collateralized Securities	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	13,342,939	4,420	13,340,070	886	12,550,552	94.08%
17	Equity share investments	18,967	-	18,967	-	18,967	-
18	Total	75,593,144	15,166,009	75,590,275	5,356,618	40,923,492	50.56%

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.7. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects (cont'd)

Prior Period	Exposures before CCF and CRM		Exposures after CCF and CRM		RWA and RWA Weights		
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density	
1	Exposures to sovereigns and their central banks	17,044,175	24,152	17,044,175	24,152	140,896	0.83%
2	Exposures to regional and local governments	34,873	4,557	34,875	2,277	20,726	55.79%
3	Exposures to administrative bodies and non-commercial entities	20,836	88,250	20,836	43,301	77,771	121.26%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	7,304,384	1,031,885	7,304,384	815,102	2,732,373	33.65%
7	Exposures to corporates	11,833,082	5,471,605	11,833,082	1,877,074	12,704,174	92.66%
8	Retail exposures	7,809,272	5,114,667	7,809,272	1,736,730	6,321,560	66.22%
9	Exposures secured by residential property	1,671,753	263,084	1,671,753	142,477	658,229	36.28%
10	Exposures secured by commercial property	7,338,612	585,608	7,338,612	313,277	3,887,989	50.81%
11	Past-due items	190,106	-	190,106	-	161,717	85.07%
12	Exposures in high-risk categories	46,858	-	46,858	-	70,288	150.00%
13	Collateralized Securities	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	8,363,084	2,356	8,361,464	474	7,364,618	88.07%
17	Equity share investments	13,528	-	13,528	-	13,528	-
18	Total	61,670,563	12,586,164	61,668,945	4,954,864	34,153,869	51.26%

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X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.8. Exposures by Asset Classes and Risk Weights

Current Period Risk classes	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Total risk amount
1	Exposures to sovereigns and their central banks	19,491,120	-	-	-	59,054	-	156,244	-	-	-	19,706,418
2	Exposures to regional and local government	-	-	-	-	3,257	-	2,154	-	-	40,743	46,154
3	Exposures to administrative bodies and non-commercial entities	-	-	82	-	-	1,288	35,227	-	-	5,474	44,945
4	Exposures to multilateral development banks	2,874	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	33,153	-	-	-	2,816,273	-	331,579	-	-	8,038	10,450,846
6	Exposures to banks and brokerage houses	1,929,842	-	7,261,803	-	29,939	305	11,348,059	1,829	-	342,266	14,146,328
7	Exposures to corporates	2,281,505	-	494,088	-	32,706	9,136,534	52,150	2,14,079	-	1,710	11,930,440
8	Retail exposures	-	-	211,756	-	-	-	456	463	-	-	2,380,644
9	Exposures secured by residential property	-	-	-	-	8,608,722	927	116,539	537	-	-	8,726,725
10	Exposures secured by commercial real estate	-	-	-	-	56,322	1,681	48,278	-	-	-	106,281
11	Past-due loans	-	-	-	-	-	56	-	48,133	-	-	48,189
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
17	Other assets	731,749	-	72,854	-	-	-	18,967	-	-	380	13,340,956
18	Total	24,470,243	-	8,040,583	-	11,606,273	9,140,791	24,645,626	2,65,041	-	398,611	80,946,893

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X. Explanations Related to the Consolidated Risk Management (cont'd)

c. General Information on Consolidated Credit Risk (cont'd)

c.8. Exposures by Asset Classes and Risk Weights (cont'd)

Prior Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Total risk amount
Risk classes												
1 Exposures to sovereigns and their central banks	16,889,494	-	-	-	-	75,875	-	102,958	-	-	-	17,068,327
2 Exposures to regional and local government	-	-	-	-	-	32,844	-	4,308	-	-	-	37,152
3 Exposures to administrative bodies and non-commercial entities	1,771	-	222	-	-	-	-	46,561	-	-	15,583	64,137
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	1,335,640	-	2,328,725	-	-	4,369,898	-	81,606	-	-	3,617	8,119,486
6 Exposures to banks and brokerage houses	1,614,984	-	435,501	-	-	28,506	198	10,658,830	864	-	971,273	13,710,156
7 Exposures to corporates	1,191,880	-	147,988	-	-	21,158	7,925,345	112,944	137,888	-	8,799	9,546,002
8 Retail exposures	-	-	-	-	1,778,502	-	98	35,531	99	-	-	1,814,230
9 Exposures secured by residential property	-	-	-	-	-	7,528,020	1,690	121,109	1,068	-	-	7,651,887
10 Exposures secured by commercial real estate	-	-	-	-	-	57,536	-	131,813	757	-	-	190,106
11 Past-due loans	-	-	-	-	-	-	-	-	46,858	-	-	46,858
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13 Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	852,008	-	166,733	-	-	-	-	13,528	-	-	-	13,528
17 Other assets	-	-	3,079,169	-	-	-	-	7,331,028	-	-	12,171	8,361,940
Total	21,885,777	-	3,079,169	-	1,778,502	12,113,837	7,927,331	18,640,216	187,534	-	1,011,443	66,623,809

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

d. Explanations Related to Consolidated Counterparty Credit Risk

d.1. Qualitative Disclosure on Counterparty Credit Risk

The Group may expose to losses due to the inability of one of the counterparties to fulfill its obligation within the transaction period. The Group might be exposed to counterparty credit risk based on both trading accounts and banking accounts, repurchase transactions, securities and commodity lent transactions, and derivative financial instruments.

Counterparty Credit Risk is considered as a quantifiable risk.

Counterparty Credit Risk is considered as a quantifiable risk. The counterparty credit risk arising from liability transactions on both sides, such as derivatives and repo-like transactions, is calculated with "Standart Approach Method" within the framework of the provisions of "Annex-2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

The Parent Bank determines the maximum risk amount that can be occurred on a counterparty basis through the limits of the counterparty in order to prevent concentration.

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X. Explanations Related to the Consolidated Risk Management (cont'd)

d. Explanations Related to Consolidated Counterparty Credit Risk (cont'd)

d.2. Counterparty Credit Risk Approach Analysis

		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default after CRM	RWA
Current Period							
1	Standardised Approach (for derivatives)	130,501	169,684	-	1.4	124,282	57,920
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time,	-	-	-	-	-	-
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	78,000	78,000
6	Total	-	-	-	-	-	135,920

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

d. Explanations Related to Consolidated Counterparty Credit Risk (cont'd)

d.2. Counterparty Credit Risk Approach Analysis (cont'd)

		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default after CRM	RWA
Prior Period							
1	Standardised Approach (for derivatives)	77,217	329,803	-	1.4	189,835	81,663
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	10,000	10,000
6	Total	-	-	-	-	-	91,663

d.3. Credit Valuation Adjustment Capital Charge

	Current Period		Prior Period	
	Exposure at default after CRM	RWA	Exposure at default after CRM	RWA
Total portfolios subject to the Advanced CVA capital charge				
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	17,938	1,435	33,538	2,683
4 Total subject to the CVA capital charge	17,938	1,435	33,538	2,683

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

- X. Explanations Related to the Consolidated Risk Management (cont'd)
- d. Explanations Related to Consolidated Counterparty Credit Risk (cont'd)
- d.4. Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk Weights

Current Period	0%	10%	20%	%50	75%	100%	150%	Others	Total credit Exposure (*)
Risk weight / Risk Classes	0%	10%	20%	%50	75%	100%	150%	Others	1,183
Exposures to sovereigns and their central banks	1,183	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	346	114,049	-	-	-	8,038	122,433
Corporates	-	-	-	-	-	666	-	-	666
Retail portfolios	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	78,000	-	-	78,000
Total	1,183	-	346	114,049	-	78,666	-	8,038	202,282

(*) After applying the KRA, it is not taken into account in the calculation of qualification.

(**) Other assets: the amount excludes exposures to "Central counterparty" which is reported in Template KKR8.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

- X. Explanations Related to the Consolidated Risk Management (cont'd)
- d. Explanations Related to Consolidated Counterparty Credit Risk (cont'd)
- d.4. Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk Weights (cont'd)

Prior Period	0%	10%	20%	%50	75%	100%	150%	Others	Total credit Exposure(*)
Risk weight / Risk Classes	0%	10%	20%	%50	75%	100%	150%	Others	24,152
Exposures to sovereigns and their central banks	24,152	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2,857	156,380	-	-	-	3,617	162,854
Corporates	-	-	-	-	-	2,829	-	-	2,829
Retail portfolios	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	10,000	-	-	10,000
Total	24,152	-	2,857	156,380	-	12,829	-	3,617	199,835

(*) After applying the KRA, it is not taken into account in the calculation of qualification.

(**) Other assets: the amount excludes exposures to "Central counterparty" which is reported in Template KKR8.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

d. Explanations Related to Consolidated Counterparty Credit Risk (cont'd)

d.5. Composition of Collateral for CCR Exposure

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	380	-	837	-	55
Cash-foreign currency	33,877	-	547,561	-	-	-
Domestic sovereign debts	-	-	130,945	-	-	2,137,108
Other sovereign debts	-	-	-	-	-	1,375,374
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	33,877	380	678,506	837	-	3,512,537

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	12,171	-	381	-	40
Cash-foreign currency	20,732	-	38,068	-	-	-
Domestic sovereign debts	-	-	-	-	-	1,229,451
Other sovereign debts	-	-	-	-	-	2,149,815
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	20,732	12,171	38,068	381	-	3,379,306

d.6. Credit derivatives: None.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

d. Explanations Related to Consolidated Counterparty Credit Risk (cont'd)

d.7. Exposures to Central Counterparties (CCP):

		Current Period		Prior Period	
		a	b	a	b
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		1,451		1,075
	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of				
2	Which	8,038	161	15,788	315
3	(i) OTC Derivatives	8,038	161	15,788	315
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	1,290	1,290	760	760
10	Unfunded default fund contributions	-	-	-	-
11	Exposures to non-QCCPs (total)	-	-	-	-
	Exposures for trades at non-QCCPs (excluding initial margin and default fund				
12	contributions); of which)	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

e. Explanations Related to Securitization: None.

f. Explanations Related to Consolidated Market Risk

f.1. Qualitative Disclosure Requirements Related to Market Risk

Market risk is the risk that the Group may be exposed to due to changes in the value of the positions related to the financial instruments monitored in the trading accounts, depending on the volatility in market prices Banking accounts are interest-sensitive on-balance sheet and off-balance sheet accounts and positions except for the Bank's trading accounts and the subordinated debts which are considered in the equity calculation in accordance with the BRSA's "Regulation on the Equity of Banks".

Interest rate risk, exchange rate risk, equity risk, option risk and commodity risk are calculated using the standard method in calculation of market risk based on the risk arising from trading accounts. The processes related to the calculations are audited by the internal audit system and reported to the Bank's top management. In addition, market risk is measured, monitored and reported on a daily basis within the Bank and "risk-exposed value (REV) methods" are applied using the internal model. Among the REV methods, "Historical Simulation Method" is used in reporting; "Parametric Method" and "Monte Carlo Simulation" methods are used for comparison purposes in periods when volatility increases. To calculate the REV amount, an observation interval covering the last 252 business days and a 99% confidence level are taken as basis. In the "Economic Capital" calculation over REV, a 10-day holding period is applied in accordance with the legislation.

The principal goal of the Asset / Liability Management is to mitigate the impacts of the interest rate risks arising in the banking accounts. The market risks are reviewed during the Asset / Liability Committee meetings, using the results of the analyses on duration, gap, economic value and sensitivity. Negative impacts that may be caused by the volatility of the market interest rates on both financial position and cash flow are monitored through analyses and the risk levels are reduced to minimum.

Market risk policies, monitoring and assessment processes are stated in details in the Parent Bank's related internal regulations, approved by the Parent Banks Board of Directors.

Risk Management policies and application methods covering the asset-liability management process and relevant to market risk are approved by the Parent Bank Board of Directors. The assignments, authorizations and responsibilities to effectively perform the functions such as measurement, monitoring, controlling, auditing and managing of the market risk are described in the regulations of the relevant committees and departments.

Within this framework the Group Management established the information system structure and provides the resources that will ensure development of the technical and academic knowledge of human resources. Asset/Liability Committee of the Parent Bank supervises the conformity with the policies and implementation methods on behalf of the Parent Bank's Board of Directors and shapes the protection and tactic strategies within this scope. The departments within the internal systems perform the functions such as measurements, monitoring, analyses and auditing.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

f. Explanations Related to Consolidated Market Risk (cont'd)

f.2. Market risk under standardised approach

		Current Period	Prior Period
		RWA	RWA
	Outright products	1,425,618	774,065
1	Interest rate risk (general and specific)	66,300	145,688
2	Equity risk (general and specific)	328,118	176,764
3	Foreign exchange risk	1,031,200	451,613
4	Commodity risk	-	-
	Options	-	6,237
5	Simplified approach	-	-
6	Delta-plus method	-	6,237
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	1,425,618	780,302

g. Explanations Related to Consolidated Operational Risk

- a) The amount subject to Operational Risk is calculated using Basic Indicator Approach annually, in line with the articles 23 and 24 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. The amount for the current period is TRL 6,440,878 Thousand (31 December 2022 - TRL 3,646,241 Thousand).

Annual gross income is calculated as the sum of the net amounts of interest income and non-interest income after deducting the profit / (loss) arising from the sale of financial assets at fair value through comprehensive income and financial assets at amortised cost, the amounts of extraordinary income and compensation amount from insurance.

	2 Prior Period Amount	1 Prior Period Amount	Current Period Amount	Total/Positive GI Year Numbers	Ratio (%)	Total
Gross income (GI)	1,994,932	2,439,813	5,870,659	3	15	515,270
Amount subject to Operational Risk (Amount*12,5)						6,440,878

- b) The Parent Bank does not use Standard Approach.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

h. Explanations Related to Consolidated Interest Rate Risk Related to Banking Book

In connection to the following factors, the Group may be exposed to interest rate risk arising from banking accounts:

- Repricing risk arising from mismatches between the maturities of the Group's assets, liabilities, interest-sensitive off-balance sheet items (fixed-interest items) and the repricing periods (variable interest rate),
- The risk of the return curve resulting from the change in the slope and/or shape of the yield curve as a result of the change in market interest rates at different levels according to different maturity periods,
- The core risk arising from the change in the interest rate applied to assets and liabilities with similar characteristics and interest-sensitive off-balance sheet items at different times and/or different amounts as a result of the change in the spreads,
- The option risk arising from the fact that the Group's assets and liabilities and interest-sensitive off-balance sheet items have different characteristics than the contractual maturities in cases such as closing credits before maturity (partially / completely), recall of syndicated loans, withdrawal or renewal of demand and time deposits.

The policy and application procedures related to interest rate risk arising from banking accounts are structured in accordance with the "Regulation On The Internal Systems of the Banks" and the "Regulation On The Measurement and Assessment of the Capital Adequacy of the Banks" and further been approved by the Parent Bank's Board of Directors.

The Parent Bank's Board of Directors has accepted risk limits related to equity related to the risk of structural interest rate risk arising from banking accounts other than trading accounts, and has determined the rate of the mismatch level to be occurred within specific maturity buckets, which can be tolerated by the Net Worth. The compliance of these limits is monitored on a weekly basis, reviewed at least once a year and updated if deemed necessary, depending on the changes in the economic conditions and the Parent Bank's strategy.

In order to measure and monitor the effect of the interest-rate risk on both income and equity, the Parent Bank uses two methods which include "income approach" and "economic value approach". "Income approach" is used to calculate the effect of volatility of market interest rates on the Parent Bank's Net Interest Revenue while the "Economic Value Approach" is used to calculate the effect of volatility of market interest rates on the Economic Value of the Equity. In "Economic Value Approach", the recent value of all future cash flows is taken into consideration it provides a comprehensive perspective and is based on the Parent Bank's Assets & Liability Management. Stress tests and scenario analyses are also used for the measurement and monitoring of the changes in the present value of the items sensitive to interest on the balance sheet and off-balance sheet, depending on the movements in market interest rates.

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SECTION FOUR (cont'd)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

X. Explanations Related to the Consolidated Risk Management (cont'd)

h. Explanations Related to Consolidated Interest Rate Risk Related to Banking Book (cont'd)

The Group's calculation of the interest rate risk derived from banking books is presented below:

	Current Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity – Losses/Equity
1	TRL	+ 500	(239,387)	(1.56)%
		- 400	233,904	1.52%
2	EUR	+ 200	129,663	0.84%
		- 200	(134,553)	(0.88)%
3	USD	+ 200	276,573	1.80%
		- 200	(337,562)	(2.20)%
	Total (of negative shocks)		(238,211)	(1.55)%
	Total (of positive shocks)		166,849	1.09%

	Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity – Losses/Equity
1	TRL	+500	(399,720)	(4.45)%
		-400	434,958	4.84%
2	EUR	+200	65,785	0.73%
		-200	(69,025)	(0.77)%
3	USD	+200	210,768	2.34%
		-200	(258,589)	(2.88)%
	Total (of negative shocks)		107,344	1.19%
	Total (of positive shocks)		(123,167)	(1.37)%

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Consolidated Assets

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the “CBRT”) :

a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Cash in TRL/Foreign Currency	220,100	821,017	215,722	868,894
Balances with the Central Bank of Turkey	1,923,799	9,056,376	1,338,127	8,209,727
Other	-	-	-	-
Total	2,143,899	9,877,393	1,553,849	9,078,621

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Unrestricted demand deposit (*)	1,923,799	6,406,938	1,338,127	7,742,270
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	2,649,438	-	467,457
Total	1,923,799	9,056,376	1,338,127	8,209,727

(*)The reserve deposits include TRL 6,310,485 Thousand of FC unrestricted demand deposit (31 December 2022 – TRL 7,642,169 Thousand) and TRL 1,449,351 Thousand (31 December 2022 – TRL 1,277,295 Thousand) of the TRL unrestricted demand deposit. TRL unrestricted demand deposit includes the reserve deposit amount that is held in the Central Bank of the Turkish Republic on average.

CBRT amounts include the funds of Şekerbank (Kıbrıs) Ltd. held with the Central Bank of Turkish Republic of Northern Cyprus. The Central Bank of Turkish Republic of Northern Cyprus amount is TRL 201,239 Thousand and it includes TRL 89,534 Thousand reserve deposit amount (31 December 2022 – TRL 171,103 Thousand Central Bank amount and it includes TRL 59,691 Thousand reserve deposit amount).

In accordance with the principles of the Communiqué numbered 2013/15 of The Central Bank of Turkey on “Required Reserves” the required reserve ratios to be held in the Central Bank of Turkey vary according to the currency denomination and term of the liabilities subject to the reserve requirements. Thus, the reserve requirement rate range between 0% - 30% (31 December 2022 – 3% - 9%) is applied for TRL deposits, participation funds and other liabilities and 5% - 30% (31 December 2022 – 5% - 30%) for FX deposits, participation funds and other liabilities. Securities facility implementation is carried out within the scope of the Communiqué No 2022/20 on the Securities Establishment. The additional required reserve ratio for foreign currency deposits/participation funds (excluding foreign banks deposits/participation funds and precious metal deposit accounts) is 8%

The Central Bank of the Turkish Republic of Northern Cyprus, with the decision of the Board of Directors numbered 2019/1072, legal reserves ratio subjected to separation according to the deposit maturity group, TRL and FC deposits and other liabilities are applied in the range of 5% - 8%.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

2. Information on financial assets at fair value through profit and loss (net):

i. Information on financial assets at fair value through profit and loss given as collateral or blocked: TRL 51,038 Thousand (31 December 2022 – 10,147).

ii. Financial assets at fair value through profit and loss subject to repurchase agreements: TRL 15,586 Thousand (31 December 2022 – TRL 122,608 Thousand).

Net book value of unrestricted financial assets at fair value through profit and loss is TRL 216,219 Thousand (31 December 2022 – TRL 104,184 Thousand).

iii. Positive differences related to derivative financial assets held-for-trading:

Derivative financial assets held for trading are classified in the financial statements as fair value of derivative financial assets through profit and loss.

