

**THE CENTRAL BANK OF THE  
REPUBLIC OF TÜRKİYE**

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

**(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 Türkiye

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Central Bank of Republic of Türkiye (the “Bank”), which comprise the balance sheet as at 31 December 2023, and the statement of 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 at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Law of the Central Bank of the Republic of Türkiye and related legislation (Note I. A. (2)).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (“ISA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. Regarding the independent audit of financial statements, we declare that we are independent from the Bank in accordance with the Code of Ethics for Professional Accountants published by the International Ethical Standards (“Code of Ethics”) Board for Professional Accountants, as well as the ethical rules applicable in Turkey for the independent audit of financial statements. In accordance with the provisions, 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**

The financial statements of the Bank for the year ended 31 December 2022 have been audited by another auditor who expressed an unqualified opinion on those financial statements on 27 February 2023.

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

The Bank management is responsible for the preparation of financial statements in accordance with the Central Bank of the Republic of Türkiye Law and relevant legislation (Note I.A. (2)), and for such internal control as management determines is necessary to enable the preparation of the 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, 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.

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

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



Erdem Taş  
Partner

28 March 2024

**THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE**  
**BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022**

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

	Notes (Section II)	Audited 31.12.2023	Audited 31.12.2022
<b>1 GOLD RESERVES</b>	<b>1</b>	<b>1,417,869,832</b>	<b>857,249,028</b>
1.1 International Standards		1,417,869,832	857,249,028
<b>2 FOREIGN CURRENCY BANKNOTES</b>		<b>103,684,060</b>	<b>179,560,204</b>
<b>3 FOREIGN CORRESPONDENTS</b>	<b>2</b>	<b>2,621,255,025</b>	<b>1,371,134,245</b>
3.1 Foreign Currency Securities		104,784,380	120,149,710
3.2 Deposit		453,568,530	164,704,488
3.3 Other		2,062,902,115	1,086,280,047
<b>4 RESERVE TRANCHE POSITION</b>	<b>10</b>	<b>4,472,360</b>	<b>2,816,499</b>
<b>5 SECURITIES PORTFOLIO</b>	<b>3</b>	<b>159,913,236</b>	<b>151,051,857</b>
5.1 Government Domestic Debt Securities		159,312,133	150,709,204
5.2 Other		601,103	342,653
<b>6 RECEIVABLES FROM MONETARY POLICY OPERATIONS</b>	<b>3</b>	<b>9,443,643</b>	<b>190,308,403</b>
6.1 Open Market Operations		3,519,175	146,055,499
6.2 Interbank Money Market Operations		1,510,011	37,713,249
6.3 Other		4,414,457	6,539,655
<b>7 DOMESTIC CORRESPONDENTS</b>	<b>4</b>	<b>4,058,291</b>	<b>3,802,186</b>
<b>8 LOANS</b>	<b>5</b>	<b>445,441,585</b>	<b>263,421,905</b>
8.1 Domestic Loans		445,174,833	263,252,472
8.1.1 Discount Loans		358,966,157	234,250,033
8.1.2 Other Loans		86,208,676	29,002,439
8.2 Foreign Loans		266,752	169,433
<b>9 EQUITY PARTICIPATIONS</b>	<b>6</b>	<b>9,997,241</b>	<b>5,889,960</b>
<b>10 TREASURY LIABILITIES DUE TO SDR ALLOCATION</b>	<b>10</b>	<b>219,335,649</b>	<b>138,268,530</b>
<b>11 FIXED ASSETS (NET)</b>	<b>7</b>	<b>1,501,756</b>	<b>1,148,976</b>
<b>12 LOANS UNDER LEGAL FOLLOW-UP (NET)</b>	<b>5</b>	<b>-</b>	<b>-</b>
12.1 Loans Under Legal Follow-Up		47,018,243	29,711,063
12.2 Provision for Loans Under Legal Follow-Up (-)		(47,018,243)	(29,711,063)
<b>13 DEFERRED TAX ASSET</b>	<b>14</b>	<b>2,002,653</b>	<b>-</b>
<b>14 VALUATION ACCOUNT</b>	<b>15</b>	<b>817,762,330</b>	<b>328,537,596</b>
<b>15 LOSS FOR THE YEAR</b>		<b>818,182,864</b>	<b>-</b>
<b>16 OTHER ASSETS</b>	<b>8</b>	<b>288,915,418</b>	<b>81,873,304</b>
16.1 Gold Reserve in Non-International Standards	<b>1</b>	5,528,640	3,085,875
16.2 Coins		89,329	23,599
16.3 Income Accruals		1,998,880	859,175
16.4 Other		281,298,569	77,904,655
<b>TOTAL ASSETS</b>		<b>6,923,835,943</b>	<b>3,575,062,693</b>

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

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022

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

	Notes (Section II)	Audited 31.12.2023	Audited 31.12.2022
<b>1 CURRENCY IN CIRCULATION</b>	<b>9</b>	<b>448,822,892</b>	<b>341,798,643</b>
<b>2 PAYABLES DUE TO MONETARY POLICY OPERATIONS</b>	<b>3</b>	<b>370,846,640</b>	<b>15,809,982</b>
2.1 Open Market Operations		119,130	400,164
2.2 Interbank Money Market Operations		370,727,510	15,409,818
2.3 Liquidity Bills		-	-
2.4 Other		-	-
<b>3. DEPOSITS</b>	<b>11</b>	<b>5,031,017,453</b>	<b>2,774,018,103</b>
3.1 Public Sector		983,018,846	509,601,387
3.1.1 Treasury, General and Annexed Budget Administrations		982,800,690	509,525,735
3.1.1.1 Cash		884,986,429	454,929,560
3.1.1.2 Gold		97,814,261	54,596,175
3.1.2 Other		218,156	75,652
3.2 Banking Sector		4,035,132,437	2,257,283,606
3.2.1 Domestic Banks		1,969,070,182	881,579,556
3.2.1.1 Cash		1,916,626,307	726,203,484
3.2.1.2 Guarantees		26,386,595	137,667,784
3.2.1.2.1 Cash		26,386,595	137,667,784
3.2.1.2.2 Gold		-	-
3.2.1.3 Gold		26,057,280	17,708,288
3.2.2 Foreign Banks		666,678,656	432,625,775
3.2.3 Reserve Requirements		1,399,383,599	943,078,275
3.2.3.1 Cash		1,186,907,876	771,515,462
3.2.3.2 Gold		212,475,723	171,562,813
3.2.4 Other		-	-
3.3 Other Deposits		12,866,170	7,133,110
3.3.1 Foreign Exchange Deposits By Citizens Abroad		5,181,219	3,912,905
3.3.2 International Institutions		417,424	309,527
3.3.3 Funds		179,201	188,916
3.3.4 Other		7,088,326	2,721,762
<b>4 FOREIGN CORRESPONDENTS</b>	<b>17</b>	<b>670,519,355</b>	<b>165,822,662</b>
4.1 Cash		611,960,021	165,822,662
4.2 Gold		58,559,334	-
<b>5 RESERVE TRANCHE POSITION</b>	<b>10</b>	<b>4,472,360</b>	<b>2,816,499</b>
<b>6 SDR ALLOCATION</b>	<b>10</b>	<b>219,335,649</b>	<b>138,268,530</b>
<b>7 TAX LIABILITY</b>	<b>14</b>	<b>2,576,678</b>	<b>22,317,855</b>
7.1 Taxes Payable		2,576,678	22,103,174
7.2 Deferred Tax Liabilities		-	214,681
<b>8 PROVISIONS</b>	<b>13</b>	<b>1,128,486</b>	<b>717,744</b>
<b>9 SHARE CAPITAL AND LEGAL RESERVES</b>	<b>12</b>	<b>9,710,482</b>	<b>7,799,460</b>
9.1 Paid-in Share Capital		25	25
9.2 Adjustment to Paid-in Share Capital		46,209	46,209
9.3 Legal Reserves		9,664,248	7,753,226
<b>10 PROFIT FOR THE YEAR</b>		<b>-</b>	<b>72,021,888</b>
<b>11 OTHER LIABILITIES</b>	<b>16</b>	<b>165,405,948</b>	<b>33,671,327</b>
11.1 Non-International Standard Treasury Gold		-	-
11.2 Letter of Credits		560,965	87,997
11.3 Expense Accruals		1,606,688	660,435
11.4 Other		163,238,295	32,922,895
<b>TOTAL LIABILITIES</b>		<b>6,923,835,943</b>	<b>3,575,062,693</b>

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

**THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

	Notes	Audited	Audited
	(Section III)	01.01- 31.12.2023	01.01-31.12.2022
<b>I - INTEREST INCOME</b>	<b>1</b>	<b>286,203,668</b>	<b>166,619,107</b>
<b>II - INTEREST EXPENSE</b>	<b>2</b>	<b>(132,704,600)</b>	<b>(26,892,216)</b>
<b>III - NET INTEREST INCOME/(EXPENSE)</b>		<b>153,499,068</b>	<b>139,726,891</b>
<b>IV - NET COMMISSION AND SERVICE INCOME</b>		<b>23,165,250</b>	<b>18,453,429</b>
- Commission and Service Income		23,406,154	18,615,352
- Commission and Service Expense		(240,904)	(161,923)
<b>V - NON-INTEREST INCOME</b>	<b>3</b>	<b>244,869,771</b>	<b>61,810,163</b>
<b>VI - NON-INTEREST EXPENSE</b>	<b>4</b>	<b>(1,242,290,258)</b>	<b>(126,688,790)</b>
<b>VII- PROFIT BEFORE TAX {III+IV+V-VI}</b>		<b>(820,756,169)</b>	<b>93,301,693</b>
<b>VIII - TAX EXPENSE</b>	<b>Note 14</b>		
	<b>(Section II)</b>	<b>2,573,305</b>	<b>(21,279,805)</b>
- Tax provision		-	(21,352,296)
- Deferred Tax Income/(Expense)		2,573,305	72,491
<b>IX - NET PROFIT FOR THE YEAR {VII-VIII}</b>		<b>(818,182,864)</b>	<b>72,021,888</b>

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

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## STATEMENT OF OFF-BALANCE SHEET ACCOUNTS AS OF DECEMBER 31, 2023 AND 2022

