

(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)

**ING Bank A.Ş. and
Its Financial Subsidiaries**

Publicly Announced Consolidated Financial Statements
Related Disclosures and Independent Auditors'
Report Thereon
as of and for the Year Ended
31 December 2023

8 February 2024

*This report consists of 4 pages of "Independent Auditors' Report"
and 108 pages of consolidated financial statements and related
disclosures and footnotes.*

Convenience Translation of the Independent Auditors' Report Originally Issued in Turkish

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ING Bank Anonim Şirketi:

Audit of Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Group as at December 31, 2023 and financial performance and consolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of "Turkish Financial Reporting Standards" (TFRS) for the matters which are not regulated by these regulations..

Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>IFRS 9 “Financial Instruments” Standard and recognition of impairment on financial assets and related significant disclosures</i></p>	
<p>As presented in Section III footnote VII and VIII, the Group recognizes expected credit losses of financial assets in accordance with IFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> - Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of IFRS 9. - The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with IFRS 9 and the Group uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - Policies implemented by the Group management include compliance risk to the regulations and other practices. - Processes of IFRS 9 are advanced and complex. - Judgments and estimates used in expected credit loss, complex and comprehensive. - Disclosure requirements of IFRS 9 are comprehensive and complex. 	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of accounting policies as to the requirements of IFRS 9, Group's past experience, local and global practices. - Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists. - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group's Business model. - Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group's past performance, regulations, and other processes that has forward looking estimations. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on sample basis. - Evaluating the judgments and estimates used for the individually assessed financial assets. - Evaluating the accuracy and the necessity of post-model adjustments. - Auditing of IFRS 9 disclosures.

Responsibilities of Management and Directors for the Consolidated 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 Legislation and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 Group's financial reporting process.

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

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

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional 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 and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with government with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities and financial statements for the period January 1 – December 31, 2023 are not in compliance with the TCC and provisions of the Bank’s articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor’s report is Fatma Ebru Yücel.

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

Fatma Ebru Yücel, SMMM
Partner

February 8, 2024
Istanbul, Turkey

The consolidated financial report of ING Bank A.Ş. prepared as of and for the year ended 31 December 2023

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The consolidated year end financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency.

- General information about the Group
- Consolidated financial statements of the Group
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Group
- Explanations and notes related to consolidated financial statements
- Other explanations
- Independent Auditors’ report

Investment in associates, joint ventures, direct and indirect subsidiaries whose financial statements have been consolidated in this report are as follows.

<u>Subsidiaries</u>	<u>Investments in associates</u>	<u>Joint ventures</u>
1. ING European Financial Services Plc.	None	None
2. ING Finansal Kiralama A.Ş.		
3. ING Yatırım Menkul Değerler A.Ş.		

The accompanying year end consolidated financial statements and footnotes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira (TL)**, have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these, and are independently audited.

<u>John T. Mc CARTHY</u> Chairman of the Board	<u>Alper İhsan GÖKGÖZ</u> CEO	<u>K. Atıl ÖZUS</u> CFO	<u>M. Gökçe ÇAKIT</u> Financial Reporting and Tax Director
	<u>M. Semra KURAN</u> Chairman of the Audit Committee	<u>Nermin GÜNEY</u> Audit Committee Member	

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

Name-Surname/Title : Nurgül BİLGİÇER FİLİS / Manager
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ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the year ended 31 December 2023

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

Section one

General information

I. History of the Parent Bank including its incorporation date, initial legal status, amendments to legal status

The foundations of ING Bank A.Ş. (“the Parent Bank” or “the Bank”) were laid in 1984 by the establishment of “The First National Bank of Boston Istanbul Branch” and the current structure has been formed with the below mergers and takeovers. The establishment and historical developments of the Parent Bank are explained below:

“The First National Bank of Boston Istanbul Branch” was established in 1984. In 1990, “The First National Bank of Boston A.Ş.” was established to accept deposits and carry out banking transactions, and the Articles of Association of the Bank were officially registered on 31 October 1990 and published in the Turkish Trade Registry Gazette on 5 November 1990. Upon the establishment of the Bank and permission to accept deposits, the assets and liabilities in the balance sheet of “The First National Bank of Boston Istanbul Branch” were transferred to the Bank.

The title of the Bank which was operating as a Turkish Bank with four shareholders including Ordu Yardımlaşma Kurumu (“OYAK”), was changed as “Türk Boston Bank A.Ş.” in 1991; and OYAK purchased all other shares and became the sole owner of the Bank in 1993. On 10 May 1996, the title of “Türk Boston Bank A.Ş.” was changed as “Oyak Bank A.Ş.”.

On the other hand, on 22 December 1999, upon a Council of Ministers Decree, the shareholding rights, management and supervision of Sümerbank A.Ş. except for its dividend rights were transferred to Savings Deposit Insurance Fund (“the SDIF”) as per the third and fourth paragraphs of Article 14 of the Banking Law. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

According to a share sale agreement executed between the SDIF and OYAK on 9 August 2001, all the shares constituting the capital of Sümerbank A.Ş. whose shares were transferred to the SDIF; were transferred to OYAK by the SDIF. As of 11 January 2002, it was resolved that Sümerbank A.Ş. would settle all its accounts and merge with the Parent Bank and continue its banking operations under the Parent Bank. The merger through transfer was performed on 11 January 2002 upon the approval of the Banking Regulation and Supervision Agency (“BRSA”).

In accordance with the permissions of the Competition Board with the decree number 07-69/856-324 dated 6 September 2007 and of the BRSA with the decree number 2416 dated 12 December 2007; the transfer of 1,074,098,150 shares of the Parent Bank that represent the total capital which belongs to OYAK in amount of TL 1,074,098 to ING Bank N.V as of 24 December 2007 has been approved by the Board of Directors decision numbered 55/1 and dated 24 December 2007 and the share transfer has been recorded in Shareholders Stock Register as of the same date. It has been decided to change the title of the Parent Bank from “Oyak Bank A.Ş.” to “ING Bank A.Ş.” effective from 7 July 2008. The Articles of Association of the Parent Bank has been changed with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

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ING Bank A.Ş. and its Financial Subsidiaries

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as of and for the year ended 31 December 2023

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

II. The Parent Bank’s shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group

The main shareholders and capital structure as of 31 December 2023 and 31 December 2022 are as follows:

	Current period		Prior period	
	Share amount Full TL	Share percentage	Share amount Full TL	Share percentage
ING Bank N.V.	3,486,267,793	100.00	3,486,267,793	100.00
Other shareholders total	4	-	4	-
Total	3,486,267,797	100.00	3,486,267,797	100.00

As of 31 December 2023, the Parent Bank’s paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Parent Bank’s paid-in capital is TL 3,486,268 as of 31 December 2023 and ING Bank N.V. has full control over the Parent Bank’s capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the BoD A. Canan Ediboğlu, the members of the Board Nermin Güney and Karst Jan Wolters with a nominal value of TL 1 (Full TL) each.

As one of the world’s leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-corporate banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150-year history, and the Netherlands’ leading insurance company, Nationale-Nederlanden. Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the year ended 31 December 2023

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

III. Information on the Parent Bank’s board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the Parent Bank

As of 31 December 2023, the Parent Bank’s Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility area
John T. Mc Carthy	Chairman of the BoD	Legally declared
A. Canan Edibođlu	Vice Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Nermin Güney	BoD Member and Audit Committee Member	Legally declared
Karst Jan Wolters	BoD Member	Legally declared
Alper İhsan Gökğöz	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Corporate Banking
Hale Ökmen Ataklı	Executive Vice President	Human Resources
İlker Kayseri	Executive Vice President	Treasury
İpek Erhan	Executive Vice President	Corporate Customers
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Kamil Stefanski	Executive Vice President	Financial Markets
Martijn Bastiaan Kamps	Executive Vice President	Credits
Okan Korkmaz	Executive Vice President	Financial Risk Management
Öcal Ađar	Executive Vice President	Business Banking
Özge Gürsoy	Executive Vice President	Compliance Risk Management
Sedef Kılavuz Balcı	Executive Vice President	Legal
Tuđçe Bora Kılıç	Executive Vice President	Operation
Umut Pasin	Executive Vice President	Retail and Corporate Credits
Wouter Meijs	Executive Vice President	Technology

Chief Executive Officer and Executive Vice Presidents have no share in the Parent Bank.

Kamil Stefanski has been appointed as Financial Markets Vice President per the Board of Directors resolution No. 25/3 and dated 16 March 2023, starting from 1 April 2023.

Meltem Öztürk, our Executive Vice President for Human Resources and ExCo Member at ING Türkiye, has been appointed to global role as Senior Human Resources Business Partner of the ING Hubs effective of 1 August 2023. Hale Ökmen Ataklı has been appointed as Executive Vice President for Human Resources and ExCo Member as of 23 October 2023, following the approval of the BRSA.

Chief Audit Executive of the Bank, Okan Korkmaz, has been appointed to Executive Vice President of Financial Risk Management as of 30 October 2023, and Cankut Öztürk has been appointed as the Deputy Chairman of the Audit Executive.

Retail Banking Executive Vice President Ozan Kırmızı has resigned from his duty as of 31 October 2023.

Legal Executive Vice President Günce Çakır, resigned from her duty as of 15 October 2023. Sedef Kılavuz Balcı, who serves as Legal Director at our Parent Bank, has been appointed as Executive Vice President of Legal on 27 December 2023, following the completion of the necessary legal processes with the Board of Directors resolution no 79/2 and dated 19 October 2023.

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ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the year ended 31 December 2023

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

IV. Information on the Parent Bank’s qualified shareholders

ING Bank N.V. has full control over the Parent Bank’s management with 3,486,267,793 shares and 100% paid-in share.

V. Summary information on the Parent Bank’s activities and services

The Parent Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Parent Bank carries out its operations with 120 domestic branches.

The Parent Bank and its subsidiaries ING European Financial Services Plc., ING Finansal Kiralama A.Ş. and ING Yatırım Menkul Değerler A.Ş. has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the “Group” in these consolidated financial statements and notes to consolidated financial statements.

VI. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

Banks are obligated to prepare consolidated financial statements for credit institutions and financial subsidiaries for creating legal restrictions on a consolidated basis based on the “Communiqué on Preparation of Consolidated Financial Statements of Banks” by applying Turkish Accounting Standards. There is not any difference between the related Communiqué and the consolidation operations that is based on Turkish Accounting Standards and Turkish Financial Reporting Standards.

ING Teknoloji A.Ş., a non-financial subsidiary owned 100% and by the Parent Bank, was registered in the Trade Registry Gazette on 7 March 2023. The Parent Bank presents ING Teknoloji A.Ş. in the non-consolidated non-financial subsidiaries line in its financial statements as it is non-financial institution, and has not been consolidated within the scope of the Communiqué of the Preparation of Consolidated Financial Statements of Banks.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Parent Bank and its subsidiaries

None.

Section two

Consolidated financial statements

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ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 31 December 2023

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

Assets	Note (section five)	Audited Current period (31/12/2023)			Audited Prior period (31/12/2022)		
		TL	FC	Total	TL	FC	Total
I. Financial assets (net)		21,665,326	22,459,577	44,124,903	11,804,549	16,376,020	28,180,569
1.1 Cash and cash equivalents		16,962,969	21,047,403	38,010,372	6,034,091	15,209,880	21,243,971
1.1.1 Cash and balances at Central Bank	(I-1)	7,609,515	19,347,867	26,957,382	2,730,100	12,362,825	15,092,925
1.1.2 Banks	(I-3)	526,001	1,701,979	2,227,980	559,502	2,848,462	3,407,964
1.1.3 Money market placements		8,836,496	-	8,836,496	2,747,157	-	2,747,157
1.1.4 Expected credit losses (-)	(I-5)	(9,043)	(2,443)	(11,486)	(2,668)	(1,407)	(4,075)
1.2 Financial assets at fair value through profit or loss	(I-2)	12,465	429,638	442,103	162,518	432,698	595,216
1.2.1 Government securities		12,154	429,638	441,792	162,308	432,698	595,006
1.2.2 Equity instruments		311	-	311	210	-	210
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets at fair value through other comprehensive income	(I-4)	3,821,359	1,863	3,823,222	4,368,329	1,139	4,369,468
1.3.1 Government securities		3,747,434	-	3,747,434	4,294,404	-	4,294,404
1.3.2 Equity instruments		73,925	1,863	75,788	73,925	1,139	75,064
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets		868,533	980,673	1,849,206	1,239,611	732,303	1,971,914
1.4.1 Derivative financial assets measured at fair value through profit or loss	(I-2)	827,566	980,673	1,808,239	1,167,735	732,303	1,900,038
1.4.2 Derivative financial assets measured at fair value through other comprehensive income	(I-11)	40,967	-	40,967	71,876	-	71,876
II. Financial assets measured at amortised cost		59,086,608	37,667,625	96,754,233	44,243,666	32,130,899	76,374,565
2.1 Loans	(I-5)	49,471,721	37,245,958	86,717,679	37,927,637	31,974,934	69,902,571
2.2 Receivables from leasing transactions	(I-10)	712,852	890,489	1,603,341	451,048	604,151	1,055,199
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Other financial assets measured at amortised cost	(I-6)	9,970,600	-	9,970,600	7,178,958	-	7,178,958
2.4.1 Government securities		9,970,600	-	9,970,600	7,178,958	-	7,178,958
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	(I-5)	(1,068,565)	(468,822)	(1,537,387)	(1,313,977)	(448,186)	(1,762,163)
III. Assets held for sale and assets of discontinued operations (net)	(I-16)	-	-	-	660	-	660
3.1 Assets held for sale		-	-	-	660	-	660
3.2 Assets from discontinued operations		-	-	-	-	-	-
IV. Equity investments		181,382	-	181,382	171,382	-	171,382
4.1 Investments in associates (net)	(I-7)	-	-	-	-	-	-
4.1.1 Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2 Unconsolidated associates		-	-	-	-	-	-
4.2 Investments in subsidiaries (net)	(I-8)	181,382	-	181,382	171,382	-	171,382
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		181,382	-	181,382	171,382	-	171,382
4.3 Jointly Controlled Partnerships (Joint Ventures) (net)	(I-9)	-	-	-	-	-	-
4.3.1 Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2 Unconsolidated joint ventures		-	-	-	-	-	-
V. Tangible assets (net)	(I-12)	760,020	87	760,107	638,921	54	638,975
VI. Intangible assets (net)	(I-13)	1,048,968	-	1,048,968	256,508	-	256,508
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1,048,968	-	1,048,968	256,508	-	256,508
VII. Investment property (net)	(I-14)	2,729	-	2,729	-	-	-
VIII. Current tax asset	(I-15)	262,694	-	262,694	-	2,183	2,183
IX. Deferred tax asset	(I-15)	2,073,848	-	2,073,848	273,731	-	273,731
X. Other assets (net)	(I-17)	7,214,508	363,705	7,578,213	1,826,151	230,402	2,056,553
Total assets		92,296,083	60,490,994	152,787,077	59,215,568	48,739,558	107,955,126

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

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 31 December 2023

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

Liabilities	Note (section five)	Audited Current period (31/12/2023)			Audited Prior period (31/12/2022)		
		TL	FC	Total	TL	FC	Total
I. Deposits	(II-1)	69,058,857	31,220,430	100,279,287	37,433,909	29,624,621	67,058,530
II. Loans received	(II-3)	93,964	24,994,023	25,087,987	652,315	16,979,701	17,632,016
III. Money market funds		16,142	167,636	183,778	3,066,062	301,570	3,367,632
IV. Securities Issued (net)	(II-4)	-	-	-	394,172	-	394,172
4.1 Bills		-	-	-	394,172	-	394,172
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. Funds		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. Financial liabilities at fair value through profit or loss		-	-	-	-	-	-
VII. Derivative financial liabilities		1,451,348	758,706	2,210,054	1,064,487	499,791	1,564,278
7.1 Derivative financial liabilities at fair value through profit or loss	(II-2)	1,451,348	758,706	2,210,054	1,064,487	499,791	1,564,278
7.2 Derivative financial liabilities at fair value through other comprehensive income	(II-7)	-	-	-	-	-	-
VIII. Factoring payables		-	-	-	-	-	-
IX. Lease payables (net)	(II-6)	212,310	-	212,310	184,109	-	184,109
X. Provisions	(II-8)	591,034	269,665	860,699	381,895	182,880	564,775
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		220,478	-	220,478	151,746	-	151,746
10.3 Insurance technical reserves (net)		-	-	-	-	-	-
10.4 Other provisions		370,556	269,665	640,221	230,149	182,880	413,029
XI. Current tax liability	(II-9)	286,439	(295)	286,144	457,471	104	457,575
XII. Deferred tax liability	(II-9)	2,943	-	2,943	-	-	-
XIII. Liabilities for assets held for sale and assets of discontinued operations (net)	(II-10)	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. Subordinated debt	(II-11)	-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		-	-	-	-	-	-
XV. Other liabilities	(II-5)	7,109,502	1,686,315	8,795,817	1,976,859	1,236,221	3,213,080
XVI. Shareholders' equity	(II-12)	14,868,058	-	14,868,058	13,518,959	-	13,518,959
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		-	-	-	-	-	-
16.2.1 Share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		-	-	-	-	-	-
16.3 Other comprehensive income/expense items not to be recycled to profit or loss		(43,091)	-	(43,091)	82,736	-	82,736
16.4 Other comprehensive income/expense items to be recycled in profit or loss		232,101	-	232,101	530,711	-	530,711
16.5 Profit reserves		9,494,742	-	9,494,742	6,792,955	-	6,792,955
16.5.1 Legal reserves		563,562	-	563,562	432,247	-	432,247
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		8,931,180	-	8,931,180	6,360,708	-	6,360,708
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or (loss)		1,698,038	-	1,698,038	2,626,289	-	2,626,289
16.6.1 Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2 Current period profit or (loss)		1,698,038	-	1,698,038	2,626,289	-	2,626,289
16.7 Minority interest		-	-	-	-	-	-
Total liabilities and shareholders' equity		93,690,597	59,096,480	152,787,077	59,130,238	48,824,888	107,955,126

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items
as of 31 December 2023

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

Off-balance sheet items	Note (section five)	Audited Current period (31/12/2023)			Audited Prior period (31/12/2022)		
		TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (I+II+III)		159,301,386	220,194,028	379,495,414	56,289,660	119,429,703	175,719,363
I. Guarantees and warranties	(III-1)	3,604,150	11,552,952	15,157,102	2,194,193	7,158,215	9,352,408
1.1 Letters of guarantee		3,592,522	9,395,370	12,987,892	2,194,193	6,065,893	8,260,086
1.1.1 Guarantees subject to state tender law		2,797	-	2,797	2,948	-	2,948
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		3,589,725	9,395,370	12,985,095	2,191,245	6,065,893	8,257,138
1.2 Bank acceptances		-	4,808	4,808	-	-	-
1.2.1 Import letter of acceptance		-	4,808	4,808	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	2,148,637	2,148,637	-	1,089,701	1,089,701
1.3.1 Documentary letters of credit		-	2,148,637	2,148,637	-	1,089,701	1,089,701
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Pre-financing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Purchase guarantees for securities issued		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	-	-
1.9 Other warranties		11,628	4,137	15,765	-	2,621	2,621
II. Commitments	(III-1)	8,963,561	12,691,234	21,654,795	4,006,665	2,505,757	6,512,422
2.1 Irrevocable commitments		8,963,561	12,691,234	21,654,795	4,006,665	2,505,757	6,512,422
2.1.1 Forward asset purchase commitments		3,491,031	12,681,042	16,172,073	161,667	1,884,522	2,046,189
2.1.2 Forward deposit purchase and sales commitments		36,000	-	36,000	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		3,324,152	-	3,324,152	2,420,233	615,129	3,035,362
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		243,467	-	243,467	187,441	-	187,441
2.1.8 Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9 Commitments for credit card limits		1,577,661	-	1,577,661	1,198,715	-	1,198,715
2.1.10 Commitments for credit cards and banking services promotions		19,939	-	19,939	14,256	-	14,256
2.1.11 Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12 Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		247,531	10,192	257,723	573	6,106	6,679
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	146,733,675	195,949,842	342,683,517	50,088,802	109,765,731	159,854,533
3.1 Derivative financial instruments for hedging purposes		300,000	-	300,000	540,000	-	540,000
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		300,000	-	300,000	540,000	-	540,000
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		146,433,675	195,949,842	342,383,517	49,548,802	109,765,731	159,314,533
3.2.1 Forward foreign currency buy/sell transactions		24,870,396	47,536,027	72,406,423	9,439,007	20,135,301	29,574,308
3.2.1.1 Forward foreign currency transactions-buy		22,384,868	14,826,261	37,211,129	8,589,550	6,400,487	14,990,037
3.2.1.2 Forward foreign currency transactions-sell		2,485,528	32,709,766	35,195,294	849,457	13,734,814	14,584,271
3.2.2 Swap transactions related to foreign currency and interest rates		116,547,659	123,530,389	240,078,048	33,088,251	80,086,656	113,174,907
3.2.2.1 Foreign currency swap-buy		2,936,974	56,634,422	59,571,396	3,750,108	32,723,409	36,473,517
3.2.2.2 Foreign currency swap-sell		20,698,341	40,351,509	61,049,850	12,362,143	24,158,873	36,521,016
3.2.2.3 Interest rate swap-buy		46,456,172	13,272,229	59,728,401	8,488,000	11,602,187	20,090,187
3.2.2.4 Interest rate swap-sell		46,456,172	13,272,229	59,728,401	8,488,000	11,602,187	20,090,187
3.2.3 Foreign currency, interest rate and securities options		5,015,620	24,883,426	29,899,046	7,021,544	9,543,774	16,565,318
3.2.3.1 Foreign currency options-buy		2,507,810	12,441,713	14,949,523	3,510,772	4,771,887	8,282,659
3.2.3.2 Foreign currency options-sell		2,507,810	12,441,713	14,949,523	3,510,772	4,771,887	8,282,659
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. Custody and pledged items (IV+V+VI)		280,775,494	180,756,036	461,531,530	218,244,936	109,995,813	328,240,749
IV. Items held in custody		8,416,392	11,378,959	19,795,351	4,240,630	12,283,767	16,524,397
4.1 Customer fund and portfolio balances		8,153,455	-	8,153,455	3,973,324	-	3,973,324
4.2 Investment securities held in custody		973	4,169,817	4,170,790	5,973	7,673,344	7,679,317
4.3 Checks received for collection		115,538	744,003	859,541	114,655	519,764	634,419
4.4 Commercial notes received for collection		146,425	6,346,543	6,492,968	146,677	4,019,716	4,166,393
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		1	118,596	118,597	1	70,943	70,944
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		23,382,999	13,823,770	37,206,769	20,386,962	11,280,685	31,667,647
5.1 Marketable securities		273,462	65,837	339,299	273,462	50,949	324,411
5.2 Guarantee notes		213,389	1,159,053	1,372,442	207,182	736,205	943,387
5.3 Commodity		910	-	910	910	-	910
5.4 Warrant		-	-	-	-	-	-
5.5 Properties		16,455,874	10,291,634	26,747,508	14,015,614	7,030,122	21,045,736
5.6 Other pledged items		6,439,364	2,307,246	8,746,610	5,889,794	3,463,409	9,353,203
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		248,976,103	155,553,307	404,529,410	193,617,344	86,431,361	280,048,705
Total off-balance sheet items (A+B)		440,076,880	400,950,064	841,026,944	274,534,596	229,425,516	503,960,112

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

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss for the year ended 31 December 2023