Derivatives Held for Trading	Current Period		Prior Period	
	TRL	FC	TRL	FC
Forward Transactions	-	-	-	-
Swap Transactions	28,965	36,286	23,563	16,732
Futures Transactions	-	-	-	-
Options	-	-	-	3,946
Other	-	-	-	-
Total	28,965	36,286	23,563	20,678

3. Information on banks:

a. Information on banks account:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Banks	178,123	1,898,516	111,479	1,264,518
Domestic	59,395	156,629	59,263	117,435
Foreign	118,728	1,741,887	52,216	1,147,083
Branches and head office abroad	-	-	-	-
Total	178,123	1,898,516	111,479	1,264,518

b. Information on foreign bank accounts:

	Current Period		Prior Period	
	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
European Union Countries	167,541	-	458,871	-
USA and Canada	934,130	14,093	385,623	8,952
OECD Countries	137,030	94,601	54,282	32,254
Off-shore banking regions	615	-	2,296	-
Other	512,605	-	257,021	-
Total	1,751,921	108,694	1,158,093	41,206

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

4. Information on Financial Assets at Fair Value Through Other Comprehensive Income:

- a.1. Information on financial assets at fair value through other comprehensive income given as collateral or blocked:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Share certificates	-	-	-	-
Bonds, Treasury bills and similar investment	13,332	296,346	118,357	-
Other	-	-	-	-
Total	13,332	296,346	118,357	-

- a.2. Financial assets at fair value through other comprehensive income subject to repurchase agreements: None (31 December 2022 – None).

Net book value of unrestricted financial assets at fair value through other comprehensive income is TRL 18,967 Thousand (31 December 2022 - TRL 194,737 Thousand).

- b. Information on financial assets at fair value through other comprehensive income portfolio:

	Current Period	Prior Period
Debt securities	309,678	299,566
Quoted on a stock exchange	309,678	299,566
Not quoted on a stock exchange	-	-
Share certificates	20,960	15,521
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	20,960	15,521
Impairment provision(-)	(1,993)	(1,993)
Total	328,645	313,094

5. Information on loans:

- a. Information on all types of loans and advances given to shareholders and employees of the Group:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	599	-	14	-
Corporate shareholders	-	-	-	-
Individual shareholders	599	-	14	-
Indirect loans granted to shareholders	1,409,373	34,443	1,257,586	21,700
Loans granted to employees	47,911	-	51,215	-
Total	1,457,883	34,443	1,308,815	21,700

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd):

- b. Information on standard loans and restructured loans under close monitoring:

Cash loans	Standard loans	Loans under close monitoring		
		Out of the scope of Restructuring	Restructured	
			Amendment of Contract Conditions	Refinanced
Non-specialized loans	38,742,634	1,182,546	532,750	1,353,600
Corporation loans	313,665	34,230	-	1,083,957
Export loans	2,891,833	285,990	-	29,598
Import loans	4,301	381	-	-
Loans given to financial sector	4,299,491	-	16,638	-
Consumer loans	479,338	32,975	-	4,294
Credit cards	601,683	6,191	-	15
Other	30,152,323	822,779	516,112	235,736
Specialized loans	2,419,172	10,798	-	6,319
Other receivables	558	101	-	-
Total	41,162,364	1,193,445	532,750	1,359,919

	Current Period		Prior Period	
	Standard loans	Loans under close monitoring	Standard loans	Loans under close monitoring
12 Months Expected Loss	120,820	-	93,484	-
Significant Increase in Credit Risk	-	569,085	-	237,891

- c. Loans and other receivables according to their maturity structure:

	Standard Loans	Loans Under Close Monitoring	
		Out of the Scope of Restructuring	Restructured
Medium and Long-term loans	21,192,279	1,053,030	1,393,805
Total	41,162,364	1,193,445	1,892,669

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd):

d. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TRL	8,075	353,218	361,293
Mortgage Loans	-	106,090	106,090
Vehicle Loans	1,015	61,822	62,837
General Purpose Loans	7,031	157,377	164,408
Other	29	27,929	27,958
Consumer Loans –Indexed to FC	-	241	241
Mortgage Loans	-	241	241
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	84	58,540	58,624
Mortgage Loans	-	45,508	45,508
Vehicle Loans	84	1,619	1,703
General Purpose Loans	-	11,413	11,413
Other	-	-	-
Individual Credit Cards-TRL	128,549	-	128,549
With Installments	25,028	-	25,028
Without Installments	103,521	-	103,521
Individual Credit Cards-FC	95	-	95
With Installments	-	-	-
Without Installments	95	-	95
Personnel Loans-TRL	1,452	20,609	22,061
Mortgage Loans	-	563	563
Vehicle Loans	-	-	-
General Purpose Loans	1,304	15,179	16,483
Other	148	4,867	5,015
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRL	16,245	-	16,245
With Installments	3,126	-	3,126
Without Installments	13,119	-	13,119
Personnel Credit Cards-FC	5	-	5
With Installments	-	-	-
Without Installments	5	-	5
Overdraft Accounts-TRL(Real Person) (*)	60,028	14,360	74,388
Overdraft Accounts-FC (Real Person)	-	-	-
Total	214,533	446,968	661,501

(*) As of 31 December 2023, overdraft accounts for real persons include TRL 10,199 Thousand personnel overdraft account.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd):

e. Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRL	1,374,774	2,164,034	3,538,808
Business Loans	-	13,366	13,366
Vehicle Loans	36,978	62,263	99,241
General Purpose Loans	1,255,505	2,088,405	3,343,910
Other	82,291	-	82,291
Commercial loans with installment facility - Indexed to FC	-	2,712,882	2,712,882
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	2,712,882	2,712,882
Other	-	-	-
Commercial loans with installment facility –FC	171,744	11,269,090	11,440,834
Business Loans	-	-	-
Vehicle Loans	-	1,677	1,677
General Purpose Loans	34,459	11,267,413	11,301,872
Other	137,285	-	137,285
Corporate Credit Cards-TRL	449,950	92	450,042
With Installments	41,593	92	41,685
Without Installments	408,357	-	408,357
Corporate Credit Cards-FC	12,953	-	12,953
With Installments	-	-	-
Without Installments	12,953	-	12,953
Overdraft Accounts-TRL (Legal Entity)	72,456	-	72,456
Overdraft Accounts-FC (Legal Entity)	-	-	-
Total	2,081,877	16,146,098	18,227,975

f. Loans according to borrowers :

	Current Period	Prior Period
Public	43,938	34,323
Private	44,204,540	36,231,976
Total	44,248,478	36,266,299

g. Domestic and foreign loans :

	Current Period	Prior Period
Domestic loans	44,181,978	36,129,296
Foreign loans	66,500	137,003
Total	44,248,478	36,266,299

h. Loans granted to subsidiaries and associates: None (31 December 2022 - None).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd):

i. Impaired Loans (Stage 3) provisions provided against loans:

	Current Period	Prior Period
Loans with limited collectability	13,714	15,457
Loans with doubtful collectability	4,167	19,506
Uncollectible loans	810,568	1,248,809
Total	828,449	1,283,772

j. Information on non-performing loans (Net):

j.1. Information on non-performing loans and restructured loans:

	III. Group:	IV. Group:	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period			
Gross amounts before Provisions	85,322	15,520	878,392
Loans which are restructured	2,148	15,306	110,283
Prior Period			
Gross amounts before Provisions	71,986	62,255	1,385,238
Loans which are restructured	2,523	21,920	131,937

j.2. The movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Prior period end balance	71,986	62,255	1,385,238
Additions (+)	110,995	2,853	63,654
Transfers from other categories of non-performing loans (+)	-	74,794	100,177
Transfers to other categories of non-performing loans (-)	74,794	100,177	-
Collections (-)	22,865	24,205	493,902
Write-off (-)	-	-	176,775
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Current period end balance	85,322	15,520	878,392
Provision (-)	13,714	4,167	810,568
Net Balances on Balance Sheet	71,608	11,353	67,824

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd):

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period:			
Ending balance	-	-	51,388
Provision (-)	-	-	51,388
Net Balances on Balance Sheet	-	-	-
Prior Period:			
Ending balance	-	-	32,640
Provision (-)	-	-	32,640
Net Balances on Balance Sheet	-	-	-

j.4. Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	85,322	15,520	878,392
Provision (-)	13,714	4,167	810,568
Loans to Real Persons and Legal Entities (Net)	71,608	11,353	67,824
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	71,986	62,255	1,385,238
Provision (-)	15,457	19,506	1,248,809
Loans to Real Persons and Legal Entities (Net)	56,529	42,749	136,429
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd):

- j.5. Information on interest accruals for non-performing loans, rediscounts and valuation differences and their provisions regarding the banks that allocate expected loan loss provisions according to TFRS 9:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)			
Interest accruals, rediscounts and valuation differences	-	-	358,392
Provisions (-)	-	-	358,392
Prior Period (Net)			
Interest accruals, rediscounts and valuation differences	-	76,452	444,484
Provisions (-)	-	76,452	444,484

k. Main principles of uncollectable loans and receivables:

Within the framework of the "Regulation on the Procedures and Principles of the Classification of Loans and the Provisions to be Set aside for them" and legislation, as for all receivables in the accounts of "Loans with limited collection possibility", "Loans with doubtful collectability", "Loans with loss nature" subject to liquidation, amicable negotiations are carried out by evaluating the collection ability or through legal follow-up, on the collection receivables in the minimum possible time.

1. Explanations on write-off policy: Is which; the receivables that have been monitored in the follow-up accounts for a long time, do not have any collateral or that do not cover the risk even if they exist and whose provision ratio is 100%; are written off from assets.

Receivables amounting to TRL 176,775 Thousand which's collections are impossible have been deducted from NPL account and the effect of the deducted from registration in current period is 0.38 % (31 December 2022 - Receivables amounting to TRL 347,025 Thousand which's collections are impossible have been deducted from NPL amount, the effect of the deducted from registration is 0.87 %).

m. Other explanations and disclosures:

Information on expected loan loss provision (stage three) movements:

	Corporate	Small Business	Consumer	Total
Current Period				
At 1 January 2023	247,086	1,001,549	35,137	1,283,772
Charge for the year	23,258	74,786	1,493	99,537
Recoveries	(123,319)	(251,333)	(3,433)	(378,085)
Amounts written off	(35,702)	(129,813)	(11,260)	(176,775)
At 31 December 2023	111,323	695,189	21,937	828,449

	Corporate	Small Business	Consumer	Total
Prior Period				
At 1 January 2022	282,020	1,348,703	49,450	1,680,173
Charge for the year	117,660	237,894	11,637	367,191
Recoveries	(118,989)	(282,409)	(15,169)	(416,567)
Amounts written off	(33,605)	(302,639)	(10,781)	(347,025)
At 31 December 2022	247,086	1,001,549	35,137	1,283,772

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd)

m. Other explanations and disclosures (cont'd)

Information on loan and expected loan loss provisions by segment:

	Corporate	Small Business	Consumer	Total
Current Period				
Standard Loans	18,424,498	22,129,659	608,207	41,162,364
Under Close Monitoring Loans	2,188,696	858,255	39,163	3,086,114
Non-Performing Loans	134,479	811,615	33,140	979,234
Total	20,747,673	23,799,529	680,510	45,227,712
12-Month ECL (Stage 1)	42,671	77,499	649	120,820
Significant Increase in Credit Risk (Stage 2)	399,432	157,690	11,963	569,085
Impaired Loans (Stage 3)	124,331	681,728	22,390	828,449

	Corporate	Small Business	Consumer	Total
Prior Period				
Standard Loans	16,783,455	16,746,159	1,091,317	34,620,931
Under Close Monitoring Loans	724,727	877,201	43,440	1,645,368
Non-Performing Loans	293,147	1,174,687	51,645	1,519,479
Total	17,801,329	18,798,047	1,186,402	37,785,778
12-Month ECL (Stage 1)	48,172	43,361	1,951	93,484
Significant Increase in Credit Risk (Stage 2)	104,740	131,244	1,907	237,891
Impaired Loans (Stage 3)	247,086	1,001,549	35,137	1,283,772

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

5. Information on loans (cont'd)

m. Other explanations and disclosures (cont'd)

Collaterals of nonperforming loans:

Current Period	III. Group	IV. Group	V. Group
Mortgages	32,322	3,562	353,138
Commercial Enterprise Pledges	-	-	40,161
Cheques and Notes of Consumers	3,439	-	1,341
Pledged Vehicles	3,216	447	17,851
Allowance Alienation	-	-	848
Deposit Pledge	247	6	1,215

Prior Period	III. Group	IV. Group	V. Group
Mortgages	47,850	12,705	544,863
Commercial Enterprise Pledges	-	9	41,422
Cheques and Notes of Consumers	1,285	-	118
Pledged Vehicles	4,068	5,170	19,166
Allowance Alienation	-	-	869
Deposit Pledge	15	1	3,302

Aging analysis of past due but not impaired loans per classes of financial statements

	31-60 days	61-90 days	90+ days (*)	Total
Current Period				
Loans and receivables				
Corporate loans	70,182	51,400	-	121,582
Small business loans	12,234	36,480	-	48,714
Consumer loans	32,313	2,658	-	34,971
Total	114,729	90,538	-	205,267
Prior Period				
Loans and receivables				
Corporate loans	52,255	53,803	62,559	168,617
Small business loans	22,378	60,589	-	82,967
Consumer loans	7,262	21,211	-	28,473
Total	81,895	135,603	62,559	280,057

(*) Consists of financial lease receivables.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

6. Information on Financial Assets at Amortised Cost:

a.1. Information on investments at amortised cost given as collateral or blocked:

	Current Period	Prior Period
Treasury Bill	-	-
Bond and Similar Securities	4,506,019	4,928,590
Other	14,719	9,349
Total	4,520,738	4,937,939

a.2. Financial assets at amortised cost subject to repurchase agreements are TRL 3,027,285 Thousand (31 December 2022 - TRL 499,932 Thousand).

b. Information on public sector debt investments at amortised cost:

	Current Period	Prior Period
Government Bonds	7,263,431	5,734,835
Treasury Bills	3,998,266	2,535,805
Other Public Sector Debt Securities	15,089	9,586
Total	11,276,786	8,280,226

Net book value of unrestricted financial assets at amortised cost is TRL 4,678,797 Thousand (31 December 2022 - TRL 6,202,957 Thousand).

c. Information on financial assets at amortised costs:

	Current Period	Prior Period
Debt Securities	12,324,093	11,695,219
Quoted on a stock exchange	11,528,928	10,650,966
Not quoted on a stock exchange	795,165	1,044,253
Impairment Provision (-)	(97,273)	(54,391)
Total	12,226,820	11,640,828

d. Movement of financial assets at amortised costs:

	Current Period	Prior Period
Beginning Balance	11,640,828	5,362,162
Foreign Exchange Differences in Monetary Assets	1,758,440	712,925
Purchases During the Year	4,611,747	5,318,050
Disposals Through Sales and Amortisation	(7,291,386)	(1,772,692)
Provision Reversal / Impairment Provision (-)	(42,881)	(16,807)
Revaluation Effect	1,550,072	2,037,190
Total	12,226,820	11,640,828

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

7. Information on unconsolidated associates (Net):

- a) Information on associates:
Seltur Turistik İşletmeler Yatırım A.Ş. is not consolidated since the Bank does not have control power and it is not a financial entity.

Description	Address (City/ Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Seltur Turistik İşletmeler Yatırım A.Ş. (*)	Muğla/Turkey	11.32	50.00

(*) Unaudited financial information of the associate as of 31 December 2023 is stated below.

Total Asset	Shareholders' Equity	Tangible Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
157,105	144,835	73,613	7,618	-	49,300	(20,836)	235,697

- b) Information on consolidated associates: None.
- c) Information on associates: There is no consolidated associate.
- d) Measurement of associates: Measured with cost amounts.
- e) Sectoral information and the related carrying amounts on consolidated associates: None.
- f) Associates quoted to stock exchange: None.
- g) Information on associates which are sold in the current period: None.
- h) Information on associates purchased in the current period: None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

8. Information on subsidiaries (Net):

- a. Information related to consolidated equity components of subsidiaries :
The Parent Bank does not have any capital requirements arising from subsidiaries that are included in the consolidated capital adequacy standard ratio. The capital information of the significant subsidiaries is presented in the following table.

	Şekerbank Kıbrıs Ltd.	Şeker Finansal Kiralama A.Ş.	Şeker International Banking Unit Ltd.	Şeker Yatırım Menkul Değerler A.Ş.	Şeker Faktoring Hizmetleri A.Ş.	Şeker Gayrimenkul Yatırım Ortaklığı A.Ş.
CORE CAPITAL						
Paid in Capital	43,554	66,808	147,191	156,195	301,041	813,555
Share Premiums	-	1,208	-	205,238	-	29,380
Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss	-	-	77,039	560	-	(2,473)
Legal Reserves	4,639	13,560	22,403	7,994	2,108	330
Extraordinary Reserves	25,827	98,285	-	67,354	7,612	17
Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss	-	79,152	-	160,559	41,947	2,544,259
Other capital reserves	-	23,036	-	-	8,606	(4,635)
Other Income Reserves	-	134	-	-	-	-
Profit/Loss	50,153	55,375	9,381	119,959	94,385	1,008,847
Prior Years' Profits and Losses	(6,410)	(33,620)	4,520	-	(6,430)	516,959
Current Year's Profit and Losses	56,563	88,995	4,861	119,959	100,815	491,888
Total Core Capital	124,173	337,558	256,014	717,859	455,699	4,389,280
TIER II CAPITAL	-	-	-	-	-	-
CAPITAL	124,173	337,558	256,014	717,859	455,699	4,389,280

b. Information on the unconsolidated subsidiaries:

Description (*)	Address (City/ Country)	The Parent Bank's Share Percentage-If Different Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
Sekar Oto Filo Yönetim Hizmetleri ve Ticaret A.Ş.	İstanbul/Turkey	-	99.00
Şeker Kentsel Dönüşüm ve Danışmanlık Anonim Şirketi	İstanbul/Turkey	-	100.00

(*)The unaudited financial information of the related subsidiaries as of 31 December 2023 is presented below.

Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Amount of Equity Needed
728,686	207,514	511,732	2,522	-	94,714	62,744	-	-
119,504	99,932	107,405	152	-	40,575	34,347	-	-

Sekar Oto Filo Yönetim Hizmetleri ve Ticaret A.Ş. and Şeker Kentsel Dönüşüm ve Danışmanlık A.Ş. are not consolidated as they are not financial entities.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

8. Information on subsidiaries (Net) (cont'd):

c. Information on the consolidated subsidiaries:

Description	Address (City/Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Şekerbank Kıbrıs Ltd.	Lefkoşa/K.K.T.C	98.69	98.69
Şeker Finansal Kiralama A.Ş.	İstanbul/Türkiye	37.69	52.09
Şeker International Banking Unit Ltd.	Lefkoşa/K.K.T.C	95.79	95.79
Şeker Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	65.39	66.13
Şeker Faktoring A.Ş.	İstanbul/Türkiye	99.99	100.00
Şeker Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	75.00	75.00

d. Information on the consolidated subsidiaries with the order as presented in the table above:

Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value (*)
1,308,692	124,173	11,527	122,348	1,840	56,563	(6,410)	121,344
1,619,362	337,558	213,931	232,738	-	88,995	(33,620)	284,521
259,853	256,014	-	11,043	-	4,861	4,520	223,681
1,611,421	717,859	173,124	333,631	23,629	119,959	-	900,863
916,603	455,699	89,101	348,236	-	100,815	(6,430)	559,853
5,293,906	4,389,280	4,616,371	18,938	11,892	491,888	516,959	3,921,916

(*)The fair value amounts are shown as of 31 December 2023, Şeker Finansal Kiralama A.Ş. and Şeker Gayrimenkul Yatırım Ortaklığı A.Ş. and Şeker Yatırım Menkul Değerler A.Ş. are shown with its market value.

e. Movement of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	975,979	820,979
Movement during the period	172,100	155,000
Purchases	189,999	155,000
Bonus shares obtained	-	-
Share in the current year income	-	-
Sales	(17,899)	-
Revaluation increase	-	-
Provision reversal / Provision of Impairment (-)	-	-
Balance at the end of the period	1,148,079	975,979
Capital Commitment	-	-
Share percentage at the end of the period (%)	-	-

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

8. Information on subsidiaries (Net) (cont'd):

f. Measurement of consolidated subsidiaries:

	Current Period	Prior Period
Measured with cost	1,148,079	975,979
Measured with fair value	-	-
Measured with equity method	-	-

g. Sectoral information and the related carrying amounts on consolidated subsidiaries:

Subsidiaries	Current Period	Prior Period
Banks	35,077	35,077
Insurance Companies	-	-
Factoring Companies	397,564	207,565
Leasing Companies	24,810	24,810
Other Financial Subsidiaries	690,628	708,527

h. Subsidiaries Quoted to Stock Exchange:

	Current Period	Prior Period
Quoted to Domestic Stock Exchange	715,438	610,585
Quoted to Foreign Stock Exchange	-	-

i. Information on Subsidiaries which are sold in the Current Period: Şeker Yatırım Menkul Değerler A.Ş.'s issued capital has been increased from TRL 120,000 Thousand to TRL 155,000 Thousand by raising TRL 35,000 Thousand. 35,000,000 shares have been issued, including 17,500,000 shares owned by the Bank in Şeker Yatırım, a total of 52,500,000 shares offered to the public.

j. Information on Subsidiaries Purchased in the Current Period: Şeker Faktoring A.Ş. realized a cash capital increase of TRL 190,000 Thousand

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

9. Information on entities under common control: None (31 December 2022 – None).

10. Information on finance lease receivables (Net):

	Current Period	Prior Period
Gross Leasing Investment	1,468,494	929,752
Unearned Financial Profit from Leasing (-)	(316,561)	(144,852)
Cancelled Leasing Amounts (-)	-	-
Net Leasing Investment(*)	1,151,933	784,900

(*) Includes TRL 10,349 Thousand non-performing loans shown under Leasing Receivables on balance sheet (31 December 2022 – TRL 16,916 Thousand).

