



SDIF

Savings Deposit
Insurance Fund

2023

ANNUAL REPORT

March 2024

The Annual Report, drafted in respect of the Savings Deposit Insurance Fund's operations pursuant to Article 124 of Law No. 5411 on Banking, contains a comparison and assessment of the SDIF's performance targets, and of the outcomes of its practices. The SDIF's accounts are audited by an independent audit company, and the consequent independent audit report is published by being included in the annual report.

The SDIF informs the public through the quarterly reports it publishes with respect to actions, credits, follow-up, restructuring and other activities, while it annually provides the Planning and Budget Commission of the Turkish Grand National Assembly with information on its activities. An audit is held as well by the Court of Accounts within the framework of the applicable provisions of Law No. 6085 on the Court of Accounts.



SAVINGS DEPOSIT INSURANCE FUND

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CONTENTS

MESSAGE FROM THE CHAIRMAN	8
1. CORPORATE GOVERNANCE	10
1.1. Historical Background of the SDIF	11
1.2. Functions and Responsibilities of the SDIF	12
1.3. Organizational Structure of the SDIF	13
1.4. Corporate Governance	14
1.5. Human Resources Management	14
1.6. Corporate Communications Management	16
1.7. Internal Audit	17
1.8. Corporate Risk Management	18
1.9. Financial Management	18
1.10. Corporate Information Management	20
1.11. Corporate Performance Management and Strategic Planning	21
2. DEPOSIT INSURANCE OPERATIONS	26
2.1. Deposit Insurance Operations	27
2.2. Coverage and Limit of Deposit Insurance	28
2.3. Risk-based Premium System	29
2.4. Process for the Collection and Control of Insurance Premiums	31
2.5. Developments Regarding the Insured Deposit and Participation Funds	32
2.6. Financial Safety Net Relations	34
2.7. International Association of Deposit Insurers (IADI)-Related Activities	35
2.8. European Forum of Deposit Insurers (EFDI)-Related Activities	36
2.9. Other International Activities	37
3. BANK RESOLUTION AND RECOVERY OPERATIONS	39
3.1. Bank Resolution Process	40
3.2. Resolution Operations	41
3.3. Banks with a Revoked Operating License	41
3.4. Banks Transferred to the Fund	43
3.5. Recovery Operations	48
3.6. Operations Relating to the Collection of the Fund's Non-performing Loans	49
3.7. Operations Relating to Subsidiaries	56
3.8. Operations Relating to Real Estate and Movables	57
3.9. Lawsuits to Which the SDIF is a Party	58
3.10. Other Activities	60

4.	TRUSTEESHIP AND OTHER OPERATIONS CONDUCTED	61
4.1.	Management and Supervision of Companies/Assets under Trusteeship	62
4.2.	Commercial and Economic Entities Relating to Companies under Trusteeship	63
4.3.	Lawsuits and Proceedings Relating to Companies Under Trusteeship	64
4.4.	Operations Relating to Media and Press Institutions	65
4.5.	Operations Conducted with Regard to Requests for Information on Accounts with Asya Katılım Bankası	66
5.	LIQUIDATION OPERATIONS OF SAVINGS FINANCING COMPANIES	67
6.	FINANCIAL STATEMENTS	72
6.1.	SDIF's Financial Statements	73
6.2.	Audit of Financial Statements	73
6.3.	Independent Audit Report	74
	- <i>Savings Deposit Insurance Fund's Balance Sheet</i>	78
	- <i>Savings Deposit Insurance Fund's Income Statement</i>	80
6.4.	Accounting Principles Adopted, and Remarks on the Financial Statements	81
6.5.	Management of the Deposit Insurance Reserve	88
6.6.	Deposit Insurance Risk Management Policies	89
7.	APPENDICES	92