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

Income and expense items	Note (section five)	Audited	Audited
		Current period (01/01/2023- 31/12/2023)	Prior period (01/01/2022- 31/12/2022)
I. Interest income	(IV-1)	19,104,503	9,870,953
1.1 Interest on loans		13,345,086	8,078,349
1.2 Interest on reserve requirements		53,115	39,684
1.3 Interest on banks		276,686	100,729
1.4 Interest on money market transactions		2,642,305	415,496
1.5 Interest on marketable securities portfolio		2,472,409	1,132,538
1.5.1 Financial assets at fair value through profit or loss		36,772	58,147
1.5.2 Financial assets at fair value through other comprehensive income		668,062	237,563
1.5.3 Financial assets measured at amortised cost		1,767,575	836,828
1.6 Finance lease income		312,470	97,459
1.7 Other interest income		2,432	6,698
II. Interest expense (-)	(IV-2)	(15,943,149)	(5,268,357)
2.1 Interest on deposits		(14,081,514)	(4,447,174)
2.2 Interest on funds borrowed		(1,550,471)	(420,063)
2.3 Interest on money market transactions		(82,862)	(242,261)
2.4 Interest on securities issued		(33,858)	(68,994)
2.5 Finance lease expense		(37,134)	(28,505)
2.6 Other interest expenses		(157,310)	(61,360)
III. Net interest income/expense (I - II)		3,161,354	4,602,596
IV. Net fees and commissions income/expense		842,335	543,028
4.1 Fees and commissions received		1,317,725	816,868
4.1.1 Non-cash loans		129,559	103,772
4.1.2 Other	(IV-12)	1,188,166	713,096
4.2 Fees and commissions paid (-)		(475,390)	(273,840)
4.2.1 Non-cash loans		(2,343)	(447)
4.2.2 Other	(IV-12)	(473,047)	(273,393)
V Dividend income	(IV-3)	1,519	873
VI. Trading gain/(loss) (net)	(IV-4)	2,411,133	1,872,833
7.1 Trading gain/(loss) on securities		(13,547)	48,653
7.2 Gain/(loss) on derivative financial transactions		4,431,419	2,627,314
7.3 Foreign exchange gain/(loss)		(2,006,739)	(803,134)
VII. Other operating income	(IV-5)	1,289,990	1,001,912
VIII. Gross operating income (III+IV+V+VI+VII)		7,706,331	8,021,242
IX. Expected credit loss (-)	(IV-6)	(672,893)	(922,883)
X. Other provision expenses (-)		(261,022)	(132,841)
XI. Personnel expenses (-)		(2,389,378)	(1,441,949)
XII. Other operating expenses	(IV-7)	(3,800,163)	(1,981,320)
XIII. Net operating profit/(loss) (VIII-IX-X-XI-XII)		582,875	3,542,249
XIV. Income resulted from mergers		-	-
XV. Income/loss from investments under equity accounting		-	-
XVI. Gain/loss on net monetary position		-	-
XVII. Operating profit/loss before taxes (XIII+...+XVI)	(IV-8)	582,875	3,542,249
XVIII. Provision for taxes of continued operations (±)	(IV-9)	1,115,163	(915,960)
18.1 Current tax provision		(362,783)	(1,713,461)
18.2 Expense effect of deferred tax (+)		(56,643)	(325)
18.3 Income effect of deferred tax (-)		1,534,589	797,826
XIX. Net profit/(loss) from continuing operations (XVII±XVIII)	(IV-10)	1,698,038	2,626,289
XX. Income from discontinued operations		-	-
20.1 Income from non-current assets held for resale		-	-
20.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3 Income from other discontinued operations		-	-
XXI. Expenses for discontinued operations (-)		-	-
21.1 Expenses for non-current assets held for resale		-	-
21.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3 Loss from other discontinued operations		-	-
XXII. Profit/(loss) before tax from discontinued operations (XX-XXI)		-	-
XXIII. Tax provision for discontinued operations (±)		-	-
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
XXIV. Net profit/(loss) from discontinued operations (XXII±XXIII)		-	-
XXV. Net profit/(loss) (XIX+XXIV)	(IV-11)	1,698,038	2,626,289
25.1 Profit/(Loss) from the Group		1,698,038	2,626,289
25.2 Income/(Loss) from Minority Interest (-)		-	-
Earnings per share		0.4871	0.7533

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

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

ING Bank A.Ş. and its Financial Subsidiaries

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

Profit or loss and other comprehensive income		Audited	Audited
		Current period (01/01/2023- 31/12/2023)	Prior period (01/01/2022- 31/12/2022)
I.	Current period profit/loss	1,698,038	2,626,289
II.	Other comprehensive income	(348,939)	203,651
2.1	Other income/expense items not to be recycled to profit or loss	(50,329)	(30,884)
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(74,907)	(41,960)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	-	214
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	24,578	10,862
2.2	Other income/expense items to be recycled to profit or loss	(298,610)	234,535
2.2.1	Translation differences	437,954	131,513
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(971,595)	204,271
2.2.3	Gains/(losses) from cash flow hedges	(59,619)	(59,388)
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	294,650	(41,861)
III.	Total comprehensive income (I+II)	1,349,099	2,829,940

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

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December 2023

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

Changes in equity

Statement of changes in shareholders' equity		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				Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI			Prior period profit or (loss)	Current period profit or (loss)	Total equity except minority interest	Minority interest	Total shareholders' equity	
Audited	Note	Paid-in capital	Share premium	Share cancellation profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other (1)	Translation differences	Other (2)	Profit reserves	(loss)	(loss)	(loss)	(loss)	(loss)	(loss)	(loss)
Prior period																		
(01/01/2022-31/12/2022)																		
I.		3,486,268	-	-	-	123,394	(4,844)	3,066	187,022	(13,032)	122,186	5,704,846	-	1,200,113	10,809,019	-	-	10,809,019
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	123,394	(4,844)	3,066	187,022	(13,032)	122,186	5,704,846	-	1,200,113	10,809,019	-	-	10,809,019
IV.		-	-	-	-	-	(30,850)	(34)	131,513	154,883	(51,861)	-	-	2,626,289	2,829,940	-	-	2,829,940
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	(7,996)	-	-	-	-	-	-	-	1,088,109	(120,000)	-	-	(120,000)
11.1		-	-	-	-	-	-	-	-	-	-	-	-	(120,000)	(120,000)	-	-	(120,000)
11.2	(II-12)	-	-	-	-	(7,996)	-	-	-	-	-	-	-	1,208,109	(1,200,113)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	115,398	(35,694)	3,032	318,535	141,851	70,325	6,792,955	-	2,626,289	13,518,959	-	-	13,518,959
Current period																		
(01/01/2023-31/12/2023)																		
I.		3,486,268	-	-	-	115,398	(35,694)	3,032	318,535	141,851	70,325	6,792,955	-	2,626,289	13,518,959	-	-	13,518,959
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	115,398	(35,694)	3,032	318,535	141,851	70,325	6,792,955	-	2,626,289	13,518,959	-	-	13,518,959
IV.		-	-	-	-	-	(50,311)	(18)	437,954	(690,141)	(46,423)	-	-	1,698,038	1,349,099	-	-	1,349,099
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	(75,498)	-	-	-	-	-	-	-	2,701,787	(2,626,289)	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	(II-12)	-	-	-	-	(75,498)	-	-	-	-	-	-	-	2,701,787	(2,626,289)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	39,900	(86,005)	3,014	756,489	(548,290)	23,902	9,494,742	-	1,698,038	14,868,058	-	-	14,868,058

(1) Other (Shares of investments valued by equity method in other comprehensive income not to be recycled to profit or loss and other accumulated amounts of other comprehensive income items not to be recycled to other profit or loss)

(2) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income recycled to profit or loss and other accumulated amounts of other comprehensive income items recycled to other profit or loss)

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

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2023

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

Statement of cash flows	Note	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		7,447,994	8,173,186
1.1.1 Interest received		17,259,187	8,695,346
1.1.2 Interest paid		(14,334,159)	(4,755,405)
1.1.3 Dividend received		1,519	873
1.1.4 Fees and commissions received		1,446,122	946,777
1.1.5 Other income	(VI-2)	1,289,990	176,402
1.1.6 Collections from previously written-off loans and other receivables		341,458	404,290
1.1.7 Payments to personnel and service suppliers		(5,276,137)	(2,867,528)
1.1.8 Taxes paid		(826,772)	(1,459,660)
1.1.9 Other	(VI-2)	7,546,786	7,032,091
1.2 Changes in operating assets and liabilities		4,548,375	(10,042,321)
1.2.1 Net (increase)/decrease in financial assets at fair value through profit or loss		158,269	(416,544)
1.2.2 Net (increase)/decrease in due from bank		(309,017)	(391,828)
1.2.3 Net (increase)/decrease in loans		(6,383,239)	(9,503,485)
1.2.4 Net (increase)/decrease in other assets	(VI-2)	(4,840,664)	(43,828)
1.2.5 Net increase/(decrease) in bank deposits		3,420,105	197,750
1.2.6 Net increase/(decrease) in other deposits		17,795,988	4,136,165
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		(3,303,582)	(2,874,604)
1.2.9 Net increase/(decrease) in matured payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	(VI-2)	(1,989,485)	(1,145,947)
I. Net cash provided from banking operations		11,996,369	(1,869,135)
B. Cash flow from investing activities			
II. Net cash provided from investing activities		(2,625,695)	(4,540,057)
2.1 Cash paid for acquisition of subsidiaries, investments in associates and joint ventures	(1-8.6)	(10,000)	-
2.2 Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	-
2.3 Purchases of property and equipment		(380,663)	(156,955)
2.4 Disposals of property and equipment		284,798	274,732
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(2,538,446)	(4,144,478)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		3,045,976	1,329,741
2.7 Cash paid for purchase of financial assets measured at amortised cost	(I-6)	(4,174,960)	(1,975,027)
2.8 Cash obtained from sale of financial assets measured at amortised cost	(I-6)	2,012,522	381,869
2.9 Other	(VI-2)	(864,922)	(249,939)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		(582,603)	203,851
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	-	748,030
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	(428,030)	(320,000)
3.3 Issued equity instruments		-	-
3.4 Dividends paid	(II-12)	-	(120,000)
3.5 Payments for finance leases		(154,573)	(104,179)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(VI-2)	4,720,093	4,144,116
V. Net increase in cash and cash equivalents (I+II+III+IV)		13,508,164	(2,061,225)
VI. Cash and cash equivalents at beginning of the period	(VI-1)	14,177,423	16,238,648
VII. Cash and cash equivalents at the end of the period	(VI-1)	27,685,587	14,177,423

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

ING Bank A.Ş. and its Financial Subsidiaries

Statement of profit distribution

as of and for the year ended 31 December 2023

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

Profit distribution table	Audited	Audited
	Current period (31/12/2023) (*)	Prior period (31/12/2022) (*)
I. Distribution of current year profit		
1.1 Current year profit	492,361	3,500,964
1.2 Taxes and duties payable (-)	(1,205,677)	874,675
1.2.1 Corporate tax (Income tax)	265,762	1,672,338
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (****)	(1,471,439)	(797,663)
A. Net profit for the year (1.1-1.2)	1,698,038	2,626,289
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	-
1.5 Other statutory reserves (-)	-	131,314
B. Net profit available for distribution (A-(1.3+1.4+1.5))	1,698,038	2,494,975
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
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 Dividend to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Statutory reserves (-)	-	-
1.11 Extraordinary reserves (**)	-	2,476,283
1.12 Other reserves	-	-
1.13 Special funds (***)	-	18,692
II. Distribution of reserves		
2.1 Appropriated reserves	-	-
2.2 Dividends to shareholders (-)	-	-
2.2.1 To owners of ordinary shares	-	-
2.2.2 To owners of privileged shares	-	-
2.2.3 To owners of preferred shares	-	-
2.2.4 To profit sharing bonds	-	-
2.2.5 To holders of profit and loss sharing certificates	-	-
2.3 Dividends to personnel (-)	-	-
2.4 Dividends to board of directors (-)	-	-
III. Earnings per share		
3.1 To owners of ordinary shares	0.49	0.75
3.2 To owners of ordinary shares (%)	48.71%	75.33%
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
IV. Dividend per share		
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2023s annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 27 March 2023, among total distributable profit for the year 2022, TL 174,313 has been classified as first dividend share, while TL 2,301,970 are kept as extraordinary reserves.

(***) According to Ordinary General Meeting dated 27 March 2023, amounting to TL 18,692 of distributable profit for the year 2022 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

(****) Deferred Tax expense / income.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of 31 December 2023

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

Section three

Accounting policies

I. Explanations on basis of presentation

a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and regulation on the Regulation on Accounting Applications for Banks and Safeguarding of Documents

The consolidated financial statements have been prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” and other regulations, communiqués, explanations and circulars promulgated by the Banking Regulation and Supervision Agency (“BRSA”) in relation to accounting and financial reporting principles of banks and for the issues not regulated by as per Turkish Financial Reporting Standards (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (hereafter, referred as “BRSA Accounting and Financial Reporting Legislation”). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation. TFRS contains Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and explanations and interpretations related to the standards.

The consolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets and financial liabilities measured on a fair value basis.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain critical accounting estimates and assumptions by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss.

b. Accounting policies and valuation principles applied in the presentation of consolidated financial statements

The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with BRSA Accounting and Financial Reporting Legislation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with the standards used in the previous year.

Supporting to this region due to the earthquake disaster occurred in Kahramanmaraş and the surrounding provinces in February, and interest-free deferral of loan and credit card debts and free transaction/service opportunities were offered to customers affected by the earthquake. The effects of the earthquake disaster were reviewed and it was evaluated that there was no effect continually on the financial statements.

c. Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2023 have no material effect on accounting policies, financial position and financial performance of the Group. New and revised TAS and TFRS issued but not yet effective as of the finalization date of the financial statements will not have material effect on accounting policies, financial position and financial performance of the Group.

The Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Parent Bank's financials have been evaluated and it has been concluded that there is no material impact.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of 31 December 2023

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

I. Explanations on basis of presentation (continued)

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to “TAS 29 Financial Reporting in Hyperinflation Economies”. Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after 31 December 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Banking Regulation and Supervision Agency (BRSA) announced that financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies as of 31 December 2023 would not be subject to the inflation adjustment in accordance with BRSA Board decision on 12 December 2023.

Accordingly, "TAS 29 Financial Reporting Standard in High Inflation Economies" is not applied in the financial statements of the Bank as of 31 December 2023.

II. Explanations on the strategy of using financial instruments and foreign currency transactions

The Group manages its financial instruments strategies according to its liability structure. The liability structure is mainly comprised of deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As reporting date, the Group’s asset and shareholder’s equity structure is sufficient to meet its liabilities.

Due to the risks management policy, the Group does not take significant currency positions. In case of a currency risk due from the customer transactions, the Group makes contra transactions in order to close the position.

The investment decisions are made taking the balance sheet items’ maturity structure and interest rates into consideration. Limits related to the balance sheet are determined. The distribution of assets is determined and income analyses are made according to this distribution.

When carrying out off-balance sheet forward transactions, the Group aims to perform contra transactions as well, thus paying maximum attention to the currency and interest rate risks. The customer limits for transactions are determined.

Explanations on foreign currency transactions:

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. In period-ends, foreign currency denominated monetary assets and liabilities are translated into TL with the exchange buying rates of the Parent Bank prevailing at the reporting date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

Foreign currency denominated accounts of the subsidiaries within the Group have been valued with the foreign exchange buying rates applicable on the reporting date.

Regarding the financial statements of the foreign subsidiary of the Group, balance sheet items are converted to Turkish Lira at the period-end balance sheet exchange rates, and statement of profit or loss items are converted at average exchange rate, and all resulting exchange differences are accounted in the shareholders’ equity under “Other comprehensive income/expense items to be recycled in Profit or Loss”.

III. Explanations on consolidated subsidiaries

According to the full consolidation method, all of the subsidiaries’ assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank’s assets, liabilities, income, expense and off-balance sheet items. The book value of the Parent Bank’s investment in each subsidiary and the capital of each subsidiary are eliminated. Intercompany balances and profits and losses resulting from intercompany transactions are offset against each other. Parent Bank’s guarantees given for the cash loans granted by consolidated subsidiaries are eliminated at consolidation and such exposures are included under cash loans in assets.

Where different accounting policies have been applied by the subsidiaries, these accounting policies have been aligned with the accounting policies of the Parent Bank.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of 31 December 2023

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

III. Explanations on consolidated subsidiaries (continued)

ING European Financial Services Plc.

ING European Financial Services Plc. was established in 1994, in Ireland, to operate in corporate finance, issuance of certificates of deposits and treasury services.

The financial statements of the Company are prepared in EUR in accordance with the accounting principles effective in Ireland. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Finansal Kiralama A.Ş. (ING Leasing)

ING Leasing was established in 2008 for the purpose of operating in financial leasing activities and execute all kinds of transactions and contracts related to these activities. The company was granted operating license with the BRSA Board Decision, No. 3564, dated 3 March 2010.

The Company prepares its financial statements in accordance with the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies, communique on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

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

ING Securities was established in 1991 under the title Universal Menkul Değerler A.Ş. in 1991, and was acquired by ING UK Holdings Limited on 30 October 2008, and the title of the Company was changed as ING Yatırım Menkul Değerler A.Ş. at the date of 27 May 2009. 100% shares of ING Securities were purchased by the Parent Bank on 15 August 2012.

Capital Markets Board approved the Company's application for continuing its operations and performing margin trading, short selling and lending and borrowing transactions of capital market instruments under its trading brokerage license as of 11 January 2013. On 26 July 2013, the Capital Markets Board approved the Company's application for a license to operate as an intermediary in trading derivatives for the purpose of operating in the futures and options market. With the Capital Market Board letter, dated 19 November 2013, the application of ING Securities for the establishment of an agency was approved as from 15 November 2013.

The financial statements of the Company are prepared in accordance with the Capital Markets Board legislation with respect to TFRS enacted by POA. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

IV. Explanations on forward and options contracts and derivative instruments

The Group's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts.

Derivative financial instruments of the Group are classified as "Derivative financial assets designated at fair value through profit or loss" per "TFRS 9 Financial Instruments" ("TFRS 9").

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in profit or loss statement at the date they incur. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative financial assets designated at fair value through profit or loss", if the fair value is negative, the amount is classified as "Derivative financial liabilities designated at fair value through profit or loss". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

Group use the TL OIS interest rate curve in order to more accurately reflect the fair value measurement for CBRT and BIST swap transactions and made the necessary fair value measurement arrangements.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of 31 December 2023

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

IV. Explanations on forward and options contracts and derivative instruments (continued)

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Group continues to apply hedge accounting in accordance with “TAS 39 Financial Instruments: Recognition and Measurement (“TAS 39”).

The Group applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL floating rate deposits and revolving loans. Within the scope of cash flow hedge accounting, change in fair value of the hedging instrument, being positive or negative, is accounted in "Derivative financial assets measured at fair value through other comprehensive income" or "Derivative financial liabilities at fair value through other comprehensive income", respectively, in the balance sheet. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Accumulated other comprehensive income or expense to be reclassified to profit or loss” whereas the amount concerning ineffective parts is recognised in profit or loss statement. The changes recognized in shareholders’ equity is removed and included in profit or loss statement in the same period when the hedged cash flows effect the income/loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to profit or loss statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders’ equity until the cash flows of the hedged item are realized and presented under “Accumulated other comprehensive income or expense to be reclassified to profit or loss” are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders’ equity are recognised in profit or loss statement considering the original maturity.

V. Explanations on interest income and expenses

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate which equals the future cash flows of a financial asset or liability to its net book value) by taking into consideration present principal amount.

As of 1 January 2018, the Group applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods for the financial assets impaired and classified as non-performing loan. Such interest income calculation is based on contractual basis for all financial assets subject to impairment calculation. During calculation of loss given default rate in expected credit loss models effective interest rate is used, thus, calculation of expected credit losses includes calculated interest amount. Therefore, a reclassification is made between the accounts of “Expected Credit Losses” and “Interest Income from Loans” for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan’s credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

VI. Explanations on fee and commission income and expenses

Fees and commissions except for which are integral part of the effective interest rates of financial instruments measured at amortized costs, are accounted for in accordance with “TFRS 15-Revenue from Contracts with Customers”. Depending on the nature of the transaction, fee and commission income / expenses are recorded on an accrual basis or using the effective interest method during the service period. Income generated by contract or through the purchase of assets for third parties are recognized in the income accounts according to the periods in which they are realized.

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VII. Explanations on financial instruments

Initial recognition of financial instruments

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instrument

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

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Thus, the Group has classified all financial assets beginning from 1 January 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

As per IFRS 9, the Group classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Group has tested the “Solely Payments of Principal and Interest” test for all financial assets within the scope of IFRS 9 transition and evaluated asset classifications within the business model.

Assessment of business model

As per IFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Group's business models are divided into three categories.

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Central Bank, banks, money market placements, financial assets measured at amortized cost, loans, lease receivables, factoring receivables and other receivables are evaluated within this business model.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The business model in which financial assets are held both for the collection of contractual cash flows and for the sale of financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are evaluated within this business model.

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VII. Explanations on financial instruments (continued)

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss derivative financial instruments are evaluated within this business model.

Measurement categories of financial assets and liabilities

According to TFRS 9, the Group’s financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost (including credits).

Financial assets measured at fair value through profit/loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; 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 making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income:

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. “Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Other Comprehensive Income Income/Expense Items to be Recycled in Profit or Loss” under shareholders’ equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In this context, the Group has evaluated that the costs of equity securities, which are classified as financial assets measured at fair value through other comprehensive income, has been assessed that they reflect the approximate fair values. The fair value level of the related assets has been determined as Level 3.

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VII. Explanations on financial instruments (continued)

The Parent Bank has inflation indexed (“CPI”) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios. CPI government bonds that are their real principal amounts are preserved from inflation. These marketable securities are valued and accounted according by using effective interest rate method by considering the reference inflation index at the issue date and estimated inflation rate together with the based on the index calculated. The reference indices used for the real interest payments about these marketable securities is determined based on the CPI’s of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. The estimated inflation rate used is updated during the year when necessary. At the end of the year, the actual inflation rate is used.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial assets measured at amortized cost:

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

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at “Amortized Cost” by using “Effective interest rate method”. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Loans:

Loans represents financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the effective interest rate method.

The Group’s loans are recorded under the "Loans Measured at Amortized Cost" account.

VIII. Explanations on impairment of financial assets

With the “Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (Provision Regulation)” promulgated by BRSA in the Official Gazette, no. 29750, dated 22 June 2016, the Group has started calculating provisions as of 1 January 2018, in scope of TFRS 9 for financial instruments, loans and other receivables. Accordingly, loss allowance for expected credit losses is recognized for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Per TFRS 9, loss allowance for expected credit losses is recognised on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. Expected credit loss estimates should include objective information weighted according to possibilities and that can be supported about past events, existing conditions and predictions about future economic conditions.

Financial assets within the scope of TFRS 9 are allocated to the three stages according to the change in the quality of the loan after initial recognition and are calculated on the basis of the expected credit loss stage:

- **Stage 1:** For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument’s lifetime expected credit losses.

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VIII. Explanations on impairment of financial assets (continued)

A financial asset is transferred from Stage 1 to Stage 2 when there is a significant increase in credit risk after initial recognition. Group has established a framework which incorporates quantitative and qualitative information to identify significant risk increase on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date to determine significant risk increase.

Group considers the following criteria.

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Group implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds are being analyzed by back-testing and revised accordingly if necessary.

Qualitative criteria: Group considers several indicators aligned with those used in credit risk management. Specific qualitative criteria for retail and corporate portfolio has been defined, according to its particularities and with the policies currently in use. The use of these qualitative criteria is complemented with the use of expert judgement.

- Having past due more than legal regulations,
 - Loans classified to watch list status according to the decision of the Group’s management,
 - Restructured loans in compliance with “Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside ”,
 - Restructured loans according to an administrative judgement,
 - Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.
- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The following criteria are taken into consideration in determining the impairment:

- Having past due more than legal regulations,
- Problems in aspect of client’s creditworthiness,
- Collaterals and/or debtor’s equities are insufficient for the timely payment of receivables,
- Collection of receivables is considered to be delayed for more than legal regulations due to macroeconomic, industry specific or customer specific reasons.

Use of present, past, future information and macroeconomic predictions:

Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, real estate prices index and interest rates). Group has defined three macroeconomic scenarios to use for future predictions, a baseline, an up-scenario and a down-scenario. Macroeconomic models are used to convert the parameters used in expected loss estimations to forward looking versions. Different models exist for large corporate, financial institutions, corporate, retail mortgage and retail portfolios.

Expected credit loss measurement:

Group applies “Probability of Default x Exposure at Default x Loss Given Default” method which also takes the time value of money into account. For Stage 1 financial assets; a forward-looking approach on a twelve-months period is applied in order to calculate expected credit loss. For Stage 2 financial assets; a lifetime expected loss is calculated. The lifetime expected loss is the discounted sum of the portions of lifetime losses related to default events within each period of twelve months till maturity. For Stage 3 financial assets; the probability of default equals 100%, the loss given default and the exposure at default represent a lifetime expected loss calculated based on properties of the defaulted loan.

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VIII. Explanations on impairment of financial assets (continued)

Disclosures on write-off policy:

“The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans” entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the Parent Bank may write-off the portion of the loans, classified as “Group V Loan” (Loans Classified as Loss), for which there is no reasonable expectation of recovery, within the scope of TFRS 9, as of the first reporting period (interim or year-end reporting period) following their classification in this Group, deducted from the records within the period deemed appropriate by the Parent Bank, taking into account the situation of the debtor. The Parent Bank performs objective and subjective assessments whether there is a reasonable expectation.