11. Factoring receivables

	Current Period	Prior Period
Short Term	753,595	560,371
Middle and Long Term	-	-
Total (*)	753,595	560,371

(*) Includes TRL 31,018 Thousand non-performing loans shown under Factoring Receivables on balance sheet (31 December 2022 – TRL 23,865 Thousand).

12. Information on derivative financial assets for hedging purposes:

None (31 December 2022 – None).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

13. Information on tangible assets:

	Buildings	Right-of-use Assets (*)	Foreclosed Assets	Other Fixed Assets	Assets Held Under Finance Leases	Total
Cost						
Opening Balance, 1 January 2023	4,062,907	550,805	9,763	447,036	33,178	5,103,689
Additions	1,026	187,267	-	125,193	-	313,486
Write off	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Disposals (-)	(8,328)	(4,772)	(9,580)	(12,926)	-	(35,606)
Revaluation	2,723,246	-	-	-	18,320	2,741,566
Exchange rate differences	5,307	-	-	644	-	5,951
Impairment Provision/Reversal	-	-	-	-	-	-
Closing Balance, 31 December 2023	6,784,158	733,300	183	559,947	51,498	8,129,086
Accumulated Amortization						
Opening Balance, 1 January 2023	1,206,169	215,068	-	237,943	2,983	1,662,163
Write off	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Charge for the year	59,110	138,065	-	59,921	3,811	260,907
Revaluation	224,372	-	-	-	-	224,372
Exchange rate differences	5,437	-	-	661	-	6,098
Impairment Provision/Reversal	-	-	-	-	-	-
Disposals (-)	(8,135)	(4,791)	-	(11,529)	-	(24,455)
Closing Balance, 31 December 2023	1,486,953	348,342	-	286,996	6,794	2,129,085
Net Book Value, 31 December 2023	5,297,205	384,958	183	272,952	44,704	6,000,002
Net Book Value, 31 December 2022	2,856,738	335,737	9,763	209,093	30,195	3,441,526

(*) Right of use assets includes vehicles and buildings.

- a. If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:
 - a.1. Events and conditions for recording or reversing impairment: None.
 - a.2. Amount of depreciation recorded or reversed impairment in the financial statements: The Bank has no impairment (31 December 2022 – None).
- b. The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- c. Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

14. Information on intangible assets:

	Current Period
Cost	
Opening Balance, January 1, 2023	512,059
Additions	70,877
Disposals	(9,778)
Write Off	-
Closing Balance, 31 December 2023	573,158
Accumulated Amortization	
Opening Balance, 1 January 2022	367,254
Charge for the year	53,096
Disposals	(3,595)
Write Off	-
Closing Balance, 31 December 2023	416,755
Net Book Value, 31 December 2023	156,403
Net Book Value, 31 December 2022	144,805

The useful lives of the intangible fixed assets, which are amortized with straight-line amortization method, are averagely 5 years.

- Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.
- Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- The book value of intangible fixed assets that are pledged or restricted for use: None.
- Amount of purchase commitments for intangible fixed assets: None.
- Information on revalued intangible assets according to their types: None.
- Amount of total research and development expenses recorded in statement of income within the period if any: None.
- Information on goodwill: None.
- Movements on goodwill in the current period: None.

15. Information on investment property:

Investment Properties	Current Period	Prior Period
Cost		
Opening Balance, 1 January 2023	901,335	684,029
Additions	-	42,720
Write off	-	-
Transfer (*)	-	(132,767)
Disposals (-)	-	(70,071)
Revaluation value increase/(decrease)	687,824	377,424
Impairment Provision/Reversal	-	-
Closing Balance, 31 December 2023	1,589,159	901,335

(*) Real estates owned by Şeker Gayrimenkul Yatırım Ortaklığı A.Ş. which used by the Parent Bank are classified under tangible fixed asset.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

16. Explanations on deferred tax asset:

As of 31 December 2023, TRL 1,533,840 Thousand net deferred tax asset calculated over deductible temporary differences and reflected to the balance sheet (December 31, 2022 – TRL 686,904 Thousand).

	Current Period	Prior Period
Tangible Assets Base Differences	(494,164)	(205,830)
Provisions (*)	1,317,812	765,426
Valuation of Financial Assets	699,984	96,361
Investment Incentive	-	956
Financial Losses	10,208	29,991
Net Deferred Tax Assets/(Liabilities)	1,533,840	686,904

(*) Provisions include employee benefit liabilities, credit card bonuses provisions, legal case provisions, employee termination benefit provisions, retirement fund provision, SDIF premium provision, expected credit loss provisions and other provisions.

- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None (31 December 2022 – None).
- Allowance for deferred tax and deferred tax assets from reversal of allowance: None (31 December 2022 – None).
- Movement of deferred tax asset/(liability):

Deferred tax assets and liabilities for the current and previous periods are as follows:

	Current Period	Prior Period
Deferred Tax (Net), Beginning of the Period	686,904	327,152
Current Period (Expense)/Income	960,768	462,409
Deferred Tax Classified under Equity	(113,832)	(102,475)
Other(*)	-	(182)
Deferred Tax Asset (Liability), End of the Period	1,533,840	686,904

(*) Includes the amount resulting from merger of Şeker Finansman A.Ş.

Şeker Finansal Kiralama A.Ş. has no deferred tax asset amount in balance sheet as of 31 December 2023 financial statements assuming that it will take advantage of the unused investment incentive in the subsequent periods (31 December 2022 - TRL 956 Thousand).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. Explanations Related to the Consolidated Assets (cont'd)

17. Information on assets held for sale and discontinued operations:

	Current Period	Prior Period
Cost		
Opening Balance, 1 January 2023	451,090	535,764
Additions	64,500	211,022
Write off	-	-
Transfer	-	-
Disposals (-)	(121,517)	(295,660)
Revaluation value increase/(decrease)	(2)	(39)
Impairment Provision/Reversal	-	3
Closing Balance, 31 December 2023	394,071	451,090

Assets held for sale and discontinued operations also include real estates acquired due to receivables.

Amount of recorded or reversed impairment in the financial statements: TRL 2 Thousand (31 December 2022 – TRL 39 Thousand).

18. Information on other assets:

Other assets do not exceed 10 % of the total balance sheet (excluding off balance sheet commitments).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities

1. Information on Maturity Structure Of Deposits

a) Information on maturity structure of deposits:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Month	3-6 Month	6 Month - 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	1,492,194	-	342,397	5,255,479	6,761,484	1,675,327	3,765,937	13,002	19,305,820
Foreign currency deposits	6,710,359	-	2,510,202	6,402,505	942,619	622,003	1,849,107	6,269	19,043,064
Residents in Turkey	5,928,050	-	2,426,550	5,449,528	704,102	410,645	835,656	5,653	15,760,184
Residents abroad	782,309	-	83,652	952,977	238,517	211,358	1,013,451	616	3,282,880
Public sector deposits	136,855	-	95	9,170	71	-	-	-	146,191
Commercial deposits	3,637,809	-	2,148,156	238,428	341,796	687,724	481,092	-	7,535,005
Other institutions deposits	167,369	-	30,001	133,697	23,213	1,883	285	-	356,448
Precious metals deposit	3,500,808	-	-	-	513,845	41,926	111,183	-	4,167,762
Interbank deposits	37,666	-	2,105,628	1,030,314	45,331	-	-	-	3,218,939
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1,654	-	516,764	61,529	45,331	-	-	-	625,278
Foreign Banks	18,027	-	1,588,864	968,785	-	-	-	-	2,575,676
Participation Banks	17,985	-	-	-	-	-	-	-	17,985
Other	-	-	-	-	-	-	-	-	-
Total	15,683,060	-	7,136,479	13,069,593	8,628,359	3,028,863	6,207,604	19,271	53,773,229

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Month	3-6 Month	6 Month - 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	1,365,611	-	577,120	4,904,240	7,525,821	615,113	1,479,332	9,807	16,477,044
Foreign currency deposits	5,279,454	-	1,047,969	9,089,416	1,692,077	944,291	2,323,801	3,157	20,380,165
Residents in Turkey	4,383,493	-	987,351	8,078,156	1,403,609	650,196	1,092,656	2,818	16,598,279
Residents abroad	895,961	-	60,618	1,011,260	288,468	294,095	1,231,145	339	3,781,886
Public sector deposits	128,503	-	5	63,993	-	-	-	-	192,501
Commercial deposits	3,296,473	-	603,880	441,751	975,240	546,833	436,166	-	6,300,343
Other institutions deposits	115,965	-	57,867	67,455	1,166	525	237	-	243,215
Precious metals deposit	2,469,709	-	-	-	416,221	33,440	64,234	-	2,983,604
Interbank deposits	41,034	-	1,243	645,637	29,851	-	-	-	717,765
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1,657	-	-	39,587	29,851	-	-	-	71,095
Foreign Banks	10,669	-	1,243	606,050	-	-	-	-	617,962
Participation Banks	28,708	-	-	-	-	-	-	-	28,708
Other	-	-	-	-	-	-	-	-	-
Total	12,696,749	-	2,288,084	15,212,492	10,640,376	2,140,202	4,303,770	12,964	47,294,637

Within the scope of the “Communiqué on Supporting the Conversion of Turkish Lira Deposits and Participation Accounts”, the amount of currency protected deposit products, the operating rules of which were determined by the Ministry of Treasury and Finance and the CBRT, is TRL 10,719,540 Thousand as of 31 December 2023 (31 December 2022 - TRL 10,904,870 Thousand).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

1. Information on Maturity Structure Of Deposits (cont'd)

b) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the guarantee of insurance (*)	Under the guarantee of insurance (*)	Exceeding the limit of insurance	Exceeding the limit of insurance
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	7,780,315	6,931,227	11,532,329	9,549,504
Foreign currency saving deposits	7,216,092	5,007,032	10,601,002	13,566,384
Other deposits in the form of saving deposits	-	-	-	-
Branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	14,996,407	11,938,259	22,133,331	23,115,888

(*) According to the BRSA's circular no 1584 dated 23 February 2005, accruals are included in the saving deposit amounts.

In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 28 May 2022 and numbered 31936, official institutions in the presence of credit institutions, credit institutions and financial institutions other than those belonging to the credit institutions all deposit and participation funds have been insured. In this context, commercial deposits covered by the insurance amount to TRL 2,348,525 Thousand and the amount is not included in the footnote.

c) Information on the saving deposits of the Parent Bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad:

Headquarter of the Parent Bank is in Turkey and the Parent Bank is under the coverage of saving deposit insurance.

d) Saving deposits not guaranteed by insurance:

Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and other accounts in branches abroad	-	-
Deposits and other accounts of ultimate shareholders and their Mother, Father, Spouse, Dependent Children	-	-
Deposits and other accounts of chairman and members of the Board of Directors and their Mother, Father, Spouse, Dependent Children	8,179	11,868
Deposits and other accounts obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004.	-	-
Saving deposits in banks established in Turkey exclusively for offshore banking activities	-	-

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

2. Information on derivative financial liabilities:

Negative differences table related to derivative financial liabilities held-for-trading:

Derivative financial liabilities held-for-trading are classified in the financial statement as derivative financial liabilities at fair value through profit and loss.

Liabilities due to held for trading derivatives	Current Period		Prior Period	
	TRL	FC	TRL	FC
Forward Transactions	-	-	-	11,491
Swap Transactions	34,263	64,445	23,563	73,767
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	34,263	64,445	23,563	85,258

3. Information on banks and other financial institutions:

a. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	1,121,293	848,683	925,367	903,793
From Foreign Banks, Institutions and Funds	-	6,540,129	-	3,584,145
Total	1,121,293	7,388,812	925,367	4,487,938

b. Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Short-term	1,115,943	744,076	925,084	308,810
Medium and long-term	5,350	6,644,736	283	4,179,128
Total	1,121,293	7,388,812	925,367	4,487,938

c. Additional explanation related to the concentrations of the Group's major liabilities:

Within the scope of normal banking activities, the Parent Bank's funding sources are deposits, loans received, money market balances. The most important fund source of the Parent bank's; stable and local resource structure and mainly deposits consisting of widespread savings. The loans obtained consist of medium and long term sustainable development-oriented foreign borrowings obtained from the international development and finance institutions, as well as in the deposit portfolio. Repo transactions in TRL are also among the other funding sources of the Parent bank

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

4. Information on Money market borrowings:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Interbank money market takings	2,645,627	-	496,560	-
Istanbul Stock Exchange money market takings	388,292	-	158,000	-
Borsa Istanbul Debts to Money Markets	-	-	-	-
Funds Provided Through Repo Transactions	505,771	1,630,447	824,090	-
Total	3,539,690	1,630,447	1,478,650	-

5. Marketable Securities Issued:

As of 31 December 2023 outstanding issued bonds amount of the Group is TRL 187,758 Thousand (31 December 2022 - TRL 219,719 Thousand).

Issuer	Issuance Date	Issuance Amount	Maturity
Şeker Yatırım Menkul Değerler A.Ş.	19.10.2023	55,240	83 Days
Şeker Yatırım Menkul Değerler A.Ş.	10.11.2023	76,401	91 Days
Şeker Yatırım Menkul Değerler A.Ş.	17.11.2023	63,670	105 Days

The Parent Bank issued Asset Covered Bond amounting to TRL 1,500,000 Thousand among the institutions and organizations investing up to this time are International Finance Corporation (IFC), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), UniCredit Bank AG, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), KfW Bankengruppe and qualified institutional investors. The Program carried out within the framework of the relevant CMB legislation, SME loans were used as collateral.

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Bills	187,758	-	219,719	-
Asset Backed Securities	-	-	-	-
Bonds	-	-	-	-
Total	187,758	-	219,719	-

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

6. Other liabilities which exceed 10 % of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20 % of grand total :

Other liabilities do not exceed 10 % of the balance sheet total.

7. Explanations on lease obligations (Net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	64,945	47,647	29,131	21,970
1-4 Years	824,852	270,870	572,432	253,014
More than 4 Years	405,577	166,274	247,340	113,313
Total	1,295,374	484,791	848,903	388,297

8. Information on derivative financial liabilities for hedging purposes: None (31 December 2022- None)

9. Information on provisions:

a) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (31 December 2022 –None).

b) Expected loss provisions of non-cash loans amount to TRL 99,466 Thousand (31 December 2022 - TRL 98,254 Thousand).

c) Information on employee termination benefits and unused vacation accrual:

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in the TAS 19 and reflected this in the financial statements.

Main actuarial assumptions used for calculation of employment termination benefit are as follows:

	Current Period	Prior Period
Discount rate (%)	24.60	9.20
Inflation rate (%)	21.61	7.06
Salary increase rate (%)	21.61	7.06

As of 31 December 2023 , the Group has recorded in the financial statements TRL 391,404 Thousand reserve for employee termination benefits (31 December 2022 - TRL 340,964 Thousand).

As of 31 December 2023 , the Group allocated a reserve of TRL 18,735 Thousand for the unused vacations, which is classified under reserve for employee benefits provisions in the financial statements (31 December 2022 - TRL 15,605 Thousand).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

9. Information on provisions (cont'd):

c.1) Movement of employee termination benefits:

	Current Period	Prior Period
As of 1 January	340,964	129,937
Cost Service	88,900	17,021
Interest Cost	30,438	25,059
Actuarial Loss/(Gain)	58,123	192,934
Indemnity Paid During the Term	(127,021)	(23,811)
Other (*)	-	(176)
Total	391,404	340,964

(*) Includes balances arising from the merger of Şeker Finansman A.Ş.

d) Information on other provisions:

d.1) The breakdown of the of provisions:

	Current Period	Prior Period
Unindemnified Non-Cash Loans	99,466	98,254
Credit Card Liquid Point Promotion Provisions	3,586	2,022
Retirement Fund Provisions	67,218	326,003
Case Provision	44,323	32,918
Premium Provisions	116,217	72,012
SDIF Premium Provision	35,234	13,002
Other Provisions(*)	3,028,196	1,892,950
Total	3,394,240	2,437,161

(*) Includes free provision for possible risks amounting to TRL 3,005,564 Thousand (31 December 2022 - TRL 1,832,500 Thousand).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

9. Information on provisions (cont'd):

e) Liabilities on pension rights:

e.1) Liabilities for pension funds established in accordance with "Social Security Institution":

Şekerbank T.A.Ş. Pension Fund, of which most of the Parent Bank's employees are members, is established in accordance with the provisional Article 20 of the Social Security Act No: 506. As per the provisional article No: 23 of the Banking Law No: 5411, the Bank pension funds, which were established within the framework of Social Security Institution Law, should be transferred to the Social Security Institution within 3 years after the issuance of the related law. Methods and principles related to the transfer have been determined as per the Cabinet decision no: 2006/11345 made on 30 November 2006. However, the related article of the act has been cancelled upon the President's application filed on 2 November 2005 by the Supreme Court's order no: E.2005/39, K.2007/33 issued on 22 March 2007, which was published in the Official Gazette No: 26479 on 31 March 2007 and the execution of the decision was ceased as of the issuance date of the order.

Following the issuance of the justified order in relation to the annulment of the provisional Article 23 of the Banking Law by the Constitutional Court in the Official Gazette No: 26731 on 15 December 2007, TBMM started to work on establishing new legal regulations, the Law No: 5754 "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees", which was published in the Official Gazette No: 26870 on 8 May 2008 has become effective following the approval of the General Assembly of the TBMM. The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation, and that the three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However, related transfer period has been prolonged for 2 years by the Cabinet decision dated 14 March 2011, which was published in the Official Gazette dated 9 April 2011 and numbered 27900.

In addition, by the Law numbered 6283 "Emendating Social Security and General Health Insurance Act", which was published in the Official Gazette dated 8 March 2012 and numbered 28227, this period of 2 years has been raised to 4 years. Further the transfer period has been prolonged for one more year by the Cabinet decision dated 08 April 2013, which was published in the Official Gazette, dated 3 May 2013 and numbered 28636. The prolongation for another one year has been taken by the Cabinet on 24 February 2014 and has been published in the Official Gazette dated 30 April 2014 and numbered 28987. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated 23 April 2015 and numbered 29335. transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated 9 July 2018.

On the other hand, the application made on 19 June 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on 30 March 2011.

The above mentioned law also includes the following:

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, the Presidency Ministry of Treasury and Finance, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.80% will be used in the actuarial calculation of the value in cash

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

9. Information on provisions (cont'd):

e) Liabilities on pension rights (cont'd):

e.1) Liabilities for pension funds established in accordance with "Social Security Institution" (cont'd):

- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

The technical financial statements of the Pension Fund are reviewed by an actuary registered audit company in accordance with the Article 21 of the Insurance Law numbered 5684 and the requirements of the "Actuary Regulations" issued based on the Article 38. There was TRL 67,218 Thousand actuarial deficit (31 December 2022 - TRL 326,003 Thousand actuarial deficit) in the actuary report which was prepared using a technical interest rate of 9.80 % in accordance with the basis set out in the Council of Ministers published on 15 December 2006 and no 26377. The relevant amount of provision is recorded in the financial statements of the Bank.

The actuarial audit described above, which has been carried out in accordance with the related law, measures the present value of the liability as of 31 December 2023, in other words, the estimated payment amount to be made to the SGK by the Bank is measured by the actuary audit. In actuarial calculations, CSO 1980 mortality table, 9.80% technical interest rate and 34.50% premium rate were taken into account.

Present values of bonuses and salaries payments taking into account the health expenditures in the scope of Social Security Institution are shown in the following table in as of 31 December 2023.

