THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the Board of The Central Bank of The Republic of Turkey

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Central Bank of Republic of Türkiye (the "Bank" and "CBRT"), which comprise the balance sheet as of December 31, 2023, and the statements of profit or loss, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended and, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2023 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of *Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

As explained in Note 3.a. to the financial statements, the US Dollar ("USD") amounts presented in the accompanying financial statements have been calculated over Turkish Lira amounts using the official USD bid rates announced by the Bank as of December 31, 2023 and 2022 for the statement of financial position and the average exchange rates calculated from the daily official bid rates announced by the Bank for the years 2023 and 2022 for the statement of profit or loss and are not a part of these financial statements.

The financial statements of the Bank for the year ended December 31, 2022 have been audited by another auditor who expressed an unqualified opinion on those financial statements on March 22, 2023.

Deloitte.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Erdem Taş
Partner

İstanbul, March 28,2024

CONTENT	PAGE

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

	Notes	31 December 2023 TL	*Restated* 31 December 2022 TL	*Restated* 31 December 2021 TL	31 December 2023 Million US Dollar (*)	31 December 2022 Million US Dollar (*)	31 December 2021 Million US Dollar (*)
ASSETS							
Cash (foreign currency and coin)	31	103,773,389	295,905,474	140,326,622	3,525	15,825	10,528
Due from banks	6	2,527,522,258	2,371,775,930	3,461,163,576	85,859	126,844	259,672
Financial assets at fair value through profit or loss	7	264,697,616	446,866,739	488,840,717	8,992	23,899	36,675
Loans and advances to customers	8	445,302,857	433,902,770	536,523,919	15,127	23,205	40,252
Financial assets at fair value through other comprehensive income	9	9,997,241	9,705,059	11,818,397	340	519	887
Gold reserves	10	1,423,398,472	1,417,598,929	1,357,787,001	48,352	75,814	101,867
Property and equipment	11	24,225,743	17,818,038	12,946,043	823	953	971
Intangible assets	12	94,044	45,779	90,905	3	2	7
Other assets	13	63,483,703	28,822,645	69,029,631	9,028	7,067	5,179
Deferred tax asset	20	265,765,460	132,147,184	-	2,155	1,544	-
Total assets		**5,128,260,783**	**5,154,588,547**	**6,078,526,811**	**174,204**	**275,672**	**456,038**
LIABILITIES							
Currency in circulation	14	448,822,892	563,191,600	637,100,377	15,246	30,120	47,798
Due to banks	15	4,701,225,839	3,981,835,508	4,176,312,348	159,698	212,952	313,325
Other deposits	16	995,571,085	851,032,871	920,016,091	33,819	45,514	69,024
Financial liabilities at fair value through profit or loss	7	2,657,813	7,746,451	104,748,351	90	414	7,859
Due to international organizations	17	1,941,356	1,555,890	544,818	66	83	41
Other borrowed funds	18	370,846,640	26,050,569	16,274,105	12,597	1,393	1,221
Other liabilities	19	155,049,938	30,396,512	11,197,177	5,267	1,626	840
Tax liabilities	20	-	5,008,420	30,273,537	-	268	2,271
Retirement benefit obligations	21	885,430	782,157	626,992	31	42	47
Deferred tax liability	21	-	-	764,027	-	-	57
Total liabilities		**6,677,000,993**	**5,467,599,978**	**5,897,857,823**	**226,814**	**292,412**	**442,483**
EQUITY							
Paid-in share capital	29	719,557	719,557	719,557	24	38	54
Retained profit/loss		(1,581,838,748)	(340,748,141)	158,212,286	(53,734)	(18,223)	11,870
Reserves		32,378,981	27,017,153	21,737,145	1,100	1,445	1,631
Total equity		**(1,548,740,210)**	**(313,011,431)**	**180,668,988**	**(52,610)**	**(16,740)**	**13,555**
TOTAL LIABILITIES AND EQUITY		**5,128,260,783**	**5,154,588,547**	**6,078,526,811**	**174,204**	**275,672**	**456,038**

(*) US dollar amounts presented above are translated from TL for convenience purposes only, at the official US Dollar bid rates announced by the Bank on December 31, 2023, 2022 and 2021, and they do not form part of these financial statements (Note 3.a.).

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

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

	Notes	2023 TL	*Restated* 2022 TL	2023 Million US Dollar (*)	2022 Million US Dollar (*)
Interest income	22	330,550,869	320,058,374	13,902	19,320
Interest expense	22	(152,203,988)	(51,612,568)	(6,401)	(3,116)
Net interest income	**22**	**178,346,881**	**268,445,806**	**7,501**	**16,204**
Fee and commission income	23	30,494,274	33,233,073	1,282	2,006
Fee and commission expense	23	(298,861)	(309,313)	(13)	(19)
Net fee and commission income	**23**	**30,195,413**	**32,923,760**	**1,269**	**1,987**
Dividend income	24	86,911	92,632	4	6
Profit/(loss) from financial assets/ liabilities at fair value through profit or loss	25	(1,198,808,972)	(121,086,548)	(50,417)	(7,309)
Foreign exchange gains/(losses), net	26	(1,186,094,107)	(947,820,017)	(49,883)	(57,215)
Other operating income		38,499	63,475	2	4
Impairment losses on loans and other assets	8	(258,024,433)	(279,893,424)	(10,852)	(16,896)
Other operating expenses	27	(11,202,465)	(10,696,837)	(471)	(646)
Monetary (loss)/gain	2	1,176,024,758	596,317,350	49,460	35,997
Profit/loss before tax		**(1,269,437,515)**	**(461,653,803)**	**(53,387)**	**(27,868)**
Tax expense	20	133,705,931	89,369,058	5,623	5,395
Net loss for the year		**(1,135,731,584)**	**(372,284,745)**	**(47,764)**	**(22,473)**

(*) US dollar amounts presented above are translated from TL for convenience purposes only, at the average of daily official US Dollar bid rates announced by the Bank for the years ended December 31, 2023 and 2022, and they do not form part of these financial statements (Note 3.a.).

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

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

	Notes	2023 TL	*Restated* 2022 TL
Net profit for the year		**(1,135,731,584)**	**(372,284,745)**
Other comprehensive income			
Items those will not be reclassified subsequently to profit or loss			
- Increase/(decrease) of fair value of gold reserves		-	-
Deferred tax related to increase/ (decrease) on fair value of gold reserves	20	-	-
- Changes in fair values of financial assets at fair value through other comprehensive income	9	292,182	(2,113,338)
- Deferred tax on changes in fair values of financial assets at fair value through other comprehensive income	20	(87,655)	528,334
Total comprehensive income for the year		**(1,135,527,057)**	**(373,869,749)**

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

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira (“TL”) as of December 31, 2023 unless otherwise stated.)

		Share Capital			**Reserves**					
					Items those will not be reclassified subsequently to profit or loss					
	Notes	**Share capital**	**Adjustment to share capital**	**Total paid-in share capital**	**Changes in fair values of financial assets at fair value through other comprehensive income**	**Increase of fair value of gold reserves**	**Actuarial (gain / loss)**	**Other reserves**	**Retained profit/loss**	**Total**
Balances at January 1, 2022		**25**	**719,532**	**719,557**	**1,830,537**	**(64,227,330)**	**9,171**	**19,897,437**	**222,439,616**	**180,668,988**
Adjustments in accordance with IAS 8		-	-	-	-	64,227,330	-	-	(64,227,330)	-
Restated balances at January 1, 2022		**25**	**719,532**	**719,557**	**1,830,537**	**-**	**9,171**	**19,897,437**	**158,212,286**	**180,668,988**
Cash dividends paid	29	-	-	-	-	-	-	-	(110,324,100)	(110,324,100)
Total comprehensive income/(loss)		-	-	-	(1,585,004)	-	-	-	(372,284,745)	(373,869,749)
Net profit/(loss) for the year		-	-	-	-	-	-	-	*(372,284,745)*	*(372,284,745)*
Other comprehensive income/(loss)		-	-	-	*(1,585,004)*	-	-	-	-	*(1,585,004)*
Transfer		-	-	-	-	-	-	16,351,582	(16,351,582)	-
Paid to Treasury	29	-	-	-	-	-	-	(9,486,570)	-	(9,486,570)
Restated balances as of December 31, 2022		**25**	**719,532**	**719,557**	**245,533**	**-**	**9,171**	**26,762,449**	**(340,748,141)**	**(313,011,431)**
Balance at January 1, 2023		**25**	**719,532**	**719,557**	**245,533**	**-**	**9,171**	**26,762,449**	**(340,748,141)**	**(313,011,431)**
Cash dividends paid	29	-	-	-	-	-	-	-	(47,765,352)	(47,765,352)
Total comprehensive income/(loss)		-	-	-	204,527	-	-	-	(1,135,731,584)	(1,135,527,057)
Net profit/(loss) for the year		-	-	-	-	-	-	-	*(1,135,731,584)*	*(1,135,731,584)*
Other comprehensive income/(loss)		-	-	-	*204,527*	-	-	-	-	*204,527*
Transfer		-	-	-	-	-	-	57,593,671	(57,593,671)	-
Paid to Treasury	29	-	-	-	-	-	-	(10,864,224)	-	(10,864,224)
Other	29	-	-	-	-	-	-	(41,572,146)	-	(41,572,146)
Balance at December 31, 2023		**25**	**719,532**	**719,557**	**450,060**	**-**	**9,171**	**31,919,750**	**(1,581,838,748)**	**(1,548,740,210)**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

	Notes	2023 TL	*Restated* 2022 TL
Cash flows (used in)/from operating activities			
Net profit for the year		**(1,135,731,584)**	**(372,284,745)**
Adjustment for:			
Depreciation of property and equipment	11	374,109	373,240
Amortization of intangible assets	12	38,120	52,350
Provision for retirement benefit obligations	21	331,767	497,543
Net interest income	22	(178,346,881)	(268,445,806)
Dividend income	24	(86,911)	(92,632)
Net commission income	23	(30,195,413)	(32,923,760)
Tax expense/(income)	20	(133,705,931)	(89,369,058)
Unrealized foreign exchange loss/(gain),net	26	1,036,154,297	959,474,130
Monetary loss/(gain)		(2,201,224,115)	1,498,820,955
Cash flows from operating profits before changes in operating assets and liabilities		**(2,642,392,542)**	**1,696,102,217**
Changes in operating assets and liabilities:			
Net change in gold reserves		(352,288,468)	(434,492,332)
Net change in financial assets at fair value through profit or loss		182,169,123	41,973,978
Net change in loans and advances to customers		(201,270,866)	127,808,846
Net change in other assets		(45,991,359)	40,206,986
Net change in currency in circulation		107,024,249	207,433,283
Net change in due to banks		2,284,666,406	(194,476,841)
Net change in other deposits		479,082,770	(68,983,220)
Net change in other liabilities		(1,369,932,737)	(1,671,516,162)
Used/ (paid) bank loans, net		371,685,749	17,541,132
Taxes paid		(8,798,900)	(75,421,730)
Retirement benefits paid	21	(7,849)	(23,808)
Interest received		1,376,003,668	299,403,258
Interest paid		(152,203,988)	(49,445,097)
Commission received		30,494,274	33,233,073
Commission paid		(298,861)	(309,313)
Other payments		(41,572,146)	-
Cash from operating activities, net		**16,368,523**	**(30,965,730)**
Cash flows related to investing activities			
Purchase of property, equipment and intangible assets	11-12	(6,868,199)	(5,256,050)
Proceeds from sale of property, equipment and intangible assets		-	3,591
Dividends received	24	86,911	92,632
Cash (used in) investing activities, net		**(6,781,288)**	**(5,159,827)**
Cash flows related to financing activities			
Dividends paid	29	(47,765,352)	(110,316,926)
Legal reserves paid to Treasury		(10,864,224)	(9,486,570)
Cash flows from/(used) in financing activities, net		**(58,629,576)**	**(119,803,496)**
Inflation effect on cash and cash equivalents		**(456,677,894)**	**(1,431,617,930)**
Effects of exchange-rate changes on cash and cash equivalents		**469,334,478**	**653,738,187**
Change in cash and cash equivalents		**(36,385,757)**	**(933,808,796)**
Cash and cash equivalents at the beginning of the year	31	**2,667,681,404**	**3,601,490,200**
Cash and cash equivalents at the end of the year	31	**2,631,295,647**	**2,667,681,404**

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

NOTE 1 - GENERAL INFORMATION

The Central Bank of the Republic of Türkiye (the "Bank" or "CBRT") was incorporated in Türkiye in 1931. It was established as a joint stock company with the exclusive privilege of issuing banknotes in Türkiye and is vested with the powers and duties set forth in the CBRT Law No. 1211 (the "CBRT Law"). The Head Office of the Bank is located in Ankara. The Bank's registered head office is located at the following address: Hacıbayram District İstiklal Street 10 Ulus, 06050 Ankara, Türkiye. The Bank now operates a nationwide network of 21 branches and has no branches abroad. As of December 31, 2023, the Bank employed 3,835 people (December 31, 2022: 3,775). The Bank's paid-in share capital and shareholding structure are disclosed in Note 29.

The primary objective of the Bank is to achieve and maintain price stability. The Bank shall determine on its own discretion the monetary policy that it shall implement and the monetary policy instruments that it is going to use in order to achieve and maintain price stability.

The fundamental duties of the Bank are:

a) to carry out open market operations
b) to take necessary measures in order to protect the domestic and international value of the Turkish Lira ("TL") and to establish the exchange rate policy in determining the parity of TL against gold and foreign currencies jointly with the Government of the Republic of Türkiye ("Turkish Government"); to execute transactions such as spot and forward purchases and sales of foreign currency and banknotes, foreign currency swaps and other derivatives transactions in order to determine the value of TL against other currencies,
c) to determine the procedures and conditions of reserve requirements by taking into consideration the liabilities of banks and other financial institutions to be deemed appropriate by the Bank,
d) to conduct rediscount and advance transactions,
e) to manage the gold and foreign currency reserves of the country,
f) to regulate the volume and circulation of the TL, to establish payment, securities transfer and settlement, systems and to set forth regulations to ensure the uninterrupted operation and supervision of the existing or future systems, to determine the methods and instruments including electronic environment for payments,
g) to take precautions for enhancing the stability in the financial system and to take regulatory measures with respect to money and foreign exchange markets,
h) to monitor the financial markets,
i) to determine the terms and types of deposits in banks and the terms of participation funds in special finance houses.

NOTE 2 – BASIS OF PRESENTATION

(a) Turkish Lira Financial Statements

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), including the International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"). The Bank maintains its books of account and prepares its statutory financial statements in accordance with Turkish Commercial Practice and Tax Legislation and the CBRT Law. These financial statements have been prepared from those accounting records and adjusted as necessary in order to comply with IFRS issued by the IASB.

The financial statements are presented in TL, the national currency of the Republic of Türkiye.

The accompanying financial statements of the Central Bank of the Republic of Türkiye ("the Bank" or "CBRT") as of December 31, 2023 have been approved by the Budget and Financial Reporting General Directorate and the Board and the General Assembly have the authority to modify the financial statements.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION (Continued)

(b) Financial Reporting in Hyperinflationary Economies

IAS 29 Financial Reporting in Hyperinflation Economies has been applied to the financial statements of The Central Bank of The Republic of Türkiye, because the functional currency of the bank (Turkish Lira) is the currency of a hyperinflationary economy as per IAS 29.

As per IAS 29 existence of hyperinflation in Turkish economy is firstly identified in the interim reporting period ending as of the 30 June 2022. Three-year cumulative increase in Consumer Price Index (CPI) as of June 2022 has been 136% in Türkiye according to inflation data published by Türkiye Statistical Institute on July 4, 2022. As of December 31, 2023, the three-year cumulative increase in CPI is 268% (December 31, 2022: 156%).

Accordingly, the financial statements and the amounts for previous periods have been restated according to the changes in the general purchasing power of the Turkish lira and expressed in terms of the purchasing power of the Turkish lira as of December 31, 2023.

As of January 1, 2005, the evaluation of Türkiye as hyperinflationary ceased. Non-monetary items and equity items acquired or assumed prior to this date, measured at historical cost, are adjusted by applying the relevant index from January 1, 2005 to December 31, 2023.