Partial write-off transactions from the financial statements mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Group has a legally enforceable right to offset the recognized amounts and intends to settle the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions

Marketable securities sold under repurchase agreements (“Repo”) are classified as financial assets whose fair value difference is reflected on profit-loss, and which are other comprehensive income or will be measured at amortised cost, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the “Funds provided by repo transactions” accounts. The income related to repurchase agreements are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in “Interest on money market borrowings” accounts.

Securities (“Reverse repo”) that are purchased with repurchase agreements are classified under “Receivables from reverse repo transactions”. Interest income obtained from reverse repo transactions are recognized under the account “Interest obtained from money market transactions”.

Securities lending transactions are classified under “Money Market Placements” and accruals are calculated for the interest expense occurred.

XI. Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of “Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (“TFRS 5”).

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of a sale or sales, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Group’s receivables are shown at the fixed assets held for sale line, according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the statement of profit or loss. The Group does not have any discontinued operations.

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XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order.

Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

Intangible assets are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

The intangible assets 13% - 33%

According to TAS 38, Parent Bank’s classified as intangible assets are mainly software programs. Useful lives of the these assets are determined 3-8 years, taking into the expected useful life of the asset, technical, technological or other types of obsolescence and maintenance costs necessary to obtain the expected economic benefits from the asset.

The Group does not have goodwill.

XIII. Explanations on property and equipment

Property and equipment are initially measured at cost calculated by adding the acquisition fees and any directly attributable costs for making the asset in working order. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease.

According to precautionary and materiality principles, when the current value of property and equipment is less than their net cost, the net cost which exceeds their current value is recognized in expense account as provision for impairment.

Property and equipment are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

Immovables 2%
Movables, assets acquired by financial leasing 2% - 50%
Right-of-use assets 9% - 50%

The depreciation is set aside at the amount calculated through proportion of the yearly depreciation amount foreseen for the assets held for less than one accounting period to the time for which the asset is held in asset.

Gains and losses on the disposal of property and equipment are reflected to the profit and loss of the related period.

Expenditures for the repair and maintenance of property and equipment are recognized as expense. There is no injunction, pledge or mortgage on property and equipment. There is no purchase commitment related to property and equipment.

XIV. Explanations on investment properties

“TAS 40 Investment Properties” was republished in the Official Gazette no. 29826 dated 16/04/2018 and as a Board Decision to be implemented in the accounting periods starting after 01/01/2005. The purpose of this standard; to determine the rules regarding the accounting and disclosure of investment properties. Rather than use in the production of goods and services, for administrative purposes, or for sale in the normal course of business, land and buildings held for the purpose of earning rent or appreciation, or both; its classified as investment property. The Parent Bank uses the cost method within the scope of TAS 40 for its investment properties. Investment properties are shown at from acquisition cost less accumulated depreciation. Investment properties (excluding lands) are depreciated using the straight line method.

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XV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Parent Bank performs financial leasing operations as a “Lessor” through ING Finansal Kiralama A.Ş. which is a consolidated subsidiary. Transactions are accounted for in accordance with the relevant accounting standards.

b. Accounting of leasing operations as lessee

Assets acquired under financial leases are capitalized at lower of the fair values of leased assets or discounted value of lease installments. While the total amounts of lease amounts are recognized as liability, the related interest amounts are accounted for as deferred interest. Assets subject to financial leases are followed under property and equipment and are depreciated by using straight-line method. The estimated depreciation rates are determined according to their estimated useful lives.

The Group performs operating lease for branches. With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under “Tangible Fixed Assets” as an asset (right of use asset) and under “Liabilities from Leasing” as a liability. Other operating leases are not considered within the scope of IFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under “Other Operating Expenses”.

The Group – as lessee:

The Group assesses whether a contract is (or contains) a lease at the inception of the contract. A contract is a lease contract or contains a lease on the basis of whether the right to control the use of an identified asset is being transferred for a period of time, against remuneration. In this case, at the commencement date, the right-of-use assets are recognized under “Tangible Assets” and lease liabilities are recognized under “Lease Payables” by the Group.

The Group initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

- (a) Lease liabilities in the balance sheet, initially measured at the present value,
- (b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,
- (c) All initial direct costs borne by the Group and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in “IAS 16 Property, Plant and Equipment” standards in depreciating the right-of-use asset.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate.

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XV. Explanations on leasing transactions (continued)

At the commencement date, the lease payments included into the measurement of lease liabilities are composed of payments will be made during the underlying asset’s lease term and payments that are not made at the commencement date are indicated below:

- (a) Remaining amount of fixed payments after elimination of any lease incentives receivable,
- (b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments’ initial measurement at the commencement date,
- (c) Amounts expected to be payable under a residual value guarantee by the Bank,
- (d) Purchasing option’s cost if the Group is sure at a reasonable level that purchasing option will be used and
- (e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

After the commencement date, the Group measures the lease liability as indicated below:

- (a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,
- (b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made and
- (c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

XVI. Explanations on provisions, contingent assets and liabilities

Provisions and contingent liabilities are accounted in accordance with, “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

Provisions are recognized when there is a present legal or constructive obligation as a result of past events at the balance sheet date; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Provisions are set aside for highly probable and reliably estimated amount of liabilities arisen as a result of prior period events, at the time when such liabilities arise.

XVII. Explanations on obligations related to employee rights

Provision for employee severance benefits has been accounted for in accordance with “TAS 19 Employee Benefits” (“TAS 19”).

In accordance with the existing social legislation in Turkey, the Parent Bank and its subsidiaries operating in Turkey is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Parent Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Parent Bank.

The Parent Bank and its subsidiaries operating in Turkey has calculated provision for employee severance benefits in the attached financial statements in accordance with “Turkish Accounting Standard for Employee Benefits (“TAS 19”)” by using the “Projection Method” and discounted the total provision by using the current market yield on government bonds based on their previous experience in the issues of completion of personnel service period and severance pay eligibility. Actuarial gains and losses are recognized under equity in accordance with the TAS 19 standard.

In accordance with the existing social legislation in Turkey, the Parent Bank and its subsidiaries operating in Turkey is required to make contribution to Social Security Institution (“SSI”) on behalf of their employees. Other than the contributions that the Parent Bank and its subsidiaries operating in Turkey is required to pay, there is no additional requirement to make payment to neither their employees nor SSI. These premiums are reflected to personnel expenses when they accrue.

Provision for the employees’ unused vacations has been booked by the Group in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the Group’s employees are members.

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XVIII. Explanations on taxation

a. Current tax

The Parent Bank and its subsidiaries operating in Turkey are subject to tax legislation and practices effective in Turkey.

While corporate tax which is applied to corporate earnings at the rate of 20% in Turkey, in accordance with the regulation introduced by the Law No. 7394 on the “Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law”, this rate has been determined to be applied as 25% for the corporate earnings of 2022 and later taxation periods for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In accordance with the Law numbered 7456 which is published in Official Gazette dated 15 July 2023 and numbered 32249, the corporate tax rate for the banks has been determined as 30%. This rate starting from the declarations of 1 October 2023 and to be valid for to the earnings to be obtained in 2023 and the following accounting periods.

The corporate tax rate is applied to the net corporate income after the addition of expenses not subject to deduction according to tax legislation, deduction of exemptions in tax laws (such as participation earnings exemption) and application of tax relief (reduction). No further tax is paid if the profit is not distributed.

While according to the provisions of Corporate Tax Law, No. 5520, exemption shall be applied for 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years (provided that they are added in the capital or kept in a special fund account in liabilities for five years as provided in the Law), and from the sales of founders’ shares, preference shares and preferred rights they have kept for same duration; Article 89/a of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017 and Articles 5.1.e and 5.1.f of Corporate Tax Law have been amended, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the above mentioned sale of properties. In accordance with the Law numbered 7456 which is published dated of 15 July 2023, the tax exemption on profits from the sales of immovables has been terminated as of 15 July 2023, and immovables that were a part of company’s assets before the this date, the exemption rate on profits arising from their sales has been set as 25%.

According to the Corporate Tax Law, financial losses can be carried forward to offset against corporate tax base of the related period for up to five years. Tax authorities inspect tax returns and the related accounting records within five years and check the tax calculations.

Corporate tax is required to be filed by the last day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning. Current year tax amounts to be paid are netted off as they are related with prepaid tax amounts.

As of 31 December 2023, 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 of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting periods including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022 and the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base. According to Article 17 of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, it has become law that monetary gain/loss differences arising from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including the provisional tax periods, do not be taken into account in determining the income of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

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XVIII. Explanations on taxation (continued)

The procedures and principles of the articles of law that allow the revaluation of immovable and depreciable economic assets have been rearranged on the Communiqué Amending the General Communiqué on Tax Procedure Law No. 547 (No. 537) published in the Official Gazette dated 14 January 2023 and numbered 32073. Accordingly, the Bank will be able to revalue its immovable and depreciable economic assets in the balance sheet, provided that the conditions in the Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law are met. Thus, corporate tax will be calculated and paid according to the values of immovable and depreciable economic assets after revaluation. In this context, as of the end of the 2022 accounting period, the economic assets registered in the Bank's assets were revalued within the scope of Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law.

With the Law No. 7440 on the Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 12 March 2023 and numbered 32130, by the corporate taxpayers, by being shown in their corporate tax return for the year 2022, in accordance with the Law No. 5520 and the regulations in other laws, the exemption and discount amounts subject to deduction from corporate income and the bases subject to reduced corporate tax within the scope of Article 32/A of the same Law, an additional tax is calculated at the rate of 10% without being associated with the income for the period, and at the rate of 5% over the exempted earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to have at least 15% tax burden.

b. Deferred tax

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”). In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. In accordance with the Law no. 7456 published in the Official Gazette no. 32249 and dated 15 July 2023, the corporate tax rate has been applied as 30%. As of 31 December 2023, the Bank has calculated deferred tax at the rates of 30% for assets and liabilities.

According to the Provisional Article 33 of the Tax Procedure Law, in the financial statements dated 31 December 2023, the tax effects arising from the subject of inflation correction of the corporate tax are included in the deferred tax calculation as of 31 December 2023.

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of deferred tax asset to be utilized.

c. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “Disguised Profit Distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by way of Transfer Pricing” published on 18 November 2007 explains the application related issues in detail. According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communiqué's “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form” section, taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form” for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

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XIX. Explanations on borrowings

The Group, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

XX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2023.

XXI. Explanations on guarantees and acceptances

The Group's letters of acceptances with its customers are simultaneously realized with customers' payments and are followed in off-balance sheet items.

XXII. Explanations on government incentives

As of the balance sheet date, there is no government grant for the Group.

XXIII. Explanations on segment reporting

An operating segment is a component of an entity;

- a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance and
- c. For which discrete financial information is available.

Reporting according to the operational segment is presented in Note XII of Section Four.

XXIV. Profit reserves and distribution of profit

Under the Turkish Commercial Code (“TCC”), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

XXV. Explanations on other disclosures

None.

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Section four

Information on financial position and risk management of the Group

I. Explanations on consolidated capital

Consolidated total capital and capital adequacy ratio has been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

Within the scope of the measures announced by the BRSA on 31 January 2023 and 21 December 2021, the amount subject to credit risk shall be calculated by using the 30 December 2022 dated Central Bank's foreign exchange buying rates and negative revaluation differences of the securities classified under “Financial Assets Measured at Fair Value through Other Comprehensive Income” are not included in capital calculation.

As of 31 December 2023, according to Banking Regulation and Supervision Agency 31 January 2023 dated decision the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the 30 December 2022 dated Central Bank's foreign exchange buying rates. In addition, in accordance with the Banking Regulation and Supervision Board's Decision dated 16 April 2020 and numbered 8999, 0% risk weight is used in the calculation of the amount subject to credit risk for FX receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511. If the specified measure is not taken into account, the consolidated capital adequacy ratio decreases to 12.74% as of 31 December 2023.

As of 31 December 2023, taking into consideration the above-mentioned regulations, the Group's total capital is TL 14,100,120 and the consolidated capital adequacy ratio is 15.54%. As of 31 December 2022, the Group's total capital amounted to TL 13,944,296 and capital adequacy ratio was 18.80%.

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I. Explanations on consolidated capital (continued)

	Current period	Prior period
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	3,486,268
Share premium	-	-
Legal reserves	9,494,742	6,792,955
Other comprehensive income according to TAS	798,221	577,019
Profit	1,698,038	2,626,289
Net profit for the period	1,698,038	2,626,289
Prior period profit	-	-
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	1,797	1,797
Minority interest	-	-
Common equity tier I capital before deductions	15,479,066	13,484,328
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	-
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	634,910	35,694
Leasehold improvements on operational leases	64,939	44,510
Goodwill netted off deferred tax liability	-	-
Other intangibles netted off deferred tax liability except for mortgage servicing rights	1,028,347	250,014
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	-
Net amount of defined-benefit plan assets	-	-
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	-
Shares obtained contrary to the 4 th clause of the 56 th 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, which exceeds 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, which exceeds 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	549,037	-
Amounts exceeding 15% of the common equity as per the 2 nd 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 in case adequate additional Tier I capital or Tier II capital is not available	-	-
Total deductions from common equity tier I capital	2,277,233	330,218
Total common equity tier I capital	13,201,833	13,154,110
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity tier I capital and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	-
Additional Tier I capital before deductions	-	-
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	-
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	-
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items continuing to be deducted from Tier I Capital during the Transition Period	-	-
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total deductions from additional Tier I capital	-	-
Total additional Tier I capital	-	-
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	13,201,833	13,154,110

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I. Explanations on consolidated capital (continued)

	Current period	Prior period
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	-	-
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	-
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	901,576	795,704
Tier II Capital Before Deductions	901,576	795,704
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	-
Bank's investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	-
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital (-)	-	-
The Total of Net Long Positions 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 (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	901,576	795,704
Total Capital (The sum of Tier I Capital and Tier II Capital)	14,103,409	13,949,814
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than three Years	-	-
Other items to be defined by the BRSA (-)	3,289	5,518
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	-
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investments made in the 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
TOTAL CAPITAL		
Total Capital	14,100,120	13,944,296
Total risk weighted amounts	90,754,508	74,154,629
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	14.55	17.74
Tier I Capital Adequacy Ratio (%)	14.55	17.74
Capital Adequacy Ratio (%)	15.54	18.80
BUFFERS		
Total buffer requirement	2.62	2.54
Capital protection buffer requirement (%)	2.50	2.50
Bank specific cyclical buffer requirement (%)	0.12	0.04
Systemically important banks buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	8.00	11.00
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the 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	-	-
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	1,924,124	433,537
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	901,576	795,704
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	901,576	795,704
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	-
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	-

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I. Explanations on consolidated capital (continued)

Information about debt instruments that will be included in total capital calculation

There is no debt instruments that will be included in total capital calculation as of 31 December 2023.

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	14,868,058	14,868,058
Gains from cash flow hedge transactions	23,902	(23,902)
Leasehold improvements on operational leases	64,939	(64,939)
Goodwill and intangible assets	1,048,968	(1,028,347)
General provision	901,576	901,576
Other deductions from shareholders' equity	3,289	(3,289)
Deductions from Common Equity Tier 1 Capital as per the Regulation	-	(549,037)
Capital		14,100,120

II. Explanations on consolidated credit risk

- The Parent Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, country, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process (“ICAAP”) and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Risk management strategy document, which explains the risk management strategy and the important risk management factors affecting it, is revised at least once a year under the supervision of the Risk Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Parent Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Parent Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage, customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Parent Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Parent Bank are considered impaired loans.

The Parent Bank has started to apply TFRS 9 Financial Instruments (“TFRS 9”) published by POA in the accompanying consolidated financial statements starting from 1 January 2018. Bank calculates expected credit loss based provisions for credit losses.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

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II. Explanations on consolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	41,264,677	34,973,055	26,250,153	22,367,855
Conditional and unconditional receivables from regional or local governments	754,191	695,856	668,649	713,479
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	20,324,956	21,170,900	10,188,952	10,150,252
Conditional and unconditional receivables from corporates	50,018,880	49,344,403	41,652,791	38,375,743
Conditional and unconditional receivables from retail portfolios	11,490,428	11,459,937	8,851,335	10,167,765
Conditional and unconditional receivables secured by mortgages	2,137,701	2,268,550	1,758,464	2,482,859
Past due receivables	243,995	299,073	337,554	414,036
Receivables defined under high risk category by BRSA	10,153,323	10,103,930	9,328,691	5,002,639
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	75,062	75,062	74,785	35,701
Other receivables	6,045,943	7,726,652	5,036,257	5,385,031
Total	142,509,156	138,117,418	104,147,631	95,095,360

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.
3. Related to forward transactions, options and similar agreements, international counter parties (financial institutions) operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.
4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company’s restructuring decision has been reconsidered and after decision is made, the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

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II. Explanations on consolidated credit risk (continued)

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

The Group does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Group’s top 100 and 200 cash loan balances in total cash loans is 54% and 63% respectively (31 December 2022: 51% and 61%).

The proportion of the Group’s top 100 and 200 customers’ non-cash loan balances in total non-cash loans is 84% and 92% (31 December 2022: 84% and 91%).

The proportion of the Group’s top 100 and 200 customers’ cash and non-cash loan balances in total cash and non-cash loans 57% and 66% (31 December 2022: 55% and 64%).

7. Stage 1 and Stage 2 expected losses for consolidated credit risk amount to TL 901,576 (31 December 2022: TL 795,704).

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II. Explanations on consolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions (*)

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Current period																		
Domestic	41,264,677	754,191	-	-	-	10,895,812	49,828,846	11,487,289	2,137,490	243,995	10,152,682	-	-	-	-	73,925	6,045,935	132,884,842
European Union Countries	-	-	-	-	-	7,671,156	190,034	2,996	211	-	525	-	-	-	-	1,137	8	7,866,067
OECD Countries (***)	-	-	-	-	-	882,941	-	-	-	-	32	-	-	-	-	-	-	882,973
Off- Shore banking regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	872,749	-	-	-	-	-	-	-	-	-	-	-	872,749
Other Countries	-	-	-	-	-	2,298	-	143	-	-	84	-	-	-	-	-	-	2,525
Investment and associates, subsidiaries and joint ventures (business partnerships)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	41,264,677	754,191	-	-	-	20,324,956	50,018,880	11,490,428	2,137,701	243,995	10,153,323	-	-	-	-	75,062	6,045,943	142,509,156

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Prior period																		
Domestic	26,250,153	668,649	-	-	-	4,941,695	41,631,054	8,848,065	1,758,180	337,525	9,327,030	-	-	-	-	73,924	5,036,257	98,872,532
European Union Countries	-	-	-	-	-	4,682,698	21,737	2,706	284	9	638	-	-	-	-	861	-	4,708,933
OECD Countries (***)	-	-	-	-	-	237,542	-	-	-	4	19	-	-	-	-	-	-	237,565
Off- Shore banking regions	-	-	-	-	-	2,979	-	-	-	-	-	-	-	-	-	-	-	2,979
USA, Canada	-	-	-	-	-	312,487	-	2	-	-	-	-	-	-	-	-	-	312,489
Other Countries	-	-	-	-	-	11,551	-	562	-	16	1,004	-	-	-	-	-	-	13,133
Investment in associates, subsidiaries and joint ventures (business partnerships)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	26,250,153	668,649	-	-	-	10,188,952	41,652,791	8,851,335	1,758,464	337,554	9,328,691	-	-	-	-	74,785	5,036,257	104,147,631

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor

(**) Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"

(***) EU countries, OECD countries other than USA and Canada

- 1- Conditional and unconditional receivables from central governments and Central Banks
- 2- Conditional and unconditional receivables from regional or local governments
- 3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
- 4- Conditional and unconditional receivables from multilateral development banks
- 5- Conditional and unconditional receivables from international organizations
- 6- Conditional and unconditional receivables from banks and brokerage houses
- 7- Conditional and unconditional receivables from corporates
- 8- Conditional and unconditional receivables from retail portfolios
- 9- Conditional and unconditional receivables secured by mortgages
- 10- Past due receivables
- 11- Receivables defined under high risk category by BRSA
- 12- Securities collateralized by mortgages
- 13- Securitization positions
- 14- Short-term receivables from banks, brokerage houses and corporates
- 15- Investments similar to collective investment funds
- 16- Stock transactions
- 17- Other receivables

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II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

Current period	Risk categories (**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	463,110	59,755	-	3,276	-	-	-	-	-	-	8	232,032	294,117	526,149
Farming and raising livestock	-	-	-	-	-	-	80,245	45,180	-	2,800	-	-	-	-	-	-	6	128,231	-	128,231
Forestry	-	-	-	-	-	-	9	14,200	-	50	-	-	-	-	-	-	2	14,261	-	14,261
Fishing	-	-	-	-	-	-	382,856	375	-	426	-	-	-	-	-	-	-	89,540	294,117	383,657
Manufacturing	-	-	-	-	-	-	27,296,138	2,455,409	504,995	86,314	4,379	-	-	-	-	-	530	15,477,270	14,870,495	30,347,765
Mining	-	-	-	-	-	-	1,003,498	780	-	168	-	-	-	-	-	-	4	260,654	743,796	1,004,450
Production	-	-	-	-	-	-	25,419,915	2,445,799	504,995	85,969	4,374	-	-	-	-	-	521	15,087,049	13,374,524	28,461,573
Electricity, gas, water	-	-	-	-	-	-	872,725	8,830	-	177	5	-	-	-	-	-	5	129,567	752,175	881,742
Construction	-	-	-	-	-	-	2,565,502	223,954	9,824	13,619	8,256	-	-	-	-	-	123	1,575,945	1,245,333	2,821,278
Services	19,992,990	-	-	-	-	20,324,671	19,677,265	2,338,570	221,746	102,527	4,719	-	-	-	-	73,925	205,177	39,728,430	23,213,160	62,941,590
Wholesale and retail trade	-	-	-	-	-	-	8,052,246	1,959,403	96,426	82,372	4,702	-	-	-	-	-	517	8,340,448	1,855,218	10,195,666
Hotel food, beverage services	-	-	-	-	-	-	192,061	26,878	208	7,668	-	-	-	-	-	-	83	22,671	204,227	226,898
Transportation and telecommunication	-	-	-	-	-	-	1,815,873	178,851	124,865	6,562	-	-	-	-	-	-	61	340,520	1,785,692	2,126,212
Financial institutions	19,992,990	-	-	-	-	20,324,671	6,607,949	26,198	-	205	-	-	-	-	-	73,925	194,348	30,312,158	16,908,128	47,220,286
Real estate and renting service	-	-	-	-	-	-	803,615	55,606	-	745	-	-	-	-	-	-	10,094	183,256	686,804	870,060
Self-employment service	-	-	-	-	-	-	1,868,277	81,267	7	4,195	17	-	-	-	-	-	57	444,610	1,509,210	1,953,820
Education services	-	-	-	-	-	-	2,588	-	-	189	-	-	-	-	-	-	6	2,783	-	2,783
Health and social services	-	-	-	-	-	-	334,656	10,367	240	591	-	-	-	-	-	-	11	81,984	263,881	345,865
Other	21,271,687	754,191	-	-	-	285	16,865	6,412,740	1,401,136	38,259	10,135,969	-	-	-	-	1,137	5,840,105	43,162,073	2,710,301	45,872,374
Total	41,264,677	754,191	-	-	-	20,324,956	50,018,880	11,490,428	2,137,701	243,995	10,153,323	-	-	-	-	75,062	6,045,943	100,175,750	42,333,406	142,509,156

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.