	31.12.2023	31.12.2022
Reserve of Probable Retirement Pensions	(569,594)	(542,633)
Reserve of Probable Widow and Orphan	(705,589)	(392,019)
Reserve of Liability Items	(5,801,244)	(2,923,467)
Reserve for Salary Portions to be Given to Social Insurance Institution for those who leave the Pension Fund	(1,824,946)	(836,396)
Health and Funeral Expenses Reserve	(825,223)	(482,248)
Assets (*)	904,308	332,238
Cash Value of the Premiums of the Active Members	7,754,248	4,096,512
Reserve of Common Members' Salary Proportion Receivables from other social insurance institutions.	1,000,822	422,010
Actual and Technical Surplus / (Deficit) Amount	(67,218)	(326,003)

(*) The Pension Fund records the assets by their fair value and these fair values were considered for the actuarial work.

Assets of the Pension Fund consist of following items:

	31.12.2023	31.12.2022
Banks and Other Financial Investments	775,311	368,952
Associates	862,577	400,238
Immovable	26,250	12,030
Other	(759,830)	(448,982)
Total	904,308	332,238

e.2. Liabilities resulting from all kinds of pension funds, foundations etc., which provide post-retirement benefits for the employees: See footnote, e.1 II/9 of Section Five.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

10. Explanations on taxes payable:

a. Information on current tax liability:

a.1. Information on tax provision: As of 31 December 2023 TRL 298,989 Thousand (31 December 2022 - TRL 70,162 Thousand).

a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Tax	298,989	70,162
Taxation on Securities	26,182	11,430
Capital Gains Tax on Property	2,292	1,189
Banking Insurance Transaction Tax (BITT)	86,599	56,548
Foreign Exchange Tax	805	1,422
Value Added Tax Payable	21,982	17,785
Other	74,010	27,821
Total	510,859	186,357

a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	3,245	1,381
Social Security Premiums-Employer	5,539	2,209
Bank Social Aid Pension Fund Premiums-Employee	284	142
Bank Social Aid Pension Fund Premiums-Employer	618	253
Pension Fund Membership Fees and Provisions-Employee	1	1
Pension Fund Membership Fees and Provisions-Employer	2	1
Unemployment insurance-Employee	117	54
Unemployment insurance-Employer	234	107
Other	-	-
Total	10,040	4,148

b. Explanations on deferred tax liabilities, if any:

As of 31 December 2023, there is no deferred tax liability (31 December 2022 - TRL 6,212 Thousand deferred tax liability) as mentioned in the Section V. Note I.15

11. Information on liabilities regarding assets held for sale and discontinued operations: None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

12. Explanations on the maturity, interest rate and the number of subordinated debt instruments the Parent Bank had, institution that is the creditor of the debt instrument, and conversion option, if any:

Information on subordinated borrowing instruments is included in the footnote 4.1. Information on borrowing instruments to be included in the equity calculation.

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Borrowing Instruments Included in Additional Tier I Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Borrowing Instruments Included in Tier II Calculation	456,052	2,517,044	452,621	1,598,776
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	456,052	2,517,044	452,621	1,598,776
Total	456,052	2,517,044	452,621	1,598,776

13. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock (*)	1,860,000	1,860,000
Preferred stock	-	-

(*) Represents nominal capital

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Parent Bank and if so amount of registered share capital ceiling:

Share capital system is applied in the Bank.

Capital System	Paid-in capital	Ceiling
Registered capital system	1,860,000	2,500,000

c) Information on share capital increases and their sources; other information on increased capital shares in current period: None

d) Information on share capital increases from capital reserves: None.

e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Parent Bank's equity due to the uncertainty of these indicators: Retained and current year income, profitability and liquidity of the Parent Bank are closely monitored, reported by the Financial Control, Reporting and Budget Management Department to the Board of Directors and Asset and Liability Committee of the Parent Bank. Prognoses the effects of interest, currency and maturity fluctuations with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Prognoses are made for future interest income via simulations of net interest income and scenario analysis.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. Explanations Related to the Consolidated Liabilities (cont'd)

13. Information on Shareholders' Equity (cont'd):

g) Information on preferred shares: None.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
From Subsidiaries, Associations and Entities Under Common Control	-	-	-	-
Financial Assets at Fair Value Through Comprehensive Income	560	(1,456)	(3,067)	(9,444)
Valuation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Total	560	(1,456)	(3,067)	(9,444)

14. Information on Legal Reserves:

	Current Period	Prior Period
Legal reserves	223,757	141,747
Other legal reserves appropriated in accordance with special legislation	43,543	15,926
Total	267,300	157,673

15. Information on Extraordinary Reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	2,111,129	770,843
Retained earnings	812	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	2,111,941	770,843

16. Other Information on Shareholders' Equity:

Pursuant to the share repurchase program decision of the Board of Directors of the Parent Bank dated 14 February 2023, the total number of repurchased shares are reached 7,000,000. The ratio of the repurchased shares to the Bank's capital is 0.38% and the repurchase program has been completed.

In the Ordinary General Assembly of the Parent Bank held on 29 March 2023, it was decided to distribute TRL 105,151 Thousand cash dividend to the shareholders, to transfer TRL 25,885 Thousand to special funds account under other capital reserves, to allocate TRL 76,322 Thousand as legal and TRL 1,292,355 Thousand as extraordinary reserves from the TRL 1,502,150 Thousand net income for the period 2022. Cash dividend payments were completed on 10 April 2023 and 12 April 2023.

17. Information on Minority Shares :

As of 31 December 2023 TRL 1,587,680 Thousand minority shares shown in the accompanying financial statements (31 December 2022 - TRL 707,901 Thousand).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Consolidated Off-Balance Sheet

1. Information on off-balance sheet liabilities:

a. Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Forward Asset Purchase Commitments	269,839	84,653
Loan Granting Commitments	2,803,999	2,358,216
Payment Commitments for Cheques	1,018,783	776,524
Commitments for Credit Card Expenditure limits	1,275,039	943,367
Commitments for Promotions related with Credit Cards and Banking Transactions	4,417	2,353
Tax and Fund Obligations for Export Commitments	13,946	8,625
Other Commitments	279,659	189,987
Total	5,665,682	4,363,725

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

The Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside expected loss provisions of non-cash loans amount to TRL 99,466 Thousand (31 December 2022 – TRL 98,254 Thousand)

b.2. Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period	Prior Period
Guarantees	308,603	145,945
Bank Loans	-	684
Letters of Credit	81,675	130,312
Endorsements	384,377	804,480
Total	774,655	1,081,421

b.3. Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Definite Letter of Guarantees	5,265,660	4,345,456
Temporary Letter of Guarantees	245,813	322,503
Surety ships and Similar Transactions	-	129
Other Letter of Guarantees	2,116,358	1,639,867
Total	7,627,831	6,307,955

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Consolidated Off-Balance Sheet (cont'd)

1. Information on off-balance sheet liabilities (cont'd):

c. Information on non-cash loans:

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

	Current Period	Prior Period
Letters of Guarantees issued for cash loans	1,073,060	700,232
With maturity of 1 year or less than 1 year	930,673	191,495
With maturity of more than 1 year	142,387	508,737
Other non-cash loans	7,329,426	6,689,144
Total	8,402,486	7,389,376

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

	Current Period				Prior Period			
	TRL	(%)	FC	(%)	TRL	(%)	FC	(%)
Agricultural	63,616	1.10	19,838	0.76	27,958	0.53	1,795	0.08
Farming and raising livestock	53,839	0.93	19,838	0.76	26,479	0.50	1,795	0.08
Forestry	4,714	0.08	-	-	1,416	0.03	-	-
Fishery	5,063	0.09	-	-	63	-	-	-
Manufacturing	1,073,120	18.54	704,168	26.96	1,033,820	19.66	788,168	37.01
Mining	163,690	2.83	1,060	0.04	89,911	1.71	-	-
Production	875,872	15.13	520,873	19.94	914,676	17.39	675,213	31.71
Electric, gas and water	33,558	0.58	182,235	6.98	29,233	0.56	112,955	5.30
Construction	1,366,243	23.59	1,135,133	43.46	1,326,700	25.22	864,504	40.59
Services	3,253,754	56.19	721,032	27.61	2,861,183	54.38	463,824	21.77
Wholesale and retail trade	1,485,689	25.66	137,056	5.25	1,268,883	24.12	101,642	4.77
Hotel, food and beverage services	34,007	0.59	51,461	1.97	15,371	0.29	23,465	1.10
Transportation and telecommunication	187,826	3.24	38,923	1.49	153,261	2.91	30,723	1.44
Financial institutions	892,994	15.42	23,381	0.90	851,125	16.18	12,406	0.58
Real estate and renting services	584,261	10.09	462,801	17.72	511,400	9.72	290,726	13.65
Self-employment services	35	-	-	-	35	-	-	-
Education services	726	0.01	-	-	597	0.01	-	-
Health and social services	68,216	1.18	7,410	0.28	60,511	1.15	4,862	0.23
Other	33,926	0.58	31,656	1.21	10,074	0.21	11,350	0.55
Total	5,790,659	100.00	2,611,827	100.00	5,259,735	100.00	2,129,641	100.00

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Consolidated Off-Balance Sheet (cont'd)

1. Information on off-balance sheet liabilities (cont'd):

c. Information on non-cash loans (cont'd):

c.3. Information on I st and II nd Group non-cash loans:

Non-cash loans	I. Group		II. Group	
	TRL	FC	TRL	FC
Letters of guarantee	5,067,719	1,697,891	101,398	591,574
Bank acceptances	-	-	-	-
Letters of credit	-	79,938	-	-
Endorsements	384,377	-	-	-
Underwriting commitments	-	-	-	-
Guaranteed pre financing credits	-	-	-	-
Other commitments and surety ships	102,602	205,493	-	-

2. Information related to derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	19,233,380	25,906,369
Forward transactions	-	343,905
Swap transactions	19,233,380	25,367,120
Futures transactions	-	-
Option transactions	-	195,344
Interest related derivative transactions (II)	2,555,110	1,854,460
Forward rate transactions	-	-
Interest rate swap transactions	2,555,110	1,854,460
Interest option transactions	-	-
Futures interest transactions	-	-
Other trading derivative transactions (III)	3,010,790	2,718,628
A. Total trading derivative transactions (I+II+III)	24,799,280	30,479,457
Types of hedging transactions	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	24,799,280	30,479,457

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Consolidated Off-Balance Sheet (cont'd)

2. Information related to derivative financial instruments (cont'd):

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank's financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to statement of income in the current period because of the agreements:

The Group's derivative instruments mainly consist of foreign currency swaps, interest swaps, option and forward buy/sell transactions. Fair values of foreign currency forward and swap transactions are determined by comparing the Parent Bank's period end foreign exchange rates and current market foreign exchange rates to the balance sheet date. The resulting gain or loss is reflected in the income statement. In calculation of fair values of the interest swap contracts, interest amounts to be paid or received upon the fixed interest rate in the contract and interest amounts to be received or paid upon the floating interest rates in the contracts have been recalculated and discounted in accordance to valid interest rates in the current market and the differences have been reflected to the current term income statement. Discounted values calculated using the interest rates between the transaction date and repricing date are used in determination of the fair values of interest rate swaps. While some derivative transactions provide economic hedging, these transactions are subject to hedge accounting. The purpose of hedge accounting; is to present the effect of the risk management activities using appropriate financial instruments to manage certain risks that may affect profit or loss in the financial statements. The Bank applies TFRS to hedge the fair value changes of a portfolio of financial assets or financial liabilities.

As of 31 December 2023, breakdown of the Group's foreign currency forward and swap transactions based on currencies are disclosed below in their TRL equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell
Current Period								
TRL	-	-	-	1,922,528	-	-	-	-
USD	-	-	7,596,950	3,473,307	-	-	-	-
EUR	-	-	1,277,555	6,976,359	-	-	-	-
OTHER	-	-	3,507,713	44,868	-	-	-	-
Total	-	-	12,382,218	12,417,062	-	-	-	-
Prior Period								
TRL	-	-	1,865,832	2,771,801	98,942	-	-	-
USD	-	178,575	8,879,196	5,129,034	-	46,989	-	-
EUR	165,330	-	927,230	7,059,405	-	49,413	-	-
OTHER	-	-	3,273,500	34,210	-	-	-	-
Total	165,330	178,575	14,945,758	14,994,450	98,942	96,402	-	-

As of 31 December 2023, the Group has no hedge transactions (31 December 2022 -None).

3. Credit derivatives and risk exposures on credit derivatives: None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. Explanations Related to the Consolidated Off-Balance Sheet (cont'd)

4. Explanations on contingent liabilities and assets:

As of 31 December 2023, there are continuing legal cases against the Bank. The provision amount for these cases is TRL 44,323 Thousand (31 December 2022 -TRL 32,918 Thousand). There are other ongoing and filed lawsuits against However, the probability of these lawsuits to be concluded against is not high and no cash outflow is expected for these case.

The Group has no contingent assets.

Explanations on revocable commitments: In the current period, the Group's revocable commitments amount to TRL 2,361,368 Thousand (31 December 2022 - TRL 1,382,479 Thousand).

5. Custodian and intermediary services:

The Group performs buying and selling transactions and also administration and consultancy services on behalf of customers.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Consolidated Statement of Income

1. Information on interest income:

a. Information on interest income on loans:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Interest on Loans (*)	5,704,116	1,646,903	4,626,077	1,245,886
Short Term Loans	4,196,821	267,221	3,259,514	144,295
Medium and Long Term Loans	1,166,382	1,379,682	1,171,088	1,101,551
Interest on Non-Performing Loans	340,913	-	195,475	40
Premiums received from Resource Utilization Support Fund	-	-	-	-

(*) Includes fees and commissions obtained from cash loans.

b. Information on interest received from banks:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
The Central Bank of Turkey	-	858	1,765	405
Domestic Banks	52,139	502	14,244	1,819
Foreign Banks	-	26,517	343	18,644
Branches and Head Office Abroad	-	-	-	-
Total	52,139	27,877	16,352	20,868

c. Interest income from marketable securities portfolio:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Financial Assets At Fair Value Through Profit And Loss	28,438	6,183	15,300	1,380
Financial Assets At Fair Value Through Other Comprehensive Income	12,802	-	55,034	-
Financial Assets at Amortised Cost	3,124,680	208,788	2,392,816	169,894
Total	3,165,920	214,971	2,463,150	171,274

d. Information on interest income received from associates and subsidiaries: None (31 December 2022- None)

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Consolidated Statement of Income (cont'd)

2. Information on interest expense:

a. Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Banks (*)	254,344	446,770	164,447	182,560
The Central Bank of Turkey	-	-	-	-
Domestic Banks	254,344	136,686	157,568	66,195
Foreign Banks	-	310,084	6,879	116,365
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	254,344	446,770	164,447	182,560

(*) Includes fees and commission expenses of cash loans.

b. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest Expense to Associates and Subsidiaries	508	765

c. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TRL	FC	TRL	FC
Interest expense on securities issued	178,700	271,691	173,064	169,799

d. Distribution of interest expense on deposits based on maturity of deposits (cont'd)

Current Period	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRL								
Bank deposits	513	441,460	1,915	-	-	-	-	443,888
Saving deposits	3,163	60,991	1,098,799	1,354,375	256,071	387,198	1,283	3,161,880
Public sector deposits	-	16	4,038	35	-	-	-	4,089
Commercial deposits	21	59,367	58,614	105,101	70,387	70,680	-	364,170
Other deposits	30	13,043	11,134	1,847	119	29	-	26,202
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal stock	-	-	-	-	-	-	-	-
Total	3,727	574,877	1,174,500	1,461,358	326,577	457,907	1,283	4,000,229
Foreign Currency								
Foreign currency deposits	1,675	13,836	17,221	8,935	6,658	41,319	-	89,644
Bank deposits	48,387	3	21,441	-	-	-	-	69,831
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal stock	1,973	-	-	-	-	-	-	1,973
Total	52,035	13,839	38,662	8,935	6,658	41,319	-	161,448
Grand Total	55,762	588,716	1,213,162	1,470,293	333,235	499,226	1,283	4,161,677

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Consolidated Statement of Income (cont'd)

3. Information on dividend income :

	Current Period	Prior Period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	10,164	26,997
Other	338	259
Total	10,502	27,256

4. Information on net trading income :

	Current Period	Prior Period
Income	64,110,379	43,239,349
Profit on capital market operations	113,944	19,879
Profit on derivative financial instruments	5,730,544	5,050,428
Foreign exchange gains	58,265,891	38,169,042
Losses (-)	63,585,662	43,219,400
Losses on capital market operations	5,611	3,361
Losses on derivative financial instruments	5,606,279	5,313,598
Foreign exchange losses	57,973,772	37,902,441

5. Information on other operating income :

The information about the factors significantly affecting income of the Group and also information including the explanation of the aspect of increasing levels:

As of 31 December 2023, TRL 1,937,919 Thousand (31 December 2022 - TRL 1,247,819 Thousand) stated under other operating income in the statement of income includes TRL 840,639 Thousand (31 December 2022 - TRL 367,428 Thousand) prior years' provisions reversal income, TRL 209,002 Thousand income from the sale of real estate (31 December 2022 - TRL 342,697 Thousand) and TRL 888,278 Thousand (31 December 2022 - TRL 537,694 Thousand) real estate revaluation and other operating income.

As of 31 December 2023, prior years expense and provision reversal income includes TRL 479,831 Thousand (31 December 2022- TRL 199,331 Thousand) collection and reversals of expected loss provisions, TRL 1,340 Thousand (31 December 2022- TRL 3,206 Thousand) reversals from security loss, TRL 85,543 Thousand (31 December 2022 - TRL 59,807 Thousand) collections from non performing loans followed in off balance sheet and TRL 273,925 Thousand (31 December 2022 - TRL 105,084 Thousand) reversals of legal case provision and other provisions.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Consolidated Statement of Income (cont'd)

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Expected Credit Losses Provisions	320,335	170,050
12-Month ECL (Stage 1)	24,015	66,950
Significant Increase in Credit Risk (Stage 2)	274,113	36,169
Impaired Credits (Stage 3)	22,207	66,931
Impairment Losses on Securities	1,122	6
Financial Assets Measured at Fair Value through Profit or Loss	1,122	6
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	2,305
Associates	-	-
Subsidiaries	-	2,305
Joint-ventures (business partnership)	-	-
Other (*)	1,155,580	1,417,355
Total	1,477,037	1,589,716

(*) Includes free provision expense.

7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	87,249	18,421
Bank social aid provision fund deficit provision	-	-
Impairment losses on fixed assets	-	-
Depreciation expenses of fixed assets	260,907	141,974
Impairment losses on intangible assets	-	-
Goodwill impairment losses	-	-
Depreciation expenses of intangible assets	53,096	47,554
Impairment for investments accounted for under equity method	-	-
Impairment losses on assets held for resale	523	656
Depreciation expenses of assets held for resale	-	-
Impairment losses on assets held for sale	-	-
Other operating expenses	1,250,351	780,701
Lease Expenses Related to TFRS 16 Exemptions	14,658	10,338
Maintenance expenses	112,767	66,415
Advertisement expenses	15,539	33,311
Other expenses (**)	1,107,387	670,637
Loss on sales of assets	315	50
Other (*)	681,339	446,848
Total	2,333,780	1,436,204

(*) "Other" includes TRL 157,000 Thousand (31 December 2022 - TRL 114,890 Thousand) premiums paid to the Saving Deposit Insurance Fund, TRL 44,042 Thousand (31 December 2022 - TRL 32,577 Thousand) legal case provision, TRL 122,782 Thousand (31 December 2022 - TRL 54,893 Thousand) financial operating fee.

(**) Other expenses include TRL 50,745 Thousand (31 December 2022 - TRL 30,435 Thousand) communication expenses, TRL 159,407 Thousand (31 December 2022 - TRL 107,968 Thousand) computer usage expenses, TRL 36,589 Thousand (31 December 2022 - TRL 39,101 Thousand) promotion applications related with credit cards and banking services, TRL 270,175 Thousand (31 December 2022 - TRL 166,848 Thousand) security and group transfer services.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. Explanations Related to the Consolidated Statement of Income (cont'd)

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

As of 31 December 2023, the Group has TRL 3,184,188 Thousand profit before tax (31 December 2022 - TRL 2,288,768 Thousand profit before tax), TRL 9,541,268 Thousand (31 December 2022 - TRL 6,574,988 Thousand) of total operating profit, TRL 938,896 Thousand (31 December 2022 - TRL 475,514 Thousand) of net fees and commissions income, TRL 320,335 Thousand of expected losses provision (31 December 2022 - TRL 170,050 Thousand), TRL 1,156,702 Thousand of other provisions (31 December 2022 - TRL 1,419,666 Thousand), TRL 1,937,919 Thousand (31 December 2022 - TRL 1,247,819 Thousand) of other operating income and TRL 2,333,780 Thousand (31 December 2022 - TRL 1,436,204 Thousand) of other operating expense.