On the application of IAS 29, The Central Bank of The Republic of Türkiye used the conversion coefficient derived from the CPI in the Türkiye published by Türkiye Statistical Institute. The CPI is for current and previous year periods and corresponding conversion factors since the time when the Türkiye previously ceased to be considered hyperinflationary, i.e., since January 1, 2005, were as follow:

Year end	**Index Numbers**	**Index, %**	**Conversion Factor**
2005	122.65	7.72%	15.16
2006	134.49	9.65%	13.83
2007	145.77	8.39%	12.76
2008	160.44	10.06%	11.59
2009	170.91	6.53%	10.88
2010	181.85	6.40%	10.22
2011	200.85	10.45%	9.26
2012	213.23	6.16%	8.72
2013	229.01	7.40%	8.12
2014	247.72	8.17%	7.51
2015	269.54	8.81%	6.90
2016	292.54	8.53%	6.36
2017	327.41	11.92%	5.68
2018	393.88	20.30%	4.72
2019	440.50	11.84%	4.22
2020	504.81	14.60%	3.68
2021	686.95	36.08%	2.71
2022	1,128.45	64.27%	1.65
2023	1,859.38	64.77%	1.00

To perform the required restatement of financial statements under IAS 29, assets and liabilities are separated into those that are monetary and non–monetary, with monetary items further divided into those measured on either a current or historical basis. Monetary items (other than index -linked monetary items) are not restated because they are already expressed in terms of measuring unit as of December 31, 2023. Non-monetary items (items which are not expressed in terms of measuring unit as of December 31, 2023) are restated by applying the relevant index. The restated amount of a non-monetary item is reduced, in accordance with appropriate IFRSs, when it exceeds its recoverable amount. Components of shareholders' equity in the statement of financial position, all items in the statement of profit or loss and other comprehensive income and statements of cash flows also be restated by applying the relevant index.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION (Continued)

(b) Financial Reporting in Hyperinflationary Economies

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira recognized in the profit or loss section of the statement of profit or loss and statement of comprehensive income. During an inflation period, a business whose monetary assets exceed its monetary liabilities loses purchasing power, while a business whose monetary liabilities exceed its monetary assets gains purchasing power to the extent that its assets and liabilities do not depend on a price level. The gain or loss on the net monetary position is recognized as the difference arising from the restatement of non-monetary assets, equity and items in the statement of comprehensive income and the restatement of index-linked assets and liabilities.

Corresponding figures for the year ended December 31, 2022 have been restated so that they are presented in terms of the purchasing power of the Turkish Lira as of December 31, 2023.

(c) Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated**.**

(d) Changes in Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, they are applied in the period when changes in estimates are made. If the changes are related to future periods, they are applied both in the period when changes in estimates are made and future periods prospectively. Principles applied in the preparation of the financial statements, which include evaluation and complexity, estimations and assumptions are explained in Note 5. There is no significant change in accounting estimates of Bank in current year.

Significant accounting errors are applied retrospectively, and prior period financial statements are restated. Adjustments made in the current year are as follows:

In accordance with paragraph 40 of IAS 16, if the carrying amount of an asset decreases as a result of a revaluation, the decrease is recognized as an expense. However, this decrease is recognized in other comprehensive income to the extent of of any credit balance in the revaluation surplus relating to that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the revaluation surplus.

Accordingly, the Bank has recognized the negative values in the fair value of the gold reserve funds in the prior period as a decrease in value and restated the prior period financials in the current period in accordance with IAS 8 and recognized as an expense. The effect of the adjustment on the prior year financial statements of the Bank is presented below.

	Before Adjustment 31 December 2022 TL	**Adjustment Effect 31 December 2022 TL**	**After Adjustment 31 December 2022 TL**
EQUITY			
Paid-in share capital	719,557	-	719,557
Retained profit/loss	4,489,492	(345,237,633)	(340,748,141)
Reserves	(318,220,480)	345,237,633	27,017,153
Gold Reserve Value Increase	*(345,237,633)*	*345,237,633*	-
Other	*27,017,153*	-	*27,017,153*
Total equity	**(313,011,431)**	**-**	**(313,011,431)**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION (Continued)

(d) Changes in Accounting Estimates and Errors (Continued)

	Before Adjustment 31 December 2021 TL	Adjustment Effect 31 December 2021 TL	After Adjustment 31 December 2021 TL
EQUITY			
Paid-in share capital	719,557	-	719,557
Retained profit/loss	222,439,616	(64,227,330)	158,212,286
Reserves	(42,490,185)	64,227,330	21,737,145
Gold Reserve Value Increase	*(64,227,330)*	*64,227,330*	-
Other	*21,737,145*	-	*21,737,145*
Total equity	**180,668,988**	**-**	**180,668,988**

	Before Adjustment 2022 TL	Adjustment Effect 2022 TL	After Adjustment 2022 TL
Interest income	320,058,374	-	320,058,374
Interest expenses	(51,612,568)	-	(51,612,568)
Net interest income	**268,445,806**	**-**	**268,445,806**
Fee and commission income	33,233,073	-	33,233,073
Fee and commission expense	(309,313)	-	(309,313)
Net fee and commission income	**32,923,760**	**-**	**32,923,760**
Dividend income	92,632	-	92,632
Profit/(loss) from financial assets/liabilities at fair value through profit or loss	(121,086,548)	-	(121,086,548)
Foreign exchange gains/(losses), net	(947,820,017)	-	(947,820,017)
Other operating income	63,475	-	63,475
Impairment losses on loans and other assets	94,786,980	(374,680,404)	(279,893,424)
Other operating expenses	(10,696,837)	-	(10,696,837)
Monetary (loss)/gain	596,317,350	-	596,317,350
Profit/loss before tax	**(86,973,399)**	**(374,680,404)**	**(461,653,803)**
Tax expense	(4,301,043)	93,670,101	89,369,058
Net loss for the year	**(91,274,442)**	**(281,010,303)**	**(372,284,745)**

	Before Adjustment 2021 TL	Adjustment Effect 2021 TL	After Adjustment 2021 TL
Interest income	435,125,037	-	435,125,037
Interest expenses	(84,805,222)	-	(84,805,222)
Net interest income	**350,319,815**	**-**	**350,319,815**
Fee and commission income	5,799,041	-	5,799,041
Fee and commission expense	(324,382)	-	(324,382)
Net fee and commission income	**5,474,659**	**-**	**5,474,659**
Dividend income	160,390	-	160,390
Profit/(loss) from financial assets/liabilities at fair value through profit or loss	(33,473,931)	-	(33,473,931)
Foreign exchange gains/(losses), net	(572,484,028)	-	(572,484,028)
Other operating income	47,081	-	47,081
Impairment losses on loans and other assets	(28,086,907)	(80,284,164)	(108,371,071)
Other operating expenses	(6,784,927)	-	(6,784,927)
Monetary (loss)/gain	310,478,287	-	310,478,287
Profit/loss before tax	**25,650,439**	**(80,284,164)**	**(54,633,725)**
Tax expense	(21,123,999)	16,056,834	(5,067,165)
Net loss/(profit) for the year	**4,526,440**	**(64,227,330)**	**(59,700,890)**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION (Continued)

(e) New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to IAS 1	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

Amendments to IAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION (Continued)

(e) New and Amended Turkish Financial Reporting Standards (Continued)

b) New and revised IFRSs in issue but not yet effective

The Bank has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)*
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*
ISRS 1	*General Requirements for Disclosure of Sustainability-related Financial Information*
ISRS 2	*Climate-related Disclosures*

IFRS 17 *Insurance Contracts*

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace IFRS 4 *Insurance Contracts* on 1 January 2025.

Amendments to IFRS 17 *Insurance Contracts and Initial Application of IFRS 17 and IFRS 9 — Comparative Information*

Amendments have been made in IFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of IFRS 17.

Amendments to IFRS 4 *Extension of the Temporary Exemption from Applying IFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9, so that insurance and reinsurance and pension companies would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of IFRS 17.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

NOTE 2 – BASIS OF PRESENTATION (Continued)

(e) New and Amended Turkish Financial Reporting Standards (Continued)

b) New and revised IFRSs in issue but not yet effective (Continued)

Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to IFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 *Non-current Liabilities with Covenants*

Amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Bank evaluates the effects of these standards, amendments and improvements on the financial statements.

Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

ISRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

ISRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with ISRS.

ISRS 2 *Climate-related Disclosures*

ISRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with ISRS.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Effects of foreign currency change

The financial statements of the Bank are presented in the currency of the primary economic environment in which the Bank operates (TL).

In preparing the financial statements of the Bank, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Effects of foreign currency change (Continued)

Exchange rates

Assets and liabilities denominated in foreign currencies have been translated to TL for reporting purposes using the exchange rates specified below.

	December 31, 2023	December 31, 2022
US Dollar ("USD")	29.4382	18.6983
Euro ("EUR")	32.5739	19.9349
Swiss Franc ("CHF")	34.9666	20.2019
Great Britain Pound ("GBP")	37.4417	22.4892
Japanese Yen ("JPY")	0.2075	0.141301
Special Drawing Rights ("SDR") (*)	39.6171	24.9745

(*) The SDR is treated in terms of a basket of currencies. Its value is determined as the weighted sum of the exchange rates of the five major currencies (EUR, JPY,CNY, GBP, USD). In the financial statements, SDR is expressed in foreign currency.

US Dollar Amounts Presented in Financial Statements

For US Dollar amounts in statement of financial position prepared according to IFRS, the Bank used official buying exchange rates at December 31, 2023 and 2022 which are USD 1 = TL 29.4382 and USD 1 = TL 18.6983 respectively and for the USD amounts in statement of profit or loss the Bank used daily official buying exchange rates at 2023 and 2022 which are TL 23.7776 = USD 1 and TL 16.5659 = USD 1 on average, and they are not part of these financial statements.

(b) Interest income and expense

Interest income and expenses are recognized on an accrual basis, by using effective interest rate method.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(c) Fee and commission income

Fee and commission income and expenses and fees and commissions paid to the other financial institutions are recognized as income or expense over the period of the related transaction or in the period they are paid or collected depending on their nature.

(d) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Bank's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income taxes (Continued)

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items arising from the initial recognition of business combinations or that are recognized directly in equity, in which case, the current and deferred tax are also recognized directly in equity respectively.

Corporate earnings are subject to 20% corporate tax. However, the corporate tax rate which is 20% pursuant to the temporary article 13 added to the Corporate Tax Law has been determined as 23% for corporate earnings for 2022 and 2023. Pursuant to the amendment made in Article 32 of the Corporate Tax Law with the Law No. 7394 published in the Official Gazette dated April 15, 2022 and numbered 31810, the corporate tax rate shall start from the declarations that must be submitted as of July 1, 2022, and shall apply to the taxation period starting from January 1, 2022. It has been determined as 25% to be valid for corporate earnings. In addition, with the Law No. 7417 " Amendment to the Civil Servants Law, Certain Laws and the Decree Law No. 375", the effective article of the 25% rate determined within the scope of Law No. 7394 has been amended, and thus, the relevant regulation has been made that 25% corporate tax will be calculated on the corporate income of the above-mentioned banks and financial institutions for the taxation period of 2023 and the following periods. With the latest regulation on Corporate Tax rates, within the scope of the " No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375 ", general corporate tax rate from 20% to 25%; The corporate tax rate for financial institutions has been increased from 25% to 30%. The aforementioned article enters into force on the date of its publication, starting from the declarations to be submitted as of October 1, 2023 (3rd Provisional Tax Period). The rate of 30% (December 31, 2022: 25%) was used for the Deferred Tax calculation.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Gold reserves

Gold bullion

Gold bullion consists of the stocks of gold bars of international standard and non-international standard held at the Bank, at BIST and held with correspondents. Gold is held by the Bank as part of its foreign currency reserves and represents 33.61% (December 31, 2022: 34.24%) of aggregate foreign currency reserves. Related to reserve management, Bank performs direct purchase and sales transactions, gold custody accounts, gold depot transactions with maturity, gold against TL and TL against gold swap transactions, gold against foreign exchange or foreign exchange against gold swap transactions, location swaps and physical transportation of gold.

Except for the gold held for required reserve establishment and gold kept on behalf of Treasury, gold is initially recognized at the prevailing prices on the purchase date and subsequently measured at fair value by using revaluation method according to IAS 16 Property, Plant and Equipment. Fair value, which is the sale price agreed upon by a willing buyer and seller, assuming both parties enter the transaction freely and knowledgeably, reached by translating the fixed price in terms of US Dollar determined by London Bullion Market, with nominal exchange rate of US Dollar. Profit or loss arising from changes in fair value of gold, is recognized in other comprehensive income that will not be reclassified to profit or loss.

The gold deposited by banks and financing companies for the reserve requirement is followed by foreign banks and the BIST. Since there is no clear IFRS standard for the accounting of gold held for reserve requirement and held in the name of the Treasury in the gold accounts in assets and in liabilities to banks and other deposits in the financial statements, these transactions are valued at their fair value by the Bank in accordance with their essence and the profit is determined. reflected in the loss. As of December 31, 2023, there is no net effect on profit and loss since the gold held for the required reserve establishment and held on behalf of the Treasury is equal in assets and liabilities (December 31, 2022: None).

The exchange rate of gold bullion to TL as of December 31, 2023 was full 60,713 per troy ounce (December 31, 2022: full TL 33,888 per troy ounce).

Gold coin

Gold coins, which are no longer legal tender typically, have an artistic or collectors' premium such that they are bought and sold at prices, which are higher than the intrinsic value of the metal from which they are formed. However, it is unlikely that such a premium could be realized if the Bank were to release a significant quantity of the coins it holds. Consequently, coins are valued at the market value of the gold content and included within gold bullion in the balance sheet. Gains and losses on gold coins are recognized in other comprehensive income, consistently with those for gold bullion.

(f) Financial assets

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 recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial assets (Continued)

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 Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instrument 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 Bank has classified all financial assets beginning from application of IFRS 9 on January 1, 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

In accordance with IFRS 9, financial asset is classified 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 judgment 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 Bank 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.

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

A Business Model Whose Objective is to Hold Assets in order to Collect Contractual Cash Flows

The business model which Bank aims to hold financial assets in order to collect contractual cash flows are managed to realize cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A Business Model Whose Objective is Achieved by Both Collecting Contractual Cash Flows and Selling Financial Assets

The business model in which the Bank aims to hold financial assets 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. The Bank does not hold any securities, except for equity shares within this model as of December 31, 2023 (December 31, 2022: None).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial assets (Continued)

Other Business Model

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.

Measurement categories of financial assets

The Bank's financial assets are classified as listed below:

- Financial assets measured at amortized cost,
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at fair value through profit/loss.

Financial Assets Measured at Fair Value through Profit/Loss

Financial assets measured at fair value through profit/loss, are assets acquired for liquidity and reserve management. They reflect the changes in prices and other elements in the market. 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 reflected in profit /loss. Interest income and interest discounts are recorded in interest income while trading profit and fair value measurement surplus are carried at profit or loss from financial assets measured at fair value through profit/loss.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income. Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are 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 income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are reflected to the income statement.

At initial recognition, the Bank may make an irrevocable election to present subsequent changes in the fair value of an equity investment that is not held for trading, nor contingent consideration recognized by an acquirer in a business combination which IFRS 3 Business Combinations in other comprehensive income, with only dividend income generally recognized in profit or loss. Such election is made on an instrument-by-instrument basis.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial assets (Continued)

Financial Assets Measured at Fair Value Through Other Comprehensive Income (Continued)

Changes in fair value recognized in other comprehensive income, may be transferred to retained earnings but not profit or loss in the future periods. Dividends from these kinds of investments, may be carried at financial statements as profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income is not subjected to impairment.

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 granted by the Bank, are financial assets generated by lending money to the borrower. At the initial recognition, they are measured at cost. After the initial recognition, they are measured at amortized cost using the "effective interest rate" method. All loans and advances given, are recognized when cash is transferred to the debtor.

Loans are classified as financial assets measured at amortized cost if they are held within a business model whose objective is to collect contractual cash flows and the 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.

Interest income from loans measured at amortized cost is recognized in the statement of income.