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

OFF-BALANCE SHEET ACCOUNTS	December 31, 2023				December 31, 2022			
	TL	FC (Original Currency) (Thousand)	FC (TL Equivalent) (Thousand)	Unit (Thousand)	TL	FC (Original Currency) (Thousand)	FC (TL Equivalent) (Thousand)	Unit (Thousand)
<b>A. Securities in Custody</b>	<b>928,988,986</b>	<b>54,154</b>	<b>510,194</b>	<b>24</b>	<b>475,803,618</b>	<b>189,299</b>	<b>873,675</b>	<b>23</b>
1. Marketable Securities in Custody – Free	869,317,777	14,864	437,564	-	409,264,040	38,743	749,081	-
2. Deal Securities Government Debt Security Depot of Savings	2,777,915	-	-	8	5,555,818	-	-	8
3. Deposits Insurance Fund, Exempt from Income Tax	56,893,294	-	-	-	60,983,760	-	-	-
4. Other	-	39,290	72,630	16	-	150,556	124,594	15
<b>B. Guarantees Received</b>	<b>986,684,396</b>	<b>5,810,137</b>	<b>154,569,272</b>	<b>211</b>	<b>543,389,020</b>	<b>26,502,614</b>	<b>154,339,064</b>	<b>211</b>
1. Bonds as Market Operations Guarantees	476,505,372	2,746,266	81,251,609	-	322,201,449	22,200,958	74,187,146	-
2. Other	510,179,024	3,063,871	73,317,663	211	221,187,571	4,301,656	80,151,918	211
<b>C. Obsolete and Reserve Banknotes</b>	<b>237,121,419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,573,384</b>	<b>-</b>	<b>-</b>	<b>-</b>
1. Reserve Banknotes - Head Office	76,776,000	-	-	-	27,571,820	-	-	-
Reserve Banknotes – Branches, Banknotes Depots and Other								
2. Units	160,344,979	-	-	-	106,001,201	-	-	-
3. Obsolete Banknotes – Branches, Banknotes Depots and Other								
Units	440	-	-	-	363	-	-	-
<b>D. Other</b>	<b>6,000,358,927</b>	<b>1,382,446,246</b>	<b>4,761,859,768</b>	<b>229,131</b>	<b>2,427,671,939</b>	<b>1,317,032,389</b>	<b>1,689,019,099</b>	<b>1,401,314</b>
1.(*). Bank Treasury Bonds Portfolio and Security Depots Received								
Through Repo Transactions	197,810,330	-	-	-	168,046,949	-	-	-
2. Customer Transactions Portfolio – Takasbank and MKK	391,431,654	-	-	-	243,121,503	-	-	-
3. Other	5,411,116,943	1,382,446,246	4,761,859,768	229,131	2,016,503,487	1,317,032,389	1,689,019,099	1,401,314
<b>E. Unpublished Marketable Securities Depots in Electronic Marketable Security Transfer Recording</b>	<b>2,365,738,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,348,249,573</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B+C+D+E)</b>	<b>10,518,892,312</b>	<b>1,388,310,537</b>	<b>4,916,939,234</b>	<b>229,366</b>	<b>4,928,687,534</b>	<b>1,343,724,302</b>	<b>1,844,231,838</b>	<b>1,401,548</b>

(\*) These are the nominal values of assets purchased through repo.

The balances presented in the Off -Balance Sheet Commitments table consist of securities expressed in TL, foreign currency, and units. TL and foreign currency securities are expressed in terms of the original amount of currency of their nominal values; blank letter of credits, letter of credits that account owners entrust for maintenance, gold and silver medallions and badges of service award, banknote samples, specimen catalogues, cheques with unknown costs are expressed in terms of units.

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



**THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

	Share Capital	Capital Reserves Due to Inflation Accounting	Legal Reserves	Equity Participations Value Increase Fund (*)	Retirement Pay Actuarial (Loss) / Gain (*)	Retained Earnings/ (Accumulated Deficit) (*)	Net Profit for the Year	Total Shareholders' Equity
<b>Balance at January 1, 2022</b>	<b>25</b>	<b>46,209</b>	<b>4,638,425</b>	<b>3,765,418</b>	<b>2,490</b>	<b>57,509,478</b>	<b>-</b>	<b>65,962,045</b>
Fair Value Increase /(Decrease) in Equity Participations	-	-	-	1,261,288	-	-	-	1,261,288
<u>Profit Distribution</u>								
Dividends	-	-	-	-	-	(50,053,119)	-	(50,053,119)
- Treasury	-	-	-	-	-	(50,038,000)	-	(50,038,000)
- Other Shareholders	-	-	-	-	-	(3)	-	(3)
- Employees	-	-	-	-	-	(15,116)	-	(15,116)
Transferred to Equity Reserves	-	-	7,419,058	-	-	(7,419,058)	-	-
Paid to Treasury	-	-	(4,304,257)	-	-	-	-	(4,304,257)
Net Profit for the Year	-	-	-	-	-	-	72,021,888	72,021,888
<b>Balance at December 31, 2022</b>	<b>25</b>	<b>46,209</b>	<b>7,753,226</b>	<b>5,026,706</b>	<b>2,490</b>	<b>37,301</b>	<b>72,021,888</b>	<b>84,887,845</b>
<b>Balance at January 1, 2023</b>	<b>25</b>	<b>46,209</b>	<b>7,753,226</b>	<b>5,026,706</b>	<b>2,490</b>	<b>72,059,189</b>	<b>-</b>	<b>84,887,845</b>
Fair Value Increase /(Decrease) in Equity Participations	-	-	-	3,496,357	-	-	-	3,496,357
<u>Profit Distribution:</u>								
Dividends	-	-	-	-	-	(32,618,429)	-	(32,618,429)
- Treasury	-	-	-	-	-	(32,618,412)	-	(32,618,412)
- Other Shareholders	-	-	-	-	-	(3)	-	(3)
- Employees	-	-	-	-	-	(14)	-	(14)
Transferred to Equity Reserves	-	-	39,330,080	-	-	(39,330,080)	-	-
Paid to Treasury	-	-	(7,419,058)	-	-	-	-	(7,419,058)
Other (**)	-	-	(30,000,000)	-	-	-	-	(30,000,000)
Net Profit for the Year	-	-	-	-	-	-	(818,182,864)	(818,182,864)
<b>Balance at December 31, 2023</b>	<b>25</b>	<b>46,209</b>	<b>9,664,248</b>	<b>8,523,063</b>	<b>2,490</b>	<b>110,680</b>	<b>(818,182,864)</b>	<b>(799,836,149)</b>

(\*) Presented within other liabilities in balance sheet. (Refer to Note II.16)

(\*\*) Following the earthquakes that occurred in Türkiye, the Bank made donations for aid.

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

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## STATEMENTS OF PROFIT DISTRIBUTION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Audited 01.01 - 31.12.2023	Audited 01.01 - 31.12.2022 (*)
<b>A. DISTRIBUTION OF PROFIT FOR THE YEAR</b>		
1. Profit for the Year	(820,756,169)	93,301,693
2. Taxes Payable and Legal Liabilities	-	(21,279,805)
- Corporate Tax (Income Tax)	-	(21,352,296)
- Income Tax Deduction	-	-
- Other Taxes and Legal Liabilities	2,573,305	72,491
<b>NET PROFIT FOR THE YEAR</b>	<b>(818,182,864)</b>	<b>72,021,888</b>
3. Prior Year Profit/(Loss)	110,680	37,301
4. Legal Reserves	-	39,330,080
5. Other Legal Funds	-	-
<b>DISTRIBUTABLE PROFIT FOR THE YEAR</b>		
6. Dividends to Shareholders	-	3
7. Dividends to Employees	-	14
<b>AMOUNT OF PAYABLE TO REPUBLIC OF TÜRKİYE, MINISTRY OF TREASURY AND FINANCE (“TREASURY”) ACCORDING TO THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE (“CBRT”) LAW NO. 1211</b>		
	-	<b>32,618,412</b>

(\*) In accordance with the decision taken at the Ordinary General Assembly meeting of the Central Bank of the Republic of Türkiye held on March 28, 2023, within the framework of the relevant legislation, a profit distribution of TL 32,618,429 was made and it was decided that the entire reserve fund of TL 7,419,058 allocated from the 2021 profit would be added to the profit and distributed to the shareholders. 6% of the Bank's annual net profit is transferred to the shareholders as the first dividend, 5% of the remaining amount is transferred to the employees, provided that it does not exceed two months' salary, and 10% is transferred to the reserve fund. After the second dividend is distributed at a maximum rate of 6% based on the nominal amount of the shares by the decision of the General Assembly, the remaining amount is transferred to the Treasury.

**THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE**  
**STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED**  
**DECEMBER 31, 2023 AND 2022**

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

	Notes (Section II. III. IV)	Audited 01.01-31.12.2023	Audited 01.01-31.12.2022
<b>Cash flows (used in) / from operations</b>			
Net profit for the year		(818,182,864)	72,021,888
<b>Adjustments:</b>			
Depreciation of fixed assets and amortization expenses	III. 4	174,352	114,778
Retirement pay provision	II. 13	427,269	255,259
Net interest income		(153,499,068)	(139,726,891)
Dividend income	III. 3	-	-
Net commission income		(23,165,250)	(18,453,429)
Tax expense/(income)	II. 14	(2,573,305)	21,279,805
(Increase)/decrease in value of financial assets, net		73,568,499	(32,172,736)
Other		154,317,269	23,955,379
<b>Cash flows from operating income before changes in operating assets and liabilities</b>		<b>(768,933,098)</b>	<b>(72,725,947)</b>
<b>Changes in operating assets and liabilities:</b>			
Changes in gold reserves		(293,302,602)	(221,708,658)
Changes in marketable securities		(102,957,906)	(57,441,028)
Net change in loans and advances given		(203,988,136)	(183,679,862)
Net change in other assets		(701,878,991)	(41,956,720)
Net change in currency in circulation		107,024,249	106,421,204
Changes in liabilities due to money market operations		355,036,658	9,797,496
Net change in deposits		2,055,473,453	647,183,788
Net change in other liabilities		190,509,879	(431,785,816)
Taxes paid		(28,488,297)	(47,543,167)
Retirement payments made	II. 13	(16,527)	(12,215)
Interest received		267,836,209	178,379,379
Interest paid		(143,510,935)	(25,423,797)
Commissions received		23,406,154	18,615,352
Commissions paid		(240,904)	(161,923)
Other payments		(30,000,000)	-
<b>Cash flows from operations, net</b>		<b>725,969,206</b>	<b>(122,041,914)</b>
<b>Cash flows related to investments activities</b>			
Fixed asset purchases		(527,360)	(338,721)
Cash generated from fixed asset sales		229	560
Dividend received	III. 3	74,556	46,538
<b>Cash flows used in investments activities, net</b>		<b>(452,575)</b>	<b>(291,623)</b>
<b>Cash flows related to financing activities</b>			
Dividends paid		(32,618,426)	(50,053,119)
Legal reserves paid to Treasury		(7,419,058)	(4,304,257)
<b>Net cash used in financing activities, net</b>		<b>(40,037,484)</b>	<b>(54,357,376)</b>
<b>Effect of changes in exchange rates on cash and cash equivalents</b>		<b>317,891,087</b>	<b>396,750,990</b>
<b>Changes in cash and cash equivalents</b>		<b>1,003,370,234</b>	<b>220,060,077</b>
<b>Cash and cash equivalents at the beginning of the year</b>	IV. 1	<b>1,623,073,963</b>	<b>1,403,013,886</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	IV. 2	<b>2,626,444,197</b>	<b>1,623,073,963</b>

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

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE

#### A. Notes and explanations related to current year

(1) 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.