9. Information on tax provision for continued and discontinued operations:

As of 31 December 2023, the Group has TRL 957,467 Thousand current tax charge (31 December 2022 - TRL 783,033 Thousand current tax charge) and deferred tax benefit on temporary differences is TRL 1,121,508 Thousand (31 December 2022 - TRL 516,525 Thousand deferred tax benefit), deferred tax charge is TRL 160,740 Thousand (31 December 2022 - TRL 54,116 Thousand deferred tax charge).

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

The net profit of the Group for the period ended 31 December 2023 is TRL 3,187,489 Thousand and increased by 61.95% compared to the previous period (31 December 2022 - TRL 1,968,144 Thousand profit).

11. The explanations on net profit/loss for the period :

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Group's performance for the period : None.
- Effect of changes in accounting estimates on statement of income for the current and, if any, for subsequent periods : None.
- Profit or loss attributable to minority shares:

	Current Period	Prior Period
Profit or loss attributable to minority shares	216,902	122,582

- If the other items in the statement of income exceed 10 % of the statement of income total, accounts amounting to at least 20 % of these items are shown below :

Other Fees and commissions received	Current Period	Prior Period
Banking Services Income	2,322,098	1,385,888
Other	215,528	148,950
Total	2,537,626	1,534,838

Other Fees and commissions given	Current Period	Prior Period
Fees and commissions given to Banks	76,511	32,204
Fees and commissions given for Credit Cards	1,343,234	750,736
Other	320,790	374,102
Total	1,740,535	1,157,042

- Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods : None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

V. Explanations Related to Consolidated Statement of Shareholders' Equity Movement

1. Information on the changes from valuation of financial assets at fair value through comprehensive income

Value increase or loss from the revaluation of financial assets at fair value through comprehensive income is recorded under shareholders equity. In the current period, the value decrease recorded under shareholders equity is TRL 12,493 Thousand (31 December 2022 - TRL 6,982 Thousand value increase) and net value increase from investments at fair value through other comprehensive income is TRL 1,252 Thousand (31 December 2022 - TRL 204 Thousand) with netted off deferred tax liability amounting to TRL 11,241 Thousand (31 December 2022 - TRL 6,778 Thousand).

2. Information on revaluation of tangible assets

As a result of the revaluation of the Group's real estates within the scope of "TAS 16 Tangible Assets Standard", the value increase amounting to TRL 1,913,583 Thousand (31 December 2022 - TRL 1,125,679 Thousand). has been reflected to the financial statements after the deferred tax effect in the current period.

VI. Explanations Related to Consolidated Statement of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Net increase/decrease in other liabilities" amounting to TRL 672,002 Thousand (31 December 2022 - TRL 218,823 Thousand) in "Changes in operating assets and liabilities" consists of changes in sundry creditors and other liabilities. "Net increase/decrease in other assets" with a total amount of TRL 75,707 Thousand (31 December 2022 - TRL 4,238,732 Thousand) consists of changes in sundry debtors and other assets.

The effect of change in foreign exchange rate on "cash and cash equivalents" is an increase amounting to TRL 1,665,459 Thousand (31 December 2022 - TRL 1,053,348 Thousand).

2. Cash and cash equivalents at beginning of periods

The recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

	01.01.2023	01.01.2022
Cash		
Cash in TRL/Foreign Currency	1,084,616	1,267,963
Central Bank of Turkey	628,391	1,492,416
Other	-	17
Cash Equivalents		
Banks (Maturity is less than 3 months)	1,319,166	1,495,854
Money Market Placements	217,192	78,669
Total Cash and Cash Equivalents	3,249,365	4,334,919

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VI. Explanations Related to Consolidated Statement of Cash Flows (cont'd)

3. Cash and cash equivalents at the end of periods

	31.12.2023	31.12.2022
Cash		
Cash in TRL/Foreign Currency	1,041,117	1,084,616
Central Bank of Turkey	3,220,339	628,391
Other	-	-
Cash Equivalents		
Banks (Maturity is less than 3 months)	2,009,076	1,319,166
Money Market Placements	5,940,797	217,192
Total Cash and Cash Equivalents	12,211,329	3,249,365

VII. Explanations on the Risk Group of the Parent Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a. Current Period:

Related Parties	Associates, Subsidiaries and Joint-Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at beginning of period	-	-	1,257,586	21,700	-	-
Balance at end of period	-	-	1,409,373	34,443	-	-
Interest and commission income	-	-	99,262	329	-	-

b. Prior Period:

Related Parties	Associates, Subsidiaries and Joint-Ventures		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at beginning of period	-	-	926,351	15,402	-	-
Balance at end of period	-	-	1,257,586	21,700	-	-
Interest and commission income	-	-	84,229	231	-	-

c.1. Information on related party deposits balances:

Related parties	Associates, Subsidiaries and Joint-Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	16,807	6,587	219,962	70,054	-	-
Balance at end of period	14,657	16,807	360,369	219,962	-	-
Interest on deposits	508	765	19,419	12,125	-	-

c.2. Information on forward and option agreements and other similar agreements made with related parties: None.

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VII. Explanations on the Risk Group of the Parent Bank (cont'd)

2. Disclosures for related parties:

- a) The relations of the Parent Bank with the entities controlled by the Parent Bank and its related parties, regardless of whether there are any transactions or not :

The Parent Bank conducts various banking transactions with related parties at commercial terms and at rates which approximate market rates. Any transaction among the Group subsidiaries and/or related parties are executed on arm-lengths conditions.

- b) Besides the structure of the transactions amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors :

	Amount	According to the sizes in the financial statements %
Cash loans	1,409,373	3.12
Non-cash loans	34,443	0.41
Deposits	375,026	0.70

These transactions are priced in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

- c) In cases separate disclosure is not necessary, in order to present the total impact on the financial statements, total of similar items : Explained in b.
- d) Transactions accounted under the equity method : None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

The Parent Bank provides agency services for Şeker Yatırım Menkul Değerler A.Ş., Şeker Faktoring A.Ş. through its branches.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these loans to the Group's total cash and non-cash loan portfolio is 2.69%. Details of these loans are explained in the Section V, Note V-1a.

As of 31 December 2023 the Group has no purchases and sale of real estate and other assets, transfer of information as a result of research and development, and management contracts with the related parties.

- f) Benefits provided to the top management of the Group during current period amount to TRL 117,283 Thousand (31 December 2022 - TRL 47,526 Thousand).

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VIII. Explanations on the Parent Bank's domestic branches, agencies and branches abroad and off-shore branches:

1. Parent Bank's domestic branches, agencies and branches abroad and off-shore branches:

	Number of Branches	Number of Employees		Total Assets	Capital
Domestic branches	238	3,703			
			Country		
Rep-offices Abroad	-	-			
Branches abroad	-	-			
Off-shore Branches	-	-			

2. Explanations on Branch and Agency Openings or Closings of the Parent Bank:

None

IX. Fees for services received from Independent Auditor / Independent Audit Firm:

In accordance with the decision of KGK dated 26 March 2021, the fee information for the reporting period for the services received from an independent auditor or an independent audit firm is given in the table below, based on amounts excluding VAT.

	Current Period	Prior Period
Independent Audit Fee for the Reporting Period	10,682	3,205
Fee for Other Assurance Services	3,663	325
Total	14,345	3,530

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SECTION FIVE (cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

X. Explanations and Notes Related To Subsequent Events:

The Parent Bank's limit application for the issuance of domestic debt instrument in Turkish Lira, up to TRL 2,500,000 Thousand, in different types and maturities, one or more than one times, by being sold to qualified investors and/or private placement without being offered to the public was approved by the CMB at the meeting dated 9 January 2024 and numbered 01/12.

International credit rating agency Moody's revised Turkey's credit rating outlook from Stable to Positive on 12 January 2024, and increased Şekerbanks credit rating outlook from Stable to Positive on 17 January 2024 and confirmed Bank's credit scores in their current state.

The limit application by the Parent Bank for the issuance of green/sustainable themed bonds or bills to be sold abroad in one time or more, has an interest rate and maturity to be determined according to market conditions on the dates of issuance, up to a maximum total amount of USD 300,000 Thousand and/or equivalent Turkish Lira or foreign currency, with a fixed or variable interest, in various arrangements or maturities, was approved by the CMB with the decision numbered 4/68 dated 18 January 2024.

The limit application by the Parent Bank for the issuance of bonds or bills to be sold abroad in one time or more, has an interest rate and maturity to be determined according to market conditions on the dates of issuance, up to a maximum total amount of USD 300,000 Thousand and/or equivalent Turkish Lira or foreign currency, with a fixed or variable interest, in various arrangements or maturities, was approved by the CMB with the decision numbered 4/68 dated 18 January 2024.

"Corporate Governance Rating Periodic Revision Report" has been completed by SAHA Corporate Governance and Credit Rating Services, a rating agency licensed to operate in accordance with the Capital Markets Board (CMB) Corporate Governance Principles in Turkey. The Parent Bank's Corporate Governance Rating score, which was 9.50 (95.03%) in 2022, was revised upwards to 9.53 (95.35%) in the assessment made for 2023.

On 10 January 2024, by Şeker Yatırım Menkul Değerler A.Ş., redeemed the 83 day maturity discounted financial bond with ISIN code TRFSKMD12415.

On 12 February 2024, Şeker Faktoring A.Ş. completed the sale of discounted financial bond with a maturity of 121 days and a nominal value of TRL 50,000 Thousand to qualified investors.

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SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations On The Operations Of The Bank:

The results of the Bank's rating by the international rating institutions are shown below

Fitch Ratings		Moody's	
December 2023		January 2024	
Long-term		Long-term	
Long Term FC IDR	B-	Long Term FC Bank Deposit Rating	Caa1
Long Term LC IDR	B-	Long Term LC Bank Deposit Rating	Caa1
Short-term		Short-term	
Short Term FC IDR	B	Short Term FC Bank Deposit Rating	Not Prime (NP)
Short Term LC IDR	B	Short Term LC Bank Deposit Rating	Not Prime (NP)
Outlook		Outlook	
Stable		Positive	
National Long Term Rating	BBB+ (tur)	NSR Long Term LC Bank Deposit (Domestic)	Baa3.tr
Viability Rating	b-	NSR Short Term LC Bank Deposit (Domestic)	TR-3
Subordinated Debt Rating	CCC	Baseline Credit Assessment (BCA)	caa1
JCR Eurasia Rating			
October 2023			
Long Term International FC Rating and Outlook	BB/Negative		
Long Term International LC Rating and Outlook	BB/Negative		
Long Term National Rating and Outlook	A (tr) / Stable		
Short Term National Rating and Outlook	J1 (tr) / Stable		

The results of the rating performed by Kobirate International Credit Rating and Corporate Governance Services Inc. Rating for Şeker Finansal Kiralama A.Ş. is shown below:

Kobirate Rating: 26 May 2023

Long Term Credit Rating	AA -
Short Term Credit Rating	A-1
Outlook	Stable

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SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report:

The consolidated financial statements for the year ended 31 December 2023 were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and Independent Auditors' Report dated 16 February 2024 is presented in the introduction of this report.

II. Footnotes and Explanations Prepared by the Independent Auditors:

None.

PERFORMANCE INDICATORS

ECONOMIC AND ADMINISTRATIVE PERFORMANCE	2020	2021	2022	2023
Total Assets (TL thousand)	37,504,455	50,756,043	63,244,174	81,367,575
Total Loans (Net)(TL Thousand)	23,966,460	28,819,203	34,257,718	41,179,297
Shareholders' Equity (TL thousand)	2,636,078	2,957,944	4,695,094	7,603,823
Total Deposit (TL Thousand)	30,743,678	37,008,958	46,773,491	52,928,849
Net Profit/Loss (TL Thousand)	52,617	254,698	1,502,150	2,445,692
Capital Adequacy Ratio	14.47	16.67	20.72	27.22
Total Securities/Total Assets	12.6	11.72	18.7	15.24
Total Loans (Net)/Total Assets	63.90	56.78	54.17	50.61
Total Deposits/Total Assets	81.97	72.92	73.96	65.05

SOCIAL PERFORMANCE	2019	2020	2021	2022	2023
Average Training Time per Employee (Hours)	23.37	16.6	31.22	23.18	25.62 ✓
Number of Employees Provided with Anti-Corruption Training	2,914	2,820	4,541	1,192	1,196
Ratio of Minimum Starting Wage to Minimum Wage (%)	110	110	109.5	117	125

EMPLOYEE DEMOGRAPHICS	2019	2020	2021	2022	2023
Total Number of Employees	3,265	3,272	3,554	3,427	3,703 ✓
Female	1,617	1,640	1,824	1,813	1,991 ✓
Male	1,648	1,632	1,730	1,614	1,712 ✓

2023 SENIORITY DISTRIBUTION	0-5 Years	5-10 Years	10-15 Years	15+
Number of Employees	2,083	703	397	520
Rate	56%	19%	11%	14%

NUMBER OF PROMOTIONS	2019	2020	2021	2022	2023
Female	82	151	132	354	397
Male	122	221	158	299	302

2023 RECRUITMENT	Number	Average
Female	694	56%
Male	545	44%

2023 BRANCH MANAGERS DEMOGRAPHY	Number of Employees	Ratio
Female	57	24.3% ✓
Male	178	75.7%
Total	235	100%

PERFORMANCE INDICATORS

2023 REGION MANAGERS DEMOGRAPHY	Number of Employees	Ratio
Female	3	37.5%
Male	5	62.5%
Total	8	100%

2023 STEM EMPLOYEES DEMOGRAPHY	Number of Employees	Ratio
Female	131	39.3%
Male	202	60.7%
Total	333	100%

EMPLOYEES BY EMPLOYMENT TYPE	2019	2020	2021	2022	2023
NUMBER OF FULL-TIME EMPLOYEES					
Female	1,613	1,636	1,821	1,810	1,988
Male	1,641	1,625	1,723	1,608	1,702

NUMBER OF PART-TIME EMPLOYEES	2019	2020	2021	2022	2023
Female	4	4	3	3	3
Male	7	7	7	6	10

NUMBER OF EMPLOYEES BY AGE GROUPS	2019	2020	2021	2022	2023
Under 30	754	711	943	952	1,354
Between 31-50 years old	2,426	2,463	2,506	2,349	2,266
Above 50	85	98	105	126	83

DISTRIBUTION OF EMPLOYEES BY SENIORITY	2019	2020	2021	2022	2023
Female	94	92	86	93	97
Male	251	241	251	270	268

TOTAL WORKFORCE BY EDUCATIONAL STATUS	2019	2020	2021	2022	2023
Bachelor's Degree	2,590	2,605	2,878	2,782	3,055
High School and Associate Degree	531	508	500	485	471
Master's Degree and Above	144	159	176	160	177

NUMBER OF EMPLOYEES BY TITLE AND GENDER	2019	2020	2021	2022	2023
GM and AGM-Female	1	1	3	1	2
GM and AGM-Male	10	9	6	7	6
Manager and Above- Female	94	92	86	92	97
Manager and Above- Male	251	241	251	263	268
Assistant Manager-Female	543	528	594	662	785
Assistant Manager-Male	566	614	702	674	940
Below Assistant Manager-Female	979	1,019	1,141	1,058	1,107
Below Assistant Manager-Male	821	768	771	670	498

NUMBER OF EMPLOYEES BENEFITTING FROM MATERNAL/PATERNAL LEAVE	2019	2020	2021	2022	2023
	121	124	90	98	94

EMPLOYEE TURNOVER -VOLUNTARY (%)	2019	2020	2021	2022	2023
Female	5.92	4.48	7.45	15.23	16.14
Male	6.95	5.55	10.11	19.5	16
Total	6.44	5.02	8.76	17.28	16.07

EMPLOYEE TURNOVER - INVOLUNTARY (%)	2019	2020	2021	2022	2023
Female	10.73	6.51	5.54	5.77	10.88
Male	7.36	6.22	5.06	6.34	11
Total	9.04	6.36	5.3	6.04	10.94

TOTAL EMPLOYEE TURNOVER RATE (%)	2019	2020	2021	2022	2023
	15.48	11.38	14.1	23.3	27 ✓

	2019	2020	2021	2022	2023
Number of Unionized Employees	1,302	1,245	1,564	1,425	1,616 ✓
Number Foreign of Employees	0	2	2	0	0
Number of Employees with Disabilities	72	79	77	79	81 ✓

	2023
Donation Amount (TL)	1,381,959

	2022	2023
Environmental Investments and Expenditures (TL)	6,402,838.91	6,266,678

OHS TABLES

OCUPATIONAL ACCIDENTS ACCORDING TO THE TYPE OF INJURY	
Cut	-
Slip/Fall	3
Struck by Object	-
Caught or Compressed	-
Hit	-
Other	1
Rate of Accidents Resulting in Death	-

OHS TRAININGS	2020	2021	2022	2023
Number of Participating Employees	612	1,531	419	1,251
Total Training Duration	4,896	12,248	3,352	10,008 ✓

NUMBER OF EMPLOYEE REPRESENTATIVES IN OHS COMMITTEES	2020	2021	2022	2023
Female	3	3	3	1 ✓
Male	5	4	2	3 ✓

PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE

CATEGORY BASED SCOPE 3 EMISSIONS	2022 EMISSIONS		2023 EMISSIONS	
	(tco _{2e})	%	(tco _{2e})	%
Business Travel	277.71	38	237.61	27.68
Paper Consumption	73.55	10	104.89	12.22
Personnel Services	190.31	26	198.99	23.19
Emissions from Waste Disposal and Processing	2.1	0.29	1.88	0.22
Emissions from the Transport of Wastes	3.52	0.48	3.50	0.41
Emissions from the Production of Debit Cards	1.32	0.18	1.32	0.15
Emissions from Working from Home	186.28	25	310.08	36.13
Total	734.8	100	858.27	100

TOTAL ENERGY CONSUMPTION (MWH)	2023 FUEL CONSUMPTIONS					
	2018	2019	2020	2021	2022	2023
	31,252.20	29,557.80	24,404.50	13,767.15	10,392.30	7,782.38
Change Compared to the Previous Year (%)	-	-5	-17	-44	-25	-25
Renewable Energy Production (GES)					11 MWH	
Renewable Energy Use					4,061 MWH	34%

* - indicates reduction.

2023 FUEL CONSUMPTIONS	CONSUMPTION
Natural gas (m ³)	408,044
Diesel (Lt)	1,757
Gasoline (Lt)	564,584.15
LPG (Lt)	173,778.84
Coal (Ton)	24
Electric (MWh)	7,782.383

SCOPE 2 EMISSIONS (tCO _{2e})	2018	2019	2020	2021	2022	2023
	11,329	10,106	6,728	5,907	4,572	3,424

	2018	2019	2020	2021	2022	2023
Total Water Consumption (m ³)	51,727	56,603	23,337	34,160	41,345	42,003
Electricity Consumption per Employee Rate (m ³)	14.58	17.34	6.57	9.61	12.06	11.34
Total Consumption Change Compared to the Previous Year	-	9%	-59%	46%	21%	2%

* - indicates reduction.

OUR WASTE AMOUNTS BY DISPOSAL TYPES	DISPOSAL	AMOUNT (TONS)
Vegetable Waste	Recycle	0.64
Electronic Waste	Recycle	5.3
Waste Paper	Recycle	82.6
Organic Waste	Delivered to the municipality	4
Waste Battery	Recycle	0.02

*Our organic waste from the cafeteria delivered to the municipality is separated as pre- and post-meal wastes and included in the disposal processes.