TL Settled Forward Foreign Exchange Sales

At transaction date, TL receivables and foreign exchange sales commitment is recognized under the off-balance sheet items and at the end of months, appreciation and depreciation are recorded in the statement of profit or loss.

For Turkish Lira settled forward foreign exchange buy-sell transactions at BIST VIOP, appreciation and depreciation of contracts are reflected daily in the statement of income.

Swap Transactions

The purchase / sale of the relevant assets (TL, foreign exchange, gold) is carried out on the date of swap transactions made at the CBRT and BIST. At value date, foreign currency buy/sell commitments and liabilities/receivables are recognized under the off-balance sheet items. The fair value increases/decrease are followed in balance sheet and in the statement of profit or loss at the end of each month and the of profit/loss and interest, arising from the transaction are reflected to the statement of income at the maturity.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial assets (Continued)

Impairment

The Bank applies expected credit loss model in the calculation of provision for impairment. Expected credit loss model is probability-weighted and includes reasonable and supportable information on past events, current conditions and forecast of future economic conditions.

The expected credit loss model includes instruments that are recorded financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income and, debt securities, contract assets, credit commitments and financial guarantee contracts.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

1) Probability-weighted and neutral amount determined by taking into account possible outcomes,
2) Time value of money
3) Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

12 month expected loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

-12 Month Expected Credit Losses (Stage 1), applies to all assets unless there is a significant deterioration in credit quality.
-Lifetime Expected Credit Losses (Stage 2 and 3), is applied when a significant increase in credit risk.

In the calculation of the expected credit loss, parameters used are presented below:

Probability of Default: It refers to the likelihood that a loan will default at the related maturity. In the calculation of probability of default, transition matrix data of credit rating agencies are used.

Loss Given Default: Loss given default expresses the economic loss to be caused by the loan in case of default in proportion.

Exposure at Default: It represents amount of risk for cash loans

Definition of Default

The Bank considers a debt as default on the conditions stated below (Stage 3), and defaulted loans are subjected to lifetime impairment and classified as Stage 3 by the Bank.

1) Deterioration of financial position of counterparty and economic conditions
2) Other objective criteria approved by management
3) Loans are more than 90 days past due

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial assets (Continued)

Impairment (Continued)

Definition of Significant Increase in Credit Risk

Loans that are not expected to have default risk in the future and that do not have a significant increase in credit risk are subject to 12 month expected credit loss and classified as Stage 1.

Loans which debtors have deterioration in their solvency and cash flows, problems in fulfilling the contract conditions (principal and/or interest payments delaying more than 30 days) and there is significant increase in credit risk of the debtor, are subjected to lifetime credit loss and classified as Stage 2.

Provision provided in a period are recorded in statement of income of the related period. At the date when legal actions are completed and receivables are identified as uncollectible, loans are removed from financial statements. If loans and advances, which provision had been provided in the prior periods, are collected, the amount of collection is recognized by decreasing provision provided in the period.

(g) Financial liabilities

Financial liabilities and equity instruments issued by the Bank are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognized at fair value and re-valued at the date of statement every reporting period. Change in fair values are recognized at statement of income. The net profit or loss recognized in income statement includes amount of interest paid for the financial liability.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial liabilities (Continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net present value on initial recognition.

(h) Sale and repurchase agreements

Securities sold under agreements to repurchase are reclassified in the financial statements as financial assets at fair value through profit or loss and liabilities are included in "due to banks". Securities purchased under agreements to resell are recorded as due from banks. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed and securities received as collateral for securities purchased under agreements to resell transactions are not recognized in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

(i) Money issuance

The Bank has the exclusive privilege of issuing banknotes. Stocks of banknotes in issuance, which are in process at the Bank's own printing facilities, are stated at cost and included in "Other Assets". Expenses associated with the banknotes are initially capitalized and are charged to the income statement upon transfer of the banknotes to reserve banknotes depot of the Bank. Costs of printed banknotes and banknotes in issuance include direct costs, depreciation, staff costs, costs for transportation of banknotes and other issuance costs. The unit cost of raw materials is determined on the moving weighted average basis.

When banknotes are returned to the Bank by the commercial banks via collection transactions, they are deducted from notes in circulation and depending on their condition or legal tender status, are either sent for destruction or included in the reserve banknotes depot of the Bank.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Banknotes in circulation

Currency in Circulation - Turkish Lira

Currency issued by the Bank represents a claim on the Bank in favor of the holders. The liability for currency in circulation is recorded at nominal value in these financial statements.

Demonetized Currency - Turkish Lira and New Turkish Lira

With the Council of Ministers' decision issued in Official Gazette on May 5, 2007, it was decided that the phrase "New" on the New Turkish Lira and New Kuruş that were put into circulation on January 1, 2005, are removed as of January 1, 2009, and Turkish Lira banknotes have been put into circulation as of the same date. Accordingly, the legal circulation period of New Turkish Lira banknotes that were in circulation between January 1, 2009 and December 31, 2009 along with Turkish Lira banknotes are expired as of December 31, 2009.

The liability for Turkish Lira and New Turkish Lira banknote in circulation is recorded at nominal value under "Currency in circulation" in these financial statements.

As of December 31, 2023, there are no banknotes in circulation that are out of circulation and expired but still outstanding.

(k) Property and equipment

Land and buildings comprise mainly branches of the Bank.

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The useful lives of the property and equipment are as follows;

Buildings	16-50 years
Equipment and motor vehicles	1-50 years

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Intangible assets

Intangible assets acquired

Intangible assets acquired are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Trademarks and licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-15 years).

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives.

(m) Lease transactions

Leases in Accordance with IFRS 16

The Bank measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with IFRS 16. Lease payments are discounted by using the Bank's incremental borrowing rate. After the date of lease actually started, the Bank increases book value to reflect the interest on lease liability, decreases book value to reflect lease payments that is made and remeasures to reflect the changes made in lease or revised fixed lease payments. The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability. After the date of lease actually started, the Bank remeasures the lease liability to reflect the changes in lease payments. The Bank reflects the remeasurement part of the lease liability, in financial statements as adjustments in right to use assets. The Bank applies a discount rate that reflects the changes in the interest rate in a scenario where the Bank used purchase option at the initial lease term. The Bank remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Bank decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Retirement benefit obligations

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Bank. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

Allowance for retirement benefit obligation, which is carried at statement of financial position, is calculated according to the present value of the expected liability arising from all employees' retirement and reflected to financial statements. All the actuarial gains and losses are accounted for as other comprehensive income / (expense) that will not be subsequently reclassified to profit or loss.

(p) Related parties

For the purpose of these financial statements the shareholders of the Bank together with state-controlled entities are considered and referred to as related parties.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(s) Profit distribution

In accordance with the Article 60 of the CBRT Law, the distribution of the statutory net annual profit of the Bank is as follows:

i) 6% of the Bank's annual net profit is transferred to the shareholders as the first shareholder share,

ii) 5% of the remaining amount is transferred to the employees on condition that it does not exceed the two-month salary amount, and 10% to the reserve fund,

iii) With the decision of the General Assembly over the nominal amount of the shares, the second dividend of maximum 6% is distributed.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Profit distribution (Continued)

The remaining amount is transferred to the Republic of Türkiye Ministry of Treasury and Finance ("Treasury"). Except for the reserve fund that has been separated from the profit of the last year, accumulated reserve funds can be distributed each year by making a profit.

As the Bank maintains its books of account and prepares its statutory financial statements in accordance with Turkish Commercial Code, tax legislation and the CBRT Law; according to the CBRT Law the profit of the Bank which is subject to the profit distribution is the net period profit in the statutory books of the Bank.

(t) Fiduciary activities

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals and financial institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets or income of the Bank. Fiduciary capacity at December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Securities held in custody	1,518,741,165	887,845,744
Total	**1,518,741,165**	**887,845,744**

NOTE 4 - FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

By nature, the Bank's activities require the use of financial instruments. The Bank accepts deposits from other banks and public institutions; the required reserves from banks and financial institutions operating in Türkiye; and foreign currency deposits from Turkish citizens resident abroad (Workers' Remittances Accounts). The Bank also accepts or places short-term funds/securities through open market operations in order to influence short-term interest rate, which is the primary tool of monetary policy to achieve the inflation target and establish price stability.

Foreign currency deposits placed with the Bank and foreign currency acquired by the Bank through regular auctions and direct purchases constitute the sources of foreign currency reserves of the Bank. The Bank holds foreign currency reserves both for meeting its own foreign currency liabilities and for the purposes of rendering foreign debt service with the capacity of the financial agent of the Turkish Government, maintaining foreign exchange liquidity against external shocks, underpinning implementations of monetary and exchange rate policies, and providing confidence to the markets. In view of the Bank's priorities of safe investment, liquidity and return, respectively, as stipulated by the CBRT Law, the Bank directs its foreign currency reserves to investments in international markets with a prudent approach.

In this framework, almost all the financial risks to which the Bank is exposed arise while fulfilling its legal duties, such as implementing monetary and exchange rate policies, managing foreign currency reserves and rendering certain banking services to the banking sector and the Turkish Government. The Bank is exposed to credit, market and liquidity risks due to the aforementioned operations. The financial risks to which the Bank, as a monetary authority, is exposed in the process of the implementation of monetary and exchange rate policies are the consequences of the selected policy targets. On the other hand, financial risks that arise during the management of foreign currency reserves are the outcome of an investment choice. Nevertheless, the Bank endeavors to minimize such risks by managing them with a conservative approach. Foreign currency reserves are managed by observing the investment criteria defined in the Foreign Currency Reserve Management Guidelines ("the Guideline") approved by the Board of the Bank and in compliance with the targets and limits stipulated in the Benchmark Portfolio ("BP"), which is set at the end of each year and put into force the following year upon the approval of the Executive Committee.

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

During its financial operations, the Bank is exposed to credit risk, defined as the probability of complete or partial failure of counterparty to fulfil its obligations arising from a financial transaction. The credit risk basically originates from the open market operations, interbank money market transactions, foreign exchange sales transactions carried out in order to provide short-term liquidity to banks within the framework of monetary policy implementations, the funds extended to banks under the Intra-Day Limit Facility in order to ensure the proper functioning of payment systems, and the investments made during foreign currency reserve management. Although the credit risk faced during the implementation of monetary policy and Intra-Day Limit transactions is an inevitable risk, such risks are managed by securing the entire transaction amount, also including a certain amount of ratio, by assets that have high credit quality such as foreign currency deposits, foreign currency banknotes and gold and are tradable in secondary markets (government securities and securities issued by the treasuries of developed countries), and through monitoring the existing risks regularly and requesting additional collateral, when necessary.

The management of the credit risk that the Bank is exposed to during the foreign currency reserve management is based on the principle of minimizing the default probabilities of the counterparties and the financial loss in case of default. In this framework, the Bank implements a three essential management process in order to minimize the credit risk arising from foreign currency reserve management operations. First, the Bank confines its investments to the leading international financial institutions and debtors that meet the minimum credit rating criteria specified in the Guideline based on the credit ratings given by the international credit rating agencies. Accordingly, the Bank can take on exposure to banks having at least A2 or an equivalent credit rating, with a maturity of up to one year; while it can invest in securities issued or directly guaranteed by foreign governments which have at least A1 or an equivalent credit rating. The Bank can also invest in securities issued by the Bank for International Settlements ("BIS"), International Monetary Fund ("IMF") and International Islamic Liquidity Management Corporation ("IILM"), regardless of the credit rating criteria. In the second stage, the total transaction limit, expressed as a percentage of total reserves, is specified in order to control overall credit risk including settlement risk arising from transactions with financial institutions. By setting this overall credit risk limit within the scope of the BP set each year, the Bank aims to prevent non-sovereign credit risk from exceeding its risk tolerance. In the third stage, the institutions eligible for transactions are chosen among those institutions meeting the minimum credit rating criteria set in the Guideline, using the fundamental analysis and the financial analysis methods each institution is granted a certain credit risk limit in view of their capital size and credit quality. With this respect, credit risk exposures of all counterparties are monitored regularly and reported to top management.

In conclusion, the credit risk taken during reserve management remains very low due to the central banks and international organizations which are kept in their deposit accounts or managed by securities issued by the country's treasures or directly deposited in assets issued by international institutions.

The maximum credit risk exposure of the Bank as of December 31, 2023 and 2022 are presented in the table below according to different asset classes (classification according to external credit ratings is done based on the credit ratings published by Moody's):

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

	December 31, 2023		December 31, 2022	
	TL	**Share (%)**	**TL**	**Share (%)**
Due from banks	**2,527,522,258**	**78**	**2,371,775,930**	**73**
- Demand Deposits	**2,063,349,555**	**64**	**1,790,280,840**	**55**
Central Banks	1,645,705,466	51	1,482,411,510	45
International Institutions	218,302,796	7	246,973,704	8
Foreign Commercial Banks	199,341,293	6	60,895,626	2
- Time Deposits	**459,143,517**	**14**	**278,693,960**	**9**
Central Banks	370,256,017	11	151,962,854	5
International Institutions	1,516,695	*<1*	79,681,557	2
Foreign Commercial Banks	83,312,514	*3*	40,784,578	1
Aaa	*16,508,306*	*1*	*1,743,449*	*<1*
Aa3	*36,729,049*	*1*	*26,169,121*	*<1*
Aa2	*3,753,250*	*<1*	-	-
Aa1	*11,237,326*	*<1*	-	-
A3	*7,868,226*	*<1*	*6,278,466*	*<1*
A1	*7,216,357*	*<1*	*6,593,542*	*<1*
Domestic Commercial Banks	4,058,291	<1	6,264,971	<1
- Foreign Exchange Deposits against Turkish Lira Deposits	**4,414,457**	**<1**	**10,775,582**	**<1**
- Securities purchased under agreements to resell(*)	**3,519,175**	**<1**	**240,659,908**	**7**
Domestic Commercial Banks	3,519,175	**<1**	240,659,908	7
- Due from interbank money markets	**1,510,011**	**<1**	**62,141,221**	**2**
Financial assets at fair value through profit/loss	**264,697,616**	**8**	**446,866,739**	**14**
Foreign Country Treasuries	102,201,650	3	172,453,975	5
Aaa	*63,669,267*	*2*	*77,560,074*	*2*
Aa1	*605,096*	*<1*	*8,902,536*	*<1*
Aa2	*2,859,029*	*<1*	*3,636,084*	*<1*
Aa3	*1,909,225*	*<1*	*18,084,260*	*<1*
A1	*33,159,033*	*1*	*64,271,021*	*2*
International Institutions	2,582,730	<1	11,219,492	<1
Treasury	159,913,236	5	248,892,555	8
Domestic Institutions	-	<1	14,300,717	<1
Loans and advances to customers	**445,302,857**	**14**	**433,902,770**	**13**
Loans and advances to customers	445,302,857	14	433,902,770	13
Financial assets at fair value through other comprehensive income	**9,997,241**	**<1**	**9,705,059**	**<1**
International Institutions	9,904,676	<1	9,553,957	<1
Foreign Financial Institutions	2,022	<1	1,911	<1
Domestic Financial Institutions	90,543	<1	149,191	<1
Total	**3,247,519,972**		**3,262,250,498**	

(*) As of December 31, 2023, the Bank has receivables amounting to TL 3,519,175 (December 31, 2022: TL 240,659,908) placed with domestic commercial banks as part of securities purchased under agreements to resell. The fair value of the security collaterals obtained for the deposits placed under securities purchased under agreements to resell as of December 31, 2023 is TL 3,492,082 (December 31, 2022: TL 242,285,153)

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

As of December 31, 2023, and 2022, the security collaterals are the Turkish Government bonds issued by the Treasury.