#### (2) **Detailed explanations of principal accounting policies applied by the Bank:**

The basis of presentation of the financial statements and accounting policies which are integral part of the accompanying financial statements are as follows:

##### i. **Basis of Presentation of the Financial Statements**

The Bank maintains its books of account in accordance with the Turkish Commercial Code numbered 6102, Tax Legislation and Law of the Central Bank of the Republic of Türkiye numbered 1211 (“CBRT Law”) and prepares its financial statements in accordance with the accounting policies below, which are in conformity with the aforementioned legislation. According to the 57th and 58th articles of the Central Bank Law, the accounting period of the Bank is the calendar year. At the end of each calendar year, the Bank submits its balance sheet and income statement to the Presidency of the Republic of Türkiye along with the annual report prior to the General Assembly Meeting and publishes the balance sheet in the Official Gazette.

Public Oversight Accounting and Auditing Standards Authority, on November 23, 2023, made an announcement stating that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after December 31, 2023 must be presented by adjusting them for the effect of inflation in accordance with the relevant accounting principles included in “Turkish Accounting Standard 29 Financial Reporting in Economies with High Inflation” however Institutions or organizations authorized to regulate and supervise their own fields may determine transition dates different from those foreseen above for the implementation of TAS 29. TAS 29 was not applied by the Bank in the financial statements dated December 31, 2023 and no inflation adjustment was made.

*Additional paragraph for convenience translation into English*

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying financial statements. Accordingly, these financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

##### ii. **Accounting Principles**

Significant accounting principles applied in the preparation of the financial statements are as follows:

##### a. **Accounting of Income and Expenses**

Interest income and expense that are calculated by using the effective interest rate method are accounted for on an accrual basis.

The effective interest method is a method of valuing a financial asset or liability at amortized cost and distributing the relevant interest income or expense over the relevant period. The effective interest rate is the rate that exactly reduces the estimated cash sum to be collected over the expected life of the financial instrument or, if appropriate, a shorter period of time, to the net present value of the relevant financial asset or liability.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### a. Accounting of Income and Expenses (Continued)

Commission and service income and expenses collected or paid by the Bank due to its transactions with domestic and foreign banks, Treasury, public administrations within the scope of the general budget and various individuals and organizations are accounted as income and expenses in the period in which they are collected or paid. Income and expense accruals are made for those whose collection or payment will occur in the next period. Commission and service income and expenses are accounted for on an accrual basis or as income or expense in the period in which they are collected or paid, depending on their nature.

The difference between the acquisition costs and fair value of financial assets whose fair value difference is reflected in profit/loss, TL-Settled Foreign Exchange Transactions foreign exchange income/expenses, foreign exchange expense of conversion transactions to Turkish lira deposits and participation accounts, gold and foreign currency purchasing-sale income/expenses and general expenses are followed under non-interest income/expenses.

The average cost method is used to calculate income/expenses for trading of gold and foreign currencies. Interest income/expense arising from money agreements is included in the average cost. The period intervals applied in the average cost system are determined in line with the decision taken by the Bank and are applied prospectively.

Prepaid expenses are recognized as expense in monthly basis in line with the periodicity principle.

In accordance with the article 61 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 TL 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 exchange 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 balance sheet.

The Valuation Account is not considered as income and expense during computation of corporate tax base. Realized foreign exchange gains and losses from foreign currency sales and purchase transactions are reflected to the income statement at the date of transaction.

#### b. Foreign Currency Transactions

The Bank's foreign currency transactions are converted into Turkish Lira over the foreign exchange rates at the date of the transaction. During the preparation of the financial statements, the assets and liabilities in foreign currency accounts are converted into Turkish Lira based on the foreign exchange rates and effective buying rates as of the balance sheet date.

As described in article a. above, according to Article 61 of the Central Bank Law, unrealized foreign exchange gains and losses are presented in “Valuation Account”. In case of realization such gains and losses are transferred to profit or loss accounts.

#### c. Gold Reserves

Gold reserves of the Bank consists of international standards of gold held in the Bank vault, in international banks and in Istanbul Stock Exchange (“BIST”) and non-international standard of gold held in the Bank vault. Gold reserves held abroad for the purpose of reserve management policy are kept in free depots. In addition, gold deposited for reserve requirement establishment by banks and finance companies are followed at banks abroad and BIST. The Bank can make direct buying and selling transactions, gold custody accounts, forward gold deposit transactions, gold equivalent foreign currency and foreign currency equivalent gold swaps, swap transactions for gold with domestic banks, location swaps, physical gold transfer operations and similar transactions for the purpose of gold reserves management.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### c. Gold Reserves (Continued)

Gold is initially recorded with the prices prevailing at the date of acquisition and is valued with fair value in subsequent periods. Fair value is determined on the last business day of the week and month, based on the gold price quoted at the London Bullion market exchange at 10:30 (2023: based on the gold price quoted at the London Bullion market exchange at 10:30) (2023: US Dollars 2,062.40 /2022: US Dollars 1,812.35) and based on 1 ounce being equal to 31.1035 grams, presented on the balance sheet after being converted to Turkish Lira. Fair value changes of gold reserves both arising from changes in price and exchange rates are accounted for as unrealized gains or losses under “Valuation Account” in accordance with the Article 61 of the CBRT Law. Realized gains and losses are transferred to statement of profit or loss.

As of December 31, 2023, gold rate used in the valuation is 60,713.34 TL/ounce (December 31, 2022: TL/ounce 33,887.86).

#### d. Financial Instruments

Turkish Lira and foreign currency securities held for the purpose of liquidity and reserve management are financial assets measured at fair value through profit or loss (“FVTPL”). Financial assets at FVTPL, are subjected to fair value valuation at the end of the month after initial recognition and profit or loss arising from valuation is reflected in profit/loss accounts. Interest earned from holding financial assets at FVTPL is recognized in interest income.

##### ▪ *Securities Portfolio*

The Bank’s securities portfolio consists of securities purchased on Bank’s own behalf in line with the article 52 about open market operations and article 53 about foreign currency operations of the CBRT Law. The securities are initially carried at their cost values including their transaction costs. After the initial recognition, profit or loss arising from revaluation according to their fair value is recognized in profit/loss accounts. Valuation differences between acquisition costs and revalued amounts according to their fair value are reflected to “3. Foreign Correspondents/3.1 Foreign Currency Securities” and “5. Securities Portfolio” captions in the balance sheet.

Fair value of the securities is determined with reference to quoted market prices in BIST; in case the quoted prices are not available fair value is determined using prices declared daily by the Bank and published in the Official Gazette. Foreign securities are valued with fair values determined with reference to quoted market prices in the international markets at the end of the month. Interest accrued during the holding of the securities, are shown as interest income.

##### ▪ *Open Market Operations - Securities Purchased Under Agreements to Resell*

The transactions of domestic currency securities purchased under agreements to resell are carried out by the Bank within the framework of open market operations.

Securities purchased under agreements to resell are accounted for as collateralized loans. Cash receivables originated from the transaction are classified as “6. Receivables Due to Monetary Policy Operations / 6.1 Open Market Operations” in the asset side where the securities received as collateral are classified under the off-balance sheet accounts. Interest income is calculated on an accrual basis using the effective interest method at the end of each month. Interest income generated from the securities purchased under agreements to resell operations at maturity is recorded in the statement of profit or loss.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### d. Financial Instruments (Continued)

##### ▪ *Open Market Operations - Securities Sold Under Agreements to Repurchase*

Securities sold under agreements to repurchase are accounted for as collateralized deposits received by the Bank. Securities given as collateral are classified under “5. Securities Portfolio” in the asset side where the cash that will be paid at the maturity is classified under “2. Payables Due to Monetary Policy Operations / 2.1 Open Market Operations” in the liability side. Interest amount to be paid to the banks are accrued at the end of each month using effective interest method. Interest expense for the securities sold under agreements to repurchase operations at maturity is recorded in the statement of profit or loss.

##### ▪ *Deposits Operations*

###### ○ *Foreign Exchange Deposits Operations Against Turkish Lira Deposits*

Exchange deposits given is classified under “7. Domestic Correspondents” in the asset side and TL deposits received is classified under “2. Payables Due to Monetary Policy Transactions / 2.4 Other” in the liability side. Interest amount collected from exchange deposits and paid to the TL deposits are accrued at the end of each month using effective interest method. Interest income arising from the operations at maturity and interest expense paid for the related operations are recorded in the statement of profit or loss.

###### ○ *Mutual Deposit Operations*

Exchange deposits taken is classified under “3. Deposit / 3.2 Banking Sector / 3.2.1 Domestic Banks / 3.2.1.1 Cash” in the liabilities side, Turkish Lira deposits given is classified under “6. Receivables From Monetary Policy / 6.3 Other” in the assets side. Interest amount collected from TL deposits are accrued at the end of each month using effective interest method. Interest income arising from the operations at maturity operations are recorded in the statement of profit or loss.

##### ▪ *TL Settled Forward Foreign Exchange Sales*

At effective date, TL receivables with foreign exchange sales commitment is recognized under the off-balance sheet items. At the end of months, gains from the increase in value and loss decrease in value are classified under “16. Other Assets / 16.4 Other” / “11. Other Liabilities / 11.4 Other” in the balance sheet. TL payments/collections related to foreign currency exchange rate difference arising from the operations at maturity are recorded in the statement of profit or loss.

For Turkish Lira based forward foreign exchange buy-sell transactions at BIST VIOP, appreciation and depreciation of contracts are reflected daily in statement of profit/loss.

##### ▪ *Swap Transactions*

###### *Bilateral Currency Swap Agreements with Central Banks*

FC debts and TL receivables subjected to the bilateral currency swap agreement are recognized under the off-balance sheet items at value date and classified under “3. Foreign Correspondents / 3.3. Other” in the asset side and “3. Deposits at Bank / 3.2 Banking Sector Deposits / 3.2.2 Foreign Banks in the liability side respectively. Interest collected/paid in the framework of currency swap agreement is accrued at the end of each month using effective interest method. Interest collected/paid within the maturity date is recorded in the statement of profit or loss.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### d. Financial Instruments (Continued)

##### ▪ *Swap Transactions (Continued)*

###### *Currency Swap Transactions with Banks*

Relevant securities (TL, foreign currency, gold) are bought and sold on the value date of currency swap transactions with the CBRT and BIST. Commitments to buy or sell on the value date and payables and receivables are recognized in off-balance sheet accounts. At the end of the month, Fair Value increases or decreases are recorded in the balance sheet as “16. Other Assets / 16.4 Other” / “11. Other Liabilities / 11.4 Other” and those increases or decreases are followed under interest income items in the profit and loss statement. Non-interest valuation effects related to the increase or decrease in the Fair Value, together with the valuation effects of unrealized income or expenses arising from the valuation of assets subject to currency swap transactions, are included in the balance sheet in “16. Other Assets / 16.4 Other” / “11. In the “Other Liabilities / 11.4 Other” items, the amounts related to the interest components of the increase or decrease in the Fair Value are followed in the profit and loss statement, and the amounts related to the interest income or expenses arising from the transaction at maturity are reflected in the profit and loss statement.