CMB SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	COMPLIANCE STATUS	YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION
							(INCLUDING THE PAGE NUMBER)/LINK ON PUBLIC DISCLOSURE
A. GENERAL PRINCIPLES							
A1. STRATEGY, POLICY, AND GOALS							
A1.1.	The Board of Directors determines environmental, social and governance (ESG) priority issues, risks and opportunities	X				Şekerbank has determined the material ESG issues, and related risks and opportunities through stakeholder analysis.	Integrated Annual Report 2023: Chairman's and General Manager's Message Şekerbank's Strategy and Position in the Sector Sustainable Banking Approach and Sustainability Governance Sustainability Risks and Trends Management
	The Board of Directors establishes ESG policies (For example: Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) and declares to the public.	X				All ESG policies are shared with the public through Şekerbank's corporate website.	https://www.sekerbank.com.tr/en/about-us/corporate-governance
A1.2.	The short and long term goals in line with ESG policies are declared to the public	X					Integrated Annual Report 2023: Şekerbank's Strategy and Position in the Sector Sustainable Banking Approach and Sustainability Governance
A2. IMPLEMENTATION / MONITORING							
A2.1.	The committees and/or units responsible for the implementation of ESG policies as well as the highest-level person in charge of ESG issues and their duties are determined and publicly disclosed	X				Şekerbank Sustainable Banking Committee is the highest level decision-making authority on the implementation of ESG policies, development of sustainable business practices and integration into decision-making processes	Corporate Website - Sustainable Banking Committee https://www.sekerbank.com.tr/en/about-us/sustainability/governance-structure Integrated Annual Report 2023 - Sustainable Banking Committee
	The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year.	X				Sustainable Banking Committee gathers and reports at least once a year for its activities conducted within the scope of policies.	Corporate Website - Sustainable Banking Committee https://www.sekerbank.com.tr/en/about-us/sustainability/governance-structure Integrated Annual Report 2023 - Sustainable Banking Committee
A2.2.	Implementation and action plans in line with the ESG targets are formed and declared to the public	X				Şekerbank's medium- and long-term objectives on sustainable banking are shared with the public on its corporate website. Studies and performance indicators related to the four strategic focus areas of the Bank based on sustainability are included in the annual report. In addition to these, targets for the next year on the basis of loan product segments are announced in the annual report of the relevant year.	Corporate Website - Sustainability Goals https://www.sekerbank.com.tr/en/about-us/sustainability/objectives-on-sustainability Corporate Website - 2023 CDP Report: https://www.sekerbank.com.tr/en/about-us/sustainability/sustainability-reports
A2.3.	The scope of ESG Key Performance Indicators (KPI) and relevant indicators are announced on a yearly basis.	X				ESG performance indicators are followed on a yearly basis and announced to the public through sustainability reports.	Integrated Annual Report 2023, Annexes - Performance Indicators
A2.4.	Activities that improve sustainability performance in business processes, products, and services have been disclosed to the public.	X					Integrated Annual Report 2023 / Şekerbank's Strategy and Position in the Sector / Value Creation Model

CMB SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	COMPLIANCE STATUS	YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (INCLUDING THE PAGE NUMBER)/LINK ON PUBLIC DISCLOSURE
A3. REPORTING							
A3.1.	Information regarding the performance of the Incorporation in terms of sustainability performance, targets and activities are included correctly and adequately in the annual report.	X					Integrated Annual Report 2023/ https://www.sekerbank.com.tr/en/about-us/sustainability/sustainability-reports
A3.2.	Information about its activities on which of the United Nations (UN) 2030 Sustainable Development Goals are related to has been disclosed to the public by the Incorporation.	X				Our focus areas and the Sustainable Development Goals (SDGs) that our activities serve are included in the Integrated Annual Report.	Integrated Annual Report 2023 / Contributed Sustainable Development Goals
A3.3.	Information about the important lawsuits filed and/or concluded in ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.	X				There are no lawsuits or criminal proceedings regarding ESG issues. Details are included in the Integrated Annual Report.	Integrated Annual Report 2023 / Natural Capital
A4. VERIFICATION							
A4.1.	ESG Key Performance metrics of the Incorporation have been verified and publicly disclosed by an independent third party organization.	X				Şekerbank had its ESG Key Performance metrics verified by independent third parties and disclosed it to the public in the annex of the Integrated Report	Integrated Annual Report 2023 / Annexes / Non-Financial Information Assurance Statement
B. ENVIRONMENTAL PRINCIPLES							
B1.	The Company has disclosed its policies and practices in the field of environmental management, action plans, environmental management systems (known with ISO 14001 standard), and programs to the public.			X		Methodologies and performance indicators related to the management of environmental impacts are shared with the public through published CDP reports. The procedures for the ISO 14001 Environmental Management Standard process were initiated at our bank.	Integrated Annual Report 2023 / Sustainable Banking Approach and Sustainability Governance
B2.	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management	X				Details of the report's framework and standards are included in the Integrated Annual Report.	Integrated Annual Report 2023 / About the Report
B4.	Environmental targets included in the rewarding criteria within the scope of performance incentive systems based on stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.	X				As announced to the public in the 2023 CDP Climate Change and Water Security reports, environmental sustainability goals were included in the performance targets of the general manager, assistant general managers and sustainability employees	Corporate Website: CDP Climate Change Report: https://www.sekerbank.com.tr/uploads/424/69997d9c-5ef0-4855-8893-e909c71dcb99.pdf CDP Water Security Report: https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
B5.	How priority environmental issues are integrated into business targets and strategies has been disclosed to the public.	X				Şekerbank is aware of the physical and transition risks and opportunities that climate change will create on its direct activities, credit portfolio and products. Therefore, it shapes its strategy, considering climate-related risks and opportunities, in order to accelerate the positive effects and avoid negative effects.	Corporate Website: CDP Climate Change Report: https://www.sekerbank.com.tr/uploads/424/69997d9c-5ef0-4855-8893-e909c71dcb99.pdf CDP Water Security Report: https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
B7.	How environmental issues are managed and integrated into business targets and strategies throughout the company's value chain, including the operational process, suppliers and customers has been disclosed to the public.	X					Integrated Annual Report 2023: Responsible Supply Chain Corporate Website: Sustainability Policies Supplier Social, Environmental and Ethical Rules: https://www.sekerbank.com.tr/en/about-us/investor-relations/policies

	COMPLIANCE STATUS	YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (INCLUDING THE PAGE NUMBER)/LINK ON PUBLIC DISCLOSURE
B8.	Whether the environment organizations and non-governmental organizations are involved in the policy-making processes or not, and the collaborations with these institutions and organizations have been disclosed to the public.	X				It actively cooperates with Non-Governmental Organizations (NGOs), regulatory agencies and policy makers in the development of legislation and policy on environmental and sustainable finance. In addition, Şekerbank, an active member of the Sustainable Development Association, is the co-chair of the Sustainable Finance and Risk Management Working Group established within the association, and leads the studies within the Climate-Related Risk Management Sub-Working Group formed under this group.	Integrated Annual Report 2023/ Sustainable Banking Committee Integrated Annual Report 2023 / Şekerbank's Memberships and Initiatives It Supports
B9.	In the light of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), comparable information on its environmental impacts are disclosed to the public	X				Şekerbank continues to attach utmost sensitivity to anti-climate change, and has been measuring its own carbon emission since 2010, identifying improvement areas. The Bank was once again involved in Carbon Disclosure Project (CDP), one of the world's leading anti-climate change platforms. Şekerbank's greenhouse gas emissions are reported comparatively as Scope-1, Scope-2 and as Scope-3 by periods. Scope 3 emissions that are caused by transport, waste and debit cards as well as emissions from shipping and emissions from working from home were calculated.	Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint
B10.	Standards, protocols, methodologies, and reference year details used to collect and calculate data are disclosed to the public.	X				Details on the methodology and standards for the data collection process are detailed in the CDP reports and integrated reports.	Corporate Website: CDP Climate Change Report: https://www.sekerbank.com.tr/uploads/424/69997d9c-5ef0-4855-8893-e909c71dcb99.pdf CDP Water Security Report: https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
B11.	The status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years has been described.	X				ESG-related metrics are included in the annexes section of the Integrated Annual Report by year.	Integrated Annual Report 2023 / Performance Indicators
B12.	Short and long-term targets to reduce environmental impact are set and these targets are announced together with information on their progress in relation to the goals set in the past years	X				We started our target verification process by sharing our commitments in 2023, which we determined in line with the Scientific Based Targets Initiative (SBTi). Accordingly, we aim to reduce our carbon emissions by 43% by 2028.	Integrated Annual Statements 2023 / Natural Capital
B13.	The strategy and actions to combat the climate crisis are announced.	X				In line with the responsible banking principle, Şekerbank's strategy and actions regarding climate change are disclosed through CDP reports and Integrated Annual Report.	Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint

CMB SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	COMPLIANCE STATUS	YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (INCLUDING THE PAGE NUMBER)/LINK ON PUBLIC DISCLOSURE
B14.	In order to prevent or minimize the potential negative impact of products and/or services on the environment, programs or procedures have been established and disclosed to the public.	X				Processes related to Şekerbank's activities and suppliers are monitored through the Sustainable Development Regulation. Environmental and social impacts arising from lending activities at Şekerbank are managed within the scope of the Social and Environmental Management System (SEMS), which was prepared in 2009 under the guidance of IFC.	Integrated Annual Report 2023 / ESG Impact on Lending https://www.sekerbank.com.tr/hakimizda/yatirimci-iliskileri/politikalar
	Actions for reducing greenhouse gas emissions of third parties (e.g. suppliers, subcontractors, dealers, etc.) are taken and these actions have been disclosed to the public.	X				The effects of Şekerbank's lending processes, the Social and Environmental Management System instructions, and the operations related to its suppliers and stakeholders are monitored in accordance with the Sustainable Development Regulation.	https://www.sekerbank.com.tr/en/about-us/investor-relations/policies
B15.	The environmental benefits / profits and cost savings provided by projects and initiatives carried out to reduce environmental impact are announced.		X			At Şekerbank, energy efficiency practices are developed and shared with the public through CDP reports in order to reduce its carbon footprint and the associated operational costs. In addition, energy savings and emission reduction data obtained through loan products offered to customers are announced in the annual reports. It is planned to report cost savings in the future.	Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint Corporate Website: CDP Climate Change Report: https://www.sekerbank.com.tr/uploads/424/69997d9c-5ef0-4855-8893-e909c71dcb99.pdf CDP Water Security Report: v
B16.	The total energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling) data are announced as Scope-1 and Scope-2.	X				Consumption data and emission provisions causing Scope 1 and Scope 2 are included in the Integrated Annual Report, and a verification statement is obtained for emission calculation.	Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint Integrated Annual Report 2023 / Annexes
B17.	Information on electricity, heat, steam and cooling generated and consumed in the reporting year is provided	X				With the installation of a Solar Power Plant in our Edirne branch, which started in 2022 and completed in 2023, we generate renewable energy for the electricity supply of our branch.	Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint
B18.	Efforts to increase the use of renewable energy and transition to zero or low-carbon electricity have been made and disclosed to the public.	X				In 2023, in the field of energy management, 4,061 MWh of electricity, which corresponds to 34% of our electricity consumption has been generated from renewable sources and certified with I-REC Certificate.	Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint
B19.	The renewable generation of energy and the usage data are announced.	X				Details are included in the Integrated Annual Report Performance Tables.	Integrated Annual Report 2023 / Performance Indicators
B20.	Energy efficiency projects are realized and the amount of energy consumption and emission reduction gained by means of these studies are announced.	X				With its EKO kredi, developed as a first-in-the-country in 2009 to increase energy savings and to support the sustainability of natural resources, Şekerbank has so far provided over TL 1.6 billion funds in all segments, and helped 123 thousand people save energy.	Integrated Annual Report 2023 / Corporate Governance at Şekerbank / Ethical Rules and Social Responsibility

	COMPLIANCE STATUS	YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (INCLUDING THE PAGE NUMBER)/LINK ON PUBLIC DISCLOSURE
B21.	The amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures are reported.	X				Details of water consumption and use are included in the Integrated Annual Report.	Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint
B22.	Explains whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).			X		Our operations and activities are not included in a carbon pricing system.	
B23.	The carbon credit information accumulated or purchased during the reporting period is announced.			X		Since carbon credits are not traded, this information is not reported.	
B24.	If carbon pricing is applied in the company, details are disclosed.			X		No carbon credits were purchased during the reporting period.	
B25.	Platforms where the Company discloses environmental information is announced	X				Şekerbank's environmental information is disclosed through CDP and sustainability reporting, the BIST Sustainability Index, and Sustainalytics ESG Index.	
C. SOCIAL PRINCIPLES							
CI. HUMAN RIGHTS AND LABOR RIGHTS							
C11.	Corporate Human Rights and Labor Rights Policy is established in which full compliance with the legal framework and legislation regulating the human rights and business life in Türkiye, ILO Conventions that are ratified by Türkiye and the Universal Declaration of Human Rights is committed. Roles and responsibilities associated with the implementation of the policy are determined and announced.	X				Acting in compliance with the Universal Declaration of Human Rights and national laws, Şekerbank's Human Resources Policy, which is published on its corporate website, is planned to be arranged in such a way as to include this compliance.	Integrated Annual Report 2023 / Human Capital / Human Resources https://www.sekerbank.com.tr/uploads/1/258/8d075207-5ea3-4dee-ad96-414daa4ddd1.pdf
C12.	Considering the supply and value chain effects, the Company includes fair workforce, improvement of labor standards, women's employment and inclusion (such as nondiscrimination on women, men, gender, religious belief, language, ethnicity, race, age, disability, refugee etc.) in its policy regarding the labor rights.	X					Integrated Annual Report 2023 / Social and Relationship Capital / Responsible Supply Chain Corporate Website: Sustainability Policies Supplier Social, Environmental and Ethical Rules https://www.sekerbank.com.tr/en/about-us/investor-relations/policies
C13.	Precautions taken throughout the value chain regarding the consideration of specific economic, environmental, and social factors such as low-income groups, women, or minority rights/opportunities have been disclosed to the public.	X				At Şekerbank, of which 72% of its branches across Türkiye are located in Anatolia, alternative lending models specific to tradesmen, farmers, women entrepreneurs and micro-business owners continue to be developed in line with the banking approach that covers all segments of the society, and studies on this subject are included in the reports.	Integrated Annual Report 2023 / Financial Capital / Inclusive Finance and Women's Banking
C14.	Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced labor and child labor are reported.	X				Among Şekerbank's supplier evaluation criteria, the condition of not employing child labor is observed. In addition, IFC Performance Criteria are taken into account in lending activities within the scope of the Social and Environmental Management System (SEMS). There is no question of forced, compulsory or child labor in any of Şekerbank's locations, including sub-employers.	Corporate Website: Human Resources Policy https://www.sekerbank.com.tr/en/about-us/investor-relations/policies Sustainability Policies Supplier Social, Environmental and Ethical Rules: https://www.sekerbank.com.tr/en/about-us/investor-relations/policies

CMB SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	COMPLIANCE STATUS	YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (INCLUDING THE PAGE NUMBER)/LINK ON PUBLIC DISCLOSURE
C1.5.	Investment in employees (training, improvement policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management issues are included in employee rights policy.	X				As Şekerbank, we aim to contribute to the development of our employees in accordance with the corporate strategies by building our training activities on the principle of "right training for the right person, at the right time.	Integrated Annual Report 2023 / Human Capital / Human Resources- Training Corporate Website: Training Policy: https://www.sekerbank.com.tr/en/about-us/investor-relations/policies
	Dispute resolution processes are determined by creating mechanisms for employee complaints and dispute.	X					Integrated Annual Report 2023: Corporate Governance at Şekerbank Rules and Social Responsibility Corporate Website: Whistleblower Policy / https://www.sekerbank.com.tr/en/about-us/sustainability/sustainability-policies
	The activities carried out to ensure employee satisfaction during the reporting period are announced.	X					Integrated Annual Report 2023 Human Capital / Human Resources
C1.6.	Occupational health and safety policies are established and declared to the public	X				Providing a safe and healthy work environment to its employees is one of Şekerbank's main priorities.	2023 Integrated Annual Report: Human Capital, Occupational Health and Safety Corporate Website / Policies/ Occupational Health and Safety Policy / https://www.sekerbank.com.tr/en/about-us/sustainability/sustainability-policies
	The occupational accidents, measures taken to maintain health, and accident statistics are announced.	X					Integrated Annual Report / Human Capital, Occupational Health and Safety Integrated Annual Report 2023 / Performance Indicators
C1.7.	Protection of personal data and data security policies are established and disclosed to the public	X				The Information text on the Law on the Protection of Personal Data is published on the corporate website.	Corporate Website, Personal Data Processing and Protection Policy https://www.sekerbank.com.tr/uploads/1/445/fc2402bd-1fc2-4efa-af83-f522927d721f.pdf Corporate Website / Policies/ Personal Data Processing and Protection Policy / https://www.sekerbank.com.tr/en/about-us/investor-relations/policies
C1.8.	An ethics policy has been created and disclosed to the public.	X				The Banking Ethical Principles Commitment, which reflects the Bank's corporate sensitivity, such as honesty, impartiality, reliability, transparency, observance of social benefit and respect for the environment, which all employees undertake to comply with, is made available to all stakeholders on the corporate website.	Integrated Annual Report 2023 / Ethical Rules and Social Responsibility Corporate Website: Policies Ethics and Integrity Policy https://www.sekerbank.com.tr/en/about-us/investor-relations/policies
C1.9.	Activities regarding social investment, social responsibility, financial inclusion, access to financing are revealed.	X					Integrated Annual Report 2023 / Social and Relational Capital / Corporate Social Responsibility Financial Capital / Inclusive Finance and Women's Banking

	COMPLIANCE STATUS	YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (INCLUDING THE PAGE NUMBER)/LINK ON PUBLIC DISCLOSURE
C1.10.	Informative meetings and training programs on ESG policies and practices are provided to employees	X					Integrated Annual Report 2023 / Human Capital / Employee Rights, Development, Training Activities and Talent Management
C2. STAKEHOLDERS, INTERNATIONAL STANDARDS AND INITIATIVES							
C2.1.	A customer satisfaction policy regarding the management and resolution of customer complaints is established and announced.	X				Within the framework of our Responsible and Sustainable Banking approach, we carry out efforts to protect the rights of our customers and to prevent any negativities that may arise in this regard. By participating in the Client Protection Pathway process of Cerise SPTF, an international organization, our bank became the first and only bank in Türkiye to receive gold certification	Integrated Annual Report 2023 / Developments in 2023
C2.2.	Information on stakeholders communication (with which stakeholders, on what issue and how often) is announced.	X					Integrated Annual Report 2023 / Social and Relational Capital / Relations with Stakeholders
C2.3.	International reporting standards adopted for the reporting are disclosed.	X					Integrated Annual Report 2023 / About the Report/ Convention
C2.4.	Principles, signatory and member international organizations, committees and principles on sustainability and adopted by the Company are disclosed.	X					Integrated Annual Report 2023 / Annexes
C2.5.	Improvements and activities are conducted in order to be listed in the sustainability indices of Borsa Istanbul and/or international index providers.	X					Integrated Annual Report 2023 / Messages from Management / Indexes, Initiatives and Sustainability Rating Agencies that Şekerbank is Involved in
D. CORPORATE GOVERNANCE PRINCIPLES							
D1.	Stakeholders were consulted in determining measures and strategies in the field of sustainability.	X					Integrated Annual Report 2023 / Corporate Governance at Şekerbank / Declaration of Compliance with Corporate Governance Principles
D2.	Efforts have been made to increase awareness about sustainability and its importance through social responsibility projects, awareness-raising activities, and trainings.	X					Integrated Annual Report 2023 / Human Capital / Employee, Development, Training Activities and Talent Management Integrated Annual Report 2023 / Social and Relational Capital / Corporate Social Responsibility

GRI CONTENT INDEX



2024

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.

Statement of Use	Şekerbank has reported in accordance with the GRI Standards for the period January 1 - December 31, 2023.
GRI 1	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Since the sector standard for the banking industry has not been prepared yet, no sector standard has been used.