The sectorial classifications of the Bank's credit exposure as of December 31, 2023 and 2022 are as follows:

	December 31, 2023						
	Foreign Country Treasury	**Foreign Central Banks**	**International Financial Institutions**	**Domestic Financial Institutions**	**Foreign Financial Institutions**	**Treasury**	**Total**
Due from banks	-	2,015,961,483	219,819,492	9,087,478	282,653,805	-	**2,527,522,258**
Financial assets at fair value through profit or loss	102,201,650	-	2,582,730	-	-	159,913,236	**264,697,616**
Loans and advances to customer	-	128,024	-	445,174,833	-	-	**445,302,857**
Financial assets at fair value through other comprehensive income	-	-	9,904,676	90,543	2,022	-	**9,997,241**
Total	**102,201,650**	**2,016,089,507**	**232,306,898**	**454,352,854**	**282,655,827**	**159,913,236**	**3,247,519,972**

	December 31, 2022						
	Foreign Country Treasury	**Foreign Central Banks**	**International Financial Institutions**	**Domestic Financial Institutions**	**Foreign Financial Institutions**	**Treasury**	**Total**
Due from banks	-	1,634,374,364	326,655,262	309,066,101	101,680,203	-	**2,371,775,930**
Financial assets at fair value through profit or loss	186,754,694	-	11,219,490	-	-	248,892,555	**446,866,739**
Loans and advances to customer	-	133,988	-	433,768,782	-	-	**433,902,770**
Financial assets at fair value through other comprehensive income	-	-	9,553,957	149,191	1,911	-	**9,705,059**
Total	**186,754,694**	**1,634,508,352**	**347,428,709**	**742,984,074**	**101,682,114**	**248,892,555**	**3,262,250,498**

As indicated above, the credit risk is mainly concentrated on foreign country treasury and central banks and domestic financial institutions as of December 31, 2023 and 2022.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Geographical concentrations of assets and liabilities of the Bank as of December 31, 2023 and 2022 are as follows:

	December 31, 2023					
	Türkiye	**European Countries**	**Canada and US**	**South-East Asia**	**Other Countries**	**Total**
Cash	103,773,389	-	-	-	-	103,773,389
Due from banks	9,087,478	1,016,834,744	620,328,588	184,661,137	696,610,311	2,527,522,258
Financial assets at fair value through profit or loss	159,913,236	16,959,133	54,666,215	33,159,032	-	264,697,616
Loans and advances to customers	445,174,833	-	-	-	128,024	445,302,857
Financial assets at fair value through other comprehensive income	90,543	9,612,316	-	294,382	-	9,997,241
Gold reserves	1,129,400,034	293,998,438	-	-	-	1,423,398,472
Property and equipment	24,225,743	-	-	-	-	24,225,743
Intangible assets	94,044	-	-	-	-	94,044
Deferred tax asset	265,765,460	-	-	-	-	265,765,460
Other assets	63,483,401	56	-	135	111	63,483,703
Total assets	**2,201,008,161**	**1,337,404,687**	**674,994,803**	**218,114,686**	**696,738,446**	**5,128,260,783**
Currency in circulation	448,822,892	-	-	-	-	448,822,892
Due to banks	3,364,039,324	978	2	165,767,377	1,171,418,158	4,701,225,839
Other deposits	991,018,321	4,546,513	5,573	447	231	995,571,085
Financial liabilities at fair value through profit or loss	2,657,813	-	-	-	-	2,657,813
Due to international organizations	-	-	1,938,981	-	2,375	1,941,356
Other borrowed funds	370,846,640	-	-	-	-	370,846,640
Other liabilities	152,034,869	2,134,609	851,151	14,104	15,205	155,049,938
Tax liabilities	-	-	-	-	-	-
Retirement benefit obligations	885,430					885,430
Equity	(1,548,740,210)	-	-	-	-	(1,548,740,210)
Total liabilities and equity	**3,781,565,079**	**6,682,100**	**2,795,707**	**165,781,928**	**1,171,435,969**	**5,128,260,783**

	December 31, 2022					
	Türkiye	**European Countries**	**Canada and US**	**South-East Asia**	**Other Countries**	**Total**
Cash	295,905,474	-	-	-	-	295,905,474
Due from banks	309,066,101	864,255,858	429,942,817	196,470,292	572,040,862	2,371,775,930
Financial assets at fair value through profit or loss	248,892,555	85,279,957	48,423,205	64,271,022	-	446,866,739
Loans and advances to customers	433,768,781	-	-	-	133,989	433,902,770
Financial assets at fair value through other comprehensive income	149,190	9,247,771	-	308,098	-	9,705,059
Gold reserves	1,032,419,004	385,179,925	-	-	-	1,417,598,929
Property and equipment	17,818,038	-	-	-	-	17,818,038
Intangible assets	45,779	-	-	-	-	45,779
Deferred tax asset	132,147,184	-	-	-	-	132,147,184
Other assets	28,822,407	46	-	69	123	28,822,645
Total assets	**2,499,034,513**	**1,343,963,557**	**478,366,022**	**261,049,481**	**572,174,974**	**5,154,588,547**
Currency in circulation	563,191,600	-	-	-	-	563,191,600
Due to banks	2,995,766,381	1,928	3	172,278,330	813,788,866	3,981,835,508
Other deposits	845,263,130	5,759,524	9,366	555	296	851,032,871
Financial liabilities at fair value through profit or loss	7,746,451	-	-	-	-	7,746,451
Due to international organizations	-	-	1,502,592	-	53,298	1,555,890
Other borrowed funds	26,050,569	-	-	-	-	26,050,569
Other liabilities	18,885,277	1,179,033	10,311,577	7,006	13,619	30,396,512
Tax liabilities	5,008,420	-	-	-	-	5,008,420
Retirement benefit obligations	782,157	-	-	-	-	782,157
Equity	(313,011,431)	-	-	-	-	(313,011,431)
Total liabilities and equity	**4,149,682,554**	**6,940,485**	**11,823,538**	**172,285,891**	**813,856,079**	**5,154,588,547**

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The Bank provides specific allowances for possible loan losses on a case-by-case basis as explained in accounting policy numbered 3.f and actual allowances established take into account the value of any collateral or third-party guarantees. Allowances for possible loan losses are defined as the difference between the carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and assessed collateral, discounted at the original effective interest rate of the loan.

Restructuring activities mainly include extended and/or rescheduled payment arrangements or arrangements of terms of loans such as modification and deferral of payments. Restructuring arrangements signed between the Bank and the counterparties are regulated by the Board of the Bank.

There are no financial assets that are past due but not impaired at December 31, 2023 and 2022; therefore, there are no collaterals held against such past due financial assets.

As of December 31, 2023, and 2022, the Bank has no assets held for resale.

(c) Market risk

Market risk signifies the probability of incurring a loss as a result of fluctuations in financial market prices. The most significant sources of the market risk, from the Bank's perspective are interest rates pertaining to TL and reserve currencies, foreign exchange rates and gold prices. The Bank, in its capacity as the monetary authority of Türkiye, does actively manage TL interest rate risk stemming from government domestic borrowing securities, which the Bank utilizes mainly for open market operations. Putting aside this TL interest rate risk, it is possible to say that the remaining market risk faced by the Bank arises essentially from the foreign currency assets and liabilities on its balance sheet.

For the purpose of managing the market risk, the Bank has adopted the "Asset/Liability Consistence" approach in view of its policy targets and its objectives for holding reserves. Nevertheless, unlike the commercial banks, the liabilities addressed within the context of this approach contain estimated off-balance sheet cash flows such as foreign debt payments to be effected on behalf of the Treasury, in addition to the foreign currency liabilities on the Bank's balance sheet. Within the framework of this approach, the BP is set each year to reflect the Bank's risk tolerance. The Bank strives to minimize the market risk by setting targets for currency composition and duration which are the basic variables of the BP and by setting limits to control deviations from these targets.

(d) Currency risk

The Bank is exposed to currency risk as it holds a foreign currency position for the purpose of implementing exchange rate policy and achieving other policy targets. Exchange rate risk, which arises from the volatility of exchange rates between TL and foreign currencies on the balance sheet, is directly related to the size of the net position in foreign currency. Moreover, the overall net foreign currency position on the balance sheet is the consequence of monetary and exchange rate polices implemented. However, the distribution of net positions in terms of currencies also affects the foreign exchange rate risk exposure of the Bank as a result of the volatilities in currency parties.

Within this framework, the Bank controls currency risk through foreign currency composition targets and limits of deviation from these targets set for foreign currency reserves within the scope of the BP.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

The net foreign currency position of the Bank as of December 31, 2023 and 2022 is summarized at table below. The table presented below provides the Bank's assets, liabilities, and equity at carrying amounts, categorized by currency:

	December 31, 2023									
	Foreign Currency									
	US Dollar	**EUR**	**GBP**	**CHF**	**SDR**	**JPY**	**Other**	**Total**	**TL**	**TOTAL**
Cash	42,190,697	57,016,214	622,364	3,647,639	-	46,907	160,239	103,684,060	89,329	103,773,389
Due from banks	534,899,458	1,022,928,051	242,567	46,366,687	219,810,768	2,243,687	695,307,399	2,521,798,617	5,723,641	2,527,522,258
Financial assets at fair value through profit or loss	57,248,056	14,377,291	-	-	-	-	33,159,033	104,784,380	159,913,236	264,697,616
Loans and advances to customers	24,897,843	42,669,434	-	-	-	-	3,953,853	71,521,130	373,781,727	445,302,857
Financial assets at fair value through other comprehensive income	294,382	2,022	-	-	9,610,294	-	-	9,906,698	90,543	9,997,241
Gold reserves	1,423,398,472	-	-	-	-	-	-	1,423,398,472	-	1,423,398,472
Property and equipment	-	-	-	-	-	-	-	-	24,225,743	24,225,743
Intangible assets	-	-	-	-	-	-	-	-	94,044	94,044
Deferred tax assets	-	-	-	-	-	-	-	-	265,765,460	265,765,460
Other assets	298,365	3,874	-	1,208	-	1,640	334	305,421	63,178,282	63,483,703
Total assets	**2,083,227,273**	**1,136,996,886**	**864,931**	**50,015,534**	**229,421,062**	**2,292,234**	**732,580,858**	**4,235,398,778**	**892,862,005**	**5,128,260,783**
Currency in circulation	-	-	-	-	-	-	-	-	448,822,892	448,822,892
Due to banks	1,898,756,103	968,239,849	-	27,078,599	-	-	-	2,894,074,551	1,807,151,288	4,701,225,839
Other deposits	265,655,780	15,891,836	121,648	23,853	214,886,372	-	21,881	496,601,370	498,969,715	995,571,085
Financial liabilities at fair value through profit or loss	2,657,813	-	-	-	-	-	-	2,657,813	-	2,657,813
Due to international organizations	-	-	-	-	-	-	-	-	1,941,356	1,941,356
Other borrowed funds	-	-	-	-	-	-	-	-	370,846,640	370,846,640
Other liabilities	839,276	2,064,216	30,163	29,480	-	6,898	45,036	3,015,069	152,034,869	155,049,938
Tax Liabilities	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	-	-	885,430	885,430
Equity	-	-	-	-	-	-	-	-	(1,548,740,210)	(1,548,740,210)
Total liabilities and equity	**2,167,908,972**	**986,195,901**	**151,811**	**27,131,932**	**214,886,372**	**6,898**	**66,917**	**3,396,348,803**	**1,731,911,980**	**5,128,260,783**
Net balance sheet position	**(84,681,699)**	**150,800,985**	**713,120**	**22,883,602**	**14,534,690**	**2,285,336**	**732,513,941**	**839,049,975**	**(839,049,975)**	**-**
Net off-balance sheet position	**(1,289,480,663)**	**(150,279,688)**	**-**	**-**	**-**	**-**	**(693,322,829)**	**(2,133,083,180)**	**2,145,074,117**	**11,990,937**
Net foreign currency position	**(1,374,162,362)**	**521,297**	**713,120**	**22,883,602**	**14,534,690**	**2,285,336**	**39,191,112**	**(1,294,033,205)**	**1,306,024,142**	**11,990,937**

	December 31, 2022									
	Foreign Currency									
	US Dollar	**EUR**	**GBP**	**CHF**	**SDR**	**JPY**	**Other**	**Total**	**TL**	**TOTAL**
Cash	130,579,620	162,893,655	1,651,529	469,024	-	88,898	183,863	295,866,589	38,885	295,905,474
Due from banks	222,393,048	798,759,569	83,300,399	252,122	227,720,402	294,060	735,869,699	2,068,589,299	303,186,631	2,371,775,930
Financial assets at fair value through profit or loss	55,951,525	42,057,923	16,196,156	-	-	-	83,768,579	197,974,183	248,892,556	446,866,739
Loans and advances to customers	53,617,205	75,678,180	-	-	-	-	933,949	130,229,334	303,673,436	433,902,770
Financial assets at fair value through other comprehensive income	9,705,059	-	-	-	-	-	-	9,705,059	-	9,705,059
Gold reserves	1,417,598,929	-	-	-	-	-	-	1,417,598,929	-	1,417,598,929
Property and equipment	-	-	-	-	-	-	-	-	17,818,038	17,818,038
Intangible assets	-	-	-	-	-	-	-	-	45,779	45,779
Deferred tax assets	-	-	-	-	-	-	-	-	132,147,184	132,147,184
Other assets	19,872,214	2,298	1,236	-	-	2,933	235	19,878,916	8,943,729	28,822,645
Total assets	**1,909,717,600**	**1,079,391,625**	**101,149,320**	**721,146**	**227,720,402**	**385,891**	**820,756,325**	**4,139,842,309**	**1,014,746,238**	**5,154,588,547**
Currency in circulation	-	-	-	-	-	-	-	-	563,191,600	563,191,600
Due to banks	1,747,086,294	1,096,454,916	20,487,174	-	-	-	29,178,463	2,893,206,847	1,088,628,661	3,981,835,508
Other deposits	338,477,881	32,678,996	16,733	118,338	223,207,523	9,384	11,290	594,520,145	256,512,726	851,032,871
Due to international organizations	-	-	-	-	-	-	-	-	1,555,890	1,555,890
Other borrowed funds	-	-	-	-	-	-	-	-	26,050,569	26,050,569
Financial liabilities at fair value through profit or loss	7,746,451	-	-	-	-	-	-	7,746,451	-	7,746,451
Other liabilities	2,268,299	1,064,407	33,507	58,771	-	7,006	48,082	3,480,072	26,916,440	30,396,512
Tax Liabilities	-	-	-	-	-	-	-	-	5,008,420	5,008,420
Retirement benefit obligations	-	-	-	-	-	-	-	-	782,157	782,157
Equity	-	-	-	-	-	-	-	-	(313,011,431)	(313,011,431)
Total liabilities and equity	**2,095,578,925**	**1,130,198,319**	**20,537,414**	**177,109**	**223,207,523**	**16,390**	**29,237,835**	**3,498,953,515**	**1,655,635,032**	**5,154,588,547**
Net balance sheet position	**(185,861,325)**	**(50,806,694)**	**80,611,906**	**544,037**	**4,512,879**	**369,501**	**791,518,490**	**640,888,794**	**(640,888,794)**	**-**
Net off-balance sheet position	**(1,245,693,733)**	**(216,628,050)**	**-**	**-**	**-**	**-**	**(730,370,239)**	**(2,192,692,022)**	**2,180,900,058**	**(11,791,964)**
Net foreign currency position	**(1,431,555,058)**	**(267,434,744)**	**80,611,906**	**544,037**	**4,512,879**	**369,501**	**61,148,251**	**(1,551,803,228)**	**1,540,011,264**	**(11,791,964)**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

In order to measure the sensitivity of the foreign exchange gain/loss against volatility in exchange rates, foreign currency net position values were re-calculated under the assumption of the appreciation of the TL by 10% against all foreign currencies. The hypothetic gain that would occur in the total market value of the net foreign currency positions of the Bank as of December 31, 2023 and 2022 under such an assumption is presented in the tables below:

Sensitivity of the net foreign currency position:

	December 31, 2023							
	Foreign Currency							
	US Dollar	**EUR**	**GBP**	**CHF**	**SDR**	**JPY**	**Other**	**Total**
Total assets	2,083,227,273	1,136,996,886	864,931	50,015,534	229,421,062	2,292,234	732,580,858	4,235,398,778
Total liabilities	2,167,908,972	986,195,901	151,811	27,131,932	214,886,372	6,898	66,917	3,396,348,803
Net balance sheet position	**(84,681,699)**	**150,800,985**	**713,120**	**22,883,602**	**14,534,690**	**2,285,336**	**732,513,941**	**839,049,975**
Net off-balance sheet position	**(1,289,480,663)**	**(150,279,688)**	-	-	-	-	**(693,322,829)**	**(2,133,083,180)**
Net foreign currency position	**(1,374,162,362)**	**521,297**	**713,120**	**22,883,602**	**14,534,690**	**2,285,336**	**39,191,112**	**(1,294,033,205)**
Scenario of 10% appreciation of TL	**137,416,236**	**(52,130)**	**(71,312)**	**(2,288,360)**	**(1,453,469)**	**(228,534)**	**(3,919,111)**	**129,403,320**

	December 31, 2022							
	Foreign Currency							
	US Dollar	**EUR**	**GBP**	**CHF**	**SDR**	**JPY**	**Other**	**Total**
Total assets	1,909,717,600	1,079,391,625	101,149,320	721,146	227,720,402	385,891	820,756,325	4,139,842,309
Total liabilities	2,095,578,925	1,130,198,319	20,537,414	177,109	223,207,523	16,390	29,237,835	3,498,953,515
Net balance sheet position	**(185,861,325)**	**(50,806,694)**	**80,611,906**	**544,037**	**4,512,879**	**369,501**	**791,518,490**	**640,888,794**
Net off-balance sheet position	**(1,245,693,733)**	**(216,628,050)**	-	-	-	-	**(730,370,239)**	**(2,192,692,022)**
Net foreign currency position	**(1,431,555,058)**	**(267,434,744)**	**80,611,906**	**544,037**	**4,512,879**	**369,501**	**61,148,251**	**(1,551,803,228)**
Scenario of 10% appreciation of TL	**143,155,506**	**26,743,474**	**(8,061,191)**	**(54,404)**	**(451,288)**	**(36,950)**	**(6,114,825)**	**155,180,322**

(e) Interest rate risk

Bank is exposed to the interest rate risk, which is the probability of incurring losses due to the fluctuations in the interest rates in the market. Such an exposure can result from a variety of factors, including differences in the timing between the maturities or re-pricing of assets, liabilities, and off-balance sheet instruments. Changes in the level and shape of yield curves may also create interest rate risk.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira (“TL”) as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk (continued)

The tables below summarize the Bank’s exposure to interest rate risk at December 31, 2023 and 2022, for TL and foreign currency denominated assets and liabilities. Presented in the tables are the Bank’s assets and liabilities in carrying amounts classified in terms of time remaining to contractual re-pricing dates or maturity.