##### ▪ *Exchange Rate Protected Deposit Transactions*

###### *i. Currency Converted Exchange Rate Protected Deposit Transactions*

The assets (foreign currency, gold) acquired through conversion into Turkish lira deposit and participation accounts are accounted under the “7. Domestic Banks” in the balance sheet at the value date. At the end of every month, the exchange rate differences to be paid within the scope of conversion to Turkish lira deposit and participation accounts are included in the balance sheet at “16. Other Assets/16.4 Other”/“11. Other Liabilities/11.4 Other” are followed up against each other, and the foreign exchange expense arising from the transaction at maturity is reflected in the profit/loss statement.

###### *ii. TL Convertible Exchange Rate Protected Deposit Transactions*

The fair value of the exchange rate differences related to the exchange rate protected deposit transactions transferred to the Bank with the temporary article 2 of the Law No. 7456 dated July 14, 2023 is tracked mutually in the “16. Other Assets / 16.4 Other” / “11. Other Liabilities/ 11.4 Other” items in the balance sheet, and the exchange rate difference expense arising from the transaction in maturity is reflected in the profit / loss statement.

##### ▪ *Loans and Impairment*

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 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.

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



# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### d. Financial Instruments (Continued)

##### ▪ *Impairment*

The Bank has implemented incurred 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.

The expected 12-month 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:

- i. 12 Month Expected Credit Losses (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- ii. 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

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

---

### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### d. Financial Instruments (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 profit or loss 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.

##### ▪ *Equity Participations*

The Bank classified its investments in the Bank for International Settlements (“BIS”), Society for Worldwide Interbank Financial Telecommunication (“SWIFT”), International Islamic Liquidity Management (“IILM”), and Interbank Card Center (Bankalararası Kart Merkezi) as equity participations.

Equity participations are initially recorded with their acquisition costs. In subsequent periods to initial recognition, equity participations are measured at fair value and classified as fair value through other comprehensive income, irrevocably.

The fair value of BIS’s shares that Bank holds are calculated as 70% the Bank’s net asset on the BIS shares and converted to Turkish Lira with TL/SDR exchange rate at the end of the year. This valuation method is the method that determines purchase and sales prices of BIS shares.

The fair value of SWIFT’s shares is determined by using the per share value announced by SWIFT.

Income and expenses arising from changes in fair value are recognized under other liabilities. A dividend related to investments in equity participations are recorded to the statement of profit or loss in the period when the right to receive dividend occurs.

##### ▪ *Financial Liabilities*

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

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### e. Banknotes in Circulation

According to the article 4 of Central Bank Law, the Bank has the exclusive privilege of issuing banknotes in Türkiye. According to the article 36 of CBRT Law, banknotes in circulation are recognized in “1. Banknotes in Circulation” under liabilities. The Bank may change the banknotes in circulation with the new banknotes, if necessary. Banknotes in circulation are presented at nominal value in the financial statements.

The Bank’s semi-finished banknote inventory produced in banknote printing office are presented under “16. Other Assets” at cost. The expenses related to banknotes are capitalized and the banknotes are recorded as expense when the banknotes are transferred to reserve depot. Cost of finished and semi-finished goods consist of general expenses such as direct cost, depreciation expense, payroll expense, banknote transportation cost and other production cost.

In accordance with Article 59 of the CBRT Law, banknotes that are expired are recorded in the legal reserves.

#### ▪ *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 expired as of December 31, 2009.

#### f. Fixed Assets

Fixed assets consist of land, buildings, fixtures, vehicles and software products.

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

Properties in the course of construction for production, supply or administrative purposes 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 recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant 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 depreciation rates of the fixed assets are as follows:

Buildings	2-6%
Vehicles, Furniture and Fixture	2-100%
Leasehold Improvements	10-20%
Software	6-100%

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### g. Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions include amounts provided for future probable losses in accordance with the article 59 of the CBRT Law for insurance, money in transit, retirement pay and taxation.

#### ▪ *Retirement Bonus and Severance Payments*

According to the Turkish legislation and labor union agreements, employment termination benefits are paid upon the retirement of employees or in the case of layoff. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized under actuarial gain/loss account in other liabilities.

#### h. Taxes

The Bank is subject to corporation tax in accordance with the Turkish tax legislation. In addition, the Bank is liable for income withholding tax of third parties.

The Corporate Tax Law (“CTL”) No.5520 has come into effect with the announcement at the Official Gazette No: 26205 dated June 21, 2007. Most of the articles of the CTL are effective from January 1, 2006. Accordingly, in accordance with No:32 corporation tax is payable, at a rate of 20% effective from January 1, 2006 on the total income of the Bank after adjusting for certain disallowable expenses and exempt income in accordance with tax legislation and Central Bank Law No:1211.

Corporate earnings are subject to 20% corporate tax. However, in accordance with the temporary article 13 added to the CTL, the corporate tax rate, which is 20%, has been determined as 25% for corporate earnings in 2022 and 2023. In accordance with the amendment made to Article 32 of the CTL by Law No. 7456, published in the Official Gazette No. 32249 dated July 15, 2023, the corporate tax rate has been determined as 30%. Current year tax liabilities are paid as the amount after offsetting prepaid taxes. Tax amounts deducted from the repo - reverse repo income and deducted from temporary tax and temporary tax amounts paid are recognised in the balance sheet under “16. Other Assets / 16.4 Other”. In determining corporate tax, paragraph 1-a of Article 9 of CTL No. 5520 is applied if profit is made in the following years.

Income taxes stated in the financial statements include the change in the current tax and deferred tax.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### h. Taxes (Continued)

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 by using balance sheet method and by using prevailing tax rates. 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. According to article 61 of CBRT Law, deferred tax is not calculated for "valuation account" which is not subjected to corporate tax base.

Deferred tax liability or asset are indicated at financial statements considering their estimated effects on increase or decrease rate of tax amount that will pay future period which no temporary differences. Deferred tax asset is accounted when the probability of providing tax advantages is occurred in future period. When it is understood as being utilized that deducting from related assets made provision.

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 intends to settle its current tax assets and liabilities on a net basis.

The financial balance sheet has been subjected to inflation adjustment in accordance with the Tax Procedure Law ("TPL") General Communiqué numbered 555 published in the Official Gazette dated December 30, 2023 and numbered 32415 and no inflation adjustment was made while preparing the attached financial statements dated December 31, 2023. In accordance with the same communiqué, deferred tax assets are calculated from temporary differences between inflation-adjusted depreciation of fixed assets and unadjusted depreciation presented in the financial statements. As of December 31, 2023, deferred tax assets based on 2023 losses have not been recognized. This right will expire in 2028.

#### i. Custody Operations

The assets belonging to several individuals and organizations are classified in the off-balance sheet accounts, since these assets are held for custody purposes only.

#### j. Comparative Information and Restatement of Prior Year Financial Statements

In order to allow the determination of the financial position and performance trends, the financial statements of the Bank are prepared comparatively with the prior period. Certain classifications are made in the previous year financial statements and the significant differences are disclosed in order to maintain comparability with the current year financial statement.

Following the signing of the Bank's 2022 Independent Audit Report, profit distribution was finalized with the decision taken at the Ordinary General Assembly meeting of the Central Bank of the Republic of Türkiye held on March 28, 2023.

#### k. Change 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. There is no significant change in accounting estimates of Bank in current year. Significant changes in accounting policy are applied retrospectively and prior period financial statements are restated. There is no significant accounting error identified by the Bank in current year.

#### l. Changes in accounting policies

Changes in accounting policies are applied prospectively and prior period financial statements are not restated.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### (3) Changes in accounting policies in the current period and their financial effects:

There is no change in accounting policies in the current period.

#### (4) Compliance of the Bank with the fundamental accounting principles of going concern, matching and consistency:

These financial statements have been prepared based on the fundamental principles of accounting; going concern assumption, matching principle, and consistency; assuming that the Bank will continue its operations without interruption in the future.

#### (5) The breakdown of the valuation rate used in the preparation of the balance sheet and the Euro and US Dollar buying exchange rates announced by the Bank for the last five business days prior to the balance sheet date (exchange rate information is presented in full TL):

##### a. The Bank’s “Foreign Exchange Evaluation Rate”

	December 31, 2023	December 31, 2022
(1 Euro = TL)	TL 32.5739	TL 19.9349
(1 US Dollar = TL)	TL 29.4382	TL 18.6983

##### b. EUR and US Dollar bid rates announced by the Bank as of the balance sheet date and for the last five working days prior to balance sheet date are as follows:

Exchange Rate at the Balance Sheet Date	December 31, 2023	December 31, 2022
Euro	TL 32.5739	TL 19.9349
US Dollar	TL 29.4382	TL 18.6983

Prior to Balance Sheet Date (Euro)	December 31, 2023	December 31, 2022
Bid rate of the 1st Day	TL 32.5739	TL 19.9349
Bid rate of the 2nd Day	TL 32.5739	TL 19.8816
Bid rate of the 3rd Day	TL 32.6937	TL 19.8946
Bid rate of the 4th Day	TL 32.4186	TL 19.9087
Bid rate of the 5th Day	TL 32.2421	TL 19.8324

Prior to Balance Sheet Date (US Dollar)	December 31, 2023	December 31, 2022
Bid rate of the 1st Day	TL 29.4382	TL 18.6983
Bid rate of the 2nd Day	TL 29.4382	TL 18.6966
Bid rate of the 3rd Day	TL 29.3973	TL 18.6964
Bid rate of the 4th Day	TL 29.3374	TL 18.6813
Bid rate of the 5th Day	TL 29.2647	TL 18.6649

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### (6) Information on assets and liabilities denominated in foreign currencies, their US Dollar and TL equivalents and the foreign currency position are as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Thousand TL	Million US Dollar	Thousand TL	Million US Dollar
<u>I-Foreign Currency Assets</u>				
1) Gold Reserves	1,417,869,832	48,164	857,249,028	45,846
2) Foreign Currency Banknotes	103,684,060	3,522	179,560,204	9,603
3) Foreign Correspondents	2,621,255,025	89,043	1,371,134,245	73,329
4) Reserve Tranche Position	4,472,360	152	2,816,499	151
5) Securities Portfolio	-	-	-	-
6) Receivables from Monetary Policy Operations	-	-	-	-
7) Domestic Correspondents	3,811,277	129	3,242,719	173
8) Loans	71,659,858	2,434	79,123,758	4,232
9) Equity Participations	9,906,698	337	5,799,417	310
10) Treasury Liabilities Due to SDR Allocation	219,335,649	7,451	138,268,530	7,395
11) Fixed Assets (Net)	-	-	-	-
12) Loans Under Legal Follow-Up (Net)	-	-	-	-
13) Deferred Tax Asset	-	-	-	-
14) Valuation Account	-	-	-	-
15) Loss for The Year	-	-	-	-
16) Other Assets	325,907	11	20,387	1
<b>Total Foreign Currency Assets</b>	<b>4,452,320,666</b>	<b>151,243</b>	<b>2,637,214,787</b>	<b>141,040</b>
<u>II-Foreign Currency Liabilities</u>				
1) Currency in Circulation	-	-	-	-
2) Payables Due to Monetary Policy Operations	-	-	-	-
3) Deposits	2,724,479,026	92,549	1,950,808,199	104,331
a) Public Sector	489,306,046	16,621	356,499,301	19,066
b) Banking Sector	2,227,981,149	75,683	1,590,059,737	85,038
c) Other Deposits	7,191,831	245	4,249,161	227
4) Foreign Correspondents	670,519,355	22,777	165,822,662	8,868
5) Reserve Tranche Position	4,472,360	152	2,816,499	151
6) SDR Allocation	219,335,649	7,451	138,268,530	7,395
7) Tax Liability	-	-	-	-
8) Provisions	-	-	-	-
9) Share Capital and Legal Reserves	-	-	-	-
10) Other Liabilities	3,003,572	102	7,684,206	411
<b>Total Foreign Currency Liabilities</b>	<b>3,621,809,962</b>	<b>123,031</b>	<b>2,265,400,096</b>	<b>121,156</b>
<b>Net Balance Sheet Foreign Currency Position</b>	<b>830,510,704</b>	<b>28,212</b>	<b>371,814,691</b>	<b>19,884</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### (7) Book value of property and equipment, accumulated depreciation and their insurance coverage:

	December 31, 2023				December 31, 2022			
	Cost	Accumulated Depreciation	Net Book Value	Insurance Coverage (*)	Cost	Accumulated Depreciation	Net Book Value	Insurance Coverage (*)
Furniture Fixture	1,401,618	674,791	726,827	23,673	912,986	521,834	391,153	17,482
Property	991,422	216,493	774,929	397,671	959,925	202,101	757,823	297,764
	<b>2,393,040</b>	<b>891,284</b>	<b>1,501,756</b>	<b>421,344</b>	<b>1,872,911</b>	<b>723,935</b>	<b>1,148,976</b>	<b>315,246</b>

(\*) Refers to the insured value amount.

#### (8) Information on significant contingent losses and gains that cannot be quantified:

As of December 31, 2023, the total amount of pending lawsuits against the Bank consists of TL 10.449, EUR 55.535 (full) and USD 18.370 (full) (December 31, 2022: TL 10.087 and EUR 37.318 (full amount)). No provisions are provided in the accompanying financial statements for such legal proceedings based on the views of legal counsel.

#### (9) Other matters which may have a material impact on the financial statements, or which should be explained for facilitating a better understanding of the financial statements:

##### *Valuation Account*

As explained in the article 2-ii-b, Section “A. Notes and Explanations related to Current Year” of the Section - I “Notes and Explanations related to the Bank and its Financial Structure”, the “Valuation Account” in the balance sheet represents the unrealized foreign exchange gains and losses as at the balance sheet date. Realized foreign exchange gains and losses are recognized in the statement of profit or loss during the period.

### B. Other notes and explanations

#### (1) Information on issues related to the Bank's operations that arise after the balance sheet date and have a significant impact on the financial structure and/or operations and therefore require disclosure:

At the Ordinary General Assembly of the Bank to be held in 2024, no profit or reserve fund will be distributed due to the loss for the year 2023 amounting to TL 820,765,083 in the books of the CBRT kept in accordance with the provisions of Article 60 of the CBRT Law No. 1211 and Articles 523 and 64 of the Turkish Commercial Code No. 6102.



# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### (2) Information on the Bank's foreign branches:

There are no foreign branches; however, the Bank has representatives working in Turkish Representations of the Republic of Türkiye Ministry of Foreign Affairs in Frankfurt, London, New York, Beijing, Tokyo, Washington, Doha and Kuala Lumpur.

#### C. The independent audit firm that audits the financial statements

The financial statements for the year ended December 31, 2023 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (“Member of Deloitte Touche Tohmatsu Limited”). The independent auditors’ report is presented in front of the financial statements and notes to the financial statements.

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS

#### (1) Gold Reserves

In accordance with the article 53 of the CBRT Law, the Bank manages gold and foreign exchange reserves of the Country in the context of the monetary policy targets and applications. For this purpose, the Bank performs banking operations in domestic and foreign markets including forward or spot purchase/sale of gold, foreign currency, marketable securities, derivative instruments and lending/borrowing transactions in accordance with the procedures and rules determined by its own safe investment, liquidity and yield priorities.

As of December 31, 2023, the Bank has 726,375,977 grams pure gold which meets international standards (December 31, 2022: 786,813,979), 2,832,327 grams pure gold which does not meet the international standards (December 31, 2022: 2,832,327). All of the gold reserve which does not meet the international standards is kept in Bank’s Head Office and belongs to Bank as of December 31, 2023 (All of the gold reserve which does not meet the international standards is kept in Bank’s Head Office and belongs to Bank as of December 31, 2023).

The gold reserve as of December 31, 2023 is valued with the gold prices quoted in the London Bullion Market at 10:30 a.m. (2022: the gold prices quoted in the London Bullion Market at 10:30 a.m.) and on the basis of 1 ounce being equal to 31.1035 grams.

Gold	Pure Gram	December	Pure Gram	December 31,
		31, 2023		2022
		Amount		Amount
<b>Gold in International Standards</b>	<b>726,375,977</b>	<b>1,417,869,832</b>	<b>786,813,979</b>	<b>857,249,028</b>
CBRT’s own gold	524,066,221	1,022,965,665	562,985,627	613,383,714
<i>Held at BOE</i>	108,084,060	210,977,693	160,540,787	174,912,288
<i>Held at CBRT</i>	34,015,936	66,398,355	34,015,936	37,061,020
<i>Held at BIST</i>	381,966,225	745,589,617	368,428,904	401,410,406
Required reserves of the banks	108,851,502	212,475,723	157,466,518	171,562,813
<i>Held at BOE</i>	42,531,602	83,020,745	54,016,306	58,851,809
<i>Held at BIST</i>	66,319,900	129,454,978	103,450,212	112,711,004
Bank’s gold depository	43,347,921	84,614,183	16,251,501	17,706,325
<i>Held at BIST</i>	43,347,921	84,614,183	16,251,501	17,706,325
Treasury’s gold	50,110,333	97,814,261	50,110,333	54,596,176
<i>Held at BIST</i>	50,110,333	97,814,261	50,110,333	54,596,176
<b>Gold in Non-International Standard</b>	<b>2,832,327</b>	<b>5,528,640</b>	<b>2,832,327</b>	<b>3,085,875</b>
CBRT’s own gold	2,832,327	5,528,640	2,832,327	3,085,875
<i>Held at CBRT</i>	2,832,327	5,528,640	2,832,327	3,085,875

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (2) Foreign Correspondents

	December 31, 2023		December 31, 2022	
	Thousand TL	Million US Dollar	Thousand TL	Million US Dollar
Foreign currency securities	104,784,380	3,559	120,149,710	6,426
Deposit	453,568,530	15,407	164,704,488	8,809
Other	2,062,902,115	70,077	1,086,280,047	58,095
~ Demand deposits	1,844,608,042	62,662	948,708,803	50,738
~ SDR holdings account	218,294,073	7,415	137,571,032	7,357
~ Other	-	-	212	-
<b>Total</b>	<b>2,621,255,025</b>	<b>89,043</b>	<b>1,371,134,245</b>	<b>73,330</b>

Foreign Correspondents account consists of foreign currency securities held as foreign currency reserves and the current accounts of the Bank held on its foreign correspondents. Foreign currency securities consist of government bonds and treasury bills issued by foreign government and kept in custody at foreign banks.

As of December 31, 2023, foreign currency securities held for reserve purpose amounting to TL 104,784,380 (December 31, 2022: TL 120,149,710) are valued with the prices quoted in the international markets where they are traded at the balance sheet date.

#### (3) Securities Portfolio and Receivables/Payables Due to Monetary Policy Operations

##### (a) Information on Securities Portfolio

As of December 31, 2023, securities portfolio amounting to TL 159,913,236 consists of government bonds with outright purchase, (As of December 31, 2022: securities portfolio amounting to TL 151,051,857 consists of government bonds with outright purchase.)

Breakdown of securities portfolio as of December 31, 2023 are as follows:

	December 31, 2023			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<b><u>Purchases under Agreements to Resell:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Inflation-Indexed	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<b><u>Outright Purchases:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	175,648,896	(41,409,520)	134,239,376	134,239,376
2. Inflation-Indexed	773,996	2,276,516	3,050,512	3,050,512
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	20,919,028	1,704,320	22,623,348	22,623,348
<b>TOTAL</b>	<b>197,341,920</b>	<b>(37,428,684)</b>	<b>159,913,236</b>	<b>159,913,236</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### 3) Securities Portfolio and Receivables/Payables Due to Monetary Policy Operations (continued)

##### (a) Information on Securities Portfolio (continued)

Breakdown of securities portfolio as of December 31, 2022 are as follows:

	December 31, 2022			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<b><u>Purchases under Agreements to Resell:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Inflation-Indexed	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<b><u>Outright Purchases:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	94,128,307	19,863,765	113,992,072	113,992,072
2. Inflation-Indexed	5,821,056	10,620,668	16,441,724	16,441,724
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	19,039,922	1,578,139	20,618,061	20,618,061
<b>TOTAL</b>	<b>118,989,285</b>	<b>32,062,572</b>	<b>151,051,857</b>	<b>151,051,857</b>

As of December 31, 2023, the nominal value of TL denominated marketable securities acquired through outright purchase is TL 193,490,002 (December 31, 2022: TL 121,415,003).

##### (b) Receivables/Payables Due to Monetary Policy Operations

As of December 31, 2023, breakdown of the securities purchased under agreement to resell recognized in off-balance sheet is as follows:

	December 31, 2023	
	Nominal	Fair value
<b><u>Purchases under Agreements to Resell:</u></b>		
Treasury Bills and Government Bonds		
1 Fixed Income	4,474,654	3,492,082
2 Inflation-Indexed	-	-
3 Indexed to Foreign Currency	-	-
4 Foreign Currency	-	-
5 Floating Rate	-	-
<b>TOTAL</b>	<b>4,474,654</b>	<b>3,492,082</b>
	December 31, 2022	
	Nominal	Fair value
<b><u>Purchases under Agreements to Resell:</u></b>		
Treasury Bills and Government Bonds		
1 Fixed Income	46,751,944	147,041,853
2 Inflation-Indexed	-	-
3 Indexed to Foreign Currency	-	-
4 Foreign Currency	-	-
5 Floating Rate	-	-
<b>TOTAL</b>	<b>46,751,944</b>	<b>147,041,853</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### 3) Securities Portfolio and Receivables/Payables Due to Monetary Policy Operations (continued)

##### (b) Receivables/Payables Due to Monetary Policy Operations (continued)

Receivables Due to Monetary Policy- Open Market Operations at the asset side of the balance sheet as of December 31, 2023 – Securities purchased under agreements to resell presented under Open Market Operations consists of TL 3,519,175 of cost and the accrued interest income (December 31, 2022: TL: 146,055,499). As of December 31, 2023, the accrued interest on securities purchased under agreements to resell amounting to TL 19,175 (December 31, 2022: TL 100,591) is presented in the Receivables from Monetary Policy Operations - Open Market Operations.