GRI STANDARD	DISCLOSURE	LOCATION	
GENERAL DISCLOSURES			
The Organization and Its Reporting Practices			
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report, page 12-13 Corporate Profile, page 26-27 Şekerbank's Shareholding Structure and Subsidiaries, page 28-29 Our Branches, page 530 Contact Information, page 531	
	2-2 Entities included in the organization's sustainability reporting	About the Report, page 12-13	
	2-3 Reporting period, frequency and contact point	Annual About the Report, page 12-13	
	2-4 Restatements of information	None	
	2-5 External assurance	Greenhouse Gas Emissions Verification Statement, page 518-522 Water Consumption Verification Statement, page 523-524 KPMG Non-Financial Assurance Statement, page 525-527	
	Activities and Employees		
	2-6 Activities, value chain and other business relations	Corporate Profile, page 26-27 Şekerbank's Value Creation Model, page 50-53 Financial Capital, page 76-93 Responsible Supply Chain, page 110-111	
	2-7 Employees	Human Resources, page 95-101	
	2-8 Workers who are not employees	Human Resources, page 95-101	
	Governance		
	2-9 Governance structure and composition	Board of Directors, page 147-149 Senior Management, page 150-151 Şekerbank T.A.Ş. Organizational Chart of Şekerbank T.A.Ş. Head Office, page 152-153 Structure and Composition of the Board of Directors, page 163-165	
	2-10 Nomination and selection of the highest governance body	Regarding the minimum qualifications to be sought for the election of the members of the Board of Directors, the Bank acts within the framework of the Banking legislation, and the regulations of the Turkish Commercial Code and the CMB. Board of Directors, page 147-149 Structure and Composition of the Board of Directors, page 163-165	
	2-11 Chair of the highest governance body	Board of Directors, page 147-149 Structure and Composition of the Board of Directors, page 163-165	
	2-12 Role of the highest governance body in overseeing the management of impacts	Structure and Composition of the Board of Directors, page 163-165	
	2-13 Delegation of responsibility for managing impacts	Structure and Composition of the Board of Directors, page 163-165	
	2-14 Role of the highest governance body in sustainability reporting	About the Report, page 12-13 Declaration of Responsibility for the Annual Report 2023, page 170	
	2-15 Conflicts of interest	https://www.sekerbank.com.tr/uploads/1/258/d475ef45-bfdf-4e4d-a8dc-f3113d1395c8.pdf	
	2-16 Communication of critical issues	Sustainable Banking Approach and Sustainability Governance, page 54-59	
	2-17 Collective knowledge of the highest governance body	Board of Directors, page 147-149 Structure and Composition of the Board of Directors, page 163-165	
	2-18 Evaluation of the performance of the highest governance body	Board of Directors, page 147-149 Structure and Composition of the Board of Directors, page 163-165	

GRI STANDARD	DISCLOSURE	LOCATION	
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Human Resources, page 95-101 https://www.sekerbank.com.tr/uploads/1/258/57fa7b83-41be-415f-92cf-2f8532de1210.pdf	
	2-20 Process to determine remuneration	Human Resources, page 95-101 https://www.sekerbank.com.tr/uploads/1/258/57fa7b83-41be-415f-92cf-2f8532de1210.pdf	
	2-21 Annual total compensation ratio	https://www.sekerbank.com.tr/uploads/1/258/9b687a04-1f21-4daf-a019-cc10bdf06bc6.pdf	
	Strategy, Policies and Practices		
	2-22 Statement on sustainable development strategy	Chairman's Message, page 14-17 General Manager's Message, page 18-21 Sustainable Banking Approach and Sustainability Governance, page 54-59 Sustainable Development Banking, page 60-65 CMB Sustainability Principles Compliance Report, page 501-507	
	2-23 Policy commitments	https://www.sekerbank.com.tr/en/about-us/investor-relations/policies	
	2-24 Embedding policy commitments	Sustainable Banking Approach and Sustainability Governance, page 54-59 Corporate Governance, page 140 https://www.sekerbank.com.tr/en/about-us/investor-relations/policies	
	2-25 Processes to remediate negative impacts	Customer Relations Management, page 107-109	
	2-26 Mechanisms for seeking advice and raising concerns	Customer Relations Management, page 107-109	
	2-27 Compliance with laws and regulations	During the reporting period, there was no illegal development, and no penalty was imposed for non-compliance with laws and regulations.	
	2-28 Corporate Memberships	Sustainable Development Banking, page 60-65	
	Stakeholder Engagement		
	2-29 Stakeholder engagement approach	Material Issues and Materiality Matrix, page 66-68 Relations with Stakeholders, page 105-106	
	2-30 Collective bargaining agreements	Human Resources, page 95-101	
	MATERIAL TOPICS		
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Issues and Materiality Matrix, page 66-68
		3-2 List of material topics	Material Issues and Materiality Matrix, page 66-68
	Financial Performance/Sustainable Growth		
	GRI 3: Material Topics 2021	3-3 Management of material topics	Chairman's Message, page 14-17 General Manager's Message, page 18-21 Key Financial Indicators, page 30-31 Financial Capital, page 76-93 Intellectual Capital, page 114-121 Energy Efficiency, page 134-135 Sustainable Agriculture, page 136-137 Disclosures on the Bank's Financial Position, Profitability and Debt Servicing Capability page 172
		GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed Key Financial Indicators, page 30-31 Şekerbank's Value Creation Model, page 50-53 Financial Capital, page 76-93
GRI 203: Indirect Economic Impacts 2016	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Risks and Trends Management page 70-75 Climate Change Oriented Banking and Our Environmental Footprint, page 127-133	
	203-1 Infrastructure investments and services supported	Intellectual Capital, page 114-121 Energy Efficiency, page 134-135 Sustainable Agriculture, page 136-137	
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Intellectual Capital, page 114-121 Energy Efficiency, page 134-135 Sustainable Agriculture, page 136-137	
	Work Ethics and Legal Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	https://www.sekerbank.com.tr/uploads/1/258/4b8b62e5-5c23-498e-98c0-7743fe6ab369.pdf https://www.sekerbank.com.tr/uploads/1/258/e0176287-6523-4ab3-8442-00dff15a7dc.pdf	

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Declaration of Compliance with Corporate Governance Principles, page 160 https://www.sekerbank.com.tr/uploads/1/258/4b8b62e5-5c23-498e-98c0-7743fe6ab369.pdf
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period, there were no lawsuits regarding anti-competitive behavior, trust and monopoly activities.
Combating Climate Change/Climate Change Adaptation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133 https://www.sekerbank.com.tr/uploads/258/b4384dbf-6ecf-4843-af15-4cf8ca4888f9.pdf https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf https://www.sekerbank.com.tr/uploads/424/69997d9c-5ef0-4855-8893-e909c71dcb99.pdf
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
GRI 303: Water and Wastewater 2018	303-1 Interactions with water as a shared resource	https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
	303-2 Management of water discharge-related impacts	https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
	303-3 Water withdrawal	https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
	303-4 Water discharge	https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
	303-5 Water consumption	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133 https://www.sekerbank.com.tr/uploads/424/e004624d-e6d3-44f8-8daa-05948ba0397e.pdf
GRI 305: Emissions 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
	305-2 Indirect greenhouse gas (GHG) emissions (Scope 2)	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
	305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
	305-5 Reduction of greenhouse gas (GHG) emissions	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
Responsible Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
GRI 306: Waste 2020	306-1 Significant impacts on waste and waste generation	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
	306-2 Management of waste-related impacts	Climate Change Oriented Banking and Our Environmental Footprint, page 127-133
Supporting SMEs and Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	SME Banking, page 84-85 Human Resources, page 95-101
GRI 401: Employment 2016	401-1 New hires and employee turnover	Human Resources, page 95-101
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources, page 95-101
	401-3 Maternity Leave	Human Resources, page 95-101

GRI STANDARD	DISCLOSURE	LOCATION	
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety, page 102-103 https://www.sekerbank.com.tr/uploads/258/deacfe46-3dce-4b8d-9168-3f708638c237.pdf	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, page 102-103	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, page 102-103	
	403-3 Occupational health services	Occupational Health and Safety, page 102-103	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, page 102-103	
	403-5 Employee OHS trainings	Occupational Health and Safety, page 102-103	
	403-9 Occupational Injuries	The number of work accidents experienced in 2023 is 6, but no occupational disease or accident resulting in death took place in Şekerbank in the 2022-2023 period..	
	403-10 Occupational Injuries	Occupational Health and Safety, page 102-103 The number of work accidents experienced in 2023 is 6, but no occupational disease or accident resulting in death took place in Şekerbank in the 2022-2023 period.	
	Talent Management		
	GRI 3: Material Topics 2021	3-3 Management of material topics	Human Resources, page 95-101 https://www.sekerbank.com.tr/uploads/1/258/63b7153d-f1ba-42a9-9aad-b1e2ccbe7af5.pdf
	GRI 404: Training and Education 2016	404-1 Average annual training hours per employee	Human Resources, page 95-101
404-2 Programs for upgrading employee skills and transition assistance programs		Human Resources, page 95-101	
Equal Opportunity and Diversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Resources, page 95-101 CMB Sustainability Principles Compliance Report, page 501-507	
GRI 405: Equal Opportunity and Diversity 2016	405-1 Diversity of governance bodies and employees	Human Resources, page 95-101	
	405-2 Ratio of basic salary and remuneration of women to men	Human Resources, page 95-101 At Şekerbank, there is no gender-based discrimination for employee wages.	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination during the reporting period.	
GRI 407: Collective Bargaining and Union Right 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Resources, page 95-101 During the reporting period, there was no violation of trade union rights in any supplier.	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	There is no question of forced, compulsory or child labor in any of Şekerbank's locations, including sub-employers.	
GRI 409: Forced/Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	There is no question of forced, compulsory or child labor in any of Şekerbank's locations, including sub-employers.	
Data Privacy, Cyber Security and Digital Transformation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Data Privacy and Information Security, page 120-121	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Information Security, page 120-121 During the reporting period, there are no complaints of Şekerbank customers about breach of privacy and loss of data.	

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
	Sustainable Agriculture	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 68 Sustainable Agriculture, page 136-137
	Corporate Governance	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Corporate Governance at Şekerbank, page 140-171 https://www.sekerbank.com.tr/uploads/258/c1a09c3c-4ccd-4e0f-bdfd-8e57dd4267f8.pdf
	Integrity and Accountability	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Corporate Governance at Şekerbank, page 140-171
	Responsible Supply Chain	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Responsible Supply Chain, page 110-111
	Social Investments and Corporate Social Responsibility	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Corporate Social Responsibility, page 112
	ESG Impact on Lending	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 ESG Impact on Lending, page 138-139 https://www.sekerbank.com.tr/uploads/258/c060f998-a113-46ae-a35b-b20df6077988.pdf
	Employee Satisfaction and Engagement	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Customer Relations Management, page 107-109
	Responsible Investment and Lending	
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Development Banking, page 60-65 Material Issues and Materiality Matrix, page 66-68
	Effective Risk and Crisis Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Sustainability Risks and Trends Management, page 70-75 Risk Management System and Strategy, page 141-145
	Domestic/Local Procurement	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Responsible Supply Chain, page 110-111
	Barrier-free Banking	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Barrier-free Banking, page 124-125
	Biodiversity	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Issues and Materiality Matrix, page 66-68 Sustainability Risks and Trends Management, page 70-75

SASB INDEX

Topic	SASB Code	Title with Relevant Explanations
Data Security	FN-CB-230a.2.	Data Privacy and Information Security, page 120-121 GRI Index 418-1
Financial Inclusion & Capacity Building	FN-CB-240a.1.	Financial Capital, page 76-83
Incorporation of ESG Factors in Credit Analysis	FN-CB-410a.2.	ESG Impact on Lending, page 138-139
Business Ethics	FN-CB-510a.2.	Şekerbank Hotline Policy https://www.sekerbank.com.tr/uploads/258/9bd5fdOd-fb37-4fb5-bf78-ecff989bbf54.pdf
Systemic Risk Management	FN-CB-550a.2	Risk Management System and Strategy, page 141-145

*Topics that are not directly related to our banking activities are not included in the table.

TÜRKİYE SUSTAINABILITY REPORTING STANDARDS (TSRS)

Reporting Standard	Requirements	Relevant Section
TSRS 1 - General Provisions Concerning the Disclosure of Sustainability-Related Financial Information	Conceptual Foundations	Şekerbank's Value Creation Model, page 50-53 Sustainable Development Banking, page 54-75 Financial Capital, page 76-93 Natural Capital, page 126-139 CMB Sustainability Principles Compliance Report, page 499-505
	Core Content	Şekerbank's Value Creation Model, page 50-53 Sustainable Development Banking, page 54-75 Financial Capital, page 76-93 Natural Capital, page 126-139 CMB Sustainability Principles Compliance Report, page 499-505
	General Provisions	Şekerbank's Value Creation Model, page 50-53 Sustainable Banking Management, page 54-75 Financial Capital, page 76-93 Natural Capital, page 126-139 CMB Sustainability Principles Compliance Report, page 499-505
	Judgments, Uncertainties, Errors	Şekerbank's Value Creation Model, page 50-53 Sustainable Banking Management, page 54-75 Financial Capital, page 76-93 Natural Capital, page 126-139 CMB Sustainability Principles Compliance Report, page 499-505
TSRS 2 - Disclosures on Climate	Governance	Sustainable Banking Management, page 54-75
	Strategy	Şekerbank's Strategy and Position in the Sector, page 33-34 Sustainable Banking Management, page 54-75
	Risk Management	Sustainability Risks and Trends Management, page 70-75 Risk Management System and Strategy, page 141-145
	Metrics and Targets	Natural Capital, page 126-139 Performance Indicators, page 495-499

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

TCFD Guidance	Relevant Report	Relevant Section	Page Number
Governance	Integrated Annual Report 2023	Sustainable Banking Management / Sustainable Banking Approach and Sustainability Governance	54-59
	CDP Climate Change Report 2023,	C1.1a, C1.1b, C1.3a	https://www.sekerbank.com.tr/hakkimizda/surdurulebilir-bankacilik/surdurulebilirlik-raporlari
Strategy	Integrated Annual Report 2023	Sustainable Banking Management / Sustainability Risks and Trends Management Sustainable Banking Management / Material Issues and Materiality Matrix	70-76 66-69
	2023 CDP Climate Change Report	C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.1a, C3.2, C3.2a, C3.3, C3.4	https://www.sekerbank.com.tr/hakkimizda/surdurulebilir-bankacilik/surdurulebilirlik-raporlari
Risk Management	2023 Integrated Annual Report	Sustainable Banking Management / Sustainability Risks and Trends Management Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint	70-76 127-133
	2023 CDP Climate Change Report	C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.1a, C3.2, C3.2a, C3.3, C3.4	https://www.sekerbank.com.tr/hakkimizda/surdurulebilir-bankacilik/surdurulebilirlik-raporlari
Metrics and Goals	Integrated Annual Report 2023	Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint Sustainable Banking Management / Sustainability Risks and Trends Management	127-133 70-76
	2023 CDP Climate Change Report	C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.4a, C4, C4.1a, C4.1b, C4.2, C4.2a, C4.2b C6.1, C6.2, C6.3, C6.4, C6.5	https://www.sekerbank.com.tr/hakkimizda/surdurulebilir-bankacilik/surdurulebilirlik-raporlari

UNITED NATIONS GLOBAL COMPACT 2023 PROGRESS STATEMENT

PRINCIPLES	ŞEKERBANK T.A.Ş. APPROACH	RELEVANT SECTION
Principle 1	In all its activities, Şekerbank T.A.Ş fully complies with national and international norms regarding human rights, especially the UN Declaration of Human Rights.	Integrated Annual Report 2023 Human Capital / Human Resources
Principle 2		Corporate Website / Policies / Human Resources Policy
Principle 3	Şekerbank T.A.Ş. respects the freedom and right of its employees to unionize. Under no circumstances, Şekerbank T.A.Ş does not allow child labor, forced labor or involuntary labor and applies the same approach to its suppliers and customers.	Integrated Annual Report 2023 / Human Capital / Human Resources / Occupational Health and Safety
Principle 4		Corporate Website / Policies / Occupational Health and Safety Policy
Principle 5	Şekerbank T.A.Ş. respects the freedom and right of its employees to unionize. Under no circumstances, Şekerbank T.A.Ş does not allow child labor, forced labor or involuntary labor and applies the same approach to its suppliers and customers.	Integrated Annual Report 2023 / Human Capital / Human Resources / Employee Rights
Principle 6		Corporate Website / Policies / Human Resources Policy
Principle 7	Şekerbank T.A.Ş. respects the freedom and right of its employees to unionize. Under no circumstances, Şekerbank T.A.Ş does not allow child labor, forced labor or involuntary labor and applies the same approach to its suppliers and customers.	Corporate Website / Policies / Responsible Lending Policy
Principle 8		Corporate Website / Policies / Human Resources Policy
Principle 9	Şekerbank T.A.Ş. respects the freedom and right of its employees to unionize. Under no circumstances, Şekerbank T.A.Ş does not allow child labor, forced labor or involuntary labor and applies the same approach to its suppliers and customers.	Corporate Website / Policies / Responsible Lending Policy
Principle 10		Corporate Website / Policies / Human Resources Policy
Principle 11	Şekerbank T.A.Ş. carefully monitors the environmental impacts of its operations and investments. With our policies that ensure the ESG effect in lending, we make sure that our customers evaluate their environmental impacts.	Integrated Annual Report 2023 / Human Capital / Human Resources / Diversity and Equal Opportunity
Principle 12		Integrated Annual Report 2023 / Natural Capital / Climate Change Oriented Banking and Our Environmental Footprint
Principle 13	Şekerbank T.A.Ş. carefully monitors the environmental impacts of its operations and investments. With our policies that ensure the ESG effect in lending, we make sure that our customers evaluate their environmental impacts.	Corporate Website / Policies / Environmental and Social Lending Policy
Principle 14		Corporate Website / Policies / Environmental and Social Lending Policy
Principle 15	Şekerbank T.A.Ş. carefully monitors the environmental impacts of its operations and investments. With our policies that ensure the ESG effect in lending, we make sure that our customers evaluate their environmental impacts.	Integrated Annual Report 2023 / Sustainable Banking Management / Şekerbank's Memberships and Initiatives It Supports
Principle 16		Corporate Website / Policies / Environmental and Social Lending Policy
Principle 17	Şekerbank T.A.Ş. carefully monitors the environmental impacts of its operations and investments. With our policies that ensure the ESG effect in lending, we make sure that our customers evaluate their environmental impacts.	Integrated Annual Report 2023 / Natural Capital / ESG Impact on Lending
Principle 18		Corporate Website / Policies / Environmental and Social Lending Policy
Principle 19	In line with the legislation and its corporate policies regarding anti-corruption, Şekerbank T.A.Ş. provides full, accurate and effective support.	Integrated Annual Report 2023 / Natural Capital / ESG Impact on Lending
Principle 20		Corporate Website / Policies / Ethics and Integrity Policy
Principle 21	In line with the legislation and its corporate policies regarding anti-corruption, Şekerbank T.A.Ş. provides full, accurate and effective support.	Corporate Website / Policies / Corporate Governance Policy
Principle 22		Corporate Website / Policies / Corporate Governance Policy

UNITED NATIONS WOMEN'S EMPOWERMENT PRINCIPLES 2023 PROGRESS STATEMENT

PRINCIPLE	RELEVANT SECTION
Principle 1: Providing superior corporate leadership for social gender equality	Integrated Annual Report 2023 / Human Capital / Diversity and Equal Opportunity / Employee Rights
Principle 2: Treating all women and men fairly in business life, respecting human rights and the principle of non-discrimination as well as supporting these principles	Integrated Annual Report 2023 / Human Capital / Diversity and Equal Opportunity / Employee Rights
Principle 3: Ensuring the health, safety and well-being of all female and male employees	Integrated Annual Report 2023 / Human Capital / Diversity and Equal Opportunity / Employee Rights
Principle 4: Supporting training, course and professional development opportunities for women	Integrated Annual Report 2023 / Human Capital / Diversity and Equal Opportunity / Employee Rights / Employee Development, Training Activities and Talent Management
Principle 5: Applying entrepreneurial development, supply chain and marketing methods for the empowerment of women	Integrated Annual Report 2023 / Financial Capital / Inclusive Finance and Women's Banking
Principle 6: Promoting equality through community initiatives and advocacy	Integrated Annual Report 2023 / Human Capital / Diversity and Equal Opportunity
Principle 7: Evaluating the achievements regarding gender equality and announcing the results to the public	Integrated Annual Report 2023 / Contributed Sustainable Development Goals

WEF STAKEHOLDER CAPITALISM INDEX*

STAKEHOLDER CAPITALISM INDICATORS INDEX				
COLUMN	THEME	DESCRIPTION	REFERENCE	
GOVERNANCE PRINCIPLES	Purpose of management	Setting purpose: The goal of a business as an expression of its tools to come up with solutions to economic, environmental and social problems. The corporate goals should create value for all stakeholders including shareholders.	Integrated Annual Report Chairman's Message, General Manager's Message, About the Report Integrated Annual Report Social and Relationship Capital, Relations with Stakeholders Integrated Annual Report Corporate Governance at Şekerbank Integrated Annual Report Corporate Governance at Şekerbank Risk Management System and Strategy	
		Purpose-led management: How the company's stated purpose is embedded in company strategies, policies, and goals should be disclosed.		
	Quality of Governing Body	Governance body composition: Composition of the highest governance body and committees by company values, competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation should be disclosed.		
	STAKEHOLDER ENGAGEMENT			
	Ethical Behavior	Material issues impacting stakeholders: A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged should be disclosed.		
		Anti-corruption: 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. (a) Total number and nature of incidents of corruption confirmed during the current year but related to previous years (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption should be disclosed.		
		Protected ethics advice and reporting mechanisms: A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behavior and organizational integrity 2. Reporting concerns about unethical or lawful behavior and organizational integrity		
	Risk and Opportunity Oversight	Integrating risk and opportunity into business process: Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship		
	PLANET	Climate change		Greenhouse Gas (GHG) emissions: For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate should be estimated and reported.
				TCFD implementation: The recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) should be fully implemented. If necessary, a timeline of at most three years for full implementation should be disclosed. Commitment status of GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C - and to achieve net-zero emissions before 2050 should be disclosed.
Fresh water availability		Water consumption and withdrawal in water-stressed areas: Operations where material, mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct water risk atlas tool should be reported.		
Nature Loss	Land use and ecological sensitivity: The number and area of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA) should be reported.			