	December 31, 2023															
	Foreign currency							TL								
	Up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**FC Total**	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**TL Total**	**Total**
Cash	-	-	-	-	-	103,684,060	103,684,060	-	-	-	-	-	89,329	89,329	103,773,389
Due from banks	1,579,764,961	25,517,185	6,559,204	-	-	909,957,267	2,521,798,617	5,029,186	-	-	-	-	694,455	5,723,641	2,527,522,258
Financial assets at fair value through profit or loss	18,623,455	23,843,753	60,834,194	1,482,978	-	-	104,784,380	10,181,543	65,319,733	84,411,960	-	-	-	159,913,236	264,697,616
Loans and advances to customers	15,415,897	21,448,387	34,528,822	-	-	128,024	71,521,130	15,266,960	20,831,561	249,312,296	10,361,370	78,009,540	-	373,781,727	445,302,857
Financial assets at fair value through other comprehensive income	-	-	-	-	-	9,906,698	9,906,698	-	-	-	-	-	90,543	90,543	9,997,241
Gold reserves	-	-	-	-	-	1,423,398,472	1,423,398,472	-	-	-	-	-	-	-	1,423,398,472
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	24,225,743	24,225,743	24,225,743
Intangible assets							-						94,044	94,044	94,044
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-	265,765,460	265,765,460	265,765,460
Other asset	-	-	-	-	-	305,421	305,421	-	-	-	-	-	63,178,282	63,178,282	63,483,703
Total assets	**1,613,804,313**	**70,809,325**	**101,922,220**	**1,482,978**	**-**	**2,447,379,942**	**4,235,398,778**	**30,477,689**	**86,151,294**	**333,724,256**	**10,361,370**	**78,009,540**	**354,137,856**	**892,862,005**	**5,128,260,783**
Currency in circulation	-	-	-	-	-	-	-	-	-	-	-	-	448,822,892	448,822,892	448,822,892
Due to banks	1,572,490,850	374,179,499	188,386,196	-	-	759,018,006	2,894,074,551	-	-	-	-	-	1,807,151,288	1,807,151,288	4,701,225,839
Other deposits	368,728,067	-	-	-	-	127,873,303	496,601,370	492,999,578	-	-	-	-	5,970,137	498,969,715	995,571,085
Financial liabilities at fair value through other comprehensive income	2,657,813	-	-	-	-	-	2,657,813	-	-	-	-	-	-	-	2,657,813
Due to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	1,941,356	1,941,356	1,941,356
Other borrowed funds	-	-	-	-	-	-	-	370,846,640	-	-	-	-	-	370,846,640	370,846,640
Other liabilities	11,496	-	-	-	-	3,003,573	3,015,069	-	-	-	-	-	152,034,869	152,034,869	155,049,938
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	885,430	885,430	885,430
Equity	-	-	-	-	-	-	-	-	-	-	-	-	(1,548,740,210)	(1,548,740,210)	(1,548,740,210)
Total liabilities and equity	**1,943,888,226**	**374,179,499**	**188,386,196**	**-**	**-**	**889,894,882**	**3,396,348,803**	**863,846,218**	**-**	**-**	**-**	**-**	**868,065,762**	**1,731,911,980**	**5,128,260,783**
Net repricing gap	**(330,083,913)**	**(303,370,174)**	**(86,463,976)**	**1,482,978**	**-**	**1,557,485,060**	**839,049,975**	**(833,368,529)**	**86,151,294**	**333,724,256**	**10,361,370**	**78,009,540**	**(513,927,906)**	**(839,049,975)**	**-**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk (continued)

	December 31, 2022														
	Foreign currency							TL							
	Up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**FC Total**	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**TL Total**	**Total**
Cash	-	-	-	-	-	295,866,589	295,866,589	-	-	-	-	-	38,885	38,885	295,905,474
Due from banks	272,945,682	5,748,280	-	-	-	1,789,895,337	2,068,589,299	302,801,128	-	-	-	-	385,503	303,186,631	2,371,775,930
Financial assets at fair value through profit or loss	19,056,944	46,251,854	109,756,058	22,909,327	-	-	197,974,183	20,083,065	124,282,088	104,527,403	-	-	-	248,892,556	446,866,739
Loans and advances to customers	5,363,090	51,086,245	72,809,897	836,114	-	133,988	130,229,334	4,764,102	11,265,190	235,083,115	10,136,367	42,424,662	-	303,673,436	433,902,770
Financial assets at fair value through other comprehensive income	-	-	-	-	-	9,705,059	9,705,059	-	-	-	-	-	-	-	9,705,059
Gold reserves	-	-	-	-	-	1,417,598,929	1,417,598,929	-	-	-	-	-	-	-	1,417,598,929
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	17,818,038	17,818,038	17,818,038
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	45,779	45,779	45,779
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-	132,147,184	132,147,184	132,147,184
Other asset	-	-	-	-	-	19,878,916	19,878,916	-	-	-	-	-	8,943,729	8,943,729	28,822,645
Total assets	**297,365,716**	**103,086,379**	**182,565,955**	**23,745,441**	**-**	**3,533,078,818**	**4,139,842,309**	**327,648,295**	**135,547,278**	**339,610,518**	**10,136,367**	**42,424,662**	**159,379,118**	**1,014,746,238**	**5,154,588,547**
Currency in circulation	-	-	-	-	-	-	-	-	-	-	-	-	563,191,600	563,191,600	563,191,600
Due to banks	-	10,008,375	273,219,011	-	-	2,609,979,461	2,893,206,847	342,433,189	-	-	-	-	746,195,472	1,088,628,661	3,981,835,508
Other deposits	470,840,820	-	-	-	-	123,679,325	594,520,145	252,146,123	3,553,288	-	-	-	813,315	256,512,726	851,032,871
Financial liabilities at fair value through other comprehensive income	7,746,451	-	-	-	-	-	7,746,451	-	-	-	-	-	-	-	7,746,451
Due to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	1,555,890	1,555,890	1,555,890
Other borrowed funds	-	-	-	-	-	-	-	26,050,569	-	-	-	-	-	26,050,569	26,050,569
Other liabilities	-	-	-	-	-	3,480,072	3,480,072	-	-	-	-	-	26,916,440	26,916,440	30,396,512
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	5,008,420	5,008,420	5,008,420
Retirement benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	782,157	782,157	782,157
Equity	-	-	-	-	-	-	-	-	-	-	-	-	(313,011,431)	(313,011,431)	(313,011,431)
Total liabilities and equity	**478,587,271**	**10,008,375**	**273,219,011**	**-**	**-**	**2,737,138,858**	**3,498,953,515**	**620,629,881**	**3,553,288**	**-**	**-**	**-**	**1,031,451,863**	**1,655,635,032**	**5,154,588,547**
Net repricing gap	**(181,221,555)**	**93,078,004**	**(90,653,056)**	**23,745,441**	**-**	**795,939,960**	**640,888,794**	**(292,981,586)**	**131,993,990**	**339,610,518**	**10,136,367**	**42,424,662**	**(872,072,745)**	**(640,888,794)**	**-**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk (continued)

As the Bank is the monetary authority in Türkiye, the interest rate sensitive balance sheet positions in the tables should be interpreted carefully. Required reserves are calculated over total domestic liabilities of banks according to the banking legislation effective in Türkiye, after deductions determined in the Communiqué, No. 2013/15 on Required Reserves and deposit/participation funds accepted by banks in Türkiye on behalf of foreign branches and loan amounts provided by banks and followed up in foreign branches and are deposited to the Bank. On the other hand, financing companies were included in the regulations on reserve requirements in addition to banks as part of its efforts to better control loan growth beginning from December 20, 2013. Similar to other central banks, the Bank, which uses short-term interest rates as its main monetary policy tool, actively manage the interest rate risk stemming from TL assets and liabilities considering that it will be in line with the monetary policy implementations of the Bank. Nevertheless, the tables are prepared using all assets and liabilities including asset and liabilities denominated in TL to show the overall interest rate risk that the Bank is exposed to regardless of whether such risk is actively managed or not.

The Bank controls the interest rate risk arising from foreign currency assets by setting maturity targets for the major reserve currencies within the scope of the BP. While setting targets for maturities, the Bank makes use of the "duration" values that are considered to be an important indicator of the level of interest rate risk. Meanwhile, the BP duration targets, which show the Bank's overall tolerance level to interest rate risk, are determined based on the maturity composition of the on-balance sheet liabilities and the off-balance sheet estimated cash flows, and some limits are specified for deviations from these duration targets.

For measuring the sensitivity of the Bank's foreign currency and TL assets to interest rate risk, it is possible to forecast the effect of changes in the related interest rates on the market value of assets by using the average modified durations of assets denominated in major foreign reserve currencies.

Within this framework, based on the average modified durations of foreign currency and TL assets as of December 31, 2023 and 2022, the prospective decline in the market values of the assets in case of a 1% rise in the related interest rates are presented below. The 1% increase scenario is based on the assumption that the yield curves for the related currencies shift 1% upwards in all maturities simultaneously.

Sensitivity of the market value of assets to interest rates;

	December 31, 2023							
	US Dollar (TL Equivalent)	CNY (TL Equivalent)	EUR (TL Equivalent)	CAD (TL Equivalent)	GBP (TL Equivalent)	AUD (TL Equivalent)	TL	Total
Market value of the foreign currency assets	57,248,056	33,159,033	14,377,291	-	-	-	159,913,236	264,697,616
Effect of the scenario of 1% increase in interest rates	(664,342)	(886,287)	(154,614)	-	-	-	(2,978,493)	(4,683,736)

	December 31, 2022							
	US Dollar (TL Equivalent)	CNY (TL Equivalent)	EUR (TL Equivalent)	CAD (TL Equivalent)	GBP (TL Equivalent)	AUD (TL Equivalent)	TL	Total
Market value of the foreign currency assets	55,951,525	64,271,021	42,057,923	12,945,320	16,196,156	6,552,238	248,892,556	446,866,738
Effect of the scenario of 1% increase in interest rates	(713,111)	(1,381,855)	(572,270)	(208,599)	(314,556)	(119,966)	(4,559,072)	(7,869,429)

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk (continued)

The tables below set out the average effective interest rates by major currencies for monetary financial instruments at December 31, 2023 and 2022:

				December 31, 2023(*)				
	US Dollar (%)	**Canadian Dollar (%)**	**EUR (%)**	**Australian Dollar (%)**	**GBP (%)**	**CNY (%)**	**QAR (%)**	**TL (%)**
Assets								
Due from banks	-	-	4.02	-	5.23	-	5.50	42.5
Financial assets at fair value through profit or loss	4.82	-	3.00	-	-	2.29	-	14.25
Loans and advances to customers	3.65	-	3.32	-	-	4.43	-	18.69
Liabilities								
Due to banks	-	-	-	-	-	-	-	41.00
Other deposits	5.54	-	4.41	-	5.47	-	-	-

				December 31. 2022(*)				
	US Dollar (%)	**Canadian Dollar (%)**	**EUR (%)**	**Australian Dollar (%)**	**GBP (%)**	**CNY (%)**	**QAR (%)**	**TL (%)**
Assets								
Due from banks	5.01	-	1.50	-	2.87	-	3.11	9.00
Financial assets at fair value through profit or loss	4.65	4.14	2.69	3.46	3.79	2.44	-	14.95
Loans and advances to customers	2.09	-	0.60	-	-	4.12	-	10.36
Liabilities								
Due to banks	-	-	-	-	-	-	-	7.50
Other deposits	4.96	-	2.28	-	4.00	-	-	-

(*) Weighted average cost of the CBRT funding as of December 31, 2023 and 2022.

(f) Liquidity risk

Liquidity risk is defined as having difficulty in finding sufficient cash to meet the commitments that are due or being compelled to convert assets into cash at prices lower than their fair value. Since the Bank functions as the lender of last resort of the Turkish banking system, it is not relevant to mention TL liquidity risk. In order to manage the liquidity risk arising from assets and liabilities denominated in foreign currencies, the Bank tries to match its cash flows in currencies and invests only in highly liquid assets in order to avoid any problems meeting unexpected payments.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity risk (continued)

The table below shows the breakdown of both TL and foreign currency denominated assets and liabilities of the Bank in terms of their relevant maturity groupings at the balance sheet date, based on the remaining time to contractual maturity:

	December 31, 2023																
	Foreign currency								TL								
	Demand	Up to 1 month	1 to 3 Months	3 months to 1 year	1 to 5 years	More than 5 years	Undistributed	FC Total	Demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undistributed	TL Total	Total
Cash	103,684,060	-	-	-	-	-	-	103,684,060	89,329	-	-	-	-	-	-	89,329	103,773,389
Due from banks	2,062,655,100	427,067,128	25,517,185	6,559,204	-	-	-	2,521,798,617	694,455	5,029,186	-	-	-	-	-	5,723,641	2,527,522,258
Financial assets at fair value through profit or loss	-	-	11,498,780	23,163,115	69,878,773	243,712	-	104,784,380	-	-	3,001,250	26,329,115	105,350,501	25,232,370	-	159,913,236	264,697,616
Loans and advances to customers	128,024	15,415,897	21,448,387	34,528,822	-	-	-	71,521,130	-	15,266,960	20,831,561	249,312,296	10,361,370	78,009,540	-	373,781,727	445,302,857
Financial assets at fair value through other comprehensive income	9,906,698	-	-	-	-	-	-	9,906,698	90,543	-	-	-	-	-	-	90,543	9,997,241
Gold reserves	1,083,373,539	303,208,579	36,816,354	-	-	-	-	1,423,398,472	-	-	-	-	-	-	-	-	1,423,398,472
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,225,743	24,225,743	24,225,743
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,044	94,044	94,044
Deferred tax asset	-	-	-	-	-	-	-	-	265,765,460	-	-	-	-	-	-	265,765,460	265,765,460
Other assets	305,421	-	-	-	-	-	-	305,421	63,178,282	-	-	-	-	-	-	63,178,282	63,483,703
Total assets	**3,260,052,842**	**745,691,604**	**95,280,706**	**64,251,141**	**69,878,773**	**243,712**	**-**	**4,235,398,778**	**329,818,069**	**20,296,146**	**23,832,811**	**275,641,411**	**115,711,871**	**103,241,910**	**24,319,787**	**892,862,005**	**5,128,260,783**
Currency in circulation	-	-	-	-	-	-	-	-	448,822,892	-	-	-	-	-	-	448,822,892	448,822,892
Due to banks	759,018,006	1,572,490,850	374,179,499	188,386,196	-	-	-	2,894,074,551	776,531,472	1,030,619,816	-	-	-	-	-	1,807,151,288	4,701,225,839
Other deposits	130,233,165	366,368,205	-	-	-	-	-	496,601,370	900,105	498,069,610	-	-	-	-	-	498,969,715	995,571,085
Financial liabilities at fair value through profit or loss	-	2,657,813	-	-	-	-	-	2,657,813	-	-	-	-	-	-	-	-	2,657,813
Due to international organizations	-	-	-	-	-	-	-	-	1,941,356	-	-	-	-	-	-	1,941,356	1,941,356
Other borrowed funds	-	-	-	-	-	-	-	-	-	370,846,640	-	-	-	-	-	370,846,640	370,846,640
Other liabilities	7,477	2,446,627	-	-	-	-	560,965	3,015,069	149,458,191	-	2,576,678	-	-	-	-	152,034,869	155,049,938
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	885,430	885,430	885,430
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,548,740,210)	(1,548,740,210)	(1,548,740,210)
Total liabilities and equity	**889,258,648**	**1,943,963,495**	**374,179,499**	**188,386,196**	**-**	**-**	**560,965**	**3,396,348,803**	**1,377,654,016**	**1,899,536,066**	**2,576,678**	**-**	**-**	**-**	**(1,547,854,780)**	**1,731,911,980**	**5,128,260,783**
Net balance sheet position	**2,370,794,194**	**(1,198,271,891)**	**(278,898,793)**	**(124,135,055)**	**69,878,773**	**243,712**	**(560,965)**	**839,049,975**	**(1,047,835,947)**	**(1,879,239,920)**	**21,256,133**	**275,641,411**	**115,711,871**	**103,241,910**	**1,572,174,567**	**(839,049,975)**	**-**
Net off-balance sheet position	**-**	**(699,827,402)**	**(718,535,121)**	**(714,720,657)**	**-**	**-**	**-**	**(2,133,083,180)**	**-**	**700,655,294**	**759,080,296**	**685,338,527**	**-**	**-**	**-**	**2,145,074,117**	**11,990,937**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira (“TL”) as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity risk (continued)

	December 31, 2022																	
	Foreign currency								TL									
	Demand	**Up to 1 month**	**1 to 3 Months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Undistributed**	**FC Total**	**Demand**	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Undistributed**	**TL Total**	**Total**
Cash	295,866,589	-	-	-	-	-	-	295,866,589	38,885	-	-	-	-	-	-	38,885	295,905,474
Due from banks	1,789,895,338	266,361,663	5,748,280	6,584,018	-	-	-	2,068,589,299	385,503	302,801,128	-	-	-	-	-	303,186,631	2,371,775,930
Financial assets at fair value through profit or loss	-	1,696,171	14,172,636	33,638,320	148,374,948	92,108	-	197,974,183	-	6,819,453	3,931,157	55,415,212	158,543,425	24,183,309	-	248,892,556	446,866,739
Loans and advances to customers	133,988	5,363,090	51,086,245	72,809,897	836,114	-	-	130,229,334	-	4,764,102	11,265,190	235,083,113	10,136,367	42,424,664	-	303,673,436	433,902,770
Financial assets at fair value through other comprehensive income	9,705,059	-	-	-	-	-	-	9,705,059	-	-	-	-	-	-	-	-	9,705,059
Gold reserves	1,134,909,875	282,689,054	-	-	-	-	-	1,417,598,929	-	-	-	-	-	-	-	-	1,417,598,929
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,818,038	17,818,038	17,818,038
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,779	45,779	45,779
Deferred tax asset	-	-	-	-	-	-	-	-	132,147,184	-	-	-	-	-	-	132,147,184	132,147,184
Other assets	19,878,916	-	-	-	-	-	-	19,878,916	8,943,729	-	-	-	-	-	-	8,943,729	28,822,645
Total assets	**3,250,389,765**	**556,109,978**	**71,007,161**	**113,032,235**	**149,211,062**	**92,108**	**-**	**4,139,842,309**	**141,515,301**	**314,384,683**	**15,196,347**	**290,498,325**	**168,679,792**	**66,607,973**	**17,863,817**	**1,014,746,238**	**5,154,588,547**
Currency in circulation	-	-	-	-	-	-	-	-	563,191,600	-	-	-	-	-	-	563,191,600	563,191,600
Due to banks	668,806,643	1,941,172,820	10,008,375	273,219,009	-	-	-	2,893,206,847	746,195,472	342,433,189	-	-	-	-	-	1,088,628,661	3,981,835,508
Other deposits	125,160,150	469,359,995	-	-	-	-	-	594,520,145	1,588,421	254,924,305	-	-	-	-	-	256,512,726	851,032,871
Financial liabilities at fair value through profit or loss	-	7,746,451	-	-	-	-	-	7,746,451	-	-	-	-	-	-	-	-	7,746,451
Due to international organizations	-	-	-	-	-	-	-	-	1,555,890	-	-	-	-	-	-	1,555,890	1,555,890
Other borrowed funds	-	-	-	-	-	-	-	-	-	26,050,569	-	-	-	-	-	26,050,569	26,050,569
Other liabilities	-	2,393,577	-	-	-	-	1,086,495	3,480,072	25,670,851	-	1,237,244	-	-	-	8,345	26,916,440	30,396,512
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,008,420	5,008,420	5,008,420
Retirement benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	782,157	782,157	782,157
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(313,011,431)	(313,011,431)	(313,011,431)
Total liabilities and equity	**793,966,792**	**2,420,672,844**	**10,008,375**	**273,219,009**	**-**	**-**	**40,618**	**3,497,907,638**	**1,339,248,110**	**623,408,062**	**1,237,244**	**-**	**-**	**-**	**(307,212,508)**	**1,656,680,908**	**5,154,588,547**
Net balance sheet position	**2,456,422,972**	**(1,864,562,865)**	**60,998,786**	**(160,186,774)**	**149,211,062**	**92,108**	**(1,086,495)**	**640,888,794**	**(1,196,686,933)**	**(309,023,380)**	**13,959,103**	**290,498,325**	**168,679,792**	**66,607,973**	**325,076,326**	**(640,888,794)**	**-**
Net off-balance sheet position	**-**	**(1,159,980,358)**	**(280,035,179)**	**(752,676,485)**	**-**	**-**	**-**	**(2,192,692,022)**	**-**	**1,157,822,336**	**281,015,289**	**742,062,433**	**-**	**-**	**-**	**2,180,900,058**	**(11,791,964)**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity risk (continued)

The gross contractual cash flows of non-derivative financial liabilities are presented in the table below. The payments include amounts of both principal and interest on an undiscounted basis and therefore the totals will not agree to the totals presented in the balance sheet.

	December 31, 2023							
	Demand	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Undistributed**	**Total**
Currency in circulation	448,822,892	-	-	-	-	-	-	448,822,892
Due to banks	1,535,549,478	2,603,110,666	374,179,499	188,386,196	-	-	-	4,701,225,839
Other deposits	131,133,270	864,437,815	-	-	-	-	-	995,571,085
Due to international organizations	1,941,356	-	-	-	-	-	-	1,941,356
Other borrowed funds	-	370,846,640	-	-	-	-	-	370,846,640
Total financial liabilities	**2,117,446,996**	**3,838,395,121**	**374,179,499**	**188,386,196**	**-**	**-**	**-**	**6,518,407,812**
Net off balance sheet position	**-**	**827,892**	**40,545,175**	**(29,382,130)**	**-**	**-**	**-**	**11,990,937**

	December 31, 2022							
	Demand	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Undistributed**	**Total**
Currency in circulation	563,191,600	-	-	-	-	-	-	563,191,600
Due to banks	1,415,002,115	2,283,606,009	10,008,375	273,219,009	-	-	-	3,981,835,508
Other deposits	126,748,571	724,284,300	-	-	-	-	-	851,032,871
Due to international organizations	1,555,890	-	-	-	-	-	-	1,555,890
Other borrowed funds	-	26,050,569	-	-	-	-	-	26,050,569
Total financial liabilities	**2,106,498,176**	**3,033,940,878**	**10,008,375**	**273,219,009**	**-**	**-**	**-**	**5,423,666,438**
Net off balance sheet position	**-**	**(2,158,023)**	**980,111**	**(10,614,052)**	**-**	**-**	**-**	**(11,791,964)**

(g) Operational risk

Operational risk is the risk of loss due to human or system errors, incompatibility or failure of internal business processes, or external events.

The Bank seeks to minimize losses from operational risk by establishing effective internal control systems which prevent or detect all errors and situations which might cause losses through failure of people or processes in such a way that losses are avoided or reduced to the minimum extent possible.

The Bank has left primary management of operational risk to the departments' own responsibility. However, for the purpose of management of operational and regulatory compliance risks with an institutional scale and integrative point of view, Corporate Risk Management ("CRM"), operates in coordination with other departments. CRM compiles risk calculations analysis of departments and reports by following operations of departments and action plans that department have prepared in order to reduce their risks in this framework. The assessment of risks in terms of their effects and probabilities (including operational risk) and the adequacy, effectiveness and efficiency of the controls established to mitigate the risks are made via audits conducted by the Audit Department ("AD") of the Bank that reports directly to the Governor.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(g) Operational risk (continued)

AD performs risk assessment in two phases. The first phase is to prepare the Annual Audit Plan. AD reviews the fundamental business processes throughout the Bank at the end of each year. Business processes to be audited are ranked on a risk-basis. Each business process is evaluated in terms of financial risk, operational risk, legal risk and reputation risk. Business processes with the highest-ranking risks are included in the following year's Annual Audit Plan.

In the second phase, in all audit assignment processes with higher risk are examined in more detail in terms of risks and controls. Risks that may arise due to human error, system failure, insufficient/ineffective procedures and/or sub-processes are determined. The audited business process is assessed with regard to business continuity procedures, physical safety, system safety, conformity to legal arrangements and written rules, sufficiency of human resources and information safety. In addition, the financial risk and reputation risk of business processes are also determined. Controls that are designed to reduce these risks to acceptable levels are assessed in terms of sufficiency and effectiveness; additional controls are proposed in order to increase effectiveness.

After the audits, the findings including the significant risks and recommended controls are presented to the Executive Committee, Board of CBRT and Auditing Committee every six months, respectively, as a Findings Follow-Up Presentation, and the efforts to reduce the risks to a reasonable level are followed by the Audit Monitoring (Findings Tracking) System.

(h) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Bank using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a current market exchange.

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Carrying value		**Fair value**	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Financial assets (*)				
Cash and gold reserves	1,527,171,861	1,713,504,403	1,527,171,861	1,713,504,403
Due from banks	2,527,522,258	2,371,775,930	2,527,495,166	2,373,401,176
Loans and advances	445,302,857	433,902,770	362,033,922	439,058,753
Financial liabilities (*)				
Currency in circulation	448,822,892	563,191,600	448,822,892	563,191,600
Due to banks	4,701,225,839	3,981,835,508	4,701,225,839	3,981,835,508
Other deposits	995,571,085	851,032,871	995,571,085	851,028,023
Other borrowed funds	370,846,640	26,050,569	370,882,542	26,050,569

(*) The financial assets and liabilities listed above are classified as level 1 and 2.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(h) Fair value of financial instruments (continued)

The following methods and assumptions were used to estimate the fair value of the Bank's financial instruments:

(i) Financial assets

The fair values of certain financial assets carried at amortized cost, including cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

The fair value of loans and advances to customers, along with the related allowances for uncollectibility, is based on discounted cash flows using interest rates prevailing at the balance sheet date with similar assets.

(ii) Financial liabilities

The fair value of currency in circulation represents the face value of the notes in issue.

The fair values of certain financial liabilities carried at amortized cost, including due to banks, other borrowed funds and other deposits are considered to approximate their respective carrying values due to their short-term nature.

The following table summarizes the fair values of those financial assets presented on the Bank's balance sheet based on the hierarchy of valuation technique as of December 31, 2023 and 2022:

December 31, 2023	**Level 1** (*)	**Level 2 (**)**	**Level 3 (***)**	**Total**
Financial assets at fair value through profit and loss				
- Debt securities	264,697,616	-	-	264,697,616
Financial assets at fair value through other comprehensive income				
- Equity securities	**-**	**-**	9,997,241	9,997,241
Total assets	**264,697,616**	-	**9,997,241**	**274,694,857**
Financial liabilities at fair value through profit or loss				
- Not designated hedging instrument	-	2,657,813	-	2,657,813
Total liabilities	-	**2,657,813**	**-**	**2,657,813**

(*) Financial assets and liabilities are carried at quoted prices in an active market which are used for similar financial assets and liabilities.

(**) Other than quoted prices specified in Level I, inputs which are used to determining fair value of financial assets and liabilities, are based on directly or indirectly observable market prices.

(***) Inputs, which are used in determining fair value of financial assets and liabilities, are not based on observable market data.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(h) Fair value of financial instruments (continued)

December 31, 2022	Level 1 (*)	Level 2 (**)	Level 3 (***)	Total
Financial assets at fair value through profit and loss				
- Debt securities	446,866,739	-	-	446,866,739
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	9,705,059	9,705,059
Total assets	**446,866,739**	**-**	**9,705,059**	**456,571,798**
Financial liabilities at fair value through profit or loss				
- Not designated hedging instrument	-	7,746,451	-	7,746,451
Total liabilities	**-**	**7,746,451**	**-**	**7,746,451**

(*) Financial assets and liabilities are carried at quoted prices in an active market which are used for similar financial assets and liabilities.
(**) Other than quoted prices specified in Level I, inputs which are used to determining fair value of financial assets and liabilities, are based on directly or indirectly observable market prices.
(***) Inputs, which are used in determining fair value of financial assets and liabilities, are not based on observable market data.

The movement of financial assets in Level 3

	2023	2022
Opening balance, January 1	**9,705,059**	**11,818,397**
Changes in fair value	292,182	(2,113,338)
Closing balance, December 31	**9,997,241**	**9,705,059**

i) Capital management

The Bank's shareholders' equity as of December 31, 2023 and 2022 comprises:

	December 31, 2023	December 31, 2022
Paid-in share capital	719,557	719,557
Retained profit/loss	(1,581,838,748)	(340,748,141)
Reserves	32,378,981	27,017,153
Total Equity	**(1,548,740,210)**	**(313,011,431)**

Movements in shareholders' equity during the year are explained in the statement of changes in equity in the financial statements.

The Bank is not subject to any regulatory requirements concerning the level of capital it must maintain, however the CBRT Law sets out how the statutory annual net profit for the year shall be allocated. The main source of capital increase is through retention of the undistributed element of the profit.

Being a non-profit organization, the Bank does not seek profit maximization. Instead, it seeks to make a profit commensurate with normal market returns in areas where it conducts normal commercial operations. Whether central banks make profits or losses does not hinder their ability to fulfill their basic duties and is not accepted as an indicator in measuring the performance of monetary policy.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

The Bank's primary capital management objective is to maintain sufficient capital to absorb unexpected losses arising from the fulfilment of the responsibilities assigned to the Bank by the CBRT Law. The most significant unexpected losses are likely to arise from support operations and the Bank's role as the lender of last resort or from losses on the foreign currency reserves, should the TL appreciate significantly against other foreign currencies.

In order to maintain sufficient capital and to obtain the necessary liquidity the Bank focuses on low-risk investments prudently to earn an appropriate return taking into consideration the credit risk of the counterparty. Additionally, the Bank, in the employment of strategic assets, takes into consideration the risk tolerance of the Bank and gives importance to the protection of the capital and national reserves.

NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Preparation of financial statements according to IAS/IFRS requires management to make estimations, assumptions and decisions that affect amounts of assets liabilities, income and expenses and application of policies. Realized results may differ from these estimations. Estimations and assumptions underlying estimations, are considered continuously. Updates in accounting estimations, are recorded at the period which estimation is made and following periods which are affected from these updates.