TABLES

Table 1:	Distribution of SDIF Employees by Title
Table 2:	Distribution of Expense Budget Allowances and Expenditures
Table 3:	Financial Objectives of Deposit Insurance Operations and Their Realization
Table 4:	Financial Objectives of Resolution Operations and Their Realization
Table 5:	Risk Factors and Scores
Table 6:	Premium Categories and Premium Rates
Table 7:	Numbers of Total and Insured Depositors
Table 8:	Banks with a Revoked Operating Licence and an Order of Bankruptcy
Table 9:	Resources Transferred within the Scope of Insured Deposit Payments, and Repayments Made by Bankrupt's Estates to the SDIF
Table 10:	İmar Bank GDDS Payments
Table 11:	Offshore Payments
Table 12:	Distribution of Resolution Revenues
Table 13:	Collections from Non-performing Loans
Table 14:	Net Collections from Banks' Majority Shareholders
Table 15:	CEEs the Sale Processes of which have been Completed Under Law No. 5411
Table 16:	Subsidiaries Overall Resolution Table
Table 17:	Real Estate and Movables Overall Resolution Table
Table 18:	Lawsuits and Proceedings to Which the SDIF is a Party
Table 19:	CEEs the Sale Processes of which have been Completed Under Trusteeship Operations
Table 20:	CEEs Offered for Sale under Trusteeship, the Approval/Tender Price Collection Processes of which are in Progress
Table 21:	CEEs in the Process of Sale Under Trusteeship Operations
Table 22:	International Lawsuits and Proceedings Relating to Companies under Trusteeship
Table 23:	Lawsuits Filed Before Local Courts in Connection with Companies under Trusteeship
Table 24:	Savings Financing Companies Subjected to Liquidation
Table 25:	Securities in the Fund's Portfolio
Table 26:	Non-performing Receivables Taken Over
Table 27:	Insurance Premium Revenues
Table 28:	Payments Made to the Ministry of Treasury and Finance
Table 29:	Changes Relating to the Coverage and Limit of the Deposits and Participation Funds Subject to Insurance

CHARTS

- Chart 1: Distribution of Fund Board Resolutions
- Chart 2: Distribution of SDIF Personnel by Educational Status
- Chart 3: Distribution of Media Coverage on the SDIF
- Chart 4: Distribution of Press Coverage on the SDIF
- Chart 5: Applications for Information
- Chart 6: Total Deposit and Participation Funds and Insured Deposits and Participation Funds
- Chart 7: Distribution of Total Deposits and Depositors by Tranches
- Chart 8: Distribution of Total Participation Funds and Number of Participation Fund Holders by Tranches
- Chart 9: Distribution of Resolution Revenues by Year
- Chart 10: Status of Subsidiaries
- Chart 11: Insurance Premiums by Period
- Chart 12: Collected Insurance Premiums by Year
- Chart 13: Prescribed Assets by Year
- Chart 14: Development of the Fund Ratio by Year
- Chart 15: Deposit Amounts and Credit Risk Ratios by Year
- Chart 16: Foreign Currency Distribution of the Insured Deposit and Participation Fund and the Deposit Insurance Reserve
- Chart 17: Maturity Distribution of the Deposit Insurance Reserve
- Chart 18: Distribution of Securities by Type

FIGURES

- Figure 1: Historical Background of the SDIF
- Figure 2: SDIF's Functions
- Figure 3: Organizational Chart of the SDIF
- Figure 4: SDIF's Corporate Management Systems Cycle
- Figure 5: SDIF's Public Communication Channels
- Figure 6: The SDIF's Resources and Their Use
- Figure 7: SDIF Planning and Performance Monitoring Tools
- Figure 8: SDIF Strategy Map for 2023-2027
- Figure 9: Coverage and Limit of the Deposit Insurance
- Figure 10: Premium Collection and Audit Process
- Figure 11: Bank Resolution Process
- Figure 12: Banks with the Shareholder Rights Except for Dividends of Which were Transferred to the Fund
- Figure 13: Depositor Information Notice