- 1- Conditional and unconditional receivables from central governments and Central Banks
- 2- Conditional and unconditional receivables from regional or local governments
- 3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
- 4- Conditional and unconditional receivables from multilateral development banks
- 5- Conditional and unconditional receivables from international organizations
- 6- Conditional and unconditional receivables from banks and brokerage houses
- 7- Conditional and unconditional receivables from corporates
- 8- Conditional and unconditional receivables from retail portfolios
- 9- Conditional and unconditional receivables secured by mortgages
- 10- Past due receivables
- 11- Receivables defined under high risk category by BRSA
- 12- Securities collateralized by mortgages
- 13- Securitization positions
- 14- Short-term receivables from banks, brokerage houses and corporates
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II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

Prior period	Risk categories (**)																	TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
Agriculture	-	-	-	-	-	-	659,091	46,826	-	3,912	-	-	-	-	-	-	8	177,177	532,660	709,837	
Farming and raising livestock	-	-	-	-	-	-	245,490	45,949	-	3,457	-	-	-	-	-	-	8	175,803	119,101	294,904	
Forestry	-	-	-	-	-	-	15	738	-	50	-	-	-	-	-	-	-	803	-	803	
Fishing	-	-	-	-	-	-	413,586	139	-	405	-	-	-	-	-	-	-	571	413,559	414,130	
Manufacturing	-	-	-	-	-	-	22,119,545	1,473,772	498,135	111,058	41,938	-	-	-	-	-	655	9,127,997	15,117,106	24,245,103	
Mining	-	-	-	-	-	-	2,009,134	7,691	5,019	2,189	-	-	-	-	-	-	10	343,079	1,680,964	2,024,043	
Production	-	-	-	-	-	-	19,268,789	1,458,285	493,116	108,444	41,938	-	-	-	-	-	633	8,677,485	12,693,720	21,371,205	
Electricity, gas, water	-	-	-	-	-	-	841,622	7,796	-	425	-	-	-	-	-	-	12	107,433	742,422	849,855	
Construction	-	-	-	-	-	-	2,905,611	111,840	9,247	20,232	141	-	-	-	-	-	149	876,274	2,170,946	3,047,220	
Services	14,264,128	-	-	-	-	9,886,404	15,950,448	1,539,254	223,622	143,928	118,758	-	-	-	-	73,925	193,249	23,280,399	19,113,317	42,393,716	
Wholesale and retail trade	-	-	-	-	-	-	6,676,096	1,342,321	104,172	106,884	115,114	-	-	-	-	-	733	6,694,495	1,650,825	8,345,320	
Hotel food, beverage services	-	-	-	-	-	-	297,333	26,947	49,283	15,847	-	-	-	-	-	-	97	51,296	338,211	389,507	
Transportation and telecommunication	-	-	-	-	-	-	2,023,790	94,812	64,901	12,317	3,644	-	-	-	-	-	89	330,145	1,869,408	2,199,553	
Financial institutions	14,264,128	-	-	-	-	9,886,404	4,290,317	12,461	34	211	-	-	-	-	-	73,925	192,116	15,743,590	12,976,006	28,719,596	
Real estate and renting service	-	-	-	-	-	-	756,031	25,575	-	2,729	-	-	-	-	-	-	-	103	230,489	553,949	784,438
Self-employment service	-	-	-	-	-	-	1,180,064	33,946	222	4,615	-	-	-	-	-	-	-	67	112,784	1,106,130	1,218,914
Education services	-	-	-	-	-	-	167	400	4,530	190	-	-	-	-	-	-	-	20	777	4,530	5,307
Health and social services	-	-	-	-	-	-	726,650	2,792	480	1,135	-	-	-	-	-	-	-	24	116,823	614,258	731,081
Other	11,986,025	668,649	-	-	-	302,548	18,096	5,679,643	1,027,460	58,424	9,167,854	-	-	-	-	860	4,842,196	31,108,787	2,642,968	33,751,755	
Total	26,250,153	668,649	-	-	-	10,188,952	41,652,791	8,851,335	1,758,464	337,554	9,328,691	-	-	-	-	74,785	5,036,257	64,570,634	39,576,997	104,147,631	

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.

- 1- Conditional and unconditional receivables from central governments and Central Banks
- 2- Conditional and unconditional receivables from regional or local governments
- 3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
- 4- Conditional and unconditional receivables from multilateral development banks
- 5- Conditional and unconditional receivables from international organizations
- 6- Conditional and unconditional receivables from banks and brokerage houses
- 7- Conditional and unconditional receivables from corporates
- 8- Conditional and unconditional receivables from retail portfolios
- 9- Conditional and unconditional receivables secured by mortgages
- 10- Past due receivables
- 11- Receivables defined under high risk category by BRSA
- 12- Securities collateralized by mortgages
- 13- Securitization positions
- 14- Short-term receivables from banks, brokerage houses and corporates
- 15- Investments similar to collective investment funds
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II. Explanations on consolidated credit risk (continued)

10. Term distribution of risks with term structure (*)

Current period Risk categories	Time to maturity						Demand	Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year			
Credit risk weighted assets								
Conditional and unconditional receivables from central governments and Central Banks	21,963,745	316,470	-	678,604	15,703,175	2,602,683	41,264,677	
Conditional and unconditional receivables from regional or local governments	-	203,805	-	221,063	329,323	-	754,191	
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-	
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	10,110,516	1,306,079	1,308,093	2,350,060	4,256,920	993,288	20,324,956	
Conditional and unconditional receivables from corporates	4,716,421	4,431,028	5,291,813	7,286,506	10,311,157	17,981,955	50,018,880	
Conditional and unconditional receivables from retail portfolios	698,287	597,022	1,287,873	2,268,488	5,616,748	1,022,010	11,490,428	
Conditional and unconditional receivables secured by mortgages	14,843	23,672	40,329	165,579	1,683,249	210,029	2,137,701	
Past due receivables	-	-	-	-	-	243,995	243,995	
Receivables defined under high risk category by BRSA	9,906	678,694	1,124,123	3,390,645	4,932,262	17,693	10,153,323	
Securities collateralized by mortgages	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	
Stock transactions	-	-	-	-	-	75,062	75,062	
Other receivables	-	-	-	-	-	6,045,943	6,045,943	
Total	37,513,718	7,556,770	9,052,231	16,360,945	42,832,834	29,192,658	142,509,156	

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

Prior period Risk categories	Time to maturity						Demand	Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year			
Credit risk weighted assets								
Conditional and unconditional receivables from central governments and Central Banks	13,479,030	2,094,221	1,607,201	644,156	8,144,021	281,524	26,250,153	
Conditional and unconditional receivables from regional or local governments	-	-	-	154,610	514,039	-	668,649	
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-	
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	4,033,783	1,046,229	493,796	671,102	2,622,827	1,321,215	10,188,952	
Conditional and unconditional receivables from corporates	2,389,381	4,036,838	2,995,679	4,269,301	13,041,642	14,919,950	41,652,791	
Conditional and unconditional receivables from retail portfolios	512,831	566,957	794,816	1,233,854	4,977,239	765,638	8,851,335	
Conditional and unconditional receivables secured by mortgages	16,108	40,795	72,476	85,608	1,405,404	138,073	1,758,464	
Past due receivables	-	-	-	-	-	337,554	337,554	
Receivables defined under high risk category by BRSA	-	295,745	313,713	2,610,310	5,963,699	145,224	9,328,691	
Securities collateralized by mortgages	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	
Stock transactions	-	-	-	-	-	74,785	74,785	
Other receivables	-	-	-	-	-	5,036,257	5,036,257	
Total	20,431,133	8,080,785	6,277,681	9,668,941	36,668,871	23,020,220	104,147,631	

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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II. Explanations on consolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in Article 6th of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Parent Bank uses the ratings provided by international rating firm, Fitch Ratings and national rating firm, JCR Avrasya Derecelendirme A.Ş. in the Credit Risk Based Amount calculations as of 31 December 2023. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments. JCR Avrasya Rating A.Ş ratings are used for TL receivables, the counterparty of which is in the corporate asset class.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	1	2	3	4	5	6
Fitch derece note	AAA ile AA-	A+ ile A-	BBB+ ile BBB-	BB+ ile BB-	B+ ile B-	CCC+ and below
JCR derece note	AAA ile AA-	A+ ile A-	BBB+ ile BB-		BB- and below	

Risk amounts based on risk weights

Current period	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Deducted from equity
Amount before credit risk mitigation	42,994,639	-	21,632,773	-	15,240,266	12,980,120	38,630,739	7,649,382	-	3,381,237	2,280,522
Amount after credit risk mitigation	43,008,350	-	15,239,627	1,392,525	15,767,616	11,212,948	38,071,526	7,645,372	-	3,392,745	2,280,522

Prior period	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Deducted from equity
Amount before credit risk mitigation	28,502,409	-	13,231,611	-	7,533,369	10,068,111	36,261,279	6,216,431	-	2,334,421	335,736
Amount after credit risk mitigation	25,536,860	-	11,929,468	1,017,581	8,023,151	8,645,104	34,998,975	6,153,914	-	2,334,421	335,736

12. Miscellaneous information regarding important sectors or counterparty type

The Parent Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in Section Three note VIII. In this respect, the lifetime expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the lifetime expected credit losses are calculated for these loans (Stage 2).

For loans in stage 1, 12 months default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	Loans (*)		Expected credit losses (TFRS 9)
	Impaired (TFRS 9)		
	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Important sectors / Counterparties			
Agriculture	-	13,503	21,032
Farming and raising livestock	-	11,231	9,005
Forestry	-	114	91
Fishing	-	2,158	11,936
Manufacturing	4,506,293	255,023	526,738
Mining	-	26,366	40,666
Production	4,506,293	227,969	471,146
Electricity, gas, water	-	688	14,926
Construction	2,024,987	106,152	147,963
Services	3,852,254	417,951	566,225
Wholesale and retail trade	534,817	303,503	270,588
Hotel food, beverage services	145,364	53,435	50,233
Transportation and telecommunication	100,145	30,210	68,305
Financial institutions	1,776,802	414	42,775
Real estate and lending service	91,310	8,957	12,495
Self-employment service	1,191,716	17,793	115,694
Education service	678	1,528	1,471
Health and social services	11,422	2,111	4,664
Other	902,192	189,144	274,183
Total		11,285,726	981,773
			1,536,141

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(*) Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

II. Explanations on consolidated credit risk (continued)

Prior period	Loans (*)		Expected credit losses (IFRS 9)
	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Important sectors / Counterparties			
Agriculture	16,943	15,998	23,565
Farming and raising livestock	16,943	13,652	10,770
Forestry	-	114	66
Fishing	-	2,232	12,729
Manufacturing	2,001,258	353,537	518,146
Mining	1,399	30,954	52,177
Production	1,999,377	319,994	448,575
Electricity, gas, water	482	2,589	17,394
Construction	2,527,824	114,344	164,833
Services	3,653,417	544,758	607,130
Wholesale and retail trade	484,504	395,240	322,878
Hotel food, beverage services	275,430	62,889	51,993
Transportation and telecommunication	630,220	46,383	79,531
Financial institutions	1,251,487	411	11,550
Real estate and lending service	259,254	11,025	11,607
Self-employment service	734,615	23,790	120,512
Education service	521	1,692	1,513
Health and social services	17,386	3,328	7,546
Other	1,165,331	352,493	447,542
Total	9,364,773	1,381,130	1,761,216

(*) Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,151,390	358,644	(544,919)	-	965,115
Stage 1 and stage 2 provisions (**)	796,330	1,289,744	(1,183,883)	-	902,191
Prior period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,307,812	312,264	(468,798)	-	1,151,278
Stage 1 and stage 2 provisions (**)	595,265	610,237	(409,172)	-	796,330

(*) Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	70,711,621	1,018,761	71,730,382
United Kingdom	72,952	2,107,995	2,180,947
Azerbaijan	-	-	-
France	21,829	198,269	220,098
USA	104,110	215,354	319,464
Holland	163,688	144,974	308,662
Greece	25,673	-	25,673
Germany	63,865	90	63,955
Romania	5	-	5
Korea	185,928	-	185,928
Other	120,731	-	120,731
Total	71,470,402	3,685,443	75,155,845

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III. Explanations on consolidated currency risk

Management of foreign currency risk is differentiated on the basis of “Banking Book” and “Trading Book”, where trading book is managed in accordance with foreign currency trading position limits as well as value at risk (“VaR”) and banking book is also managed in terms of foreign currency position limits scope. The results of limit utilizations are shared periodically with related senior management, Asset Liability Committee, Risk Committee and the Board of Directors. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 29.1181 (Full TL) and 31.8012 (Full TL) respectively.

The Parent Bank’s USD and EUR buying rates as of balance sheet date and five business days prior to this date are as follows:

	1 USD	1 EUR
The Parent Bank’s “foreign exchange buying rates” (31 December 2023)	29.5503	32.6531
Previous days;		
29 December 2023	29.5503	32.6531
28 December 2023	29.4674	32.7501
27 December 2023	29.4025	32.5339
26 December 2023	29.2156	32.2044
25 December 2023	29.2156	32.2044

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III. Explanations on consolidated currency risk (continued)

Information related to consolidated currency risk

	EUR	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,662,420	12,443,150	2,242,297	19,347,867
Banks	1,015,734	562,642	123,603	1,701,979
Financial assets at fair value through profit or loss	370,932	231,686	-	602,618
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1,863	-	-	1,863
Loans	26,920,092	11,213,388	2,967	38,136,447
Investments in associates, subsidiaries and joint ventures (business partnerships)	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets	87	-	-	87
Intangible assets	-	-	-	-
Other assets (*)	1,440	(112,908)	1,647	(109,821)
Total assets	32,972,568	24,337,958	2,370,514	59,681,040
Liabilities				
Bank deposit	17	38,437	10,691	49,145
Foreign currency deposits	10,446,901	13,902,972	6,821,412	31,171,285
Funds from interbank money market	167,636	-	-	167,636
Borrowings	21,764,339	3,229,684	-	24,994,023
Marketable securities issued	-	-	-	-
Miscellaneous payables	578,258	129,569	11	707,838
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	825,377	520,686	85,636	1,431,699
Total liabilities	33,782,528	17,821,348	6,917,750	58,521,626
Net on balance sheet position	(809,960)	6,516,610	(4,547,236)	1,159,414
Net off-balance sheet position	1,819,379	(7,027,664)	4,556,153	(652,132)
Financial derivative assets	31,936,736	49,717,672	9,062,739	90,717,147
Financial derivative liabilities	30,117,357	56,745,336	4,506,586	91,369,279
Non-cash loans	6,397,056	5,125,873	30,023	11,552,952
Prior period				
Total assets	28,702,629	18,363,466	1,158,733	48,224,828
Total liabilities	22,056,231	20,850,207	5,629,681	48,536,119
Net on-balance sheet position	6,646,398	(2,486,741)	(4,470,948)	(311,291)
Net off-balance sheet position	(5,923,483)	2,674,678	4,479,392	1,230,587
Financial derivative assets	10,276,205	27,408,137	7,153,891	44,838,233
Financial derivative liabilities	16,199,688	24,733,459	2,674,499	43,607,646
Non-cash loans	3,447,611	3,375,223	335,381	7,158,215

(*) Includes TFRS 9 provisions classified as Foreign Currency Expected Credit Losses as of the current period.

In the foreign currency risk table:

There is no foreign currency indexed loans (31 December 2022: TL 11,487).

The foreign currency amounts which are not included in currency risk table according to the regulation about foreign currency net general position/capital adequacy standard ratio are explained below with the order in the table above:

Held-for-trading derivative financial assets: TL 807,693 (31 December 2022: TL 526,097).

Held-for trading derivative financial liabilities: TL 574,854 (31 December 2022: TL 288,769).

Prepaid expenses: TL 2,261 (31 December 2022: TL 120).

Interest rate swap-buy transactions and options-buy: TL 13,272,229 (31 December 2022: TL 11,602,187).

Interest rate swap-sell transactions and options-sell: TL 13,272,229 (31 December 2022: TL 11,602,187).

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III. Explanations on consolidated currency risk (continued)

Financial derivative assets/liabilities include the foreign currency buy/sell transactions indicated below.

Forward foreign currency-buy transactions: TL 6,814,751 (31 December 2022: TL 942,450).

Forward foreign currency-sell transactions: TL 5,866,291 (31 December 2022: TL 942,072).

Sensitivity to currency risk

Table below shows the sensitivity of the Group to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit/loss before tax		Effect on equity (*)	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	10% increase	(51,105)	18,794	-	-
USD	10% decrease	51,105	(18,794)	-	-
EUR	10% increase	100,942	72,292	-	-
EUR	10% decrease	(100,942)	(72,292)	-	-

(*) Represents effect on equity excluding profit/loss before tax.

IV. Explanations on consolidated interest rate risk

Interest risk, which refers to the loss due to interest sensitive assets and liabilities in balance sheet and off balance sheet items that might be subject to the changes in the interest rate as a result of maturity/repricing mismatch, is differentiated and managed on the basis of (“banking book”) and (“trading book”) as part of compliance with both Basel regulations and other international standards. Within this context, in addition to the value at risk (“VaR”) limit for trading book, sensitivity limits against interest rate shocks are defined for trading books and banking books. Capital requirement that relates to market risk is calculated through the “Standard Method” according to Basel II.

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions within the limits approved by the Board of Directors, and interest rate risk is managed by ensuring discreetly between fixed and floating rate assets and liabilities within the balance sheet.

The limit utilizations and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the related senior management, Asset Liability Committee, Risk Committee and the Board of Directors periodically. Internal analysis for the interest rate risk in the banking books are made on a daily and monthly basis, whereas interest rate risk in the banking books standard ratio is reported to BRSA on a monthly basis.

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IV. Explanations on consolidated interest rate risk (continued)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing 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, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	26,957,382	26,957,382
Banks	1,803,748	-	-	-	-	424,232	2,227,980
Financial assets at fair value through profit and loss	409,358	1,031,027	456,166	136,437	217,043	311	2,250,342
Money market placements	8,707,191	29,805	99,500	-	-	-	8,836,496
Financial assets measured at fair value through other comprehensive income	1,769,402	27,947	14,098	1,976,954	-	75,788	3,864,189
Loans	38,293,649	10,809,186	25,555,264	10,392,124	2,263,797	1,007,000	88,321,020
Financial assets measured at amortised cost	8,896,793	-	14,896	540,030	506,392	12,489	9,970,600
Other assets (*)	-	-	-	-	-	10,359,068	10,359,068
Total assets	59,880,141	11,897,965	26,139,924	13,045,545	2,987,232	38,836,270	152,787,077
Liabilities							
Bank deposits	3,665,528	-	-	-	-	13,721	3,679,249
Other deposits	51,000,007	12,080,739	7,255,675	3,022	-	26,260,595	96,600,038
Money market borrowings	16,143	-	-	-	167,635	-	183,778
Miscellaneous payables	336,749	-	-	-	-	1,918,382	2,255,131
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	23,260,443	213,885	1,440,974	172,685	-	-	25,087,987
Other liabilities (**)	566,666	1,508,848	346,408	442	-	22,558,530	24,980,894
Total liabilities	78,845,536	13,803,472	9,043,057	176,149	167,635	50,751,228	152,787,077
Balance sheet long position	-	-	17,096,867	12,869,396	2,819,597	-	32,785,860
Balance sheet short position	(18,965,395)	(1,905,507)	-	-	-	(11,914,958)	(32,785,860)
Off-balance sheet long position	-	-	12,395,872	5,636,649	475,000	-	18,507,521
Off-balance sheet short position	(2,900,066)	(15,065,270)	-	-	-	-	(17,965,336)
Total position	(21,865,461)	(16,970,777)	29,492,739	18,506,045	3,294,597	(11,914,958)	542,185

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, current tax asset, deferred tax asset, assets held for sale, expected credit losses, unconsolidated non-financial subsidiaries, investment property and other assets.

(**) Non-interest bearing column in other liabilities line consists of other liabilities except than miscellaneous payables, provisions, current tax liability, deferred tax liability and equity.

Prior year's information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

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, checks-purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	15,092,925	15,092,925
Due from other banks and financial institutions	2,765,251	-	-	-	-	642,713	3,407,964
Financial assets at fair value through profit and loss	541,291	1,206,709	585,425	128,962	32,657	210	2,495,254
Money market placements	2,707,157	40,000	-	-	-	-	2,747,157
Available-for-sale financial assets	518,386	827,440	1,119,979	1,900,475	-	75,064	4,441,344
Loans and receivables	17,670,015	14,518,953	24,351,727	12,313,738	693,631	1,409,706	70,957,770
Held-to-maturity investments	286,333	2,035,831	1,441,660	3,415,134	-	-	7,178,958
Other assets (*)	-	-	-	-	-	1,633,754	1,633,754
Total assets	24,488,433	18,628,933	27,498,791	17,758,309	726,288	18,854,372	107,955,126
Liabilities							
Bank deposits	746,689	-	-	-	-	5,162	751,851
Other deposits	39,041,357	9,277,308	2,798,666	23,206	-	15,166,142	66,306,679
Money market borrowings	3,066,062	-	301,570	-	-	-	3,367,632
Miscellaneous payables	243,601	-	-	-	-	1,723,283	1,966,884
Securities issued	-	-	394,172	-	-	-	394,172
Funds obtained from other financial institutions	9,907,240	5,712,776	1,262,743	749,257	-	-	17,632,016
Other liabilities (**)	837,641	836,281	73,995	470	-	15,787,505	17,535,892
Total liabilities	53,842,590	15,826,365	4,831,146	772,933	-	32,682,092	107,955,126
Balance sheet long position	-	2,802,568	22,667,645	16,985,376	726,288	-	43,181,877
Balance sheet short position	(29,354,157)	-	-	-	-	(13,827,720)	(43,181,877)
Off-balance sheet long position	-	-	-	4,148,759	-	-	4,148,759
Off-balance sheet short position	(88,228)	(2,769,896)	(794,497)	-	(130,000)	-	(3,782,621)
Total position	(29,442,385)	32,672	21,873,148	21,134,135	596,288	(13,827,720)	366,138

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, current tax asset, deferred tax asset, assets held for sale, expected credit losses, investment property and other assets.

(**) Non-interest bearing column in other liabilities line consists of other liabilities except than miscellaneous payables, provisions, current tax liability and equity.

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IV. Explanations on consolidated interest rate risk (continued)

2. Current period average interest rates applied to monetary financial instruments by the Group

Current period	EUR (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Banks	3.27	3.99	-	20.19
Financial assets at fair value through profit and loss	2.94	6.41	-	11.22
Money market placements	-	-	-	41.94
Financial assets measured at fair value through other comprehensive income	-	-	-	18.59
Loans	7.13	10.32	-	36.00
Financial assets measured at amortised cost	-	-	-	31.24
Liabilities				
Bank deposits	-	4.50	-	33.82
Other deposits	0.10	0.17	-	28.63
Money market borrowings	-	-	-	27.30
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	5.67	8.63	-	37.33

Prior period average interest rates applied to monetary financial instruments by the Group

Prior period	EUR (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Banks	1.62	4.01	-	18.24
Financial assets at fair value through profit and loss	1.88	6.33	-	8.35
Money market placements	-	-	-	12.11
Financial assets measured at fair value through other comprehensive income	-	-	-	10.33
Loans	5.23	8.16	-	21.05
Financial assets measured at amortised cost	-	-	-	11.88
Liabilities				
Bank deposits	-	-	-	11.71
Other deposits	0.24	0.62	-	14.64
Money market borrowings	-	-	-	8.99
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	25.71
Funds obtained from other financial institutions	2.79	5.30	-	18.43

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V. Explanations on equity securities position risk derived from consolidated banking books

1. Explanations on accounting policies for equity investments in subsidiaries and associates

Accounting policies for equity investments in subsidiaries and associates are disclosed in section III disclosure III.

2. Comparison of carrying value, fair value and market value of equity investments

Current period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	75,788	43,303	43,303
Equity investments	75,788	43,303	43,303
Financials subsidiaries	181,382	-	-
Financials subsidiaries	181,382	-	-
Prior period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	75,064	43,303	43,303
Equity investments	75,064	43,303	43,303
Financials subsidiaries	171,382	-	-
Financials subsidiaries	171,382	-	-

(*) Only equity investments having market value are presented under "Fair Value" column.

3. Information on realized gains or losses on revaluation of securities, revaluation surplus and unrealized gains or losses and their included amounts in core and additional capital

Current period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the additional capital	Total	Including into the core capital
Private equity investments	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-
Other stocks	-	31,969	-	30,292	30,292
Total	-	31,969	-	30,292	30,292

Prior period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the supplementary capital	Total	Including into the core capital
Private equity investments	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-
Other stocks	-	31,969	-	30,292	30,292
Total	-	31,969	-	30,292	30,292

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	257,170	257,170	20,574
Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	246,446	246,446	19,716

(*) The amount is calculated by using standard method within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to consolidated liquidity risk

a. Information on liquidity risk management, such as risk capacity, responsibilities and the structure of liquidity risk management, the Parent Bank’s internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

A policy (“Market Risk Management Policy”) was established which includes actions to be taken and practices that might be applied in business as usual and stressed conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed by Asset Liability Committee where senior representatives of businesses are members of the Committee.

In accordance with the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is unpledged, has been defined. In addition, the Contingency Capital and Funding Plan (“CCFP”) to be implemented in times of stress is currently in force. Besides, liquidity risk appetite (that is approved by Asset Liability Committee and Board of Directors) has been established in order to enable monitoring and managing the risk quantitatively. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Parent Bank’s liquidity buffer is evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group’s common policies on market risk and global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, there is also the Risk Control Self- Assessment process still within scope of ILAAP, comprehensive assessments are performed related to liquidity risk, and after the relevant risks are identified, and their potential financial impact on the Parent Bank’s operations and the impact on risk metrics is assessed periodically.