Information on estimations and significant decisions applied to accounting policies which has the significant effects financial statements are explained in notes indicated below: Note 3 (f), Note 3 (e) and 8 – Classification of loans and advances and impairment.

NOTE 6 - DUE FROM BANKS

	December 31, 2023	December 31, 2022
Funds lent under securities purchased under agreements to resell	3,519,175	240,659,908
Time deposits	455,085,226	272,428,989
Due from interbank money market operations	1,510,011	62,141,221
Demand deposits	2,063,349,555	1,790,280,840
Conversation to Turkish Lira time deposit operations	4,058,291	6,264,972
Total	**2,527,522,258**	**2,371,775,930**

Securities purchased under agreements to resell transactions are performed as part of the open market operations of the Bank.

As of December 31, 2023, and 2022, analysis of quality of due from banks is below:

December 31, 2023	Stage 1	Stage 2	Stage 3
Stage 1 - low credit risk	2,527,522,258	-	-
Stage 2 - under close monitoring	-	-	-
Stage 3 - non performing	-	-	-
Total	**2,527,522,258**	-	-

December 31, 2022	Stage 1	Stage 2	Stage 3
Stage 1 - low credit risk	2,371,775,930	-	-
Stage 2 - under close monitoring	-	-	-
Stage 3 - non performing	-	-	-
Total	**2,371,775,930**	**-**	**-**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 7 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As of December 31, 2023 and 2022, the details of financial assets at fair value through profit or loss are as follows:

	December 31, 2023		December 31, 2022	
	Cost	**Carrying Amount**	**Cost**	**Carrying Amount**
Turkish government bonds, treasury bills and lease certificates	197,341,920	159,913,236	196,062,118	248,892,555
Foreign government bonds	104,683,406	104,784,380	202,306,713	197,974,184
Total	**302,025,326**	**264,697,616**	**398,368,831**	**446,866,739**

As of December 31, 2023, financial liabilities at fair value through profit and loss amounted to TL 2,657,813 which are swap transactions that are not designated hedging instrument (2022: 7,746,451).

NOTE 8 - LOANS AND ADVANCES TO CUSTOMERS

	December 31, 2023	December 31, 2022
Loans and advances to corporate entities:		
Foreign country loans	128,024	133,988
Domestic loans	445,174,833	433,768,782
Total performing loans	**445,302,857**	**433,902,770**
Impaired loans	47,156,970	49,100,977
Loans and advances to customers (gross)	**492,459,827**	**483,003,747**
Less: Allowance for loan losses	(47,156,970)	(49,100,977)
Net loans and advances to customers	**445,302,857**	**433,902,770**

As of December 31, 2023, analysis of quality of credits of loans and advances given is below:

	Stage 1	Stage 2	Stage 3
Stage 1 - Low credit risk	445,174,833	-	-
Stage 2 - Under close monitoring	-	266,752	-
Stage 3 - Non performing	-	-	47,018,242
Total	445,174,833	266,752	47,018,242
Expected credit loss	-	(138,728)	(47,018,242)
Net loans and advances given	445,174,833	128,024	-

As of December 31, 2022, analysis of quality of credits of loans and advances given is below:

	Stage 1	Stage 2	Stage 3
Stage 1 - Low credit risk	433,768,782	-	-
Stage 2 - Under close monitoring	-	279,180	-
Stage 3 - Non performing	-	-	48,955,785
Total	433,768,782	279,180	48,955,785
Expected credit loss	-	(145,192)	(48,955,785)
Net loans and advances given	433,768,782	133,988	-

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 8 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Movement of allowance for loan losses is as follows:

	2023	2022
Balance at January 1	49,100,977	55,693,499
Provision charge/(reversal) for the year (*)	17,357,791	18,595,176
Inflation effect	(19,301,798)	(25,187,698)
Balance at December 31	**47,156,970**	**49,100,977**

(*) The balance mainly consists of the foreign exchange valuation of impaired loans.

As of December 31, 2023, the restructured loans and advances of the Bank amounted to TL 128,024 (December 31, 2022: TL 133,988). In accordance with the restructuring agreement of the Bank regarding the above-mentioned restructured loans, the Bank forwent TL 138,728 (USD 4,712,512) (December 31, 2022: TL 145,192 (USD 7,764,944) of its interest receivable which will accrue again if the counterparty fails to meet the conditions stated in the restructuring agreement. As of December 31, 2023, and 2022, the Bank provided allowance for such contingent interest receivable.

NOTE 9 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of financial assets measured at fair value through other comprehensive income as of December 31, 2023 and 2022 are as follows:

		Ownership (%)		Amount	
Name	**Nature of business**	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Bankalararası Kart Merkezi A.Ş. (BKM)	Domestic Clearing and Settlement Service	51.01	51.01	90,543	149,190
BIS	Banking Supervision	1.41	1.41	9,610,294	9,245,860
International Islamic Liquidity Management Corporation	Liquidity Management	13.33	13.33	294,382	308,097
SWIFT	Electronic Fund Transfer Services	0.007	0.007	2,022	1,912
Total				**9,997,241**	**9,705,059**

The shares of BIS have a par value of SDR 5,000 each and are paid up to SDR 1,250 each. The balance of SDR 3,750 per share is callable at three months' notice by the decision of the BIS Board and the total amount of commitment is disclosed under contingencies and commitments as of December 31, 2023 and 2022 (Note 28).

As of December 31, 2023 and 2022, the Bank's investment in shares issued by the BIS is valued at fair value, which is calculated as being 70% of the Bank's interest in BIS's net asset value in SDR, as of December 31, 2023 and 2022, converted to TL at the year-end TL/SDR exchange rate. This valuation method has previously been used to establish the appropriate price for purchase and repurchase transactions in BIS share.

In accordance with the decision of the Board of the Bank No. 10857/20456, dated March 3, 2020 the Bank acquired a 51.01% share of BKM by paying TL 90,543 on April 30, 2020. Since the effect of BKM on the financial statements is less than 1%, financial statements have not been prepared.

The movement of financial assets at fair value through other comprehensive income is as follows:

	2023	2022
Opening balance, January 1	**9,705,059**	**11,818,397**
Fair value changes	4,107,281	1,523,640
Inflation effect	(3,815,099)	(3,636,978)
Closing balance, December 31	**9,997,241**	**9,705,059**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 10 - GOLD RESERVES

	December 31, 2023	December 31, 2022
Gold bullion - International standards	1,417,869,832	1,412,514,243
Gold bullion and coins - Non-International standards	5,528,640	5,084,686
Total	**1,423,398,472**	**1,417,598,929**

As of December 31, 2023, gold bullion amount of international standard includes gold held in the Bank on behalf of the domestic banks amounting to TL 212,475,723 (December 31, 2022: There is gold held on behalf of domestic banks in the amount of TL 282,689,054).

As of December 31, 2023, gold bullion amount of international standard includes gold held in the Bank on behalf of the Treasury in the amount of TL 97,814,261 (December 31, 2022: TL 89,959,711).

December 31, 2023	Level 1 (*)	Level 2 (**)	Level 3 (***)	Total
Gold	1,423,398,472	-	-	1,423,398,472
Total	**1,423,398,472**	**-**	**-**	**1,423,398,472**

December 31, 2022	Level 1 (*)	Level 2 (**)	Level 3 (***)	Total
Gold	1,417,598,929	-	-	1,417,598,929
Total	**1,417,598,929**	**-**	**-**	**1,417,598,929**

(*) Financial assets and liabilities are valued by an active stock market price.
(**) Financial assets and liabilities are valued by a price that is direct or indirectly observable price in a market, other than stock market price indicated as first level.
(***) Financial assets and liabilities are valued by a price that is the market used for calculation of fair value, there is no observable data.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 11 - PROPERTY AND EQUIPMENT

	Land and Buildings	Machines and Equipment	Construction in Progress	Total
Year ended December 31, 2022				
Opening net book value	**4,606,369**	**713,081**	**7,626,594**	**12,946,043**
Additions	85,161	542,325	4,621,340	5,248,826
Transfers	-	-	-	-
Disposals (net)	-	(3,591)	-	(3,591)
Depreciation charge (Note 27)	(89,243)	(283,998)	-	(373,240)
Closing net book value	**4,602,287**	**967,817**	**12,247,934**	**17,818,038**
At December 31, 2022				
Cost	4,691,530	1,251,814	12,247,934	18,191,278
Accumulated depreciation	(89,243)	(283,998)	-	(373,240)
Net book value	**4,602,287**	**967,816**	**12,247,934**	**17,818,038**
Year ended December 31, 2023				
Opening net book value	**4,602,287**	**967,816**	**12,247,934**	**17,818,038**
Additions	-	439,060	6,342,754	6,781,814
Transfers	-	-	-	-
Disposals (net)	-	-	-	-
Depreciation charge (Note 27)	(89,734)	(284,375)	-	(374,109)
Closing net book value	**4,512,553**	**1,122,501**	**18,590,688**	**24,225,743**
At December 31, 2023				
Cost	4,602,287	1,406,876	18,590,688	24,599,852
Accumulated depreciation	(89,734)	(284,375)	-	(374,109)
Net book value	**4,512,553**	**1,122,501**	**18,590,688**	**24,225,743**

NOTE 12 - INTANGIBLE ASSETS

	Cost	Accumulated amortization	Net book value
Opening balance at January 1, 2022	**665,715**	**(574,810)**	**90,905**
Additions/(amortization charge for the period) (Note 27)	7,224	(52,350)	(45,126)
Balance at December 31, 2022	**672,939**	**(627,160)**	**45,779**
Opening balance at January 1, 2023	**672,939**	**(627,160)**	**45,779**
Additions/(amortization charge for the period) (Note 27)	86,385	(38,120)	48,265
Balance at December 31, 2023	**759,324**	**(665,280)**	**94,044**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 13 - OTHER ASSETS

	December 31, 2023	December 31, 2022
Currency exchange guarantees of swap transaction	57,859,800	27,530,918
Raw material and work-in-progress of banknote printing office	524,939	221,969
Charges and commissions due from Treasury (*)	303,084	180,430
Electronic Fund Transfer ("EFT") commission income accrual	178,146	191,053
Prepaid expenses	90,169	58,695
Consumables and other stores	35,035	37,387
Other	4,492,530	602,193
Total	**63,483,703**	**28,822,645**

(*) With the decision of the Board of the Bank numbered 9525/19124 and dated October 4, 2011, Regulation of Tariffs was amended. According to these amendments, starting from October 12, 2011, commissions, charges and fees were started to be collected from Treasury due to the transactions with the public administrations within the scope of overall budget. Expenses related to unfinished banknotes are recognized as semi-finished goods and banknote paper used in banknote production is recognized as raw material.

NOTE 14 - CURRENCY IN CIRCULATION

	2023	2022
Balance at January 1	563,191,600	637,100,377
Banknotes issued into circulation	144,158,582	287,363,327
Banknotes withdrawn from circulation and destroyed	(37,134,333)	(79,930,046)
Inflation effect	(221,392,957)	(281,342,058)
Balance at December 31	**448,822,892**	**563,191,600**

NOTE 15 - DUE TO BANKS

	December 31, 2023	December 31, 2022
Deposits for reserve requirement obligations	1,399,383,599	1,553,937,598
Foreign currency	*1,186,907,876*	*1,271,248,544*
Gold	*212,475,723*	*282,689,054*
Current accounts of banks	3,301,842,240	2,427,897,910
Total	**4,701,225,839**	**3,981,835,508**

Required reserves are calculated over total domestic liabilities of banks according to the banking legislation effective in Türkiye, after deductions determined in the Communiqué, No. 2005/1 on Required Reserves and deposit/participation funds accepted by banks in Türkiye on behalf of foreign branches and loan amounts provided by banks and followed up in foreign branches and are deposited to the Bank. Furthermore, the same rates determined in accordance with the same Communiqué have been used. Interest has been started to be paid for the required reserves denominated in Turkish Lira as of November 3, 2014 and for the required reserve denominated in foreign currency as of May 5, 2015. However, since September 19, 2019, interest payments to foreign currency required reserve is abolished. Between January 24 and November 27, 2020, a commission was received on foreign currency required reserves. The application for receiving commissions has started again as of the period of required reserves dated December 24, 2021.

December 31, 2023	**Level 1** (*)	**Level 2 (**)**	**Level 3 (***)**	**Total**
-Gold	212,475,723	-	-	212,475,723
Total	**212,475,723**	**-**	**-**	**212,475,723**
December 31, 2022	**Level 1** (*)	**Level 2 (**)**	**Level 3 (***)**	**Total**
-Gold	282,689,054	-	-	282,689,054
Total	**282,689,054**	**-**	**-**	**282,689,054**

(*) Financial assets and liabilities are valued by an active stock market prices.
(**) Other than quoted prices specified in Level I, inputs which are used to determining fair value of financial assets and liabilities, are based on directly or indirectly observable market prices.
(***) Inputs, which are used in determining fair value of financial assets and liabilities, are not based on observable market data.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 16 - OTHER DEPOSITS

	December 31, 2023	December 31, 2022
Deposits of Treasury and public (*)	983,018,846	839,685,079
Deposits by citizens abroad (**)	5,284,712	6,551,783
Deposits of state-owned funds and financing institutions	7,267,527	4,796,009
Total	**995,571,085**	**851,032,871**

(*) Deposits by citizens abroad are demand deposits TL 646,164,212 (December 31, 2022: TL 255,699,412) of deposits of government related institutions including Treasury are interest bearing and remaining is non-interest bearing. In addition, as of December 31, 2023, the Treasury has gold deposits equivalent to TL 97,814,261 (December 31, 2022: TL 89,959,711).

(**) Deposits which belongs to citizens abroad are demand deposits.

The breakdown of deposits by citizens abroad by currency type and related interest rates are as follows:

	December 31, 2023		December 31, 2022	
	Interest rate (%)	TL	Interest rate (%)	TL
EUR	-	4,970,255	-	6,172,323
USD	-	184,024	-	252,491
CHF	-	123,512	-	120,113
GBP	-	6,768	-	6,698
Other	-	153	-	158
Total		**5,284,712**		**6,551,783**

NOTE 17 - DUE TO INTERNATIONAL ORGANIZATIONS

Due to IMF denominated in SDR is included under due to international organizations. Due to international organizations includes borrowings related to Türkiye's IMF quota for the year ending December 31, 2023 and 2022. The balance also includes amount due to Africa Development Bank. As of December 31, 2023 and 2022, borrowings related to Türkiye's IMF quota are non-interest bearing with no stated maturity.

All borrowings from the IMF are guaranteed by promissory notes which have been co-signed by the Turkish Government.

As of February 18, 2016, the country quota of Türkiye increased by SDR 3,202,800,000 reaching SDR 4,658,600,000.

NOTE 18 - OTHER BORROWED FUNDS

	December 31, 2023	December 31, 2022
Funds borrowed from interbank money market	370,727,510	25,391,207
Open market transactions	119,130	659,362
Total	**370,846,640**	**26,050,569**

NOTE 19 - OTHER LIABILITIES

	December 31, 2023	December 31, 2022
Swap transaction fair value differences	2,657,813	-
Foreign money transfers with future value date	2,130,913	3,013,127
Taxes and withholdings payable	2,576,678	1,237,244
Import transfer orders and deposits	560,965	144,995
Expense accruals	82,756	42,345
Bills and money transfer payables	17,761	15,306
Payables from forward foreign currency sales	-	923,552
Other	147,023,052	25,019,943
Total	**155,049,938**	**30,396,512**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 20 - TAXATION

	December 31, 2023	December 31, 2022
Corporate tax liability	-	35,178,147
Prepaid taxes	(3,790,480)	(30,169,727)
Tax liability / (asset) - net	**(3,790,480)**	**5,008,420**

Corporate Tax

The Bank is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Bank's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The corporate tax rate in 2023 is 30% (2022: 25%).