ABBREVIATIONS

Bankrupt Asya Katılım Bankası AŞ	Bank Asya
European Union	AB / EU
Bank Ekspres AŞ	Bank Ekspres
Bank Kapital TAŞ	Bank Kapital
Banking Regulation and Supervision Agency	BRSA
Bayındırbank AŞ	Bayındırbank
Birleşik Fon Bankası AŞ	Birleşik Fon Bank / BFB
Demirbank TAŞ	Demirbank
Government Debt Securities	GDS
Government Foreign Debt Securities	GFDS
Government Domestic Debt Securities	GDDS
Ege Giyim Sanayicileri Bankası AŞ	EGS Bank
Egebank AŞ	Egebank
Eskişehir Bankası TAŞ	Esbank
Etibank AŞ	Etibank
Financial Restructuring Agreement	FRA
Real Estate Investment Trust	REIT
Repayment Agreement	Protocol
İktisat Bankası TAŞ	İktisat Bank
İnterbank AŞ	İnterbank
Decree Law	DL
Kentbank AŞ	Kentbank
Kıbrıs Kredi Bankası Ltd.	Kıbrıs Kredi Bank
Milli Aydın Bankası TAŞ	Tarişbank
Bankrupt Marmara Bankası AŞ	Marmara Bank
Bankrupt Türkiye İthalat ve İhracat Bankası AŞ	Impexbank
Bankrupt Türkiye Turizm Yatırım ve Dış Ticaret Bankası AŞ	TYT Bank
Bankrupt T. İmar Bankası TAŞ	İmar Bank
State of Emergency	SoE
Pamukbank TAŞ	Pamukbank
Capital Market Board	CMB
Sitebank AŞ	Sitebank
Sümerbank AŞ	Sümerbank
Savings Deposit Insurance Fund	SDIF / the Fund
Commercial and Economic Entity	CEE
Toprakbank AŞ	Toprakbank
Türk Ticaret Bankası AŞ	Türkbank / TTB
Central Bank of the Republic of Türkiye	CBRT
Türkiye İmar Bankası TAŞ	İmar Bank
Türkiye Tütüncüler Bankası Yaşarbank AŞ	Yaşarbank
Ulusalbank TAŞ.	Ulusalbank
Asset-backed Securities	ABS
Yurt Ticaret ve Kredi Bankası AŞ	Yurtbank



MESSAGE FROM THE CHAIRMAN

The year 2023 was the year in which we proudly celebrated the 100th anniversary of our Republic. However, at the same time, we were shaken by the heavy burden of the earthquakes of the 6th of February, which affected 15 million citizens in 11 provinces of our country. The solidarity of the state and the nation proved effective in helping us to cope with the economic and social consequences of the disaster, in which thousands of people have lost their lives.

While the negative effects of the war between Russia and Ukraine war on the world markets continued, the world entered into an even more fragile period with the Israeli invasion of the Gaza Strip. The inhumane attacks on

civilians in Gaza have increased the geopolitical risks and the possibility of a regional war.

Despite all these adversities, as one of the major players of the financial sector, we have continued to make every effort to live up to our Republic with unwavering dedication to our responsibilities when we were celebrating its 100th anniversary. As an Institution, we have shared in our people's enthusiasm of our people for the Republic through the events we have organised.

In 2023, heightened concerns regarding financial stability took centre stage due to high inflation rates and bank failures in the global markets. As I mentioned above, in addition to these concerns, our country also faced with the challenges posed by the earthquake disaster in 2023. Despite these adversities, our financial sector continued to operate successfully throughout the year. By the end of 2023, our banking sector maintained capital adequacy and profitability and effectively fulfilled its expected role in supporting the real sector and households amidst national and international turmoil. While global inflation on a global scale remains persistently high in certain countries, including Türkiye, we have witnessed a gradual decline in the global inflation surge that began in 2021 due to central banks' unwavering commitment to combat inflation and the implementation of stringent monetary policy measures. However, the rapid shift to higher interest rates as part of the anti-inflation strategy has exposed existing vulnerabilities in the global financial system, and placed pressure on financial institutions that had been operating for a long time based on low interest rates. Notably, the bank failures in Switzerland and the US during the first quarter of 2023 serve as striking reminders of the ongoing fragilities at a global scale, despite the financial reforms implemented so far. Looking ahead, achieving strong, sustainable, balanced, and inclusive global economic growth requires not only maintaining macroeconomic and financial stability but also prioritising green finance and implementing necessary improvements and reforms in financial processes.

The failure of Credit Suisse, a globally systemic bank, in March 2023, along with the potential systemic risk impact from the failures of certain US banks, prompted international standard-setting bodies to review the policies, practices, and standards in deposit insurance and bank resolution. In this context, it is crucial to recognise that non-systemic bank failures can also trigger systemic crises. Therefore, it is necessary to rapidly evaluate the damages arising from the

inadequate management of interest rate risk and lax practices in the field of regulation and supervision, and to eliminate the deficiencies identified.

In 2023, despite the negative fluctuations and ongoing conflicts in all national and international markets, the SDIF successfully fulfilled its mission ensuring the sound functioning of the banking sector. Notably, in the field of deposit insurance, the deposit insurance limit, previously set at TRY 400 thousand for 2023, was raised to TRY 650 thousand for 2024.

The SDIF has carried out trusteeship activities since 2016. It persistently continued these activities with unwavering dedication in 2023. Currently overseeing 681 companies, the SDIF, through its prudent commercial approach, diligently promotes the economic public interest with regard to all types of economic value created in these companies, in particular in terms of employment, and demonstrates intense efforts to sustain the vitality of these companies.