STAKEHOLDER CAPITALISM INDICATORS INDEX			
COLUMN	THEME	DESCRIPTION	REFERENCE
PEOPLE	Dignity and equality	Diversity and inclusion: Percentage of employees per employee category, per age group, gender and other indicators of diversity (e.g. ethnicity) should be reported.	Integrated Annual Report Human Capital, Human Resources
		Pay equality: Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality should be specified.	
		Risk for incidents of child, forced or compulsory labor: An explanation of the operations and suppliers considered to have significant risk for incidents of child labor should be disclosed.	
	Health and well-being	Health and safety: 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries, main types of work-related injury; and the number of hours worked should be disclosed. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers should be disclosed.	Integrated Annual Report Human Capital, Human Resources, Diversity and Equal Opportunity
Talent development	Training provided: Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category, and average training and development expenditure per full time employee should be disclosed.	Integrated Annual Report Human Capital, Occupational Health and Safety	
PROSPERITY	Employment and wealth generation	Number and rate of employment: Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region should be specified. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region should be specified.	Integrated Annual Report Human Capital, Human Resources
		Economic contribution: 1. The direct economic value generated and distributed and the financial assistance received from the government should be specified	Integrated Annual Report Financial Capital, Economic Value Generation
	Total R&D Expenses	Total R&D costs should be specified.	
Total Tax Paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company should be specified.	Integrated Annual Report Corporate Governance at Şekerbank, Financial Statements	

* Prepared within the scope of the "Core" metrics for Stakeholder Capitalism Indicators published by the World Economic Forum (WEF).

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

 TÜRK LOYDU Eviya Çelebi Mah. Tersaneler Cad. No:26/1 34944 Tuzla-İSTANBUL Phone: +90 216 581 37 00, Fax: +90 216 581 38 20, e-mail: tbb@turkloydu.org , web: www.turkloydu.org			
GHG VERIFICATION REPORT			
Report Date: 28.02.2024	Report No: 55	Revision No: 01	Page: 2 / 4

1. SUMMARY

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. has made the CDP verification of the GHG Inventory of ŞEKERBANK T.A.Ş. for 01.01.2023-31.12.2023 on the basis of the Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance as well as criteria given to provide for consistent operations, monitoring and reporting in ISO 14064-3:2019.

The verification scope is defined as an independent and objective review of the GHG Inventory Assertion, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the GHG Calculation; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final Verification report and opinion. The overall Verification, from Contract Review to Verification Report & Opinion, was conducted using Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. internal procedures.

In summary, it is Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş.'s opinion that the ŞEKERBANK T.A.Ş. correctly applies the the Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance to said Verification Period for the addressed head office, 7 regional management buildings and 238 branches (all in TÜRKİYE).

Address:

ŞEKERBANK T.A.Ş.
Eski Büyükdere Caddesi No:1/1A
Kağıthane, İstanbul / TÜRKİYE

2. VERIFICATION CRITERIA

This report is a summary describing the principles and method regarding the preparation and calculation of ŞEKERBANK T.A.Ş. GHG Inventory Assertion 2023.

The Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance criteria are met and the calculation method and calculations of greenhouse gas emissions are verified.

3. ASSURANCE LEVEL

Greenhouse gas inventory verification activity was conducted with 5% level of assurance.

4. ORGANIZATION BOUNDARIES FOR GHG EMISSION INVENTORY


Greenhouse gases arising from the activities in ŞEKERBANK's facilities in Türkiye in between 01.01.2023 and 31.12.2023 are within the scope of ŞEKERBANK T.A.Ş. GHG Inventory.

The organisation has included, within the operational boundaries; head office, regional management buildings and all their branches.

The emissions considered are those related to greenhouse gases such as carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), correlated to the following categories of emissions:

Direct GHG emissions originating from sources owned or controlled by the Organisation. Emissions due to the combustion of fuels (natural gas, coal, diesel and gasoline) for heating and auxiliary generators in buildings by the organisation, emissions due to the combustion of fuels (diesel and gasoline) in on-road vehicles and the emissions sourcing from refrigeration and fire equipment.



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Energy indirect GHG emissions are due to electricity consumption in all locations. The 34,23% of Scope 2 emissions for 2023 are calculated by market-based approach. The remaining Scope 2 emissions are calculated by location-based approach.

Other Indirect GHG emissions are due to the air travelling, paper consumption, employee commuting, waste generated in operations, waste transportation, debit card production and homeworking consumption taken into account.

5. ACTIVITY BOUNDARIES FOR GHG EMISSION INVENTORY

The emissions of ŞEKERBANK T.A.Ş. are separated into 3 groups;

- a-Direct emissions
- b-Energy Indirect Emissions
- c-Other Indirect Emissions

Within the scope of the inventory, direct, energy indirect and other indirect emissions were calculated and included in the inventory calculation.

6. CALCULATION METHODOLOGY

The basis for choosing calculation method is to choose the method that will minimize uncertainties. For that matter, TIER 3: activity data-specific emission factors are primarily controlled with regards to technology. If Tier 3 values cannot be attained, then TIER 2: national emission factors of the emission source causing greenhouse gas. Where national sources are not sufficient, TIER 1: emission factors defined by IPCC should be employed.

The calculation for ŞEKERBANK T.A.Ş. GHG Inventory Assertion 2023 is based on formulas that are multiplications of activity data and emission factors addressed in "2006 IPCC Guidelines for National Greenhouse Gas Inventories".

7. VERIFICATION ACTIVITIES


Türk Loydu verification team was performed a videoconference with ŞEKERBANK T.A.Ş. in Kağıthane District, İstanbul Province of Türkiye on 02/02/2024.

During the remote audit, the following verification activities were conducted:

- Review of documentation, calculation sheets and methodologies, including client assertion,
- Assessment of risks and verification planning,
- Assessment of documentation, control and methodologies,
- Interviews and observations by team to assess the client assertion,
- Assessment of verification findings and outstanding issues,
- Assessment and review of resolutions to outstanding issues,
- Follow-up and Closure by Lead Verifier,
- Recommendation by Lead Verifier and level of assurance,
- Internal technical review and determination of assurance by Türk Loydu,
- Issue of Verification Statement by Türk Loydu,
- Issuance of verification statement and completion of verification.



GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

 TÜRK LOYDU Evliya Çelebi Mah. Tersaneler Cad. No:26/1 34944 Tuzla-İSTANBUL Phone: +90 216 581 37 00, Fax: + 90 216 581 38 20, e-mail: tlbb@turkloydu.org , web: www.turkloydu.org			
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8. EMISSION RESULTS

GHG emissions divided according to type are shown in the following table:

TOTAL GREENHOUSE GAS EMISSIONS INVENTORY	2023 YEAR
Total Direct GHG Emissions from All Facilities	3.147,12 tCO₂e
GHG Emissions From Stationary Combustion	791,19 tCO ₂ e
GHG Emissions From Mobile Combustion	1.797,07 tCO ₂ e
GHG Emissions From Fugitives	558,86 tCO ₂ e
Total Indirect GHG Emissions from All Facilities	3.424,25 tCO₂e
Total Other Indirect GHG Emissions from All Facilities	858,27 tCO₂e
GHG Emissions From Air Travelling	237,61 tCO ₂ e
GHG Emissions From Paper Consumption	104,89 tCO ₂ e
GHG Emissions From Employee Commuting	198,99 tCO ₂ e
GHG Emissions From Waste Generated in Operations	1,88 tCO ₂ e
GHG Emissions From Waste Transportation	3,50 tCO ₂ e
GHG Emissions From Debit Card Production	1,32 tCO ₂ e
GHG Emissions From Homeworking Consumption	310,08 tCO ₂ e
TOTAL GHG EMISSIONS FROM ALL FACILITIES	7.430 tCO₂e

9. VERIFICATION OPINION


View Declaration

The greenhouse gas emission data (Scope 1 & 2) for 2023 disclosed in the CDP Climate Change 2024 Information Request as a result of verification audit held on the basis of international standards has been verified with reasonable assurance.

The greenhouse gas emission data (Scope 3) for 2023 in the CDP Climate Change 2024 Information Request as a result of verification audit held on the basis of international standards has been verified with limited assurance.

H.Uğur AYKAC
Responsible Manager

Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier

 TÜRK LOYDU Evliya Çelebi Mah. Tersaneler Cad. No:26/1 34944 Tuzla-İSTANBUL Phone: +90 216 581 37 00, Fax: + 90 216 581 38 20, e-mail: tlbb@turkloydu.org , web: www.turkloydu.org			
GHG VERIFICATION STATEMENT			
Statement Date: 28.02.2024	Statement No: 112	Revision No: 01	Page: 2 / 3

1. SCOPE

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. performed verification of conformity of the voluntary assertion relevant to the GHG Inventory of the ŞEKERBANK T.A.Ş. for the period 1st January 2023 to 31st December 2023. Verification activities including process analysis were conducted on February 2024.

These studies had been carried out in order to provide a verification opinion with reasonable confidence that the ŞEKERBANK T.A.Ş. 2023 GHG Inventory Assertion, which includes GHG emissions Scope 1 (direct greenhouse gas emissions) and Scope 2 (energy indirect greenhouse gas emissions) does not contain significant errors and to ensure that Scope 3 (other indirect greenhouse gas emissions) greenhouse gas emissions are verified at a limited confidence level in accordance with ISO 14064-3:2019 Greenhouse Gases Part 3: "Specification with guidance for the validation and verification of greenhouse gas assertions".

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. consent to release of this letter by you to the Carbon Disclosure project in order to satisfy the terms of CDP disclosure requirements.

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. not accepts or assumes any responsibility or liability on our part to CDP or to any other party who may have access to this letter or verification report.

2. GHG STATEMENT

The GHG assertions verified were the following:

- That the 2023 GHG Inventory has been developed in accordance with common industry practice, including the Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance
- That the calculated Scope 1 and Scope 2 GHG emissions for the 2023 are **6.571,37 tCO₂e**. The emission sources included for each source has been given in verification report.
**The 34,23% of Scope 2 emissions for 2023 are calculated by market-based approach.*
- That the calculated Scope 3 GHG emissions for the 2023 are **858,27 tCO₂e**. The emission sources included for each category has been given below.


- Air Travelling	: 237,61 tCO ₂ e
- Paper Consumption	: 104,89 tCO ₂ e
- Employee Commuting	: 198,99 tCO ₂ e
- Waste generated in operations	: 1,88 tCO ₂ e
- Waste transportation	: 3,50 tCO ₂ e
- Debit Card Production	: 1,32 tCO ₂ e
- Homeworking Consumption	: 310,08 tCO ₂ e

3. ASSURANCE LEVEL

The verification task was to form an opinion at a reasonable and limited level of assurance about the above GHG assertions, regarding:

- Conformance with the general requirements of the Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance.
- Reasonableness of the calculated Scope 1 and Scope 2 emissions for the 01.01.2023-31.12.2023.
- Limitation of the calculated Scope 3 emissions for the 01.01.2023-31.12.2023.

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

 TÜRK LOYDU Evliya Çelebi Mah. Tersaneler Cad. No:26/1 34944 Tuzla-İSTANBUL Phone: +90 216 581 37 00, Fax: + 90 216 581 38 20, e-mail: tlbb@turkloydu.org , web: www.turkloydu.org			
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4. VERIFICATION ACTIVITIES

The verification performed by Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. applied ISO 14064-3:2019 International Standard for GHG verifications. The following verification activities were conducted:

- Review of documentation, calculation sheets and methodologies, including client assertion,
- Assessment of risks and verification planning,
- Assessment of documentation, control and methodologies,
- Interviews and observations by team to assess the client assertion,
- Assessment of verification findings and outstanding issues,
- Assessment and review of resolutions to outstanding issues,
- Follow-up and Closure by Lead Verifier,
- Recommendation by Lead Verifier and level of assurance,
- Internal technical review and determination of assurance by Türk Loydu,
- Issue of Verification Statement by Türk Loydu,
- Issuance of verification statement and completion of verification.

5. VERIFICATION OPINION

GHG statement has been prepared based on the processes and procedures carried out in accordance with the requirements of the Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance.

GHG Assertion #1: 6.571,37 tCO₂e of which **3.147,12 tCO₂e** are direct emissions (Scope 1) and **3.424,25 tCO₂e** are energy indirect emissions (Scope 2) are reasonable. The 34,23% of Scope 2 emissions for 2023 are calculated by market-based approach.

View Declaration

The greenhouse gas emission data (Scope 1 and 2) for 2023 disclosed in the CDP Climate Change 2024 Information Request as a result of verification audit held on the basis of international standards has been verified with reasonable assurance.

GHG Assertion #2: 858,27 tCO₂e of which are other indirect emissions (Scope 3) are verified with limited assurance.

View Declaration

The greenhouse gas emission data (Scope 3) for 2023 disclosed in the CDP Climate Change 2024 Information Request as a result of verification audit held on the basis of international standards has been verified with limited assurance.



İl Uğur AYKAÇ
Responsible Manager



Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier

WATER CONSUMPTION VERIFICATION STATEMENT

 TÜRK LOYDU Evliya Çelebi Mah. Tersaneler Cad. No:26/1 34944 Tuzla-İSTANBUL Phone: +90 216 581 37 00, Fax: + 90 216 581 38 20, e-mail: tlbb@turkloydu.org , web: www.turkloydu.org			
WATER VERIFICATION REPORT			
Report Date: 13.02.2024	Report No: 56	Revision No: 00	Page: 2 / 3

1. SUMMARY

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. has made the CDP verification of the water consumption of ŞEKERBANK T.A.Ş. for 01.01.2023 - 31.12.2023 with regard to the relevant requirements for Water Footprint Network: Water Footprint Assessment Manual.

The verification scope is defined as an independent and objective review of the Water Footprint Calculation, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the water calculation; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final Verification report and opinion. The overall Verification, from Contract Review to Verification Report & Opinion, was conducted using Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. internal procedures.

In summary, it is Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş.'s opinion that the ŞEKERBANK T.A.Ş. correctly applies the Water Footprint Network: Water Footprint Assessment Manual to said Verification Period for the addressed head office, 7 regional management buildings and 238 branches (all in TÜRKİYE).

Address:

ŞEKERBANK T.A.Ş.
Emniyet Evleri Mahallesi, Eski Büyükdere Caddesi No:1/1A
34415, Kağıthane, İstanbul / TÜRKİYE

2. VERIFICATION CRITERIA

This report is a summary describing the principles and method regarding the preparation and calculation of ŞEKERBANK T.A.Ş. Water Footprint Calculation 2023.

Water Footprint Network: Water Footprint Assessment Manual criteria are met and the calculation method and calculations of water consumption data are verified.

3. ORGANIZATION BOUNDARIES FOR GHG EMISSION INVENTORY

Water consumption arising from the activities in ŞEKERBANK's facilities in Türkiye in between 01.01.2023 and 31.12.2023 are within the scope of ŞEKERBANK T.A.Ş. Water Footprint Calculation.

The organisation has included, within the operational boundaries; head office, regional management buildings and all their branches.

4. WATER STATEMENT

Water footprint calculation is shown in the following table:

	Amount of Withdrawal (m ³ /year)	Amount of Discharges (m ³ /year)
Surface Water	42.003,50	37.803,15*
TOTAL Water Consumption (m³/year)	4.200,35	

*It is assumed that 90 percent of the withdrawn water is discharged directly into the receiving environment.

WATER CONSUMPTION VERIFICATION STATEMENT

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WATER VERIFICATION REPORT			
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5. VERIFICATION ACTIVITIES

Türk Loydu verification team was performed a videoconference with ŞEKERBANK T.A.Ş. in Kağıthane District, Istanbul Province of Türkiye on 02/02/2024.

During the remote audit, the following verification activities were conducted:

- Review of documentation, calculation sheets and methodologies, including client assertion,
- Assessment of risks and verification planning,
- Assessment of documentation, control and methodologies,
- Interviews and observations by team to assess the client assertion,
- Assessment of verification findings and outstanding issues,
- Assessment and review of resolutions to outstanding issues,
- Internal technical review and determination of assurance by Türk Loydu,
- Issue of Verification Statement by Türk Loydu,
- Issuance of verification statement and completion of verification.

6. VERIFICATION OPINION

The water consumption data for 2023 disclosed in the CDP Climate Change 2024 Information Request as a result of verification audit held on the basis of international standards has been verified.

We have been informed that the results of our studies; the data and information contained in the assurance statement is clear, understandable, accessible, accurate and reliable without any material error or misstatement.


 H.Uğur AYKAÇ
 Responsible Manager


 Onur YILMAZ
 Technical Manager

KPMG NON-FINANCIAL ASSURANCE STATEMENT



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

Limited Assurance Report

To the Board of Directors of Şekerbank T.A.Ş.

We were engaged by Şekerbank T. A.Ş. (hereinafter "Bank" or "Şekerbank"), to provide independent limited assurance on the "Selected Information" contained in the Integrated Annual Report of Şekerbank (hereinafter "the Report") for the year ended 31 December 2023.

The scope of our assurance is limited to the Selected Information listed for Şekerbank below:

- Share of agricultural loans in loan portfolio
- Information provided to women tradesmen
- Loans provided to female customers
- Loans provided to farmers thanks to the "Family Farm Program"
- Call Center Customer satisfaction rate
- Ratio of women working in management staff (director and above)
- Ratio of female branch managers
- Working rate in the field of promotion in 2023
- Number of disabled employees and collection rate
- Total number of employees
- Number and rate of female employees
- Number and ratio of male employees
- Job retention rate after maternity leave
- Employee turnover rate
- Share of sustainable agricultural loans in the agricultural loan portfolio – Average training time per employee
- Occupational Health and Safety data (number of committees, committee members, number of trainings)
- Accident data (frequency rate, injury rate, weight rate)
- Paper savings achieved through paperless banking
- Number of loans subject to ESG Assessment
- Establishment and meeting efficiency of the Sustainability Committee
- Stakeholder Group and its distribution
- EKO kredi section provided to date
- Amount of recycled electronic waste
- Amount of recycled paper
- Amount of recycled waste oil
- Number of unionized employees
- Number of stores and ATMs suitable for disabled access
- Our YOY Enabled Digital increase rate between December 31, 2022 and 2023
- YOY digital channel transaction numbers and transaction volume amounts between December 31, 2022 and 2023

KPMG NON-FINANCIAL ASSURANCE STATEMENT



Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Şekerbank's Reporting Guidance as described in the Report, and the information and assertions contained within it; for determining the Şekerbank's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Şekerbank complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out a independent limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply the International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information,
- Using the Reporting Guidance of the Report to measure and evaluate the Selected Information,
- Evaluating the design and implementation of key processes and controls over the Selected Information,
- Re-performing, on a sample basis, the calculations used to prepare the Selected Information for the reporting period,
- Evaluating the disclosure and presentation of the Selected Information in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Şekerbank,
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information,
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Şekerbank.



The procedures performed in a limited assurance engagement vary in nature and timing from, and are less wide than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Report of Şekerbank for the year ended 31 December 2021 is not presented, in all material respects, in accordance with the Şekerbank's internally developed reporting criteria as explained in the Reporting Guidance.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Şekerbank in connect with reporting to Şekerbank and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Şekerbank, for any purpose or in any other context. Any party other than Şekerbank who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Şekerbank for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,
Partner
İstanbul, 11 March 2024

OUR BRANCHES

The information regarding the branches of Şekerbank is available at <https://www.sekerbank.com.tr/en/atms-and-branches>

You can access detailed information about Şekerbank's branches by scanning the QR code on your smartphone.



CONTACT INFORMATION

ŞEKERBANK T.A.Ş.

Istanbul Trade Registration Office Trade Registration Number: 536973

Emniyet Evleri Mahallesi

Eski Büyükdere Caddesi No: 1/1A

34415 Kağıthane-Istanbul/TÜRKİYE

T: +90 (212) 319 70 00

You can send us your questions and suggestions.

haberlesme@sekerbank.com.tr

Disclaimer

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