Corporate earnings are subject to 20% corporate tax. However, the corporate tax rate which is 20% pursuant to the temporary article 13 added to the Corporate Tax Law; It has been determined as 23% for corporate earnings for 2022 and 2023. Pursuant to the amendment made in Article 32 of the Corporate Tax Law with the Law No. 7394 published in the Official Gazette dated April 15, 2022, and numbered 31810, the corporate tax rate shall start from the declarations that must be submitted as of July 1, 2022 and shall apply to the taxation period starting from January 1, 2022. It has been determined as 25% to be valid for corporate earnings. In addition, with the Law No. 7417 "Law on the Amendment of the Law on Civil Servants and Certain Laws and the Decree Law No. 375", the effective article of the 25% rate determined within the scope of Law No. 7394 has been amended, and thus, the relevant regulation has been made that 25% corporate tax will be calculated on the corporate income of the above-mentioned banks and financial institutions for the taxation period of 2023 and the following periods. With the latest regulation on corporate tax rates, the general corporate tax rate was increased from 20% to 25% and the corporate tax rate for financial institutions was increased from 25% to 30% within the scope of the "Law No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375". The aforementioned article enters into force on the date of its publication, starting from the declarations to be submitted as of October 1, 2023 (3rd Provisional Tax Period).

50% portion of the gains derived from the sale of immovable (from December 5, 2017) which have been acquired due to loans under follow up from the Bank and 75% portion of participation shares, founder's shares, dividend shares and pre-emption rights is tax exempt. 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the immovable properties held for at least two years are exempt from corporate taxation, providing that such gains are added to paid-in share capital or held in a special fund account under liability for 5 years. In addition, within the scope of the "Law No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375", the Corporate Tax exemption (Corporate Tax Law 5/1-e) on the sales gains of immovable properties held in assets for at least 2 years has been repealed. However, for the immovables acquired before the publication date of the Law (for the immovables in the assets of the institutions before July 15, 2023), the exemption rate will be applied as 25% for the gains obtained.

In Türkiye, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2023 is 30% (2022: 25%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 20 - TAXATION (Continued)

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

For the years ended December 31, 2023 and 2022, income taxes are summarized as follows;

	2023	2022
- Corporate tax	-	43,013,819
- Deferred tax expense / (income)	(133,705,931)	(132,382,877)
Tax expense/(income)	**(133,705,931)**	**(89,369,058)**

Deferred tax

The Bank recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 30% (2022: 25%) is used.

As of December 31, 2023, no deferred tax asset has been recognized over the 2023 loss. This right will expire in 2028.

The breakdown of such cumulative temporary differences and deferred tax assets/(liabilities) at December 31, 2023 and 2022 by using enacted tax rates are as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Retirement benefit obligations	798,606	782,156	239,582	195,539
Turkish Lira-settled foreign exchange account	505,156	-	151,547	-
Foreign exchange commitment	148,781,550	25,408,164	44,634,465	6,352,041
Valuation account (*)	817,762,330	541,340,986	244,087,302	135,335,246
Fair value differences of swap transactions	(60,662,237)	(27,875,020)	(18,198,701)	(6,968,754)
Difference between tax base and carrying value of tangible and intangible assets	(15,013,408)	(9,023,268)	(4,504,022)	(2,255,817)
Fair value differences of financial assets	(9,214,123)	(8,834,348)	(691,059)	(552,147)
Foreign exchange transactions with forward value date	-	(924)	-	(231)
Other	158,598	165,226	46,346	41,307
Net Deferred Tax Assets	**883,116,472**	**521,962,972**	**265,765,460**	**132,147,184**

(*) In accordance with the 61st article of the CBRT Law amended with the Law No:6009 on July 23, 2010, in the event of a change in the value of the Turkish currency against the foreign currencies and a change in the gold prices in the international markets, the unrealized gains and losses arising from the revaluation of gold, foreign currency and other assets and liabilities of the Bank those are originated in foreign currencies are classified into "Valuation Account" which is a transitory account on the statutory balance sheet. The Valuation Account is not taken into account as income and expense in the determination of corporate tax base. Realized foreign exchange differences originated from foreign currency sales and purchase transactions are reflected to the income statement at the date of transaction.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 20 - TAXATION (Continued)

The movement of deferred tax assets/(liabilities) during the period is summarized below:

	2023	2022
Balance at January 1	132,147,184	(764,027)
Deferred tax recognized in statement of profit or loss, net	133,705,931	132,382,877
Deferred tax recognized in the OCI	(87,655)	528,334
Balance at December 31	**265,765,460**	**132,147,184**

The reconciliation for taxation charge is stated below:

	%	2023	%	2022
Profit / (loss) before tax		**(1,269,437,515)**		**(461,653,803)**
Theoretical tax charge calculated at the corporate tax rate	(30)	380,831,255	(25)	115,413,451
Unused tax losses		(245,771,207)		-
Tax-exempt income/non-deductible expenses, net		(458,318)		3,859,438
Tax effect of TPL inflation accounting		2,465,167		-
The effect of change in tax rate		4,028,878		-
Other/Inflation effect		(7,389,844)		(29,903,831)
Tax expense/(income)		**133,705,931**		**89,369,058**

NOTE 21 - RETIREMENT BENEFIT OBLIGATIONS

Under Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated. In addition, according to the Article 60 that has been changed and the laws numbered 4447, dated August 25, 1999 and numbered 2422, dated March 6, 1981 of the Social Security Law still in force, numbered 506, the employees who are entitled to leave the work by receiving termination benefits are required to pay statutory termination benefits. Some transitional provisions related to the pre-conditions of the retirement were removed from the law with the amendment on May 23, 2002.

As of December 31, 2023, the amount payable consists of one month's salary limited to a maximum of TL 23,490 (full) (December 31, 2022: TL 15,371 (full)) for each year of service.

The liability is not funded, as there is no funding requirement. The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. IAS 19 ("Employee Benefits") states that, the Bank's obligations are developed within the framework of defined benefit plans by using the actuarial valuation method. The provisions at the respective balance sheet dates have been calculated based on the following actuarial assumptions:

	December 31, 2023	December 31, 2022
Discount rate (%)	1.28	1.28
Rate to estimate the probability of retirement (%)	99	99

As the maximum liability is revised semi-annually, the maximum amount of TL 23,490 (full) effective from July 1, 2023 (July 1, 2022: TL 15,371 (full)), has been taken into consideration in calculating the reserve for the retirement benefit obligation of the Bank.

Movement in the retirement benefit obligation recognized in the financial statements is as follows:

	2023	2022
Balance at January 1	**782,157**	**626,992**
Interest and service cost	331,767	497,543
Paid during the year	(7,849)	(23,808)
Inflation effect	(220,645)	(318,570)
Balance at December 31	**885,430**	**782,157**

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 22 - NET INTEREST INCOME

	2023	2022
Interest income:		
Interest from financial assets at fair value through profit or loss	213,542,833	205,855,724
Interest received from loans and advances given to customers	47,039,979	18,102,434
Interest received from banks	46,784,439	9,958,338
Interest from securities purchased under agreements to resell	15,984,258	63,697,429
Interest from interbank money market transactions	7,199,360	22,444,449
Total	**330,550,869**	**320,058,374**
Interest expense:		
Interest paid to Treasury (**)	90,153,572	29,146,179
Interest paid to banks (*)	38,045,218	16,706,488
Interest paid to the interbank money market transactions	14,613,062	1,454,584
Interest paid to IMF	8,287,830	2,904,755
Interest paid to financial assets at fair value through profit or loss	680,679	1,376,408
Interest paid to securities sold under agreements to repurchase	423,627	24,154
Total	**152,203,988**	**51,612,568**
Net interest income	**178,346,881**	**268,445,806**

(*) The deposits of the banking sector consist of two-day notice foreign currency deposits, TL demand deposits and reserve deposits. Interest has been paid for the required reserves since November 3, 2014. Also, interest has been started to be paid for the foreign currency required reserves since May 5, 2015. However, since September 19, 2019, interest payments to foreign currency required reserve is abolished.

(**) According to article 41 of the CBRT Law, deposits of the public institutions are non-interest bearing except for the deposits of the Treasury. With the amendment in article 41 of CBRT Law numbered 1211 as of February 13, 2011, principles and procedures about charging interest on deposits of Treasury in custody of the Bank are decided to be determined jointly by the Bank and the Treasury. Within this scope, protocol between the Bank and the Treasury which is entitled as "Principles and Procedures about Charging Interest on Deposits of the Republic of Türkiye Ministry of Finance and Treasury in Custody of the Central Bank of Republic of Türkiye" is signed as of October 12, 2011 and the interest is started to be charged on the deposits of Treasury in custody of the Bank.

NOTE 23 - NET FEE AND COMMISSION INCOME

	2023	2022
Fee and commission income:		
Foreign currency required reserve commission income (****)	23,583,236	28,156,011
EFT commission income	3,628,833	2,327,506
Commissions accrual due from Treasury (***)	2,403,871	2,158,866
Gold custody fee	312,101	286,454
Commissions charged from the bank teller operations center	280,029	214,983
Commissions from foreign exchange and effective market transactions	12,936	4,106
Other	273,268	85,147
Total	**30,494,274**	**33,233,073**
Fee and commission expense:		
Correspondent bank accounts	8,410	14,701
Other	290,451	294,612
Total	**298,861**	**309,313**
Net fee and commission income	**30,195,413**	**32,923,760**

(***) With the decision of the Board of the Bank numbered 9525/19124 and dated October 4, 2011, Tariffs Regulations has been amended. According to these amendments, starting from October 12, 2011, commissions, charges and fees have been started to be collected from the Treasury due to the transactions with the public administrations within the scope of overall budget.
(****) Between January 24, 2020 – November 27, 2020, commission was received on foreign currency required reserves. The application for receiving commissions has started again as of the required reserves dated December 24, 2021.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 24 - DIVIDEND INCOME

	2023	2022
From financial assets at fair value through other comprehensive income	86,911	92,632
Total	**86,911**	**92,632**

NOT 25 – PROFIT/ (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS

	2023	2022
Profit/(loss) from derivatives	(1,226,928,774)	(150,507,222)
Profit/(loss) from trading securities and increase/(decrease) in value	(92,297,344)	29,629,048
Gold trading profit/(loss)	120,417,146	(208,374)
Total	**(1,198,808,972)**	**(121,086,548)**

NOTE 26 - FOREIGN EXCHANGE GAINS/(LOSSES), NET

	2023	2022
Foreign exchange gain/(loss), net		
- translation gain/(loss), net(*)	(1,036,154,297)	(959,474,130)
- transaction gain, net	(149,939,810)	11,654,113
Total	**(1,186,094,107)**	**(947,820,017)**

(*) As of December 31, 2023, and 2022, translation gain/(loss) include the unrealized foreign exchange gain/(loss).

NOTE 27 - OTHER OPERATING EXPENSES

	2023	2022
Administrative expenses	5,017,199	2,574,801
Wages and salaries	4,880,364	4,578,812
Social security costs	885,410	789,534
Depreciation and amortization (Notes 11 and 12)	412,229	425,590
Other	7,263	2,328,100
Total	**11,202,465**	**10,696,837**

The average number of personnel employed by the Bank during the year 2023 is 3,875 (2022: 3,775).

NOTE 28 - COMMITMENTS AND CONTINGENT LIABILITIES

	December 31, 2023	December 31, 2022
Guarantees received	1,141,253,668	1,149,666,928
BIS shares call option (Note 9)	1,188,513	1,234,536
Total	**1,142,442,181**	**1,150,901,464**

As of December 31, 2023, there are several legal proceedings outstanding against the Bank amounting to TL 10,449 and EUR 55,535 (full amount), USD 18,370 (full amount) (December 31, 2022: TL 10,087 and EUR 37,318 (full amount). The bank has not provided any provision in financial tables since the professional opinion states that probability of a significant loss from mentioned litigations.

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 29 - SHARE CAPITAL

The shareholder structure of the Bank as of December 31, 2023 and 2022 is as follows:

	December 31, 2023		December 31, 2022	
	TL	**Share %**	**TL**	**Share %**
Treasury	14	55	14	55
T.C. Ziraat Bankası A.Ş.	5	19	5	19
MERVAK İç ve Dış Ticaret A.Ş.	1	5	1	5
Türkiye Garanti Bankası A.Ş.	1	2	1	2
Türkiye İş Bankası A.Ş.	1	2	1	2
Other	3	17	3	17
Paid-in share capital	**25**	**100**	**25**	**100**
Inflation adjustment on paid-in share capital	719,532		719,532	
Total paid-in share capital	**719,557**		**719,557**	

According to 5th article of the CBRT Law, the capital of the Bank is TL 25 thousand and is divided into 250,000 shares, with a value of TL 0.1 each. The capital may be increased with the approval of the Turkish Government, the shares are divided into (A), (B), (C), and (D) shares. The (A) group shares belong solely to the Turkish Treasury while (B) shares belong to national banks, (C) shares belong to banks other than the national banks and to companies possessing certain privileges and (D) shares belong to Turkish commercial institutions and to legal and real persons of Turkish nationality. Class A shares are exclusively owned by the Treasury and Class A shares may not fall below 51% of the capital.

6% of the Bank's annual net profit is transferred to the shareholders as the first shareholder share, 5% of the remaining amount is transferred to the employees on condition that it does not exceed the two-month salary amount, and 10% to the reserve fund. With the decision of the General Assembly over the nominal amount of the shares, the remaining amount is transferred to the Treasury after the second dividend of maximum 6% is distributed.

TL 7,419,058 (unadjusted in accordance with IAS 29) of the reserves set aside from the profit of 2021 was distributed as part of the profit of 2022 in accordance with the decision taken at the Ordinary General Assembly Meeting of the Bank's Shareholders held on March 28, 2023.

NOTE 30 - RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings other than the reserve funds included in the statuary financial statements can be distributed to employees, the Treasury and other shareholders in accordance with the limitations regarding reserve funds specified below, pursuant tor he CBRT Law.

The distribution of the profit after tax of the Bank is as follows:

i) 6% over the nominal value of the equity shares to the shareholders as an initial dividend.

ii) After deducting the above-stated percentages a maximum of 5% of the remaining amount; so as not to exceed two months salaries; to the Bank personnel and 10% percent to the extraordinary reserves.

iii) Subject to the decision of the General Assembly a maximum of 6% over the nominal value of the equity shares to the shareholders as the secondary dividend.

The balance remaining after this distribution is transferred to the Treasury. Except for the reserves set aside from the prior year's profit, the accumulated reserves can be distributed each year by participating in the profit.

Bank's other reserves consists of reserve fund amounting to TL 31,919,750 (December 31, 2022: TL 26,762,449).

(Amounts are expressed in thousand TL on the basis of purchasing power of thousand Turkish lira ("TL") as of December 31, 2023 unless otherwise stated.)

NOTE 31 - CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash	103,773,389	295,905,474
Due from banks (excluding accrued interest)	2,527,522,258	2,371,775,930
Total	**2,631,295,647**	**2,667,681,404**

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS

These financial statements include the following related party balances and transactions.

(i) Balances with related parties

Balances with related parties represent balances with shareholders and state-controlled entities.

	December 31, 2023	December 31, 2022
Assets:		
Financial assets measured at fair value through profit or loss [1]	159,913,236	248,892,555
Due from banks [2]	4,666,667	216,577,168
Liabilities:		
Due to banks [3]	2,146,290,205	1,807,244,466
Other deposits [4]	983,198,047	839,996,361

(1) Includes government bonds and lease certificates issued by Treasury.
(2) Includes receivables from shareholders as part of securities purchased under agreements to resell and interbank foreign currency transactions.
(3) Includes required reserve deposits of shareholders.
(4) Includes deposits of state-controlled entities, Treasury deposits and Treasury gold deposits.

(ii) Transactions with related parties

	2023	2022
Salaries and other benefits to key management	36,758	44,634
Interest income [1]	34,090,551	49,880,412
Interest expense [2]	76,491,516	39,621,248
Fee and commission income [3]	3,064,601	3,761,998
Dividends paid to shareholders	32,618,415	97,532,699
Paid to Treasury	7,419,058	15,287,086
Dividends paid to employees	14	29,465

(1) Includes interest income of government bonds issued by Treasury.
(2) Includes interest expense paid on deposits of shareholders.
(3) Includes Electronic Fund Transfer commissions from shareholders of the Bank and commission and charges due from Treasury and state-controlled entities.

NOTE 33 – SUBSEQUENT EVENTS

None.