Moreover, the SDIF has been entrusted with the task to liquidate 21 savings finance companies whose liquidation had been decided as of July 2021. In this context, the SDIF swiftly established liquidation commissions and took the necessary steps to ensure the sound operation and completion of the process. To address the grievances of the customers of the savings finance companies planned to be liquidated, the actual transfer-delivery transactions of 43,306 contracts that could be transferred within the framework of the applicable regulatory policies were successfully completed in 2023.

We believe that the SDIF will continue to play an important role in the financial security architecture of the “Turkish Century” thanks to the innovative approaches to deposit insurance it has introduced since its establishment in 1983. As we set out 40 years ago, we are confident that the SDIF’s experienced human resources equipped with their current know-how and forward-looking mindset will continue to work with dedication in line with the objectives of our strategic roadmap.

I would also like to take this opportunity to offer my condolences to our citizens who lost their lives in the great calamity we suffered, and hope that 2023 will bring the world, our country and our agency health and peace.

I would like to take this opportunity to extend my best wishes for a healthy 2024. I hope that the year ahead will bring prosperity and peace for our world, our nation, and our Agency.

Fatin Rüştü KARAKAŞ
Chairman

1 CORPORATE GOVERNANCE

- 1.1. Historical Background of the SDIF
- 1.2. Functions and Responsibilities of the SDIF
- 1.3. Organizational Structure of the SDIF
- 1.4. Corporate Governance
- 1.5. Human Resources Management
- 1.6. Corporate Communications Management
- 1.7. Internal Audit
- 1.8. Corporate Risk Management
- 1.9. Financial Management
- 1.10. Corporate Information Management
- 1.11. Corporate Performance Management and Strategic Planning

1.1. Historical Background of the SDIF

The SDIF was founded on July 22, 1983 within the body of the Central Bank of the Republic of Türkiye to insure savings deposits. The SDIF's powers were extended following the economic crisis of 1994, the task of strengthening the financial structures of banks and, when necessary, restructuring them being assigned to the SDIF in addition to the task of insuring savings deposits.

The fact that the finance sector crossed the national boundaries, becoming more complicated and fast-moving in the late 90s, gave rise to the need that corporations responsible for regulating and supervising this sector increase their specialisation to become more functional and independent. The tendency in the world to delegate the task of supervision, which was previously performed by Central Banks and Ministries, to an independent corporation also affected Türkiye, which culminated in the founding of the BRSA in 1999, and the representation and administration of the SDIF was assigned to the BRSA.

The founding of the BRSA, and its commencement of its operations, coincided with the second most severe financial crisis suffered by Türkiye. The number of failed banks which was 4 during the first wave in 1994 rose to 25 with a second wave in the early 2000s. On December 26, 2003, a resolution was made to the effect that the SDIF's decision-making body would be the Fund Board, and the SDIF was granted an autonomous status.



Figure 1: Historical Background of the SDIF

Law No. 5411 on Banking that took effect in November 2005 heralded important changes for the Turkish deposit insurance system and the SDIF. This Law extended the SDIF's powers, and the authority to identify the coverage and limit of the deposit subject to insurance, which was determined by the BRSA until then, was delegated to the SDIF. The powers to identify the tariff for the risk-based insurance premium, and the time and mode of collection, were also granted to the SDIF. Another change brought about by Law No. 5411 on Banking was that participation funds belonging to real persons, opened with participation banks, were also brought under the SDIF's guarantee.

Decree Law No. 675 (subsequently enacted as **Law No. 6758** of 10.11.2016), which was issued within the scope of the State of Emergency announced following the attempted coup of July 07, 2016, provided that the SDIF should be assigned the **duties and powers of trusteeship** in companies to which a trustee was/was to be appointed pursuant to Article 133 of the Code of Criminal Procedure for belonging to, being attached to, or being connected with terrorist

organisations, and the same Decree Law brought provisions regarding the sale and liquidation of such companies and assets.

Additionally, the SDIF was assigned with a new task in 2021. By an amendment made to article 50/A, second paragraph of Law No. 6361, brought into effect by Law No. 7333 of July 28, 2021, the SDIF was assigned the task of conducting the liquidation procedures of 21 savings financing companies against which a liquidation resolution was made on July 01, 2021 under Law No. 6361 as a result of the audits held by the BRSA.

1.2. Functions and Responsibilities of the SDIF

The SDIF carries out its duties within the framework of the authority granted to it under **Law No. 5411 on Banking**, Law No. 6758 on the amendment and adoption of certain arrangements made under Decree Laws within the scope of the State of Emergency, **Law No. 7333**, and other applicable legislation.