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit flows are monitored. The CCFP monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The CCFP monitoring metrics can trigger decision-making conditions on whether the Parent Bank will implement the CCFP in order to anticipate the potential development in liquidity stressed conditions.

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

The liquidity risk of the Parent Bank is managed by the Asset Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is shared with the Asset Liability Committee. According to the limits that are approved by the Board of Directors, liquidity gap and surplus are monitored and actions are taken in accordance with the price, interest rate and maturity structure.

c. Information on the Parent Bank’s funding strategy including the policies on funding types and variety of maturities

As for the funding diversification; short, medium and long term targets are determined in parallel to business line planning as part of the budgeting process in the Parent Bank. Besides, the Parent Bank’s funding capacity is monitored regularly, and shared with Asset Liability Committee and Board of Directors. In this way, the factors which may affect the ability to create additional funding and the validity of the estimated funding capacity can be monitored closely by senior management.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

ç. Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Parent Bank’s total liabilities

Almost all of the Parent Bank’s liabilities are in TL, USD or EUR, and TL funds consist of mainly equity and deposits. The Parent Bank’s liquidity in TL is managed via repo / reverse repo transactions with / in CBRT/BIST using high quality securities owned by the Parent Bank. While the main purpose is using liabilities in TL to fund TL assets, the necessary FX swap transactions and FC funds are used in creating assets in TL within the limits that is approved by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus are calculated on a daily basis by Asset Liability Management and these figures are reported to the related Asset Liability Committee members. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all related units and senior management, and reported separately to Asset Liability Committee and Board of Directors. The Parent Bank has TL/FC borrowing limits ready to use in CBRT and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Capital and Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of mitigating actions was set in the Contingency Capital and Funding Plan to bring the Parent Bank’s liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these actions depending on the financial impact and stress scenarios, execution time of the actions are also explained.

e. Information on the use of stress tests

The Parent Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and responsibilities that is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management Directorate plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Parent Bank consider Bank specific, market-wide and combined scenario, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and related business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Capital and Funding Plan.

f. Overview on contingency funding plan

The Parent Bank has established the Contingency Capital and Funding Plan that was approved by Asset Liability Committee and Board of Directors, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressed situations or in liquidity shortages. In addition, as an early warning of liquidity shortage or an unexpected situation, contingency capital and funding plan monitoring indicators are monitored and presented to the ALCO members monthly and to the Board of Directors (per meeting) by the Market Risk Management Directorate. The effective internal and external communication channels and a Liquidity Contingency Team are defined in order to ensure the liquidity contingency management and implement various elements of the plan/realistic actions of the plan. Monitoring metrics of the Contingency Capital and Funding Plan are reviewed annually in terms of changes in market and stress conditions.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity coverage ratio

In accordance with BRSA's "Regulation on Banks' Liquidity Coverage Ratio Calculation", promulgated in the Official Gazette, no. 28948, dated 21 March 2014, the Parent Bank calculates and shares the Consolidated Liquidity Coverage Ratio to BRSA on a monthly basis Consolidated Liquidity Coverage Ratio is above the values stated in the regulation.

Dates and values of the lowest and highest FC and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	209.15%	31 December 2023	308.47%	31 October 2023
FC	183.68%	31 October 2023	443.35%	30 November 2023

Liquidity coverage ratio

Current period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
High quality liquid assets				
High quality liquid assets			43,181,796	16,441,248
Cash Outflows				
Real person and retail deposits	78,632,072	23,368,988	6,969,245	2,333,259
Stable deposits	17,879,254	72,795	893,963	3,640
Less stable deposits	60,752,818	23,296,193	6,075,282	2,329,619
Unsecured funding other than real person and retail deposits	29,794,190	11,628,373	17,896,366	6,692,781
Operational deposits	184,715	359	43,682	90
Non-operational deposits	24,518,321	9,311,226	12,847,550	4,387,032
Other unsecured debt	5,091,154	2,316,788	5,005,134	2,305,659
Secured funding			-	-
Other cash outflows	31,807,699	15,433,766	16,188,616	7,141,325
Derivative exposures and collateral completion liabilities	13,082,044	4,787,557	13,082,044	4,787,557
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	18,725,655	10,646,209	3,106,572	2,353,768
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			41,054,227	16,167,365
Cash inflows				
Secured lending	7,966,793	-	-	-
Unsecured lending	15,064,063	2,348,706	11,716,161	1,700,857
Other cash inflows	13,012,840	8,729,509	12,214,309	8,661,404
Total cash inflows	36,043,696	11,078,215	23,930,470	10,362,261
			Total adjusted value	
Total high quality liquid assets stock			43,181,796	16,441,248
Total net cash outflows			17,309,613	6,605,283
Liquidity coverage ratio (%)			259.49	308.17

(*) Simple arithmetic average calculated for the last three months of the consolidated liquidity coverage ratio by using the amounts calculated based on monthly simple arithmetic averages.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

Prior period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
High quality liquid assets				
High quality liquid assets			21,680,544	14,580,495
Cash Outflows				
Real person and retail deposits	54,269,980	25,670,400	4,840,867	2,565,245
Stable deposits	11,722,621	35,896	586,131	1,795
Less stable deposits	42,547,359	25,634,504	4,254,736	2,563,450
Unsecured funding other than real person and retail deposits	18,195,014	8,870,595	10,563,756	4,771,385
Operational deposits	83,392	282	19,369	70
Non-operational deposits	15,165,429	7,463,452	7,678,241	3,379,603
Other unsecured debt	2,946,193	1,406,861	2,866,146	1,391,712
Secured funding			-	-
Other cash outflows	31,933,231	14,934,478	20,819,199	9,033,017
Derivative exposures and collateral completion liabilities	18,874,867	7,563,171	18,874,868	7,563,171
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	13,058,364	7,371,307	1,944,331	1,469,846
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			36,223,822	16,369,647
Cash inflows				
Secured lending	438,533	-	-	-
Unsecured lending	9,998,933	3,768,575	7,180,122	2,768,750
Other cash inflows	18,929,181	11,571,342	18,273,676	11,518,617
Total cash inflows	29,366,647	15,339,917	25,453,798	14,287,367
			Total adjusted value	
Total high quality liquid assets stock			21,680,544	14,580,495
Total net cash outflows			10,810,146	4,115,759
Liquidity coverage ratio (%)			203.36	355.13

(*) Simple arithmetic average calculated for the last three months of the consolidated liquidity coverage ratio by using the amounts calculated based on monthly simple arithmetic averages.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

3. Other explanations on consolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Group, the liquid assets are managed by using “Liquidity Coverage Ratio” calculations to monitor the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet the net cash outflows. Liquidity coverage ratio is calculated as per the “Regulation on Banks’ Liquidity Coverage Ratio Calculation” published by the BRSA. The ratio is affected from Group’s unpledged high quality liquid asset value that can be converted to cash any time and the possible cash inflows and outflows arising from assets, liability and off balance sheet items of the Group.

The Group evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey (“CBRT”), reserve requirements and the unencumbered securities issued by the Treasury as high quality liquid assets.

The primary sources to meet the liquidity needs of the Group are funds from interbank money market or repurchasing agreements or direct sales of the HTC&S portfolio. Besides the borrowing from the parent company in the medium and long term, in order to manage concentration risk with respect to funding resources, the Group aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

Although the Group’s wide range and small ticket size deposit structure including Orange Account represents a short term funding source parallel to the sector it renews itself at the maturity date and remains in the Group for a longer period compared to its original maturity.

Details of the Group’s foreign currency balance sheet as of 31 December 2023 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 42% of the Group’s total foreign currency liabilities consist of funds obtained from other financial institutions and 53% is composed of deposits. Loans and leasing receivables comprise 62% and cash and cash equivalents comprise 35% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Group’s Turkish Lira balance sheet as of 31 December 2023 are summarized as follows:

The majority of Turkish Lira balance sheet’s liability consists of deposits. 74% of the Group’s total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Group has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 53% of the assets in Turkish Lira balance sheet are net loans and leasing receivables, 15% are marketable securities.

The cash flows from derivative financial instruments are included in LCR calculations according to the terms of regulation. The Parent Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

The liquidity shortages and surpluses of consolidated subsidiaries of the Parent Bank are regularly monitored and managed. There are no operational or legal constraints preventing liquidity transfer. In the analyses made, it is seen that the impact of subsidiaries on the liquidity profile of the Parent Bank is limited compared to the size of the balance sheet.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

4. Breakdown of assets and liabilities according to their outstanding maturities

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	17,718,676	9,238,706	-	-	-	-	-	26,957,382
Banks	1,518,733	709,247	-	-	-	-	-	2,227,980
Financial assets at fair value through profit or loss	-	292,659	670,021	737,605	332,703	217,043	311	2,250,342
Money market placements	-	8,707,191	29,805	99,500	-	-	-	8,836,496
Financial assets measured at fair value through other comprehensive income	(51,568)	250,618	2,508	84,293	3,502,550	-	75,788	3,864,189
Loans	25,227	17,916,872	12,748,806	33,450,771	19,853,397	3,344,174	981,773	88,321,020
Financial assets measured at amortised cost	-	775,129	-	556,157	8,132,922	506,392	-	9,970,600
Other assets (*)	-	-	-	-	-	-	10,359,068	10,359,068
Total assets	19,211,068	37,890,422	13,451,140	34,928,326	31,821,572	4,067,609	11,416,940	152,787,077
Liabilities								
Bank deposits	13,721	3,665,528	-	-	-	-	-	3,679,249
Other deposits	26,260,595	51,000,007	12,080,739	7,255,675	3,022	-	-	96,600,038
Borrowings	-	730,638	924,268	13,469,290	8,883,414	1,080,377	-	25,087,987
Funds from interbank money market	-	16,142	-	-	-	167,636	-	183,778
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	1,210,167	-	-	-	-	-	1,044,964	2,255,131
Other liabilities (**)	-	448,661	349,740	1,024,246	541,566	58,151	22,558,530	24,980,894
Total liabilities	27,484,483	55,860,976	13,354,747	21,749,211	9,428,002	1,306,164	23,603,494	152,787,077
Liquidity deficit/surplus	(8,273,415)	(17,970,554)	96,393	13,179,115	22,393,570	2,761,445	(12,186,554)	-
Net Off Balance Sheet Position	-	125,843	(380,904)	1,019,203	(226,761)	-	-	537,381
Derivative financial assets	-	48,334,826	59,950,445	51,628,474	11,221,704	475,000	-	171,610,449
Derivative financial liabilities	-	48,208,983	60,331,349	50,609,271	11,448,465	475,000	-	171,073,068
Non-cash loans	60,251	1,023,302	3,792,862	6,148,085	3,035,089	1,097,513	-	15,157,102
Prior period								
Total assets	10,614,976	23,707,073	14,217,237	27,790,000	27,143,169	1,392,512	3,090,159	107,955,126
Total liabilities	16,333,176	43,999,458	11,814,435	13,559,784	5,056,448	599,308	16,592,517	107,955,126
Liquidity deficit/surplus	(5,718,200)	(20,292,385)	2,402,802	14,230,216	22,086,721	793,204	(13,502,358)	-
Net Off Balance Sheet Position	-	(381,775)	411,411	714,637	(386,006)	-	-	358,267
Derivative financial assets	-	29,079,703	22,569,171	18,458,777	9,868,749	130,000	-	80,106,400
Derivative financial liabilities	-	29,461,478	22,157,760	17,744,140	10,254,755	130,000	-	79,748,133
Non-cash loans	132,927	556,279	1,990,542	4,167,742	1,412,285	1,092,633	-	9,352,408

(*) Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as tangible assets, intangible assets, assets held for sale, expected credit losses, unconsolidated non-financial subsidiaries, investment property and other assets.

(**) Unallocated column in other liabilities mainly consists of provisions, current tax liability, deferred tax liability, other liabilities except than miscellaneous payables and shareholders' equity.

5. Breakdown of liabilities according to their remaining contractual maturities

The remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	26,274,316	55,628,121	13,183,562	8,120,660	4,532	-	103,211,191	(2,931,904)	100,279,287
Funds borrowed from other financial institutions	-	749,889	1,022,611	13,823,160	9,397,256	1,151,370	26,144,286	(1,056,299)	25,087,987
Funds from interbank money market	-	16,202	-	-	-	167,636	183,838	(60)	183,778
Securities issued	-	-	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-	-	-
Prior period									
Deposits	15,171,304	40,078,329	9,652,397	3,120,117	23,744	-	68,045,891	(987,361)	67,058,530
Funds borrowed from other financial institutions	-	410,063	2,451,728	9,999,912	4,340,223	598,195	17,800,121	(168,105)	17,632,016
Funds from interbank money market	-	3,071,384	-	301,570	-	-	3,372,954	(5,322)	3,367,632
Securities issued	-	-	-	394,172	-	-	394,172	-	394,172
Factoring payables	-	-	-	-	-	-	-	-	-

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	4,103	15,705	112,967	315,790	-	448,565
Buying transactions	3,120	11,363	71,353	163,552	-	249,388
Selling transactions	983	4,342	41,614	152,238	-	199,177
Transactions for foreign net investment hedge (III)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	4,103	15,705	112,967	315,790	-	448,565
Derivative transactions held for trading						
Trading transactions (I)	80,886,725	79,183,449	62,461,351	468,583	-	223,000,108
Forward foreign currency transactions – buy	8,741,792	10,925,136	17,501,370	42,831	-	37,211,129
Forward foreign currency transactions – sell	8,636,273	10,578,864	15,945,877	34,280	-	35,195,294
Swap transactions- buy	27,528,160	24,294,418	7,694,977	79,938	-	59,597,493
Swap transactions – sell	27,507,834	25,027,670	8,250,106	311,534	-	61,097,144
Foreign currency options – buy	4,239,076	4,201,434	6,517,317	-	-	14,957,827
Foreign currency options – sell	4,233,590	4,155,927	6,551,704	-	-	14,941,221
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	17,480,988.00	48,260,600	49,349,123	26,674,529	1,973,358	143,738,598
Interest rate swap - buy	8,692,942	24,129,534	24,694,777	13,219,095	857,276	71,593,624
Interest rate swap - sell	8,788,046	24,131,066	24,654,346	13,455,434	1,116,082	72,144,974
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	-
B. Total trading derivative transactions (I+II+III)	98,367,713	127,444,049	111,810,474	27,143,112	1,973,358	366,738,706
Derivative transaction total (A+B)	98,371,816	127,459,754	111,923,441	27,458,902	1,973,358	367,187,271
Prior period						
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	4,592	23,129	336,744	378,380	70,108	812,953
Buying transactions	3,630	18,795	185,630	214,285	35,026	457,366
Selling transactions	962	4,334	151,114	164,095	35,082	355,587
Transactions for foreign net investment hedge (III)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	4,592	23,129	336,744	378,380	70,108	812,953
Derivative transactions held for trading						
Trading transactions (I)	57,674,668	39,889,730	20,034,738	1,695,317	-	119,294,453
Forward foreign currency transactions – buy	6,326,176	4,283,379	4,147,130	233,352	-	14,990,037
Forward foreign currency transactions – sell	6,215,782	4,172,615	3,968,698	227,176	-	14,584,271
Swap transactions- buy	20,836,616	9,785,071	5,514,538	421,151	-	36,557,376
Swap transactions – sell	21,308,517	9,486,413	4,988,882	813,638	-	36,597,450
Foreign currency options – buy	1,476,564	6,138,660	726,435	-	-	8,341,659
Foreign currency options – sell	1,511,013	6,023,592	689,055	-	-	8,223,660
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	1,176,021.00	5,514,905	18,786,662	19,546,795	237,261	45,261,644
Interest rate swap - buy	585,867	2,787,683	9,380,473	9,787,743	116,533	22,658,299
Interest rate swap - sell	590,154	2,727,222	9,406,189	9,759,052	120,728	22,603,345
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	-
B. Total derivative transactions held for trading (I+II+III)	58,850,689	45,404,635	38,821,400	21,242,112	237,261	164,556,097
Derivative transaction total (A+B)	58,855,281	45,427,764	39,158,144	21,620,492	307,369	165,369,050

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VII. Explanations on consolidated leverage ratio

Leverage ratio table prepared in accordance with the communique “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no.28812 dated 5 November 2013 is presented below. As of 31 December 2023, the Group’s consolidated leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 6.94% (31 December 2022: 9.86%). This ratio is above the minimum ratio of 3%. While the capital increased by 5% mainly as a result of increase in net profits, total risk amount increased by 50% compared to the prior period. Therefore, the current period leverage ratio decreased by 292 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	283,150,672	175,418,735
The difference between total amount of asset in the consolidated financial statements prepared in accordance with TAS and the communiqué on preparation of consolidated financial statements of banks	720,170	383,493
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the communiqué on preparation of consolidated financial statements of banks	(83,700,430)	(42,039,092)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the communiqué on preparation of consolidated financial statements of banks	285,995	71,339
The difference between total amount and total risk amount of off-balance sheet transactions in the communiqué on preparation of consolidated financial statements of banks	-	-
The other differences between amount of assets and risk in the communiqué on preparation of consolidated financial statements of banks	(544,028)	(141,069)
Total exposures	199,912,379	133,693,406

(*) Consolidated financial statements are prepared based on Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks.

(**) The amounts in the table represents the average of last three months.

Explanations on leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
<i>On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)</i>	155,859,847	109,928,148
<i>Asset deducted from core capital</i>	(544,028)	(141,069)
The total amount of risk on-balance sheet exposures	155,315,819	109,787,079
Derivative financial instruments and credit derivative exposures		
<i>Replacement cost associated with derivative financial instruments and credit derivatives</i>	1,968,851	2,091,926
<i>The potential credit risk amount of derivative financial instruments and credit derivatives</i>	5,530,931	2,520,970
The total risk amount of derivative financial instruments and credit derivatives	7,499,782	4,612,896
Securities or commodity guaranteed financing transactions		
<i>Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)</i>	285,995	71,339
<i>Risk amount of exchange brokerage operations</i>	-	-
The total risk amount of securities or commodity collateral financing transactions	285,995	71,339
Off-balance sheet items		
<i>Gross notional amount for off-balance sheet items</i>	36,810,783	19,222,092
<i>Adjustments for conversion to credit equivalent amounts</i>	-	-
The total amount of risk for off-balance sheet items	36,810,783	19,222,092
Capital and total exposures		
Core capital	13,866,032	13,168,553
Total exposures	199,912,379	133,693,406
Leverage ratio		
Leverage ratio	6.94	9.86

(*) The amounts in the table represents the average of last three months.

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VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities.

	Carrying value	Fair value	Carrying value	Fair value
	Current period	Current period	Prior period	Prior period
Financial assets	111,641,931	109,296,499	86,899,154	86,346,894
Money market placements	8,836,496	8,808,845	2,747,157	2,751,629
Due from banks	2,227,980	2,237,991	3,407,964	3,404,005
Financial assets at fair value through other comprehensive income	3,823,222	3,823,222	4,369,468	4,369,468
Financial assets measured at amortised cost	9,969,354	9,356,681	7,178,011	7,545,219
Loans	85,181,538	83,501,804	68,141,355	67,247,307
Factoring receivables	-	-	-	-
Leasing receivables	1,603,341	1,567,956	1,055,199	1,029,266
Financial liabilities	128,018,493	122,494,395	90,603,343	87,900,001
Bank deposits	3,679,249	3,674,379	751,851	751,701
Other deposits	96,600,038	90,908,390	66,306,679	63,427,373
Funds borrowed	25,087,987	25,261,751	17,632,016	17,789,623
Money market borrowings	183,778	182,434	3,367,632	3,366,779
Securities issued	-	-	394,172	413,534
Miscellaneous payables	2,255,131	2,255,131	1,966,884	1,966,882
Liabilities from leasing transactions	212,310	212,310	184,109	184,109
Factoring payables	-	-	-	-

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities:

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1

Level 3: Data not based on observable data regarding assets or liabilities

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VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value in financial statements as of 31 December 2023 and 31 December 2022 is presented in the table below:

Current period	Level 1	Level 2	Level 3	Total
Total assets	4,189,537	1,849,206	75,788	6,114,531
Financial assets at fair value through profit or loss	442,103	1,808,239	-	2,250,342
Government debt securities	441,792	-	-	441,792
Trading derivative financial assets	-	1,808,239	-	1,808,239
Equity instruments	-	-	-	-
Other marketable securities	311	-	-	311
Financial assets at fair value through other comprehensive income	3,747,434	-	75,788	3,823,222
Equity instruments	-	-	75,788	75,788
Government debt securities	3,747,434	-	-	3,747,434
Hedging derivative financial assets	-	40,967	-	40,967
Cash flow hedges	-	40,967	-	40,967
Total liabilities	-	2,210,054	-	2,210,054
Trading derivative financial liabilities	-	2,210,054	-	2,210,054
Hedging derivative financial liabilities	-	-	-	-
Cash flow hedges	-	-	-	-

Prior period	Level 1	Level 2	Level 3	Total
Total assets	4,889,620	1,971,914	75,064	6,936,598
Financial assets at fair value through profit or loss	595,216	1,900,038	-	2,495,254
Government debt securities	595,006	-	-	595,006
Trading derivative financial assets	-	1,900,038	-	1,900,038
Equity instruments	-	-	-	-
Other marketable securities	210	-	-	210
Financial assets at fair value through other comprehensive income	4,294,404	-	75,064	4,369,468
Equity instruments	-	-	75,064	75,064
Government debt securities	4,294,404	-	-	4,294,404
Hedging derivative financial assets	-	71,876	-	71,876
Cash flow hedges	-	71,876	-	71,876
Total liabilities	-	1,564,278	-	1,564,278
Trading derivative financial liabilities	-	1,564,278	-	1,564,278
Hedging derivative financial liabilities	-	-	-	-
Cash flow hedges	-	-	-	-

There are no transfers between the 1st and the 2nd levels as of 31 December 2023 and 31 December 2022.

The movement table of financial assets at Level 3 is presented below.

	Current period	Prior period
Balance at the end of the prior period	75,064	13,626
Purchases	-	30,622
Redemption / sale	-	-
Valuation difference	724	30,816
Transfers	-	-
Balance at the end of the current period	75,788	75,064

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Group performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Group has no trust transactions.

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X. Explanations on 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”, promulgated in the Official Gazette, no. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Parent Bank, tables required by Internal Rating Based Approach (“IRB”) are not presented.

1. General explanations on Parent Bank’s risk management and risk weighted assets

a. Group’s risk management approach

The Parent Bank’s risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Parent Bank is based on three lines of defence model.

First Line of Defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

Second Line of Defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. The Parent Bank’s Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Risk Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

Third Line of Defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risks based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore, credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Parent Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Parent Bank’s regulatory limits is breached. The Parent Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Parent Banks’ Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Parent Bank. Accordingly, the Parent Bank performs the stress test together with all relevant units in a consolidated manner.