In addition, as of December 31, 2023, there is TL 1.510.011 of Money Market receivables including income accruals due from the transactions which the Bank entered into on its behalf (December 31, 2022: TL 37,713,249). Interest income accrual amounting to TL 10.011 (December 31, 2022: TL 25,156) are accounted in the same account.

Receivables Due to Monetary Policy- Other at the assets side of the balance sheet of the December 31, 2023, Mutual Deposit Operations consist of TL 4,414,457 of cost and rediscount (December 31, 2022: TL 6,539,655). Interest income accrual amounting to TL 117,941 (December 31, 2022: TL 29,619) calculated in relation to the aforementioned account was recorded under the same account.

As of December 31, 2023, payables from repurchase agreements followed under Payables from Monetary Policy Transactions - Open Market Operations in the liability side of the balance sheet consist of transaction cost and expense accrual amounting to TL 119,130 (December 31, 2022: TL 400,164). As of December 31, 2023, TL 400, which is the expense accrual from repurchase agreements, is followed under Payables from Monetary Policy Operations - Open Market Operations, (December 31, 2022: TL 164).

As of December 31, 2023, the monetary policy transactions amount of TL 370,727,510 which is received by the Bank from Interbank Money Market including expense accruals as the counterparty of the transaction is accounted under the liabilities as a Monetary Policy Operations-Interbank Money Market Operations (December 31, 2022: TL 15,409,818). Accrued interest expense of this liability; TL 2,652,109 (December 31, 2022: TL 6,417) is also accounted in the same account.

#### (4) Domestic Correspondents

Under domestic correspondents’ caption, the CBRT-side foreign exchange deposit transactions, the FX deposit transactions encountered, the foreign exchange deposit transactions against TL deposits and the conversion to Turkish lira deposit and participation accounts are shown, and the balance of these transactions as of December 31, 2023 is TL 4,058,291 (December 31, 2022: TL 3,802,186).

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### 5) Loans

##### (a) Information on domestic loans:

As of December 31, 2023, loans to domestic banks comprised of discount loans amounting to TL 358,966,157 (December 31, 2022: TL 234,250,033) and other loans amounting to TL 86,208,676 (December 31, 2022: TL 29,002,439).

##### (b) Information on loans and advances given to shareholders and employees

As of December 31, 2023: None (December 31, 2022: None).

##### (c) Information on Foreign Loans:

As of December 31, 2023, foreign loans, amounting to TL 266,752 (2022: TL 169,433) in accordance with bilateral agreements with central banks of other countries compromised for tracking the commercial transactions into opened bank account.

##### (d) Information on loans under legal follow-up (net):

The total balance consists of receivables related with the trading transactions with Iraq and became uncollectible due to the Gulf Crisis. The balance is classified as loans under legal follow-up and it is fully provisioned.

Movements in the allowance for loans and receivables under legal follow-up:

	December 31, 2023		December 31, 2022	
	Thousand TL	Thousand US Dollar	Thousand TL	Thousand US Dollar
<b>Opening balance</b>	<b>29,711,063</b>	<b>1,588,972</b>	<b>20,514,868</b>	<b>1,580,803</b>
- Increases during the Period (+) (*)	198,605	8,213	136,695	8,169
- Transfers from Other Follow-up Accounts (+)	-	-	-	-
- Transfers to Other Follow-up Accounts (-)	-	-	-	-
- Collections during the Period (-)	-	-	-	-
- Write-offs (-)	-	-	-	-
- Foreign Exchange Differences	17,108,575	-	9,059,500	-
<b>Closing balance</b>	<b>47,018,243</b>	<b>1,597,185</b>	<b>29,711,063</b>	<b>1,588,972</b>
- Allowance (-)	(47,018,243)	(1,597,185)	(29,711,063)	(1,588,972)
<b>Net balance after allowance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) As of December 31, 2023, TL 198,605 of increase during the period (December 31, 2022: TL 136,695) represents accrued interest on the loans and receivables under follow-up.

According to the article 61 of the CBRT Law, foreign currency denominated loans under follow-up are revalued at period ends and unrealized gains and losses arising from the revaluation are classified into the “Valuation Differences” which is a transitory account. Allowances for the related receivables including foreign currency valuation differences are recognized in the statement of profit or loss in accordance with Tax law numbered 213 and article 59 of the Central Bank of the Republic of Türkiye Law.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (6) Equity Participations

As of December 31, 2023 and 2022, the Bank’s equity participations are as follows:

Title	Share rate (%)	December 31, 2023 Acquisition Cost	December 31, 2022 Acquisition Cost	December 31, 2023 Carrying Value	December 31, 2022 Carrying Value
Bank for International Settlements (BIS) (*) (**)	1.41	(*)10,000,000	(*)10,000,000	9,610,294	5,611,274
International Islamic Liquidity Management Corporation (IILM)	13.33	10,000,000	10,000,000	294,382	186,983
S.W.I.F.T.	0.007	62,080	58,200	2,022	1,160
Bankalararası Kart Merkezi (BKM)	51.01	90,543	90,543	90,543	90,543
<b>Total Equity Participations</b>				<b>9,997,241</b>	<b>5,889,960</b>

(\*) In BIS, against 8,000 shares of Bank, paid is SDR 10,000,000, unpaid is SDR 30,000,000.

(\*\*) Its fair value is calculated as 70% of Bank’s right on net worths.

The Bank carries the investments in BIS and SWIFT, at their fair value in the financial statements. The Bank recognizes revaluated cost of IILM as its fair value. In the current year, TL 254,687 of the increase in value of associates amounting to TL 4,107,281 is recognized in the "Valuation Account" and the remaining TL 3,852,594 amounting to TL 2,696,816 after deducting deferred tax effect amounting to TL 1,155,778 is recognized in the “Fair value increase/(decrease) in equity participations” under “Other Liabilities”. (See Note II. 16)

<b>Movement of equity participations</b>	<b>2023</b>	<b>2022</b>
Opening balance (1 January)	5,889,960	4,366,320
Change in fair value for the year	3,852,594	1,397,932
The effect of foreign currency valuation for the year	254,687	125,708
<b>Ending Balance (31 December)</b>	<b>9,997,241</b>	<b>5,889,960</b>

Dividends were received from equity participations amounting TL 74,556 in 2023 (2022: 46,538).

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (7) Fixed Assets

As of December 31, 2023, the cost of property and related accumulated depreciation amounts to TL 991,422 (December 31, 2022: TL 959,925) and TL 216,493 (December 31, 2022: TL 202,101) respectively, whereas the cost of furniture and fixture and related accumulated depreciation amounts to TL 1,401,618 (December 31, 2022: TL 912,986) and TL 674,791 (December 31, 2022: TL 521,834) respectively.

The movements of fixed assets as of December 31, 2023 and 2022 are as below.

	<b>Immovables</b>	<b>Fixture</b>	<b>Software</b>	<b>Total</b>
Net balance sheet value as of January 1, 2023	757,824	371,660	19,492	1,148,976
Purchases	31,497	417,588	78,275	527,360
Disposals (net) (*)	-	(229)	-	(229)
Current year charge	(14,392)	(115,718)	(44,242)	(174,352)
<b>Net balance sheet value as of December 31, 2023</b>	<b>774,929</b>	<b>673,301</b>	<b>53,525</b>	<b>1,501,756</b>

	<b>Immovables</b>	<b>Fixture</b>	<b>Software</b>	<b>Total</b>
Net balance sheet value as of January 1, 2022	732,212	178,106	15,275	925,593
Purchases	34,302	299,959	4,460	338,721
Disposals (net) (*)	-	(560)	-	(560)
Current year charge	(8,690)	(105,845)	(243)	(114,778)
<b>Net balance sheet value as of December 31, 2022</b>	<b>757,824</b>	<b>371,660</b>	<b>19,492</b>	<b>1,148,976</b>

(\*) Disposals are presented at net amounts.

#### (8) Other Assets

The breakdown of Other Assets - Other account is presented below:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Currency exchange guarantee	57,859,800	16,708,400
Differences in fair value of swap transaction	49,876,994	6,131,891
Construction in progress expenses	7,793,958	4,187,702
Taxes to be deducted from income tax withholding	2,330,140	2,633,247
Temporary tax to be deducted from corporate tax	1,460,340	15,676,635
Banknote printing inventory	524,939	148,677
Letter of credit expenses of banknote printing office	447,440	233,960
Consumables and other stores	26,872	961
Medallion depot	8,163	7,764
Receivables from forward currency transactions	-	5,515,438
Other	160,969,923	26,659,980
<b>Total</b>	<b>281,298,569</b>	<b>77,904,655</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (8) Other Assets (Continued)

The breakdown of Other assets - Income accruals account is presented below:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
EFT commission income accrual	178,146	115,949
Commissions and expenses to be collected from Treasury (*)	303,084	109,502
Other	1,517,650	633,724
<b>Total Interest and Income Accruals</b>	<b>1,998,880</b>	<b>859,175</b>

(\*) With the decision of the Board of the Bank numbered 9525/19124 dated October 4, 2011, Regulation on Tariffs has been amended. According to the amendment, starting from October 12, 2011, commissions and fees are charged to the Treasury due to the transactions with the public administrations within the scope of overall budget.

#### (9) Currency in Circulation

According to the article 1 of CBRT Law, the Bank has the exclusive privilege of issuing banknotes in Türkiye. As of December 31, 2023, the banknotes in circulation amount to TL 448,822,892 (December 31, 2022: TL 341,798,643).

<b>Movement of banknotes in circulation</b>	<b>2023</b>	<b>2022</b>
1 January Balance	341,798,643	235,377,440
Banknotes issued into circulation	144,158,582	147,428,372
Banknotes withdrawn from circulation and destroyed	(37,134,333)	(41,007,169)
<b>31 December Balance</b>	<b>448,822,892</b>	<b>341,798,643</b>

#### (10) Reserve Tranche Position

As of 18 February 2016, under the scope of the membership to the International Monetary Fund (“IMF”), the country quota of Türkiye was increased by SDR 3,202,800,000, reaching SDR 4,658,600,000.

As of December 31, 2023, Reserve Tranche Position represents the prepayment of SDR 112,889,638 for the total IMF quota of SDR 4,658,600,000 and is recorded in the “Reserve Tranche Position” under the assets and in the “Reserve Tranche Position” under liabilities. As of December 31, 2023, the balance of the account amounts to TL 4,472,360 (December 31, 2022: TL: 2,816,499).

SDR 112,307,000 (December 31, 2022: SDR 112,307,000) allocated to Türkiye in accordance with the protocol signed with the IMF has been used by the Treasury and is classified as “Treasury Liabilities due to SDR Allocation” under assets and as “SDR Allocation” under liabilities. Additionally, as of August 28, 2009 and September 9, 2009, the amounts of SDR 883,122,365 and SDR 75,900,364 have been allocated as General SDR allocation and Special SDR allocation respectively. As SDR allocation in 2021, SDR 4,465,058,581 on August 23, 2021, to the Treasury by IMF where the Bank act as an intermediary institution and are accounted for as explained. As of December 31, 2023, the balance is TL 219,335,649 (December 31, 2022: TL 138,268,530).



# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (11) Deposits

The deposits balance is composed of deposits from the Treasury, public institutions, the banking sector, citizens abroad, international institutions and funds.

#### *Public Sector and Banking Sector Deposits*

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. Public sector deposits other than the deposits of the Treasury are demand deposits.

The deposits of the banking sector consist of noticed foreign currency deposits, TL demand deposits and reserve deposits. Interest has been paid for the required reserves since November 3, 2014. The application was terminated on April 15, 2022. 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.

In between the dates of January 24, 2020 - November 27, 2020, commission on foreign currency mandatory reserves were received. The application for receiving commissions has started again as of the period of required reserves dated December 24, 2021.

#### *Deposits by citizens abroad*

As of December 31, 2023, deposits by citizens abroad amounting to TL 5,181,219 (December 31, 2022: TL 3,912,905) consist of deposits by Turkish citizens living abroad.

The maturity of Deposits by Citizens Abroad account is 3 years. There is no newly opened account due to liquidation process of worker remittances. The maturity date of expired accounts is not renewed as of January 1, 2015. These accounts are monitored on a non-interest-bearing account with accrued interest.

Distribution of deposits by citizens abroad accounts according to type of currency is presented as follows:

	December 31, 2023		December 31, 2022	
	Foreign Currency Balance (000)	Thousand TL Equivalent	Foreign Currency Balance (000)	Thousand TL Equivalent
Euro	149,543	4,871,184	184,867	3,685,307
US Dollar	6,172	181,702	8,116	151,762
CHF	3,479	121,648	3,555	71,819
Other	184	6,685	184	4,017
<b>Total</b>		<b>5,181,219</b>		<b>3,912,905</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (11) Deposits (Continued)

##### *Deposits by International Institutions*

Deposits by the international institutions represents the TL thousand equivalent of the balance transferred to the Bank by the IMF as “special drawing rights” (“SDR”). The Bank is designated as “the depositor” to regulate the relations of the Treasury and the IMF. As of December 31, 2023, TL 304,782 (December 31, 2022: TL 231,607) which represents the minimum quota amount denominated in SDR is recorded as the deposit balance of IMF. In addition to this, the balance of the amount of TL 4,678 is used for tracking revenues such as IMF's sales revenues of publication and administrative expenses which took place within the limits of a member country and used only in the currency of the member country (December 31, 2022: TL 83). In addition, as of December 31, 2023, there is TL 107,964 of deposit belonging to African Development Bank (AfDB) within the Bank's deposits by international institutions account (December 31, 2022: TL 77,837).

##### *Deposits of Funds*

Deposits of funds consist of the demand accounts of various funds controlled by the Presidency of the Republic of Türkiye.

#### (12) Share Capital and Legal Reserves

According to the article 5 of the CBRT Law, the nominal capital of the Bank is TL 25,000 (full TL basis) and it is divided into 250,000 shares, with a par value of Kr 10 each. The capital may be increased with the approval of the Government. The shares are divided into (A), (B), (C) and (D) classes. The (A) group shares belong solely to the Treasury and cannot be lower than 51% of the capital.

The representation of Bank's capital between December 31, 2023 and 2022:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Nominal capital	25	25
Inflation adjustment to share capital	46,209	46,209
<b>Total capital</b>	<b>46,234</b>	<b>46,234</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (12) Share Capital and Legal Reserves (continued)

The list of Bank's shareholders is presented below:

	December 31, 2023		December 31, 2022	
	Share Amount TL (*)	Share Rate %	Share Amount TL (*)	Share Rate %
T.C. Hazine ve Maliye Bakanlığı	13,780	55	13,780	55
T.C. Ziraat Bankası A.Ş.	4,806	19	4,806	19
Mervak İç ve Dış Ticaret A.Ş.	1,280	5	1,280	5
Türkiye Garanti Bankası A.Ş.	621	2	621	2
Türkiye İş Bankası A.Ş.	582	2	582	2
T.C. Sosyal Güvenlik Kurumu	422	2	422	2
Türkiye Kızılay Derneği	301	1	301	1
Türkiye Halk Bankası A.Ş.	277	1	277	1
Other	2,931	13	2,931	13
<b>Total nominal capital</b>	<b>25,000</b>	<b>100</b>	<b>25,000</b>	<b>100</b>

(\*) Share amounts are stated in full TL basis.

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 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.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (13) Provisions

##### *Retirement Bonus and Severance Payments*

As of December 31, 2023, the Bank calculated retirement pay provision amounting to TL 885,429 (December 31, 2022: TL 474,687) and recorded the full provision under the provision account.

Movement of employment termination is presented below:

	<u>2023</u>	<u>2022</u>
<b>1 January balance</b>	<b>474,687</b>	<b>231,643</b>
Interest and service cost	427,269	255,259
Paid during the year	(16,527)	(12,215)
<b>31 December balance</b>	<b>885,429</b>	<b>474,687</b>

##### *Insurance Provision for Money in Transit*

As of December 31, 2023, the Bank, calculated provision for the transfer insurance of banknotes, cash and securities amounting to TL 243,057 (December 31, 2022: TL 243,057) and recorded the provision amount under the provision account.

#### (14) Tax Liability

##### **Corporate Tax**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Corporate tax	-	21,352,296
Other taxes (*)	2,576,678	750,878
<b>Tax obligation – net</b>	<b>2,576,678</b>	<b>22,103,174</b>

(\*) It consists of income tax, bank insurance transactions tax, stamp duty and value added 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 current year.

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.

In 2023, the legal tax rate is 30% (2022:25%).

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (14) Tax Liability (Continued)

In Türkiye, advance tax returns are filed on a quarterly basis. In 2023, the advance tax rate to be calculated over the corporate earnings during the taxation of corporate earnings for the advance tax periods 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.

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.

Tax expense for the years 2023 and 2022 is as follows:

	<u>January 1 – December 31, 2023</u>	<u>January 1 – December 31, 2022</u>
- Corporate tax (expense)	-	(21,352,296)
- Deferred tax income/(expense)	2,573,305	72,491
<b>Tax expense</b>	<b>2,573,305</b>	<b>(21,279,805)</b>

#### Deferred Tax

As of December 31, 2023, the deferred tax rate applied is 30% (2022: 25%).

As of December 31, 2023, and December 31, 2022, the details of temporary differences and calculated Deferred Tax Assets/ (Liabilities) are presented below:

	<u>Total temporary differences December 31, 2023</u>	<u>Deferred tax assets/(liabilities) December 31, 2023</u>
Employee benefit obligation	761,817	228,545
Fixed asset depreciation adjustment	8,217,223	2,465,167
Fair value increase of equity participations	(9,214,123)	(691,059)
<b>Net Asset / (Liability)</b>	<b>(235,083)</b>	<b>2,002,653</b>

	<u>Total temporary differences December 31, 2022</u>	<u>Deferred tax assets/(liabilities) December 31, 2022</u>
Employee benefit obligation	474,687	118,672
Fixed asset depreciation adjustment	6,973	1,743
Fair value increase/(decrease) of equity participations	(5,361,529)	(335,096)
<b>Net Asset / (Liability)</b>	<b>(4,879,869)</b>	<b>(214,681)</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (14) Tax Liability (continued)

The movement of deferred tax assets/(liabilities) at 2023 and 2022 is presented below:

	<b>2023</b>	<b>2022</b>
<b>1 January balance</b>	<b>(214,681)</b>	<b>(150,245)</b>
Deferred tax associated with the income statement, net	2,573,305	72,491
Deferred tax associated with other liabilities (*)	(355,971)	(136,927)
<b>31 December balance</b>	<b>2,002,653</b>	<b>(214,681)</b>

(\*) Associated with the fair value increase/ (decrease) in equity participations and actuarial gain.

Reconciliation of tax expense is presented below:

	<b>%</b>	<b>2023</b>	<b>%</b>	<b>2022</b>
<b>Profit before tax</b>		<b>(820,756,169)</b>		<b>93,301,693</b>
Provision calculated over the corporate tax rate	30	-	25	23,325,423
Tax free income	(0.0)	-	(2.6)	(2,407,572)
Un-deductible expenses	-	458,318	-	434,712
Tax effect of TPL inflation accounting	-	(2,465,166)	-	-
Other	-	(566,457)	-	(72,759)
<b>Tax expense/(income)</b>	<b>30</b>	<b>(2,573,305)</b>	<b>22.8</b>	<b>21,279,805</b>

#### (15) Valuation Account

As explained in the article 2-ii-a, Section “A. Notes and Explanations related to the Current Year” of the section - I “Notes and Explanations related to the Bank and its Financial Structure”, the “Valuation Account” in the balance sheet represents the unrealized foreign exchange gains and losses and price changes of gold as at the balance sheet date. Foreign exchange gains and losses and price changes of gold realized during the period are recognized in the statement of profit or loss.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

#### (16) Other Liabilities

Breakdown of other liabilities – Other is presented below:

	December 31, 2023	December 31, 2022
Fair value differences of swap transactions	2,657,813	4,701,289
Account transactions with subsequent dates	2,130,929	1,828,665
Increases and decreases in TL-settled forward foreign exchange transactions	549,832	-
Liabilities from forward foreign currency transactions	-	5,515,999
Money to be liquidated to the following period	75,769	101,901
Interests waiting because of its being under the limit	103,493	63,345
Prior year’s gains/(losses)	110,680	37,301
Debts from bonds waiting for court decisions	29,071	19,672
Payments to heirs as a result of death	7,237	5,338
Amounts waiting for the application of the beneficiaries	6,087	6,767
Retirement pay provision actuarial gain	2,490	2,490
Seized and prudent money	231	168
Increase in equity participants	8,523,438	5,026,706
Other	149,041,225	15,613,254
<b>Total</b>	<b>163,238,295</b>	<b>32,922,895</b>

Other liabilities - The breakdown of expense accruals is presented below:

	December 31, 2023	December 31, 2022
IMF payments	1,523,932	634,736
Other	82,756	25,699
<b>Total Accrual Expenses</b>	<b>1,606,688</b>	<b>660,435</b>

#### (17) Foreign Banks

As of December 31, 2023, and December 31, 2022, foreign banks balances are presented below.

	2023		2022	
	TL	Thousand US Dollar	TL	Thousand US Dollar
Cash	611,960,021	20,787,957	165,822,662	8,868,328
Gold	58,559,334	1,989,229	-	-
<b>Total</b>	<b>670,519,355</b>	<b>22,777,186</b>	<b>165,822,662</b>	<b>8,868,328</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### III. NOTES AND EXPLANATIONS TO THE STATEMENT OF PROFIT OR LOSS

#### (1) Interest Income

	January 1 – December 31, 2023	January 1 – December 31, 2022
Interest received from banks	183,118,826	80,978,447
Interests received from transactions of purchases under agreements to resell	13,839,786	33,160,228
Interests received from TL and FC securities	42,282,548	31,372,141
Interest received from interbank monetary policy operations	6,233,483	11,684,350
Interest received from loans	40,729,025	9,423,941
<b>Total</b>	<b>286,203,668</b>	<b>166,619,107</b>

#### (2) Interest Expense

	January 1 – December 31, 2023	January 1 – December 31, 2022
Interest paid to treasury accounts	78,603,681	15,186,327
Interest paid to banks	34,133,941	9,434,498
Interest paid to IMF general use of resources	7,226,047	1,513,494
Interest paid to interbank monetary policy operations	12,740,931	757,897
<b>Total</b>	<b>132,704,600</b>	<b>26,892,216</b>

#### (3) Non-Interest Income

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange gains (*)	239,248,922	21,897,020
Other non-interest income	5,546,293	39,866,605
Dividend	74,556	46,538
<b>Total</b>	<b>244,869,771</b>	<b>61,810,163</b>

(\*) Foreign Exchange Gains account consists of realized gains on foreign currency trading transactions during the year.



# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### III. NOTES AND EXPLANATIONS TO THE STATEMENT OF PROFIT OR LOSS (Continued)

#### (4) Non-Interest Expenses

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange transaction losses (*)	256,135,880	16,163,240
Provision for non-performing loans	17,307,180	9,196,194
Losses on purchase and sale of securities and fair value decreases	75,865,585	8,380,965
Wages and salaries	4,538,938	2,220,457
General administrative and banknote expenses	1,715,918	1,248,628
Social Security Expenses	722,901	382,878
TL-Settled Foreign Exchange Futures Transactions	48,216,641	200,815
Depreciation expense	173,247	114,778
Other non-interest expenses (**)	837,613,968	88,780,835
<b>Total</b>	<b>1,242,290,258</b>	<b>126,688,790</b>

(\*) Foreign Exchange Losses account consists of realized losses on foreign currency trading transactions during the year.

(\*\*) TL convertible exchange rate protected deposit transactions, foreign currency convertible exchange rate protected deposit transactions and other foreign currency earning transactions (YUVAM, gold, etc.) transferred to the Bank with the provisional Article 2 of Law No. 7456 dated July 14, 2023 amounted to TL 833,419,913 (2022: TL 72,843,178).

Provision for non-performing loans consists of the provisions provided for the accrued interest income on non-performing loans amounting to TL 198,605 (2022: TL 136,695) and provision provided for foreign exchange difference on non-performing loans amounting to TL 17,108,575 occurred due to fluctuations in foreign exchange rates during the year. (2022: TL 9,059,500)

### IV. NOTES AND EXPLANATIONS TO CASH FLOW STATEMENT

#### (1) Cash and cash equivalents at the beginning of the period:

	January 1, 2023	January 1, 2022
Foreign Currency Banknotes	179,560,204	51,758,697
Coins	23,599	85,130
Foreign Correspondents / Deposit (*)	164,583,878	119,980,194
Foreign Correspondents / Other (**)	1,085,521,207	661,570,576
Receivables from Money Market Operations (***)	190,182,656	569,019,522
Domestic Banks	3,202,419	599,767
<b>Cash and Cash Equivalents</b>	<b>1,623,073,963</b>	<b>1,403,013,886</b>

#### (2) Cash and cash equivalents at the end of the period:

	December 31, 2023	December 31, 2022
Foreign Currency Banknotes	103,684,060	179,560,204
Coins	89,329	23,599
Foreign Correspondents / Deposit (*)	453,359,498	164,583,878
Foreign Correspondents / Other (**)	2,059,640,747	1,085,521,207
Receivables from Money Market Operations (***)	9,414,458	190,182,656
Domestic Banks	256,105	3,202,419
<b>Cash and Cash Equivalents</b>	<b>2,626,444,197</b>	<b>1,623,073,963</b>

(\*) Deposit accounts rediscount of TL 209,032 (December 31, 2022: TL 120,610) is not included in the Foreign Banks/Deposit in balance sheet.

(\*\*) Other accounts rediscount TL 3,261,367 (December 31, 2022: TL 758,840) is not included in the foreign correspondents.

(\*\*\*) Receivables from money market operations interest accrual of TL 19,175 (December 31, 2022: TL 100,591) and interbank money market interest rediscount of TL 10,010 (December 31, 2022: TL 25,156) are not included in receivables from money market operations in balance sheet.

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### V. SUPPLEMENTARY FINANCIAL STATEMENTS

#### Presentation of assets and liabilities according to their remaining maturities

CURRENT PERIOD (December 31, 2023)	No Maturity	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	5 years and over	Undistributed	Total
<b>ASSET</b>								
Gold Reserves	1,077,844,898	303,208,579	36,816,355	-	-	-	-	1,417,869,832
Foreign Currency Banknotes	103,684,060	-	-	-	-	-	-	103,684,060
Foreign Correspondents	2,062,902,115	421,492,142	37,015,964	29,722,319	69,878,773	243,712	-	2,621,255,025
Reserve Tranche Position	4,472,360	-	-	-	-	-	-	4,472,360
Securities Portfolio	-	-	3,001,249	26,329,115	105,350,501	25,232,371	-	159,913,236
Receivables from Money Market Operations	-	8,259,027	1,184,616	-	-	-	-	9,443,643
Domestic Correspondents	-	4,058,291	-	-	-	-	-	4,058,291
Loans	266,752	30,682,857	42,279,948	283,841,118	10,361,370	78,009,540	-	445,441,585
Equity Participations	9,997,241	-	-	-	-	-	-	9,997,241
Treasury Liabilities due to SDR Allocation	219,335,649	-	-	-	-	-	-	219,335,649
Fixed Assets (Net)	-	-	-	-	-	-	1,501,756	1,501,756
Loans Under Legal Follow-up (net)	-	-	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	2,002,653	2,002,653
Valuation Account	-	-	-	-	-	-	817,762,330	817,762,330
Loss for the Year	-	-	-	-	-	-	818,182,864	818,182,864
Other Assets	287,398,724	-	1,516,694	-	-	-	-	288,915,418
<b>Total Assets</b>	<b>3,765,901,799</b>	<b>767,700,896</b>	<b>121,814,826</b>	<b>339,892,552</b>	<b>185,590,644</b>	<b>103,485,623</b>	<b>1,639,449,603</b>	<b>6,923,835,943</b>
<b>LIABILITY</b>								
Currency in Circulation	448,822,892	-	-	-	-	-	-	448,822,892
Payables due to Money Market Operations	-	370,846,640	-	-	-	-	-	370,846,640
Deposits	1,611,667,185	3,418,165,653	1,184,615	-	-	-	-	5,031,017,453
Foreign Correspondents	58,566,812	50,571,467	372,994,880	188,386,196	-	-	-	670,519,355
Reserve Tranche Position	4,472,360	-	-	-	-	-	-	4,472,360
SDR Allocation	219,335,649	-	-	-	-	-	-	219,335,649
Tax Liability	-	-	2,576,678	-	-	-	-	2,576,678
Provisions	-	-	-	-	-	-	1,128,486	1,128,486
Share Capital and Legal Reserves	-	-	-	-	-	-	9,710,482	9,710,482
Profit for the Year	-	-	-	-	-	-	-	-
Other Liabilities	162,402,374	2,442,609	-	-	-	-	560,965	165,405,948
<b>Total Liabilities</b>	<b>2,505,267,272</b>	<b>3,842,026,369</b>	<b>376,756,173</b>	<b>188,386,196</b>	<b>-</b>	<b>-</b>	<b>11,399,933</b>	<b>6,923,835,943</b>
<b>Net Liquidity Position</b>	<b>1,260,634,527</b>	<b>(3,074,325,473)</b>	<b>(254,941,347)</b>	<b>151,506,356</b>	<b>185,590,644</b>	<b>103,485,623</b>	<b>1,628,049,670</b>	<b>-</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### V. SUPPLEMENTARY FINANCIAL STATEMENTS (Continued)

#### Presentation of assets and liabilities according to their remaining maturities

CURRENT PERIOD (December 31, 2022)	No Maturity	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	5 years and over	Undistributed	Total
<b>ASSET</b>								
Gold Reserves	685,625,164	171,604,495	19,369	-	-	-	-	857,249,028
Foreign Currency Banknotes	179,560,204	-	-	-	-	-	-	179,560,204
Foreign Correspondents	1,086,280,047	158,249,466	12,089,920	24,410,771	90,048,141	55,900	-	1,371,134,245
Reserve Tranche Position	2,816,499	-	-	-	-	-	-	2,816,499
Securities Portfolio	-	4,138,698	2,385,803	33,631,262	96,219,346	14,676,748	-	151,051,857
Receivables from Money Market Operations	-	190,308,403	-	-	-	-	-	190,308,403
Domestic Correspondents	-	3,802,186	-	-	-	-	-	3,802,186
Loans	169,433	6,146,151	37,840,827	186,858,989	6,659,153	25,747,352	-	263,421,905
Equity Participations	5,889,960	-	-	-	-	-	-	5,889,960
Treasury Liabilities due to SDR Allocation	138,268,530	-	-	-	-	-	-	138,268,530
Fixed Assets (Net)	-	-	-	-	-	-	1,148,976	1,148,976
Loans Under Legal Follow-up (net)	-	-	-	-	-	-	-	-
Valuation Account	-	-	-	-	-	-	328,537,596	328,537,596
Other Assets	81,241,769	-	631,535	-	-	-	-	81,873,304
<b>Total Assets</b>	<b>2,179,912,657</b>	<b>534,207,717</b>	<b>52,948,085</b>	<b>244,901,022</b>	<b>192,926,640</b>	<b>40,480,000</b>	<b>329,686,572</b>	<b>3,575,062,693</b>
<b>LIABILITY</b>								
Currency in Circulation	341,798,643	-	-	-	-	-	-	341,798,643
Payables due to Money Market Operations	-	15,809,982	-	-	-	-	-	15,809,982
Deposits	935,928,270	1,832,015,792	6,074,041	-	-	-	-	2,774,018,103
Foreign Correspondents	-	30,935,028	54,399,547	80,488,087	-	-	-	165,822,662
Reserve Tranche Position	2,816,499	-	-	-	-	-	-	2,816,499
SDR Allocation	138,268,530	-	-	-	-	-	-	138,268,530
Tax Liability	-	-	22,317,855	-	-	-	-	22,317,855
Provisions	-	-	-	-	-	-	717,744	717,744
Share Capital and Legal Reserves	-	-	-	-	-	-	7,799,460	7,799,460
Valuation Account	-	-	-	-	-	-	-	-
Profit for the Year	-	-	-	-	-	-	72,021,888	72,021,888
Other Liabilities	25,982,055	7,596,209	-	-	-	-	93,063	33,671,327
<b>Total Liabilities</b>	<b>1,444,793,997</b>	<b>1,886,357,011</b>	<b>82,791,443</b>	<b>80,488,087</b>	<b>-</b>	<b>-</b>	<b>80,632,155</b>	<b>3,575,062,693</b>
<b>Net Liquidity Position</b>	<b>735,118,660</b>	<b>(1,352,149,294)</b>	<b>(29,843,358)</b>	<b>164,412,935</b>	<b>192,926,640</b>	<b>40,480,000</b>	<b>249,054,417</b>	<b>-</b>