The SDIF's functions can be grouped under the headings deposit insurance, bank resolution and recovery, trusteeship, and the liquidation of deposits financing companies, and may be summarized as follows:

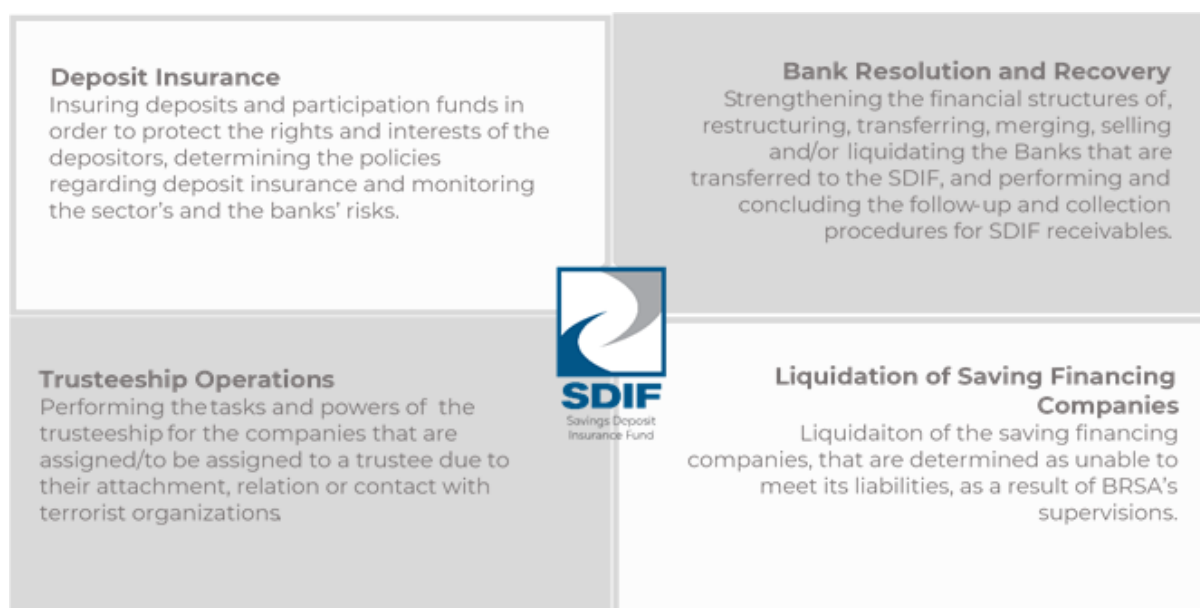


Figure 2: SDIF's Functions

The SDIF is a public legal entity enjoying administrative and financial autonomy. The SDIF performs its duties independently. The SDIF's decisions are not subject to expediency review. No organ, authority or person may issue orders or give instructions to influence the decisions of the Fund Board. The SDIF is authorised to request any information and documents from public authorities and institutions as well as from real persons; provided, however, that such requests are limited to its duties under the Banking Law.

The Fund Board is the SDIF's decision-making organ, and consists of seven members, one of whom is the chairman and another the second chairman. The Fund Board Chairman also serves as the president of the SDIF, and is responsible for the general management and representation of the SDIF, as well as for the enforcement of the resolutions made by the Fund Board.

The Fund Board made a total of 524 resolutions in 2023, most of which related to Bank Resolution and Recovery, and Trusteeship operations. The distribution of Fund Board resolutions made in 2023 by the SDIF's fields of operations are presented in Chart 1 below:

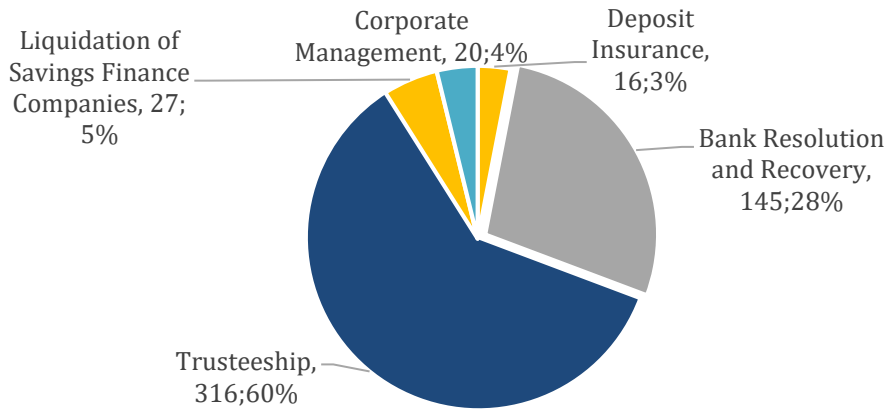


Chart 1: Distribution of Fund Board Resolutions

1.3. Organizational Structure of the SDIF

The SDIF's headquarters are located in Istanbul, while it has a representation office in Ankara. The organizational structure of the SDIF, which has the status of an autonomous Corporation, was identified in the "Bylaw on the Organization of the Savings Deposit Insurance Fund," published in Official Gazette Issue 26119 of March 25, 2006, as comprising 2 Deputy-chairpersons, 10 Departments, 4 Directorates and 15 Chairman's Advisors. However, the Corporation's organizational structure was reviewed in light of the duties of "Trusteeship" and "Liquidation of Saving Financing Companies" assigned to the SDIF in 2016 and 2021, respectively, and was reorganized in keeping with its new duties and the workload under the "Bylaw on Amendments to the Bylaw on the Organization of the Saving Deposit Insurance Fund" published in Official Gazette issue 31901 of July 23, 2022. Through the Bylaw in question, the number of vice-president was increased to three, that of Departments to 12, and the number of Directorates was increased to six. The organizational chart of the SDIF as of March 2024 is shown in the diagram below:

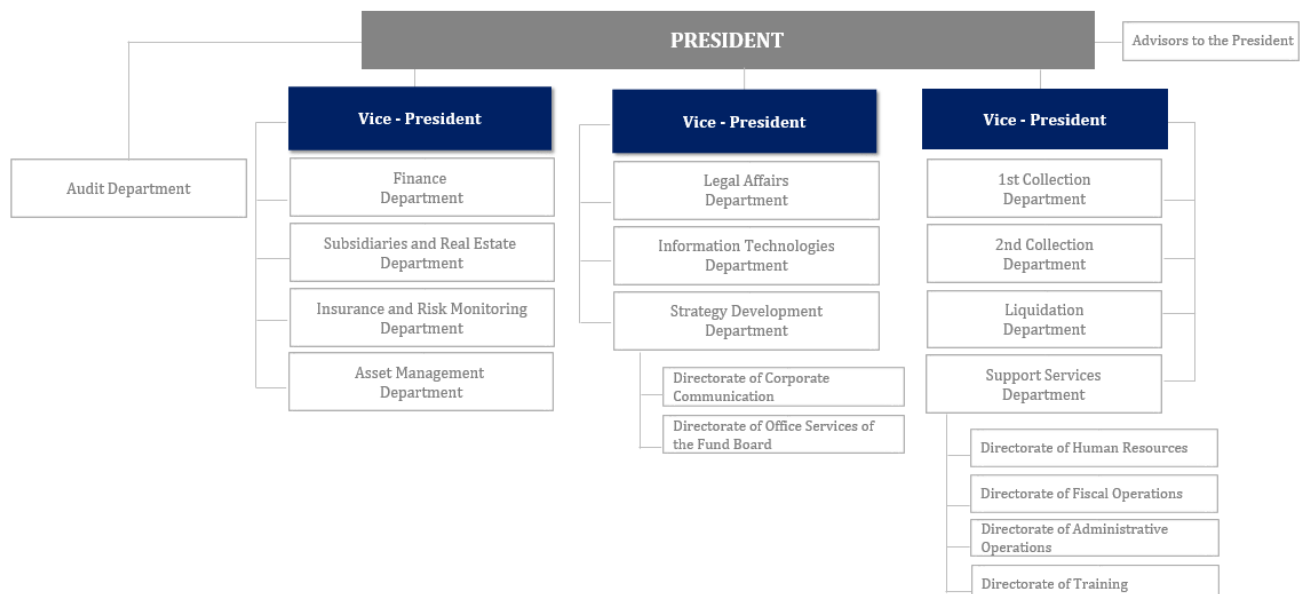


Figure 3: Organizational Chart of the SDIF

1.4. Corporate Governance

The SDIF's organisational structure, its business processes and management strategies were identified in accordance with the Banking Law, and the subordinate regulations issued under that Law. On the other hand, the historical development of the SDIF, its experiences and corporate culture also hold an important place in the structure of its corporate management.