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X. Explanations on consolidated risk management (continued)

Detailed explanations on the Parent Bank’s risk appetite and credit risk can be found in section “Credit Risk”, and detailed explanations on market risk can be found in section “Market Risk” while detailed explanations on operational risk can be found in section “Operational Risk”.

b. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Prior period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	72,333,877	60,697,358	5,786,710
Standardized approach (SA)	72,333,877	60,697,358	5,786,710
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	6,213,831	3,804,188	497,106
Standardized approach for counterparty credit risk (SA-CCR)	6,213,831	3,804,188	497,106
Internal model method	-	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through approach	-	-	-
Investments made in collective investment companies – mandate-based approach	-	-	-
Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
Settlement Risk	-	-	-
Securitization positions in banking accounts	-	-	-
IRB ratings-based approach (RBA)	-	-	-
IRB Supervisory Formula Approach (SFA)	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	3,130,950	2,112,488	250,476
Standardized approach (SA)	3,130,950	2,112,488	250,476
Internal model approaches (IMM)	-	-	-
Operational risk	9,075,850	7,540,595	726,068
Basic indicator approach	9,075,850	7,540,595	726,068
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	90,754,508	74,154,629	7,260,360

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X. Explanations on consolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

Current period	Revalued amount in accordance with TAS						
	Revalued amount in accordance with TAS as reported in published financial statements	Revalued amount in accordance with TAS under scope of regulatory consolidation	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with Central Bank	26,957,382	26,957,382	26,957,382	-	-	-	-
Financial assets at fair value through profit and loss	2,250,342	2,095,535	-	1,808,239	-	2,250,342	-
Banks	2,227,980	2,227,981	2,227,980	-	-	-	-
Money market placements	8,836,496	8,836,496	2,663,062	6,173,434	-	-	-
Financial assets measured at fair value through other comprehensive income	3,823,222	3,821,424	3,823,221	-	-	-	-
Financial assets measured at amortised cost	9,970,600	9,970,600	9,970,600	-	-	-	-
Expected credit losses (-)	11,486	123,984	-	-	-	-	11,486
Loans (Net)	86,783,633	87,467,173	87,600,911	-	-	-	(813,989)
Loans	85,735,906	86,891,559	85,735,906	-	-	-	3,289
Lease receivables	1,603,341	1,603,341	1,603,341	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Non performing receivables	981,773	981,773	981,773	-	-	-	-
Expected credit losses (-)	1,537,387	2,009,500	720,109	-	-	-	817,278
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	181,382	-	181,382	-	-	-	-
Joint ventures (business partnerships) (net)	-	-	-	-	-	-	-
Derivative financial assets held for hedging	40,967	32,083	-	40,967	-	-	-
Tangible assets (net)	760,107	2,222,599	697,897	-	-	-	62,210
Intangible assets (net)	1,048,968	1,049,272	-	-	-	-	1,028,347
Investment property (net)	2,729	89,092	-	-	-	-	2,729
Tax asset	2,336,542	1,692,423	2,602,306	-	-	-	(265,764)
Property and equipment held for sale and related to discontinued operations (net)	-	-	-	-	-	-	-
Other assets	7,578,213	7,711,787	7,605,817	-	-	-	(27,604)
Total assets	152,787,077	154,049,863	144,330,558	8,022,640	-	2,250,342	(25,557)
Liabilities							
Deposit	100,279,287	100,240,272	-	-	-	-	100,279,287
Derivative financial liabilities at fair value through profit or loss	2,210,054	2,209,761	-	-	-	-	2,210,053
Loans received	25,087,987	26,243,639	-	-	-	-	25,087,987
Money market funds	183,778	17,656	-	183,778	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Lease payables	212,310	212,310	-	-	-	-	212,310
Derivative financial liabilities at fair value through other comprehensive income	-	-	-	-	-	-	-
Provisions	860,699	952,320	245,029	-	-	-	570,482
Tax liability	289,087	332,721	-	-	-	-	289,087
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Other liabilities	8,795,817	8,869,178	-	-	-	-	8,795,817
Shareholders' equity	14,868,058	14,972,008	-	-	-	-	14,868,058
Total liabilities	152,787,077	154,049,865	245,029	183,778	-	-	152,313,081

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X. Explanations on consolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

Prior period	Revalued amount in accordance with TAS						
	Revalued amount in accordance with TAS as reported in published financial statements	Revalued amount in accordance with TAS under scope of regulatory consolidation	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with Central Bank	15,092,925	15,093,002	15,092,925	-	-	-	-
Financial assets at fair value through profit and loss	2,495,254	2,217,009	-	1,900,038	-	2,495,254	-
Banks	3,407,964	3,601,942	3,407,964	-	-	-	-
Money market placements	2,747,157	2,747,157	1,746,585	1,000,572	-	-	-
Financial assets measured at fair value through other comprehensive income	4,369,468	4,367,670	4,369,467	-	-	-	-
Financial assets measured at amortised cost	7,178,958	7,178,958	7,178,958	-	-	-	-
Expected credit losses (-)	4,075	247,317	-	-	-	-	4,075
Loans (Net)	69,195,607	69,555,317	69,923,367	-	-	-	(722,241)
Loans	68,521,440	68,915,282	68,521,441	-	-	-	5,519
Lease receivables	1,055,199	1,055,200	1,055,199	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Non performing receivables	1,381,131	1,381,131	1,381,130	-	-	-	-
Expected credit losses (-)	1,762,163	1,796,296	1,034,403	-	-	-	727,760
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	171,382	-	171,382	-	-	-	-
Joint ventures (business partnerships) (net)	-	-	-	-	-	-	-
Derivative financial assets held for hedging	71,876	68,644	-	71,876	-	-	-
Tangible assets (net)	638,975	1,775,496	594,465	-	-	-	44,510
Intangible assets (net)	256,508	256,508	-	-	-	-	250,014
Investment property (net)	-	-	-	-	-	-	-
Tax asset	275,914	186,022	275,914	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	660	-	-	-	-
Other assets	2,056,553	2,055,435	2,075,982	-	-	-	(19,429)
Total assets	107,955,126	108,856,503	104,837,669	2,972,486	-	2,495,254	(451,221)
Liabilities							
Deposit	67,058,530	67,058,531	-	-	-	-	67,058,530
Derivative financial liabilities at fair value through profit or loss	1,564,278	1,589,821	-	-	-	-	1,564,278
Loans received	17,632,016	18,025,858	-	-	-	-	17,632,016
Money market funds	3,367,632	3,066,062	-	3,367,632	-	-	-
Securities issued	394,172	394,172	-	-	-	-	394,172
Funds	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Lease payables	184,109	184,109	-	-	-	-	184,109
Derivative financial liabilities at fair value through other comprehensive income	-	-	-	-	-	-	-
Provisions	564,775	524,764	117,094	-	-	-	403,356
Tax liability	457,575	461,138	-	-	-	-	466,481
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Other liabilities	3,213,080	3,206,477	-	-	-	-	3,213,080
Shareholders' equity	13,518,959	14,345,571	-	-	-	-	13,518,959
Total liabilities	107,955,126	108,856,503	117,094	3,367,632	-	-	104,434,981

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X. Explanations on consolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statement

Current period	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	152,812,634	144,330,558	-	8,022,640	2,250,342
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	473,996	245,029	-	183,778	-
Total net amount under scope of regulatory consolidation	152,338,638	144,085,529	-	7,838,862	2,250,342
Off-balance sheet amount	27,509,802	6,245,130	-	7,139,943	-
Differences due to risk mitigation	-	(472,447)	-	(6,357,208)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Parent Bank	-	-	-	-	880,608
Effect of fix exchange rate (**)	-	(22,760,609)	-	-	-
Exposure amounts	179,848,440	127,097,603	-	8,621,597	3,130,950

(*) The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", is represented in "Subject to market risk framework" column are presented.

(**) It shows the fix exchange rate effect used in the calculation of credit risk within the scope of the BRSA's letter dated 28 April 2022.

Prior period	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	108,406,347	104,837,669	-	2,972,486	2,495,254
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	3,520,145	117,094	-	3,367,632	-
Total net amount under scope of regulatory consolidation	104,886,202	104,720,575	-	(395,146)	2,495,254
Off-balance sheet amount	13,214,810	4,463,971	-	7,980,879	-
Differences due to risk mitigation	-	(1,197,558)	-	(4,360,825)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Parent Bank	-	-	-	-	(382,766)
Effect of fix exchange rate (**)	-	(12,572,421)	-	-	-
Exposure amounts	121,671,012	95,414,567	-	3,224,908	2,112,488

(*) The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", is represented in "Subject to market risk framework" column are presented.

(**) It shows the fix exchange rate effect used in the calculation of credit risk within the scope of the BRSA's letter dated 28 April 2022.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General Information on Credit Risk

a. General Qualitative Information on Credit Risk

The Parent Bank's Credit Risk Management reports to the Risk Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based (IRB) method and TFRS 9 calculations and the integration of rating models in the bank systems. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing, IRB calculations.

Risk appetite expresses the total risk level assumed by the Parent Bank in order to realise its strategies. To ensure that the Parent Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. The Parent Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Parent Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

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X. Explanations on consolidated risk management (continued)

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Parent Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Risk Committee and presented by the Risk Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

The Parent Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Credit quality of assets

Current period	Gross carrying values of (according to TAS)		Provisions / amortization and impairment	Net values
	Defaulted	Non-defaulted		
Loans	981,773	87,339,247	1,536,141	86,784,879
Debt securities (*)	-	13,718,034	1,861	13,716,173
Off-balance sheet exposures	1,286,241	35,525,656	290,217	36,521,680
Total	2,268,014	136,582,937	1,828,219	137,022,732

(*) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

Prior period	Gross carrying values of (according to TAS)		Provisions / amortization and impairment	Net values
	Defaulted	Non-defaulted		
Loans	1,381,131	69,576,639	1,761,216	69,196,554
Debt securities (*)	-	11,473,362	1,557	11,471,805
Off-balance sheet exposures	361,244	15,503,586	161,418	15,703,412
Total	1,742,375	96,553,587	1,924,191	96,371,771

(*) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

c. Changes in stock of defaulted loans and debt securities

	Current period	Prior Period
Defaulted loans and debt securities at the end of the previous reporting period	1,381,131	1,738,225
Loans and debt securities defaulted since the last reporting period	151,120	178,511
Transferred to non-defaulted status	-	-
Amounts written off (*)	(209,020)	(131,315)
Other changes (**)	(341,458)	(404,290)
Defaulted loans and debt securities at the end of the reporting period	981,773	1,381,131

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Parent Bank amounting to TL 204,403 (31 December 2022: TL 108,058).

(**) Collections within the period have included "Other changes" account.

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X. Explanations on consolidated risk management (continued)

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four – II Explanations on credit risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII – Explanations on impairment in financial assets.

Definitions of the restructured receivables:

The Parent Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II – Explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions:

Breakdown of receivables according to geographical regions

	Current period		Prior period	
	Non-performing loans (**)	Specific provision	Non-performing loans (**)	Specific provision
Domestic	981,767	720,080	1,380,995	1,034,098
EU Countries	-	-	27	18
OECD Countries (*)	-	-	35	32
Off-Shore Banking Regions	-	-	-	-
USA, Canada	-	-	-	-
Other countries	6	6	74	57
Total	981,773	720,086	1,381,131	1,034,205

(*) OECD countries other than EU countries, USA and Canada.

(**) Non-cash loans are not included.

Sectoral receivables and related provisions are presented in Section Four - II. Explanations on credit risk disclosure.

Aging of overdue exposures

	Current period	Prior period
Overdue 31 – 60 days	67,676	72,552
Overdue 61 – 90 days	22,480	114,162
Total	90,156	186,714

Breakdown of restructured receivables by whether or not provisions are allocated

	Current period	Prior period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	155,688	331,506
Loans restructured from non-performing loans	41,980	86,397

Group classifies all of its loans and receivables as stage 2 if they meet the “restructured loan” conditions while being in the performing loan portfolio according to the “Provision Regulation”. Restructured loans classified as stage 2 are subject to stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

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X. Explanations on consolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	476,065	320,264	1,151,390	1,947,719
Additional provision during the period	1,094,933	194,811	358,644	1,648,388
Disposals (-)	(988,709)	(61,881)	(335,726)	(1,386,316)
Amounts written off (-)	-	-	(209,403)	(209,403)
Transferred to Stage 1	-	(13,957)	-	(13,957)
Transferred to Stage 2	(31,867)	-	219	(31,648)
Transferred to Stage 3	(7,269)	(80,199)	-	(87,468)
Ending balance	543,153	359,038	965,124	1,867,315

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Group pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Group are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("CROM") teams' check and approval of the collateral entries.

The Group monitors up to date value of the collaterals by type. As a general principle, the Parent Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Group makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Group's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

2. Credit risk explanations

b. Credit risk mitigation techniques

Current period	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	80,938,181	5,846,698	4,572,654	22,450	19,027	-	-
Debt securities (*)	13,716,173	-	-	-	-	-	-
Total	94,654,354	5,846,698	4,572,654	22,450	19,027	-	-
Of which defaulted	981,773	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

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X. Explanations on consolidated risk management (continued)

Prior period	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	64,681,387	4,515,167	3,225,319	120,022	102,009	-	-
Debt securities (*)	11,471,805	-	-	-	-	-	-
Total	76,153,192	4,515,167	3,225,319	120,022	102,009	-	-
Of which defaulted	1,381,131	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

c. Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - Explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation effects

Current period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Claims on sovereigns and Central Banks	41,206,001	58,676	41,219,714	58,676	-	-
Claims on regional governments or local authorities	754,191	-	754,191	-	975,038	129.28%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	17,793,173	13,651,111	11,450,100	2,531,783	2,371,201	16.96%
Claims on corporates	45,781,632	10,553,313	45,668,977	4,224,758	41,256,071	82.69%
Claims on retails	10,764,235	4,795,727	10,628,753	703,815	8,574,485	75.66%
Claims secured by residential property	1,392,525	-	1,392,525	-	487,384	35.00%
Claims secured by commercial property	726,170	45,483	726,169	19,006	445,110	59.73%
Past due loans	243,995	-	243,995	-	215,493	88.32%
Higher risk categories decided by the Board	10,153,323	-	9,975,731	-	13,618,057	136.51%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	6,041,007	24,677	6,041,008	4,937	4,315,976	71.39%
Equity securities	75,062	-	75,062	-	75,062	100.00%
Total	134,931,314	29,128,987	128,176,225	7,542,975	72,333,877	53.30%

Prior period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Claims on sovereigns and Central Banks	26,222,489	27,664	23,256,941	27,663	-	-
Claims on regional governments or local authorities	668,649	-	668,649	-	458,705	68.60%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	8,736,735	3,924,967	7,434,595	1,452,216	2,177,574	24.50%
Claims on corporates	38,663,028	6,491,284	38,110,114	2,968,462	35,650,681	86.79%
Claims on retails	8,453,514	3,290,739	8,250,957	394,204	6,431,111	74.39%
Claims secured by residential property	1,017,581	-	1,017,581	-	356,153	35.00%
Claims secured by commercial property	728,209	45,639	728,209	12,674	434,064	58.59%
Past due loans	337,555	-	337,554	-	283,541	84.00%
Higher risk categories decided by the Board	9,328,691	-	8,868,613	-	12,046,745	135.84%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	5,031,318	24,689	5,031,319	4,939	2,783,999	55.28%
Equity securities	74,785	-	74,785	-	74,785	100.00%
Total	99,262,554	13,804,982	93,779,317	4,860,158	60,697,358	61.53%

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X. Explanations on consolidated risk management (continued)

d. Standard approach exposures by asset classes and risk weights

<u>Current period</u>											Total credit exposures amount (post CCF and post-CRM)
Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
Claims on sovereigns and Central Banks	41,278,390	-	-	-	-	-	-	-	-	-	41,278,390
Claims on regional governments or local authorities	-	-	296,302	-	-	-	-	-	-	457,889	754,191
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	8,434,311	-	4,546,104	-	1,001,468	-	-	-	13,981,883
Claims on corporates	-	-	6,509,014	-	10,496,615	-	29,690,798	374,571	-	2,822,737	49,893,735
Claims on retails	-	-	-	-	-	11,212,948	7	119,613	-	-	11,332,568
Claims secured by residential property	-	-	-	1,392,525	-	-	-	-	-	-	1,392,525
Claims secured by commercial property	-	-	-	-	600,133	-	145,042	-	-	-	745,175
Past due loans	-	-	-	-	117,314	-	66,372	60,309	-	-	243,995
Higher risk categories decided by the Board	-	-	-	-	7,450	-	2,776,792	7,090,879	-	100,610	9,975,731
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,729,960	-	-	-	-	-	4,315,985	-	-	-	6,045,945
Equity securities	-	-	-	-	-	-	75,062	-	-	-	75,062
Total	43,008,350	-	15,239,627	1,392,525	15,767,616	11,212,948	38,071,526	7,645,372	-	3,381,236	135,719,200

<u>Prior period</u>											Total credit exposures amount (post CCF and post-CRM)
Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
Claims on sovereigns and Central Banks	23,284,604	-	-	-	-	-	-	-	-	-	23,284,604
Claims on regional governments or local authorities	-	-	-	-	512,713	-	109,524	-	-	46,412	668,649
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	6,370,637	-	1,564,195	-	951,979	-	-	-	8,886,811
Claims on corporates	-	-	5,558,831	-	5,156,786	-	28,123,967	103,049	-	2,135,943	41,078,576
Claims on retails	-	-	-	-	-	8,645,104	51	6	-	-	8,645,161
Claims secured by residential property	-	-	-	1,017,581	-	-	-	-	-	-	1,017,581
Claims secured by commercial property	-	-	-	-	613,638	-	127,245	-	-	-	740,883
Past due loans	-	-	-	-	171,364	-	102,856	63,334	-	-	337,554
Higher risk categories decided by the Board	-	-	-	-	4,455	-	2,724,566	5,987,525	-	152,067	8,868,613
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	2,252,256	-	-	-	-	-	2,784,002	-	-	-	5,036,258
Equity securities	-	-	-	-	-	-	74,785	-	-	-	74,785
Total	25,536,860	-	11,929,468	1,017,581	8,023,151	8,645,104	34,998,975	6,153,914	-	2,334,422	98,639,475

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X. Explanations on consolidated risk management (continued)

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

“According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks”, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association (ISDA) and Credit Support Annex (CSA) agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via “Pre-Settlement” limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

b. Counterparty credit risk (CCR) approach analysis

Current period	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	Exposure after CRM	RWA
Standardised Approach - CCR (for derivatives)	6,675,429	1,619,184	-	1.40	8,294,613	3,731,602
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	326,984	65,404
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						3,797,006

(*) Effective expected positive exposure

Prior period	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	Exposure after CRM	RWA
Standardised Approach - CCR (for derivatives)	2,508,814	590,172	-	1.40	3,098,986	1,461,922
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	125,922	11,390
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						1,473,312

(*) Effective expected positive exposure

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X. Explanations on consolidated risk management (continued)

c. Credit valuation adjustment (CVA) for capital charge

	Current period		Prior period	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-	-	-
(i) VaR component (including the 3*multiplier)	-	-	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-	-	-
All portfolios subject to the standardised CVA capital charge	8,294,613	2,416,825	3,098,986	2,330,876
Total subject to the CVA capital charge	8,294,613	2,416,825	3,098,986	2,330,876

ç. Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	Current period									Total credit exposure (*)
	0%	10%	20%	50%	75%	100%	150%	Others		
Claims on sovereigns and Central Banks	390,929	-	-	-	-	-	-	-	-	390,929
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	3,064,322	3,954,636	-	-	-	-	-	7,018,958
Claims on corporates	-	-	-	2	-	1,192,169	-	-	-	1,192,171
Claims included in the regulatory retail portfolios	-	-	-	-	19,539	-	-	-	-	19,539
Other receivables	-	-	-	-	-	-	-	-	-	-
Total	390,929	-	3,064,322	3,954,638	19,539	1,192,169	-	-	-	8,621,597

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other receivables: Includes counterparty credit risk that does not reported in "central counterparty" table.

Asset classes/Risk weight	Prior period									Total credit exposure (*)
	0%	10%	20%	50%	75%	100%	150%	Others		
Claims on sovereigns and Central Banks	152,589	-	-	-	-	-	-	-	-	152,589
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	1,247,802	1,162,141	-	-	-	-	-	2,409,943
Claims on corporates	-	-	116	4,016	-	587,873	-	-	-	592,005
Claims included in the regulatory retail portfolios	-	-	-	-	70,371	-	-	-	-	70,371
Other receivables	-	-	-	-	-	-	-	-	-	-
Total	152,589	-	1,247,918	1,166,157	70,371	587,873	-	-	-	3,224,908

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other receivables: Includes counterparty credit risk that does not reported in "central counterparty" table.

d. Collaterals for counterparty credit risk (CCR)

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

e. Credit derivatives

There is no credit derivative transaction.

5. Explanations on securitisation

There is no securitization transaction.

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X. Explanations on consolidated risk management (continued)

6. Explanations on consolidated market risk

The Parent Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the “Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process” and the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Risk Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.

Risk management strategies and policies are updated regarding to regulations stated above and is approved by Board of Director’s. In relation to the regulatory capital requirements, on a consolidated and the bank only basis, standard method is used in measuring the market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Group's policies related to market risk, especially for the international regulations, is reviewed regularly. All these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	Current period	Prior period
	RWA	RWA
Outright products	3,130,949	2,112,488
Interest rate risk (general and specific)	1,884,850	476,138
Equity risk (general and specific)	-	-
Foreign exchange risk	1,246,099	1,636,350
Commodity risk	-	-
Options	-	-
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitisation	-	-
Total	3,130,950	2,112,488

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X. Explanations on consolidated risk management (continued)

7. Explanations on consolidated operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2023 is calculated by using the gross income of the Parent Bank in 2020, 2021 and 2022.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2020 amount	2021 amount	2022 amount	Total / Number of years of positive gross income	Ratio (%)	Total
Gross income	3,592,175	3,849,181	7,080,002	4,840,452	15	726,068
Amount subject to operational risk (Total*12.5)						9,075,850

Prior period	2019 amount	2020 amount	2021 amount	Total / Number of years of positive gross income	Ratio (%)	Total
Gross income	4,623,593	3,592,175	3,849,181	4,021,649	15	603,248
Amount subject to operational risk (Total*12.5)						7,540,595

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Risk Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the "Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method" published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines' expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+/-x basis points)	Gains/ (Losses)	Gains/Equity (Losses)/Equity
TL	(-) 400	933,280	6.63%
TL	(+) 500	(997,017)	(7.09)%
EUR	(-) 200	33,451	0.24%
EUR	(+) 200	(31,823)	(0.23)%
USD	(-) 200	17,286	0.12%
USD	(+) 200	(17,413)	(0.12)%
Total (for negative shocks)		984,017	7.00%
Total (for positive shocks)		(1,046,253)	(7.44)%

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XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	300,000	40,967	-	540,000	71,876	-
Cross currency swaps	-	-	-	-	-	-
Total	300,000	40,967	-	540,000	71,876	-

Explanations on derivative transactions used in cash flow hedges

Current period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	40,967	-	(58,010)	34,573	802
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(1,609)	-	-
Total			40,967	-	(59,619)	34,573	802

Prior period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	71,876	-	(46,387)	(65,093)	806
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(13,001)	-	-
Total			71,876	-	(59,388)	(65,093)	806

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Section Four - Footnote VI.

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XII. Explanations on segment reporting

The Group operates mainly in corporate, business and retail banking services. In scope of corporate, business banking operations, customers are provided with special banking services including cash management service. In retail banking operations, customers are provided with debit and credit card, retail loan, online banking and private banking services. Spot TL, foreign exchange buy/sell transactions, derivative transactions, and treasury bill/government bond buy/sell transactions are performed at treasury operations.

Information on operating segments is prepared in accordance with the data provided by the Parent Bank’s Management Reporting System.

Current period – 31 December 2023	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	5,772,455	1,712,705	(4,323,806)	3,161,354
Net fees and commissions income and other operating income	939,687	908,966	283,672	2,132,325
Trading gain/loss	1,090,211	406,437	914,485	2,411,133
Dividend income	-	-	1,519	1,519
Expected credit loss	(557,001)	(113,718)	(2,174)	(672,893)
Segment results	7,245,352	2,914,390	(3,126,304)	7,033,438
Other operating expenses (*) (**)				(6,450,563)
Income from continuing operations before tax				582,875
Tax provision (*)				1,115,163
Net profit				1,698,038

Prior period – 31 December 2022	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	2,693,973	1,722,154	186,469	4,602,596
Net fees and commissions income and other operating income	865,339	656,568	23,033	1,544,940
Trading gain/loss	373,307	141,730	1,357,796	1,872,833
Dividend income	-	-	873	873
Expected credit loss	(698,569)	(224,309)	(5)	(922,883)
Segment results	3,234,050	2,296,143	1,568,166	7,098,359
Other operating expenses (*) (**)				(3,556,110)
Income from continuing operations before tax				3,542,249
Tax provision (*)				(915,960)
Net profit				2,626,289

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.

(**) Includes “Personnel Expenses” and “Other Provision Expenses” that presented in the statement of profit or loss as a different items.

Current period – 31 December 2023	Corporate, Business Banking	Retail Banking	Other	Total
Asset	71,789,757	17,888,248	63,109,072	152,787,077
Liability	46,887,206	65,234,559	25,797,254	137,919,019
Equity	-	-	14,868,058	14,868,058

Prior period – 31 December 2022	Corporate, Business Banking	Retail Banking	Other	Total
Asset	56,661,267	16,049,479	35,244,380	107,955,126
Liability	28,056,566	48,212,628	18,166,973	94,436,167
Equity	-	-	13,518,959	13,518,959

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Section five

Information and disclosures related to consolidated financial statements

I. Explanations and notes related to assets of the consolidated balance sheet

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL / foreign currency	180,874	2,363,708	160,443	2,842,571
Central Bank of Turkey	7,428,641	16,812,217	2,569,657	9,520,254
Other	-	171,942	-	-
Total	7,609,515	19,347,867	2,730,100	12,362,825

1.2. Information related to the account of the Central Bank of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	6,377,113	8,625,039	2,569,657	3,213,222
Restricted time deposit	-	-	-	-
Reserve requirement	1,051,528	8,187,178	-	6,307,032
Total	7,428,641	16,812,217	2,569,657	9,520,254

As per the “Communiqué on Reserve Requirements” promulgated by the Central Bank, Banks must keep required reserves as of the balance sheet date at a rate ranging between 0% and 8% for Turkish lira deposits and liabilities depending on their maturity. The reserve rates vary between 5% and 30% for foreign currency deposits and other foreign currency liabilities and vary between 22% and 26% for gold liabilities depending on their maturity. The additional reserve requirement ratio of 4 percent to be maintained in Turkish lira deposits denominated in foreign currency (except foreign bank deposits and precious metal accounts).