The activities carried out by the SDIF in respect of its corporate management practices have been gathered under the headings shown in the following "SDIF Corporate Management Systems Cycle."

From the day it was founded, the SDIF has set an example to numerous organisations in Türkiye and abroad with its corporate management systems practices, and has succeeded in attracting attention, in particular with its bank resolution, recovery, financial management and corporate development practices.



Figure 4: SDIF's Corporate Management Systems Cycle

1.5. Human Resources Management

As of December 31, 2023, the SDIF's operations are conducted by a total staff of 354. Additionally, 152 personnel at Birleşik Fon Bank and the companies that are under SDIF's management and supervision are temporarily employed in SDIF units. For further information, please see Table 1 below, which provides a comprehensive overview of the SDIF personnel by position.

Status	Position	Number of Personnel
Contracted Personnel	Vice-President	3
	Department Head	12
	Advisor	14
	Director	4
	Group Coordinator	27
	Fund Attorney	80
	Fund Auditor	12
	Fund Specialist	104
	Fund Assistant-Auditor	4
	Fund Assistant-Specialist	23
	Fund Chief	21
	Architect	1
Personnel Under Administrative Contract	Physician	1
	Administrative Chief	1
	Administrative Staff	40
	Support Personnel	7
Grand Total		354

Table 1: Distribution of SDIF Employees by Title

93.5% of SDIF personnel hold undergraduate degree or higher. Chart 2 below provides information about the distribution of staff based on their educational backgrounds.

Distribution of SDIF Personnel by Educational Status

(Number; %)

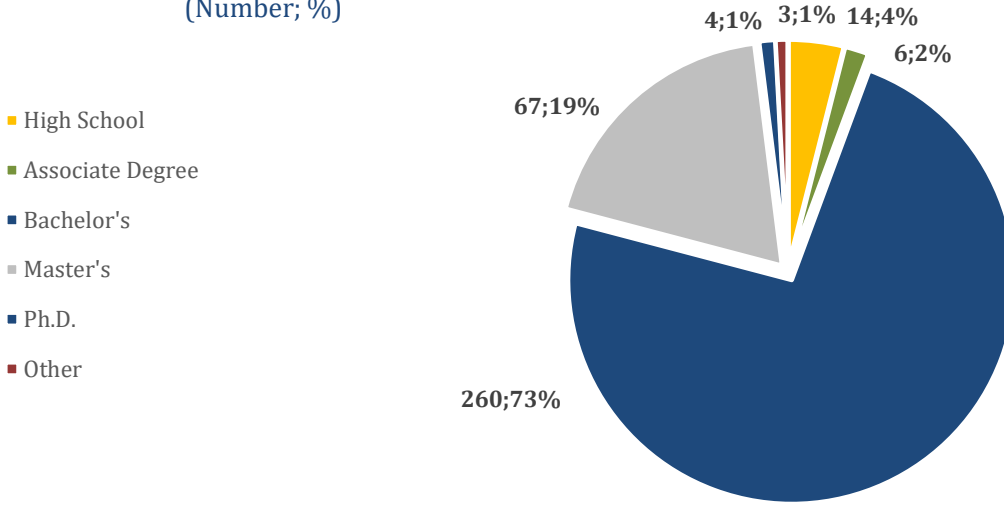


Chart 2: Distribution of SDIF Personnel by Educational Status

In accordance with the annual training programme prepared within the scope of Article 48 of the SDIF Human Resources Regulation, 33 vocational and general training sessions were conducted for a total of 592 personnel in 2023. Additionally, four candidate officers received basic and preparatory training in 2023.

Furthermore, 58 personnel participated in a total of 48 training programmes organised by the Banks Association of Türkiye in 2023.

Under the “Rules and Procedures of the Savings Deposit Insurance Fund Governing the Sending of Staff Abroad for Training and Research Purposes”, the SDIF sends personnel abroad in order to improve their professional knowledge as well as for educational and research purposes relating to their fields of expertise. In accordance with the aforementioned rules and procedures, two personnel were sent abroad for postgraduate studies in 2023. Additionally, 13 SDIF personnel participated in seven overseas events (conferences, workshops and seminars).

Within the framework of the “Rules and Procedures Governing the Selection of Those who will be sent for Foreign Language Education within the Country,” employees who wish to improve their foreign language skills are provided with foreign language training in Türkiye. In accordance with the established selection guidelines, a total of six personnel participated in this program in 2023.

Three health seminars were organised to increase the level of knowledge and exchange of information among the SDIF personnel.