TL 6,376,736 (31 December 2022: TL 2,561,866) of the TL reserve deposits provided over the average balance and TL 8,625,039 (31 December 2022: TL 3,213,222) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

2. Information on financial assets at fair value through profit / loss

2.1. Information on financial assets at fair value through profit / loss subject to repo transactions and those given as collateral / blocked

Financial assets at fair value through profit or loss subject to repo transactions and those given as collateral / blocked are stated below in net amount.

	Current period	Prior period
Unrestricted portfolio	372,290	434,391
Collateral / blocked	69,813	160,825
Total	442,103	595,216

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

2.2. Positive differences related to derivative financial assets held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	257,347	-	349,648
Swap transactions	827,566	458,588	1,154,864	380,544
Futures transactions	-	-	-	-
Options	-	264,738	12,871	2,111
Other	-	-	-	-
Total	827,566	980,673	1,167,735	732,303

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	526,001	1,701,979	559,502	2,848,462
Domestic	526,001	210,920	559,502	96,513
Foreign	-	1,491,059	-	2,751,949
Headquarters and branches abroad	-	-	-	-
Total	526,001	1,701,979	559,502	2,848,462

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	196,980	1,869,048	584,623	722,316
USA, Canada	127,897	61,612	501,277	35,462
OECD Countries (*)	77,163	61,611	-	-
Off-shore banking regions	-	-	-	-
Other	3,119	1,900	-	-
Total	405,159	1,994,171	1,085,900	757,778

(*) OECD countries except EU countries, USA and Canada

As of 31 December 2023, restricted bank balance amounting to TL 1,085,900 (31 December 2022: TL 757,777) all of which is comprised of (31 December 2022: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

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

4.1. Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral / blocked with net amounts are shown in below table.

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	1,613,726	1,573,449
Repo transactions	16,185	486,503
Collateral / blocked	2,193,311	2,309,516
Total	3,823,222	4,369,468

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

4.2. Information on financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	4,496,019	4,307,855
Quoted to stock exchange	4,496,019	4,307,855
Not quoted	-	-
Equity certificates	75,788	75,064
Quoted to stock exchange	-	-
Not quoted	75,788	75,064
Provision for impairment (-)	(748,585)	(13,451)
Total	3,823,222	4,369,468

5. Information on loans

5.1. Information on the balance of all types of loans and advances given to shareholders and employees of the Parent Bank

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Parent Bank	65	1,956,949	56	1,210,575
Corporate shareholders	-	1,956,949	-	1,210,494
Real person shareholders	65	-	56	81
Indirect loans granted to shareholders of the Parent Bank	1,477	1,255,729	1,486	530,274
Loans granted to employees of the Parent Bank	110,940	-	90,570	-
Total	112,482	3,212,678	92,112	1,740,849

5.2. Information on the first and second group loans and other receivables including restructured or rescheduled loans

Current period				
Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	Refinance
			Revised contract terms	
Non-specialized loans	74,761,583	10,818,635	55,060	100,628
Business loans	27,558,259	4,599,784	1,411	100,628
Export loans	22,670,345	3,456,029	-	-
Import loans	-	-	-	-
Loans given to financial sector	6,181,867	1,775,402	-	-
Consumer loans	16,243,517	773,038	51,139	-
Credit cards	690,656	58,621	2,510	-
Other	1,416,939	155,761	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	74,761,583	10,818,635	55,060	100,628

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

Prior period				
Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	59,231,643	8,958,291	151,787	179,719
Business loans	16,871,355	5,374,541	44,020	179,719
Export loans	18,073,039	1,235,582	-	-
Import loans	-	-	-	-
Loans given to financial sector	7,309,878	1,242,989	-	-
Consumer loans	14,095,685	999,675	102,127	-
Credit cards	577,692	51,031	5,640	-
Other	2,303,994	54,473	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	59,231,643	8,958,291	151,787	179,719

	Current period		Prior period	
	Standard loans	Loans under close monitoring	Standard loans	Loans under close monitoring
12 months expected credit losses	478,704	-	421,042	-
Lifetime expected credit losses significant increase in credit risk	-	337,351	-	305,969

5.3. Loans according to their maturity structure

Cash loans	Loans and other receivables under close monitoring		
	Standard loans	Loans and receivables not subject to restructuring	Restructured loans and receivables
Short-term loans and other receivables	34,597,147	5,902,444	96,855
Medium and long-term loans and other receivables	40,164,436	4,916,191	58,833
Total	74,761,583	10,818,635	155,688

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

	Short term	Medium and long term	Total
Consumer loans – TL	1,119,544	15,591,319	16,710,863
Mortgage loans	304	5,045,796	5,046,100
Automotive loans	120,500	1,214,604	1,335,104
General purpose loans	998,740	9,330,919	10,329,659
Other	-	-	-
Consumer loans – Indexed to FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	663,349	1,626	664,975
With installments	185,731	1,626	187,357
Without installments	477,618	-	477,618
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	36,711	35,368	72,079
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	36,711	35,368	72,079
Other	-	-	-
Personnel loans – Indexed to FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	38,926	-	38,926
With installments	14,340	-	14,340
Without installments	24,586	-	24,586
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	284,752	-	284,752
Overdraft accounts – FC (real person)	-	-	-
Total	2,143,282	15,628,313	17,771,595

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.5. Information on commercial loans with installments and corporate credit cards

	Short term	Medium and long term	Total
Commercial installment loans - TL	1,378,495	1,721,944	3,100,439
Real estate loans	-	922	922
Automotive loans	17,811	119,409	137,220
General purpose loans	-	-	-
Other	1,360,684	1,601,613	2,962,297
Commercial installment loans – Indexed to FC	-	4	4
Real estate loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	4	4
Commercial installment loans-FC	-	-	-
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Corporate credit cards – TL	47,886	-	47,886
With installments	9,161	-	9,161
Without installments	38,725	-	38,725
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	76,842	-	76,842
Overdraft loans – FC (legal entity)	-	-	-
Total	1,503,223	1,721,948	3,225,171

5.6. Loans according to borrowers

	Current period	Prior period
Public	6,658,283	4,712,353
Private	79,077,623	63,809,087
Total	85,735,906	68,521,440

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	85,723,268	68,518,246
Foreign loans	12,638	3,194
Total	85,735,906	68,521,440

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.8. Loans granted to subsidiaries and associates

The loans granted to subsidiaries and associates are eliminated at the consolidated financial statements.

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	24,348	22,227
Loans and receivables with doubtful collectability	13,610	27,624
Uncollectible loans and receivables	682,128	984,354
Total	720,086	1,034,205

5.10. Information on non-performing loans (net)

5.10.1. Information on non-performing loans and other receivables restructured or rescheduled by the Group

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	-	-	41,980
Restructured loans	-	-	41,980
Prior period			
Gross amounts before specific provision	98	877	85,422
Restructured loans	98	877	85,422

5.10.2. Information on total non-performing loans

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior period end balance	35,605	40,860	1,304,666
Additions (+)	103,646	2,084	45,390
Transfers to other categories of non-performing loans (+)	-	52,415	37,403
Transfers from other categories of non-performing loans (-)	(52,415)	(37,403)	-
Collections (-)	(42,200)	(19,770)	(279,488)
Write-offs (-) (*)	(108)	(4)	(4,505)
Sold Portfolio (-) (**)	-	-	(204,403)
Corporate and commercial loans	-	-	(64,259)
Retail loans	-	-	(116,634)
Credit cards	-	-	(23,510)
Other	-	-	-
Current period end balance	44,528	38,182	899,063
Provisions (-)	(24,348)	(13,610)	(682,128)
Net balance on balance sheet	20,180	24,572	216,935

(*) In current period, the amount of write-off made according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 6 July 2021 and numbered 31533, there is no write-off process and the values in the table are the amounts written off from the assets (31 December 2022:None).

(**) Parent Bank sold non-performing loan portfolio amounting to TL 127,852 as of 28 July 2023 and TL 76,551 as of 27 November 2023 (31 December 2022: TL 108,058) for an amount of TL 71,550 to asset management companies.

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.10.3. Information on foreign currency non-performing loans and other receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	14,210	18,291	122,033
Provision (-)	(6,162)	(918)	(98,494)
Net balance on balance sheet	8,048	17,373	23,539
Prior period			
Balance at the end of the period	2,311	-	147,251
Provision (-)	(1,475)	-	(104,027)
Net balance on balance sheet	836	-	43,224

Non-performing loans granted as foreign currency are followed under TL accounts at the balance sheet.

5.10.4. Gross and net amounts of non-performing loans per customer categories

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)			
	20,180	24,572	216,935
Loans granted to corporate entities and real person (gross)	44,528	38,182	890,861
Provision amount (-)	(24,348)	(13,610)	(679,005)
Loans granted to corporate entities and real person (net)	20,180	24,572	211,856
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	8,202
Provision amount (-)	-	-	(3,123)
Other loans (net)	-	-	5,079
Prior period (net)			
	13,378	13,236	320,312
Loans granted to corporate entities and real person (gross)	27,406	40,860	1,302,073
Provision amount (-)	(18,215)	(27,624)	(982,330)
Loans granted to corporate entities and real person (net)	9,191	13,236	319,743
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	8,199	-	2,593
Provision amount (-)	(4,012)	-	(2,024)
Other loans (net)	4,187	-	569

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.10.5. According to TFRS 9, accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	675	649	13,243
Interest accruals and valuation differences	1,560	1,792	46,755
Provision (-)	(885)	(1,143)	(33,512)
Prior period (Net)	651	1,003	18,746
Interest accruals and valuation differences	2,213	3,447	70,420
Provision (-)	(1,562)	(2,444)	(51,674)

5.11. Liquidation policy for uncollectible loans and receivables

As with the loans classified in the other liquidation accounts, “Loans and receivables with limited collectability” and “Loans and receivables with doubtful collectability” accounts, according to the Provisions Regulation, the most appropriate action is determined by evaluating the quality of the loan, the collateral status, bona fide of the debtor and assessment of the emergency, in order to ensure the collection and liquidation of the loans classified in the accounts of “Uncollectable loans and receivables”.

5.12. Information on the write-off policy

Accounting policies regarding the write-off policy are explained in the section three note VIII.

In current period, the amount of write-off made according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 6 July 2021 and numbered 31533 is none (31 December 2022: None).

6. Financial assets measured at amortised cost

6.1. Financial assets subject to repurchase agreements and provided as collateral/blocked:

	Current period	Prior period
Investments subject to repurchase agreements	-	2,621,819
Collateralised / blocked investments (*)	7,780,674	2,198,288
Total	7,780,674	4,820,107

(*) Consists of bonds given as collaterals by the Parent Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank, Money Markets and to operate in those markets.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	9,970,600	7,178,958
Treasury bills	-	-
Other government securities	-	-
Total	9,970,600	7,178,958

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	9,970,600	7,178,958
Quoted to stock exchange	9,970,600	7,178,958
Not quoted	-	-
Impairment provision (-)	-	-
Total	9,970,600	7,178,958

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	7,178,958	5,609,794
Foreign currency differences on monetary assets	-	-
Purchases during the period	4,174,960	1,975,027
Disposals through sales and /redemptions	(2,012,522)	(381,869)
Provision for impairment (-)	-	-
Valuation effect	629,204	(23,994)
Period end balance	9,970,600	7,178,958

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries (*)

8.1.1. Information on the consolidated subsidiaries

As of 31 December 2023, information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	6,306	250,000	21,469
Profit reserves, capital reserves and prior year profit / loss	292,393	238,686	112,430
Profit	185,972	105,335	67,467
Development cost of operating lease (-)	-	-	-
Intangible assets (-)	-	(4,986)	-
Total core capital	484,671	589,035	201,366
Supplementary capital	-	-	-
Capital	484,671	589,035	201,366
Net usable shareholder's equity	484,671	589,035	201,366

(*) ING Finansal Kiralama A.Ş., a subsidiary of our Parent Bank, its capital was 50 million TL, was increased to 250 million TL by our Bank by increasing it by 200 million TL in cash, in line with the BRSA permission.

The Parent Bank does not have any additional capital requirements due to the subsidiaries included in the consolidated calculation of capital requirement.

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

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

8.2. Information on consolidated subsidiaries

8.2.1 Information on the consolidated subsidiaries

Title	Address (City / Country)	The Parent Bank's share percentage-If different voting (%)	The Parent Bank's risk group share (%)
(1) ING European Financial Services Plc.	Dublin/Ireland	100%	100%
(2) ING Leasing	Istanbul/ Turkey	100%	100%
(3) ING Securities	Istanbul/ Turkey	100%	100%

As of 31 December 2023, financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	12,843,540	484,671	119	744,549	-	185,972	119,384	-
(2)	2,314,469	594,021	905	436,449	-	105,335	47,048	-
(3)	859,718	201,366	747	102,196	-	67,467	44,735	-

(*) Consolidated subsidiaries regarding financial data are prepared in accordance with BRSA regulations. Parent Bank makes regulations regarding consolidation principles.

8.3. Information on consolidated subsidiaries

8.3.1. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	1,171,862	839,286
Movements during the period	1,010,199	332,576
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	362,070	195,343
Sales	-	-
Revaluation increase (*)	648,129	137,233
Provisions for impairment	-	-
Balance at the end of the period	2,182,061	1,171,862
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) Amounts refer to revaluation differences arising from accounting of financial subsidiaries under the equity method in the unconsolidated financial statements.

8.4. Sectoral information on consolidated financial subsidiaries and the related carrying amounts

8.4.1. Information on consolidated subsidiaries

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies (*)	171,382	171,382
Leasing companies	575,708	257,518
Finance companies	-	-
Other financial subsidiaries	1,424,971	742,962

(*) In the Trade Registry Gazette dated 22 March 2022 and numbered 10542, the title of the company was changed to “ING Factoring A.Ş. in Liquidation”. It is shown in the “Unconsolidated non-financial subsidiaries” line in the current period unconsolidated financial statements.

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

8.6. Information on non-financial subsidiaries that are not consolidated

ING Teknoloji A.Ş. was established by the Parent Bank with TL 10,000 paid in capital and 100% ownership; it was registered in the Trade Registry Gazette on 7 March 2023.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on lease receivables (net)

10.1 Investments made in finance lease as per their maturity

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	231,653	215,143	180,621	169,066
1-5 years	1,699,894	1,388,198	1,065,019	886,133
More than 5 years	-	-	-	-
Total	1,931,547	1,603,341	1,245,640	1,055,199

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	1,931,547	1,245,639
Unearned financial lease income (-)	(328,206)	(190,440)
Cancelled leases (-)	-	-
Net financial lease investment	1,603,341	1,055,199

11. Information on derivative financial assets held for hedging

11.1 Information on positive differences of derivative financial assets held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	40,967	-	71,876	-
Net investment hedge	-	-	-	-
Total	40,967	-	71,876	-

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

12. Information on tangible assets (net)

Current period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	286,285	264,813	813,971	1,365,069
Additions	16,591	213,420	364,072	594,083
Disposals	(10,125)	(175,619)	(232,143)	(417,887)
Transfers	-	-	-	-
Currency differences	-	-	341	341
Provisions for impairment	-	-	6,900	6,900
Closing balance	292,751	302,614	953,141	1,548,506
Accumulated depreciation				
Opening balance	(132,879)	(82,121)	(511,094)	(726,094)
Current year depreciation expense	(6,865)	(44,403)	(96,578)	(147,846)
Disposals	4,370	40,172	130,680	175,222
Transfers	(24)	(4,414)	(84,993)	(89,431)
Currency differences	-	-	(250)	(250)
Closing balance	(135,398)	(90,766)	(562,235)	(788,399)
Net book value	157,353	211,848	390,906	760,107

Prior period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	288,284	236,002	838,428	1,362,714
Additions	6,202	127,007	150,753	283,962
Disposals	-	-	-	-
Transfers	-	-	189	189
Currency differences	(21,619)	(98,196)	(175,399)	(295,214)
Provisions for impairment	13,418	-	-	13,418
Closing balance	286,285	264,813	813,971	1,365,069
Accumulated depreciation				
Opening balance	(137,764)	(86,842)	(467,013)	(691,619)
Current year depreciation expense	(6,591)	(35,450)	(77,098)	(119,139)
Disposals	-	-	(1,053)	(1,053)
Transfers	-	-	(173)	(173)
Currency differences	11,476	40,171	34,243	85,890
Closing balance	(132,879)	(82,121)	(511,094)	(726,094)
Net book value	153,406	182,692	302,877	638,975

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	538,389	291,610
Additions	1,215,016	249,939
Currency differences	8	94
Disposals	(352,731)	(3,254)
Closing balance	1,400,682	538,389
Accumulated amortization		
Opening balance	(281,881)	(257,316)
Current year’s amortization expense	(69,826)	(27,725)
Currency differences	(2,644)	(94)
Disposals	2,637	3,254
Closing balance	(351,714)	(281,881)
Net book value	1,048,968	256,508

14. Information on investment properties (net)

	Current period	Prior period
Cost		
Opening balance	-	-
Purchases	-	-
Transfers	7,075	-
Disposals	-	-
Impairment provision	-	-
Total cost	7,075	-
	Current period	Prior period
Depreciation		
Opening balance	-	-
Purchases	-	-
Transfers	4,346	-
Disposals	-	-
Impairment provision	-	-
Total accumulated depreciation (-)	4,346	-
Net book value	2,729	-

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

The Group has no current tax asset relating to corporation tax (31 December 2022: TL 2,183) under the asset items.

15.2. Explanations on deferred tax asset

As of 31 December 2023, deferred tax asset of the Group amounts to TL 2,073,848 and deferred tax liability is TL 2,943 (31 December 2022: TL 273,731) which is calculated based on the deductible temporary differences.

Timing differences constituting the basis for deferred tax	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset / (liability)	Accumulated temporary differences	Deferred tax asset / (liability)
Provisions (*)	528,087	158,426	380,498	95,125
Fair value differences for financial assets and liabilities	1,088,359	327,205	266,362	67,171
Derivative valuation differences	344,157	103,247	(426,342)	(106,586)
Expected credit losses of Stage I and II	901,576	270,473	795,697	198,924
Other (**)	2,405,553	1,211,554	76,436	19,097
Total deferred tax assets / (liabilities) net		2,070,905		273,731

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

(**) Includes deferred tax assets resulting from inflation adjustments within the scope of the provisions of Provisional Article 33. of the Tax Procedure Law.

Deferred tax assets / (liabilities) movements of the current and previous years are as follows:

Deferred tax assets / (liabilities) net	Current period		Prior period	
	(1 January – 31 December 2023)	(1 January – 31 December 2022)	(1 January – 31 December 2022)	(1 January – 31 December 2021)
Opening balance		273,731		(492,155)
Deferred tax income / (expense) (net)		1,477,946		797,501
Deferred tax recognized under equity		319,228		(30,999)
Currency differences		-		(616)
Balance at the end of the period		2,070,905		273,731

16. Explanations on assets held for sale and discontinued operations (net)

16.1. Explanations on assets held for sale

	Current period	Prior period
Opening balance (net)	660	660
Additions	-	-
Disposals (-)	660	-
Depreciation (-)	-	-
Balance at the end of the period (net)	-	660

16.2. Explanations on discontinued operations

The Group does not have assets with respect to the discontinued operations.

17. Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments), breakdown of the names and amounts of accounts constructing at least 20% of grand totals

Other assets in the balance sheet excluding off balance sheet commitments do not exceed 10% of the balance sheet total.

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II. Explanations and notes related to liabilities of the consolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	3,750,845	-	16,624,381	6,697,908	12,908,198	2,207,876	8,164,334	-	50,353,542
Foreign currency deposits	15,364,325	-	6,787,791	2,903,462	200,525	113,400	66,238	-	25,435,741
Residents in Turkey	15,225,746	-	6,716,434	2,656,628	188,573	85,861	57,921	-	24,931,163
Residents abroad	138,579	-	71,357	246,834	11,952	27,539	8,317	-	504,578
Public sector deposits	647,101	-	-	-	-	-	-	-	647,101
Commercial deposits	1,759,352	-	8,199,613	249,009	2,720,624	830,503	648,760	-	14,407,861
Other institutions deposits	14,519	-	3,190	2,521	2	10	7	-	20,249
Precious metals deposits	4,724,453	-	1,011,091	-	-	-	-	-	5,735,544
Interbank deposits	13,721	-	3,665,528	-	-	-	-	-	3,679,249
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10,696	-	38,430	-	-	-	-	-	49,126
Foreign banks	3,025	-	3,627,098	-	-	-	-	-	3,630,123
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	26,274,316	-	36,291,594	9,852,900	15,829,349	3,151,789	8,879,339	-	100,279,287

Foreign exchange-protected deposit instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against changes in foreign exchange rates, started to be offered to the Parent Bank's customers. In this context, the total amount of deposits opened as of 31 December 2023 is TL 25,287,156 (31 December 2022: TL 12,581,452).

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	2,005,498	-	10,969,787	4,645,195	9,398,863	781,749	1,139,927	-	28,941,019
Foreign currency deposits	8,565,023	-	10,840,704	4,478,556	1,052,679	168,754	154,844	-	25,260,560
Residents in Turkey	8,456,361	-	10,742,134	4,288,948	1,036,858	151,062	148,386	-	24,823,749
Residents abroad	108,662	-	98,570	189,608	15,821	17,692	6,458	-	436,811
Public sector deposits	342,794	-	-	2	-	-	-	-	342,796
Commercial deposits	1,555,190	-	3,384,066	57,335	1,630,322	55,336	694,771	-	7,377,020
Other institutions deposits	13,120	-	5,822	2,285	2	9	7	-	21,245
Precious metals deposits	2,684,517	-	1,679,522	-	-	-	-	-	4,364,039
Interbank deposits	5,162	-	746,689	-	-	-	-	-	751,851
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	80	-	300,129	-	-	-	-	-	300,209
Foreign banks	5,082	-	446,560	-	-	-	-	-	451,642
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	15,171,304	-	27,626,590	9,183,373	12,081,866	1,005,848	1,989,549	-	67,058,530

1.2. 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 saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	21,485,153	14,070,193	28,861,062	14,866,261
Foreign currency saving deposits	11,101,913	8,004,861	10,838,409	14,754,359
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Commercial deposits (*)	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Commercial deposit	954,699	529,672	13,213,929	6,661,179
Foreign currency commercial deposits	293,763	161,707	8,921,352	6,762,558
Other deposits in the form of commercial deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

(*) The amount of deposits subject to insurance is TL 400 for the current period (Prior period is TL 200).

(**) With the regulation published in the Official Gazette dated 27 August 2022 and numbered 31936, commercial deposits were included in the scope of insurance.

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

1.3. Information on whether the saving deposits / private current accounts of real persons not subject to commercial transactions in the Turkey branch of the Parent Bank headquartered abroad are in scope of insurance in the country where the head office is located

The Parent Bank’s head office is in Turkey and its saving deposits are covered by saving deposit insurance.

1.4. Saving deposits of real persons not under the guarantee of saving deposit insurance fund

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	49,339	29,681
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

2.1. Table of negative differences for derivative financial liabilities held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	245,388	-	64,212
Swap transactions	1,451,348	248,106	1,051,616	432,834
Future transactions	-	-	-	-
Options	-	265,212	12,871	2,745
Other	-	-	-	-
Total	1,451,348	758,706	1,064,487	499,791

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	84,648	1,037,952	634,011	622,978
Funds borrowed from foreign banks, institutions and funds	9,316	23,956,071	18,304	16,356,723
Total	93,964	24,994,023	652,315	16,979,701

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	93,964	476,083	646,056	2,783
Medium and long term	-	24,517,940	6,259	16,976,918
Total	93,964	24,994,023	652,315	16,979,701

3.3. Funding industry group where the Group liabilities are concentrated

The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

4. Explanations on securities issued (net)

	Current period		Prior period	
	TL	FC	TL	FC
Bank bills	-	-	-	-
Bonds	-	-	394,172	-
Total	-	-	394,172	-

5. If other liabilities exceed 10% of the balance sheet total, names and amounts of the accounts constituting at least 20% of grand totals

Other liabilities do not exceed 10% of the balance sheet total.

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	52,722	20,863	12,362	1,927
Between 1-4 years	118,360	77,837	84,305	47,797
More than 4 year	191,007	113,610	229,965	134,385
Total	362,089	212,310	326,632	184,109

7. Information on derivative financial liabilities held for hedging

7.1. Negative differences related to derivative financial liabilities held for hedging

None (31 December 2022: None).

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

8. Information on provisions

8.1. Information on the exchange rate decrease provision on foreign currency indexed loans and financial lease receivables

None (31 December 2022: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans (stage 3)	245,029	117,094
Provision for credit card score promotion	1,902	1,304
Other provisions	393,290	294,631
<i>Allowance for expected credit losses (stage 1 and stage 2) (*)</i>	45,188	44,324
<i>Other</i>	348,102	250,307
Total	640,221	413,029

(*) Non-cash loan provisions are included.

Amount to TL 110,293 (31 December 2022: TL 127,520) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Parent Bank.

The deposit holders of offshore accounts held at Sümerbank A.Ş. (together with other dissolved banks merged into Sümerbank A.Ş., all of which were ultimately merged into the Parent Bank), which were opened before Savings Deposit Insurance Fund (SDIF) seized these banks, initiates lawsuits against the Parent Bank. As a result of these lawsuits, the Bank pays certain amounts to these offshore deposit holders of the dissolved banks. SDIF indemnifies these amounts in accordance with the Share Transfer Agreement (STA) entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF.

The mentioned amounts are being paid to the Parent Bank by SDIF with objections and short payments with STA clauses. SDIF has initiated 10 enforcement proceedings against the Bank for the refund of the said payments, requesting 506 million TL excluding interest. As a response to the Parent Bank's objections to the enforcement proceedings initiated by SDIF; SDIF has filed lawsuits for the cancellation of the objections. Currently, there are nine ongoing lawsuits and one enforcement proceeding in this context.

Additionally, the Parent Bank has initiated 8 enforcement proceedings against SDIF regarding our accumulated receivables that SDIF has either partially or completely failed to pay.

Both SDIF's actions against the Parent Bank and the Parent Bank's actions against the SDIF are presented below as a table:

Lawsuit & Enforcement Proceedings	Amount	Status	The Latest Development in Legal Process
First Case	21,819	First Instance Court	The trial continues
Second Case	21,770	First Instance Court	The court of first instance decided in favor of ING
Third Case	97,677	First Instance Court	The court of first instance decided in favor of ING
Fourth Case	109,533	First Instance Court	The court of first instance decided in favor of ING
Fifth Case	981	First Instance Court	The court of first instance decided in favor of ING
Sixth Case	125,593	First Instance Court	The court of first instance decided in favor of ING
Seventh Case	51,536	Regional Appeal Court	The trial continues
Eighth Case	49,070	First Instance Court	The trial continues
Ninth Case	20,894	First Instance Court	The trial continues
Enforcement Proceedings	7,546	The mediation process has been completed	Compulsory mediation process has been finalised the lawsuit is awaited
	506,419		

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

On the other hand, there is an administrative law dispute between the Parent Bank and SDIF. The Parent Bank has filed a lawsuit for the annulment of the administrative resolution No. 2013/36 dated 31 January 2013 of SDIF's Fund Board (the "SDIF Fund Board Decision"), which constitutes the legal basis of the SDIF's abovementioned actions. Although the first instance administrative court ruled in favor of the Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The Parent Bank submitted a motion for the post judgment relief, i.e., correction of judgment which the Council of State rejected. Upon completion of the Council of State's review, the first instance court rendered a decision in line with the Council of State's decision against which the Bank (claiming the annulment of the SDIF Fund Board Decision) and SDIF (claiming the determination of the SDIF Fund Board Decision's legal validity by the administrative courts rather than a lack of jurisdiction decision) filed an appeal.

No provisions were set aside in respect of the amounts that the Parent Bank paid in connection with the off-shore lawsuits, court decisions on off-shore lawsuits and lawsuits filed by SDIF, considering the (i) relevant provisions of the SSA, (ii) relevant provisions of the of the Share Sale Agreement dated 18 June 2007 relating to the purchase of the Bank's shares (owned by OYAK) by ING Bank N.V. and (iii) the course of the pending lawsuits against SDIF.

8.3. Information on provisions for employee benefits

As of 31 December 2023, TL 128,761 (31 December 2022: TL 63,443) of TL 220,478 (31 December 2022: TL 151,746) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 91,717 (31 December 2022: TL 88,303) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 23,489.83 (Full TL) at 31 December 2023 and TL 15,371.40 (Full TL) at 31 December 2022 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 31 December 2023 and 31 December 2022, the Group operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

	Current period	Prior period
Net discount rate	3.01%	2.17%
Inflation rate	36.00%	22.30%
Interest rate	40.10%	24.95%
Probability of severance	28.06%	27.21%

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	88,303	36,833
Change during the year	(25,360)	29,382
Actuarial gain	74,907	41,960
Benefits paid during the year	(46,133)	(19,872)
Balance at the end of the period	91,717	88,303

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

Explanations on taxation and calculations are explained in Note XVIII of Section Three. As of 31 December 2023, as a result of the setoff of the Group's corporate tax liability and temporary taxes paid, the remaining corporate tax liability amounts to TL 14,973 (31 December 2022: TL 301,341) and as a result of the such setoff being made on each entity and tax authority basis.

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	14,973	301,341
Taxation of securities	75,293	31,883
Banking insurance transaction tax (“BITT”)	72,026	37,914
Value added tax payable	38,862	18,971
Foreign exchange transaction tax	2,049	3,038
Property tax	2,010	1,452
Other	37,253	29,165
Total	242,466	423,764

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	15,979	12,861
Social security premiums-employer	24,657	18,305
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	998	918
Unemployment insurance-employer	2,044	1,727
Other	-	-
Total	43,678	33,811

9.2. Explanations on deferred tax liabilities

Deferred tax asset and liability are netted and shown in liabilities of unconsolidated balance sheet as deferred tax liability, and explanations about deferred tax asset / liability for the current and prior period are disclosed in Section Five Footnote I.15.

10. Information on liabilities regarding assets held for sale

As of 31 December 2023 and 31 December 2022, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

None

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

12. Information on shareholders’ equity

12.1. Paid-in capital

	Current period	Prior period
Common stock (*)	3,486,268	3,486,268
Preferred stock	-	-

(*) The amount represents nominal capital.

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

Paid-in-capital amount is TL 3,486,268 and registered share capital system is not applied.

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

None.

12.4. Information on share capital increases from capital reserves

There is no capital increase from capital reserves in the current period.

12.5. Capital commitments in the last fiscal year and in the interim period following the last fiscal year, the general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments in the last fiscal year and in the interim period following the last fiscal year.

12.6. Indicators of the Group’s income, profitability and liquidity for the previous periods and possible effects of future assumptions made by taking into account the uncertainties of these indicators on the Group’s equity

The Group’s consolidated balance sheet is managed in a conservative manner in order to be minimally affected by interest, currency and credit risks. The Group’s operations are aimed to be continued with a conservative approach and with an increasing profitability. The year end income is transferred to the statutory reserves and extraordinary reserves under the shareholder’s equity. The Group tries to invest the majority of its shareholder’s equity in interest bearing assets and to keep investments in non-banking assets such as tangible assets, investments in non-financial subsidiaries limited.

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control (business partnerships)	-	-	-	-
Valuation difference	(547,073)	-	143,086	-
Foreign exchange difference	-	-	-	-
Total	(547,073)	-	143,086	-

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

12.9. Profit reserves and profit distribution

Under the Turkish Commercial Code (“TCC”), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

As per the decision made at the annual general assembly of shareholders of the Parent Bank on 27 March 2023, the distribution of the net profit of the year 2022, is as follows.

Profit distribution table of 2022	
2022 net profit	2,626,289
A – I. Legal Reserve (TCC 519/A) 5%	(131,314)
B – The First Dividend for Shareholders	-
C – Extraordinary Reserves	(2,476,283)
D – Special funds	(18,692)

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III. Explanations and notes related to consolidated off-balance sheet accounts

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	16,172,073	2,046,189
Forward deposit purchase and sales commitments	36,000	
Loan granting commitments	3,324,152	3,035,362
Commitments for cheque payments	243,467	187,441
Commitments for credit card limits	1,577,661	1,198,715
Commitments for credit cards and banking services promotions	19,939	14,256
Other irrevocable commitments	281,503	30,459
Total	21,654,795	6,512,422

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others deemed as financial commitments and other letter of credits

	Current period	Prior period
Letter of credits	2,148,637	1,089,701
Commitments and contingencies	15,765	2,621
Bank acceptance loans	4,808	-
Total	2,169,210	1,092,322

1.2.2. Irrevocable guarantees, temporary guarantees and other similar commitments and contingencies

	Current period	Prior period
Irrevocable letters of guarantees	10,057,312	6,822,211
Cash loans letters of guarantees	1,253,980	551,940
Advance letters of guarantees	1,494,368	736,625
Temporary letters of guarantees	41,140	43,266
Other	141,092	106,044
Total	12,987,892	8,260,086

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	1,253,981	551,941
With original maturity of 1 year or less than 1 year	253,844	47,094
With original maturity of more than 1 year	1,000,137	504,847
Other non-cash loans	13,903,121	8,800,467
Total	15,157,102	9,352,408

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III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

1.3.2. Information on sectoral risk concentrations of non-cash loanst

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	895	0.02	-	-	11,167	0.51	-	-
Farming and raising	842	0.02	-	-	11,114	0.51	-	-
Forestry	34	-	-	-	34	-	-	-
Fishing	19	-	-	-	19	-	-	-
Manufacturing	793,035	22.00	2,758,602	23.88	455,936	20.78	1,631,875	22.80
Mining	14,154	0.39	-	-	22,135	1.01	12,977	0.18
Production	770,261	21.37	2,670,485	23.12	421,273	19.20	1,606,106	22.44
Electric, gas and water	8,620	0.24	88,117	0.76	12,528	0.57	12,792	0.18
Construction	157,641	4.37	2,408,767	20.85	138,957	6.33	1,936,615	27.05
Services	2,649,464	73.51	6,368,528	55.12	1,583,370	72.16	3,583,520	50.06
Wholesale and retail trade	1,993,718	55.32	649,798	5.62	1,227,606	55.95	345,207	4.82
Hotel, food and beverage	12,957	0.36	-	-	9,597	0.44	-	-
Transportation and telecommunication	182,817	5.07	241,528	2.09	120,207	5.48	278,289	3.89
Financial institutions	406,729	11.28	4,611,448	39.92	211,049	9.61	2,533,637	35.39
Real estate and renting services	28,671	0.80	114,485	0.99	4,744	0.22	-	-
Self-employment services	24,069	0.67	751,269	6.50	9,639	0.44	426,387	5.96
Education services	-	-	-	-	25	-	-	-
Health and social services	503	0.01	-	-	503	0.02	-	-
Other	3,115	0.10	17,055	0.15	4,763	0.22	6,205	0.09
Total	3,604,150	100.00	11,552,952	100.00	2,194,193	100.00	7,158,215	100.00

1.3.3. Non-cash loans classified in Group I and Group II

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	3,559,678	10,320,232	9,698	1,733
Letter of guarantees	3,548,050	8,162,650	9,698	1,733
Bank acceptances	-	4,808	-	-
Letter of credits	-	2,148,637	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other	11,628	4,137	-	-

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III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

2. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	-	-
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	300,000	540,000
Purchase transactions	150,000	270,000
Sale transactions	150,000	270,000
Net investment hedges (III)	-	-
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	300,000	540,000
Derivative transactions held for trading		
Trading transactions (I)	222,926,715	119,134,159
Forward foreign currency transactions – buy	37,211,129	14,990,037
Forward foreign currency transactions – sell	35,195,294	14,584,271
Swap transactions- buy	59,571,396	36,473,517
Swap transactions – sell	61,049,850	36,521,016
Foreign currency options – buy	14,949,523	8,282,659
Foreign currency options – sell	14,949,523	8,282,659
Foreign currency futures – buy	-	-
Foreign currency futures – sell	-	-
Interest rate derivatives (II)	119,456,802	40,180,374
Interest rate swap - buy	59,728,401	20,090,187
Interest rate swap - sell	59,728,401	20,090,187
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	-	-
B. Total derivative transactions held for trading (I+II+III)	342,383,517	159,314,533
Total derivative transactions (A+B)	342,683,517	159,854,533

3. Information on credit swaps and related risks

As of 31 December 2023 and 31 December 2022, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2023, a total provision of TL 110,293 (31 December 2022: TL 127,520) separated other provisions are under the item, considering legal assessment for the lawsuits with a high probability of resulting against the Group and as a result of the audits of public authorities.

5. Information on the services provided on behalf of others

Related information is provided in Section Four Footnote IX.

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IV. Explanations and notes related to consolidated statement of profit or loss

1. Information on interest income

1.1. Information on interest income from loans (*)

	Current period		Prior period	
	TL	FC	TL	FC
Short term loans	6,837,240	1,113,634	3,906,835	630,476
Medium and long term loans	3,623,152	1,610,929	2,418,287	944,489
Interest on loans under follow-up	160,131	-	178,262	-
Premiums received from resource utilization support fund	-	-	-	-
Total	10,620,523	2,724,563	6,503,384	1,574,965

(*) Commissions and fees received from cash loans are included.

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	11,188	-	17,807
From domestic banks	161,444	25,209	47,251	5,422
From foreign banks	248	78,597	50	30,199
From branches abroad	-	-	-	-
Total	161,692	114,994	47,301	53,428

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	21,839	14,933	49,548	8,599
Financial assets measured at fair value through other comprehensive income	668,062	-	237,563	-
Financial assets measured at amortised cost	1,767,575	-	836,828	-
Total	2,457,476	14,933	1,123,939	8,599

As stated in Section Three disclosure VII, the Bank has inflation indexed (“CPI”) government bonds in its financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost portfolios. The reference indices used for the real interest payments about these marketable securities is determined based on the CPI’s of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. The estimated inflation rate used is updated during the year when necessary. At the end of the year, the actual inflation rate is used. As of 31 December 2023, an annual rate of 61.4% has been taken into account for the estimated inflation rate used in the valuation of these securities.

1.4. Information on interest income received from associates and subsidiaries

The interest income from subsidiaries is eliminated in the accompanying consolidated financial statements.

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IV. Explanations and notes related to consolidated statement of profit or loss (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed (*)

	Current period		Prior period	
	TL	FC	TL	FC
Banks	219,892	1,282,319	93,098	316,171
Central Bank of Turkey	-	-	-	-
Domestic banks	218,526	56,721	44,937	16,939
Foreign banks	1,366	1,225,598	48,161	299,232
Branches and offices abroad	-	-	-	-
Other institutions	-	48,260	-	10,794
Total	219,892	1,330,579	93,098	326,965

(*) Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

The interest expenses paid to subsidiaries are eliminated in the consolidated financial statements.

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	33,858	-	68,994	-

2.4. Allocation of interest expenses on deposits according to maturity of deposits

Account name	Demand deposit	Time deposit					Accumulated deposits	Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year		
Turkish lira								
Bank deposits	-	327,218	-	-	-	-	-	327,218
Saving deposits	-	3,701,765	4,845,767	1,559,071	30,192	1,613,761	-	11,750,556
Public sector deposits	-	1,426	-	-	-	-	-	1,426
Commercial deposits	-	1,625,130	266,630	546	410	-	-	1,892,716
Other deposits	-	871	370	-	-	-	-	1,241
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	5,656,410	5,112,767	1,559,617	30,602	1,613,761	-	13,973,157
Foreign currency								
Foreign currency deposits	-	17,499	60,397	19,860	3,679	4,541	-	105,976
Banks deposits	-	1,958	-	-	-	-	-	1,958
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	423	-	-	-	-	-	423
Total	-	19,880	60,397	19,860	3,679	4,541	-	108,357
Grand total	-	5,676,290	5,173,164	1,579,477	34,281	1,618,302	-	14,081,514

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IV. Explanations and notes related to consolidated statement of profit or loss (continued)

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	1,519	873
Other	-	-
Total	1,519	873

4. Information on trading income/loss (net)

	Current period	Prior period
Income	57,863,985	47,700,373
Gains on capital market transactions	259,440	150,480
Gains on derivative financial instruments	41,721,158	26,803,518
Foreign exchange gains	15,883,387	20,746,375
Loss (-)	(55,452,852)	(45,827,540)
Loss on capital market transactions	(272,987)	(101,827)
Loss on derivative financial instruments	(37,289,739)	(24,176,204)
Foreign exchange loss	(17,890,126)	(21,549,509)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 5,477,688 (31 December 2022: TL 2,686,167 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	1,053,123	833,567
Income arising from sale of assets	116,322	100,373
Banking services income	4,055	1,727
Other non-interest income	116,490	66,245
Total	1,289,990	1,001,912

6. Allowance for expected credit losses and other provision expenses

	Current period	Prior period
Expected credit losses	672,893	922,883
12 Months expected credit loss (Stage 1)	111,223	309,851
Expected credit loss significant increase in credit risk (Stage 2)	61,118	153,931
Expected credit loss impaired credits (Stage 3)	500,552	459,101
Impairment losses on securities	526	1,315
Financial assets measured at fair value through profit/loss	526	1,315
Financial assets measured at fair value through other comprehensive income	-	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	260,496	131,526
Total	933,915	1,055,724

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IV. Explanations and notes related to consolidated statement of profit or loss (continued)

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	24,839	9,877
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expense of tangible assets	147,846	119,139
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	69,826	27,725
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	2,886,759	1,445,451
Operating lease expenses related with TFRS 16 exception	73,404	40,323
Repair and maintenance expenses	99,867	53,096
Advertisement expenses	411,175	174,477
Other expenses	2,302,313	1,177,555
Loss on sales of assets	6,445	6,549
Other (*)	664,448	372,579
Total	3,800,163	1,981,320

(*) Includes saving-deposits-insurance-fund related expenses of TL 246,788 (31 December 2022: TL 164,894).

8. Information on income / (loss) before taxes for continued and discontinued operations

As of 31 December 2023, the income before taxes is TL 582,875 (31 December 2022: TL 3,542,249).

9. Information on tax provision for continued and discontinued operations

As of 31 December 2023, the corporate tax provision expense for the period is TL 362,783 (31 December 2022: TL 1,713,461), and the deferred tax income is TL 1,477,946 (31 December 2022: TL 797,501).

10. Information on net operating income after taxes for continued and discontinued operations

As of 31 December 2023, the net operating income after taxes is TL 1,698,038 (31 December 2022: TL 2,626,289).

11. The explanations on net income / loss for the period

Interest income from regular banking transactions is TL 19,104,503 (31 December 2022: TL 9,870,953), while the interest expense is TL 15,943,149 (31 December 2022: TL 5,268,357).

There are no changes in estimations related to the items in the financial statements.

12. If the other items in the statement of profit or loss exceed 10% of the statement of profit or loss total, explanations on the sub-accounts amounting to at least 20% of these items

Other fees and commissions received amounting to TL 1,188,166 (31 December 2022: TL 713,096) has included TL 268,258 (31 December 2022: TL 187,587) resulting from the credit card fees and commissions, TL 96,709 (31 December 2022: TL 60,886) resulting from service fees and commissions from contracted merchants and TL 247,790 (31 December 2022: TL 133,946) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 473,047 (31 December 2022: TL 273,393) has included TL 213,020 (31 December 2022: TL 135,961) resulting from credit card exchange commissions.

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IV. Explanations and notes related to consolidated statement of profit or loss (continued)

13. Fees related with the services provided by independent auditors/independent audit agencies

In accordance with the decision made by Public Oversight Accounting and Auditing Standards Authority dated 26 March 2021, fees, based on the given reporting period, in relation to the services provided by independent auditors or independent audit firms excluding value added tax costs are presented in the following table. These fees include the fees for services rendered to the Bank's foreign and domestic subsidiaries.

	Current period	Prior period
Independent audit fees in the reporting period	10,810	3,673
Total	10,810	3,673

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

The Ordinary General Assembly Meeting of the Parent Bank was held on 27 March 2023. In the Ordinary General Assembly meeting, it was decided to transfer TL 2,626,289 unconsolidated net income from 2022 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 131,314, TL 2,476,283 and TL 18,692, respectively.

General Assembly of the Parent Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting of the Parent Bank has not been held as of the date of these financial statements.

As of the balance sheet date, consolidated legal reserves amount to TL 563,562 (31 December 2022: TL 432,247), and TL 131,314 (31 December 2022: TL 60,006) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, consolidated extraordinary reserves amount to TL 8,931,180 (31 December 2022: TL 6,360,708).

VI. Explanations and notes related to the consolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2022	31 December 2021
Cash	3,003,015	3,013,716
Cash in vault	160,443	134,581
Cash in foreign currency	2,842,572	2,879,135
Cash equivalents	11,174,408	13,224,932
Central Bank of Turkey	5,782,879	9,411,191
Banks	2,644,372	1,041,745
Interbank money market	2,747,157	2,771,996
Total	14,177,423	16,238,648

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VI. Explanations and notes related to the consolidated statement of cash flows (continued)

1.2. Cash and cash equivalents at the end of period

	31 December 2023	31 December 2022
Cash	2,716,524	3,003,015
Cash in vault	180,874	160,443
Cash in foreign currency	2,535,650	2,842,572
Cash equivalents	24,969,063	11,174,408
Central Bank of Turkey	15,002,152	5,782,879
Banks	1,130,415	2,644,372
Interbank money market	8,836,496	2,747,157
Total	27,685,587	14,177,423

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement

Amounting to TL 1,289,990 increase (31 December 2022: TL 176,402 increase) under “Operating profit before changes in operating assets and liabilities” consists of other operational incomes.

Amounting to TL 7,546,786 increase (31 December 2022: TL 7,032,091 increase) under “Operating profit before changes in operating assets and liabilities” consists of profit / loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 6,570,508 decrease (31 December 2022: TL 43,828 decrease) under “Changes in operating assets and liabilities” consists of mainly changes in prepaid expenses, factoring and leasing receivables and changes in exchange accounts under other assets.

Amounting to TL 1,989,485 decrease (31 December 2022: TL 1,145,947 decrease) under “Changes in operating assets and liabilities” consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

Amounting to TL 864,922 increase (31 December 2022: TL 249,939 decrease) under “Net cash flow from investment activities” consists of mainly purchase of intangible assets.

As of 31 December 2023, the effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 4,720,093 (31 December 2022: TL 4,144,116).

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

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VII. Explanations and notes related to risk group of the Parent Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances

1.1. Current period

Risk group of the Group	Subsidiaries, associates and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning of the period	-	-	56	1,210,575	1,486	530,274
End of the period	-	-	65	1,956,949	1,477	1,255,729
Interest and commission income	-	-	-	7,635	-	2,871

1.2. Prior period

Risk group of the Group	Subsidiaries, associates and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning of the period	-	-	187	1,082,968	395	428,782
End of the period	-	-	56	1,210,575	1,486	530,274
Interest and commission income	-	-	-	4,958	-	761

1.3. Information on deposit balances of the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	-	-	451,807	1,974	113,158	57,551
End of the period	-	-	3,633,508	451,807	46,691	113,158
Interest expense on deposits	-	-	310,262	34,798	19,999	6,503

1.4. Information on forward and option agreements and other similar agreements entered into with the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit and loss						
Beginning of the period	-	-	31,915,187	19,803,771	-	-
End of the period	-	-	45,124,087	31,915,187	-	-
Total profit/loss	-	-	37,960	73,173	(8,426)	(7,459)
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total profit/loss	-	-	(7,072)	29,573	-	-

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Section six

Other Explanations

I. Other explanations on the Parent Bank’s operations

None.

II. Explanations and notes related to subsequent events

BRSA has determined within the board decision dated 11 January 2024 and numbered 10825 that transition date of “TAS 29 Hyperinflationary Financial Reporting in Hyperinflationary Economies” for banks, leasing companies, factoring companies, financing companies, savings financing companies and asset management companies is 1 January 2025.

The Ordinary General Assembly Meeting of ING Faktoring A.Ş. in Liquidation was held on 30 January 2024, and as of 1 February 2024, the company was deleted from the trade registry, its legal entity ended and the liquidation process was completed.

(Convenience translation of the consolidated financial statements and related disclosures originally issued in Turkish)

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Section seven

Independent auditors’ report

I. Explanations on the independent auditors’ report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 31 December 2023, have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent report dated 8 February 2024 is presented at the beginning of this report.

I. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the Group that is not mentioned above.