1.6. Corporate Communications Management

In order to ensure that developments related to its activities are communicated to the public in an effective, accurate and comprehensible manner, to raise public awareness of the deposit insurance system and to enhance its credibility in the eyes of the public, the SDIF has established a regular communication network with the public through various communication channels.

In 2023, the SDIF achieved to communicate effectively with a wide audience through the most effective mass media: television, newspapers and the internet. In 2023, the SDIF received media coverage through a total of 2,926 articles across print and audio-visual channels. Among these, 1,304 articles were published in newspapers, while 1,622 appeared on television.

The number of articles about the SDIF that appeared on the internet, on the other hand, was 18,593 in 2023. The SDIF is also present on social media websites (LinkedIn, X, etc.).

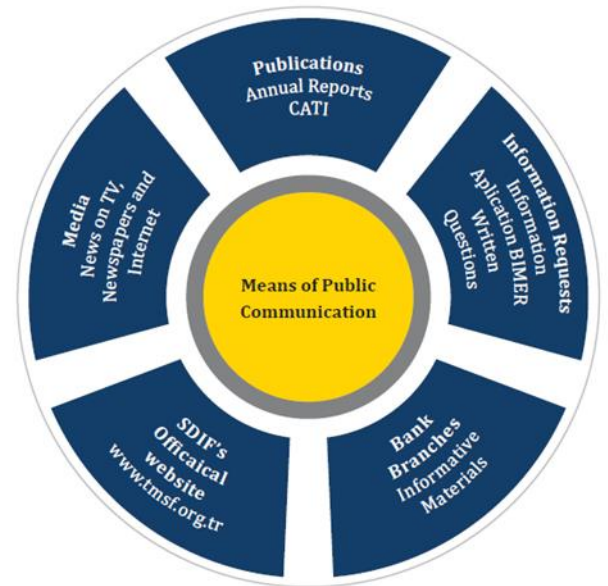


Figure 5: SDIF's Public Communication Channels

Distribution of Media Coverage on the SDIF

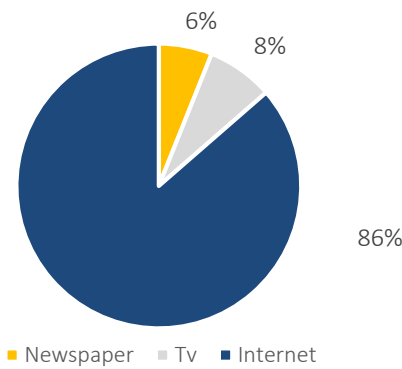


Chart 3: Distribution of Media Coverage on the SDIF

Distribution of Press Coverage by Impact

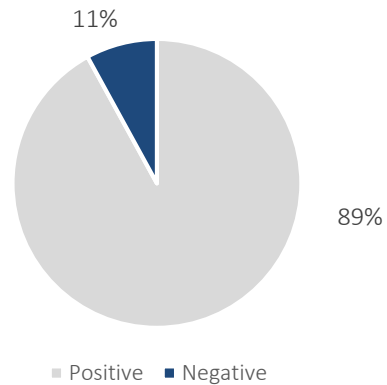


Chart 4: Distribution of Press Coverage on the SDIF

Each year, the SDIF carries out an impact analysis, particularly on the content of the news published in newspapers. An analysis of the content of the articles published in newspapers in 2023 showed that 1,158 articles, or 89% of the total of 1,304 articles, contributed to the public's positive perception of the SDIF.

Another channel that the SDIF uses effectively to communicate with the public is the SDIF's official website. The SDIF keeps the public informed about the deposit insurance system through its website. This includes updates on the system itself, announcements related to asset sales, and notices addressing both debtors and creditors.

To enhance public understanding and strengthen the deposit insurance system, all bank branches in Türkiye prominently display a statement (Annex 1) that clarifies the coverage and limit of deposit insurance.

As part of its efforts to promote the effective communication with the public, the SDIF produces quarterly and annual reports that detail the organisation's activities.

Additionally, the SDIF fosters open communication by responding to inquiries submitted under Right to Information Law No. 4982, to inquiries forwarded from the Presidential Communication Centre (CIMER), and to official questions from the Grand National Assembly of Türkiye. In 2023, the SDIF addressed two official questions, 1,307 information requests under Law No. 4982, and 2,932 CIMER applications. Figure 5 below shows the number of official questions, information requests and CIMER applications addressed to SDIF by year.

**Queries, CIMER Applications and Information Requests
(Number)**

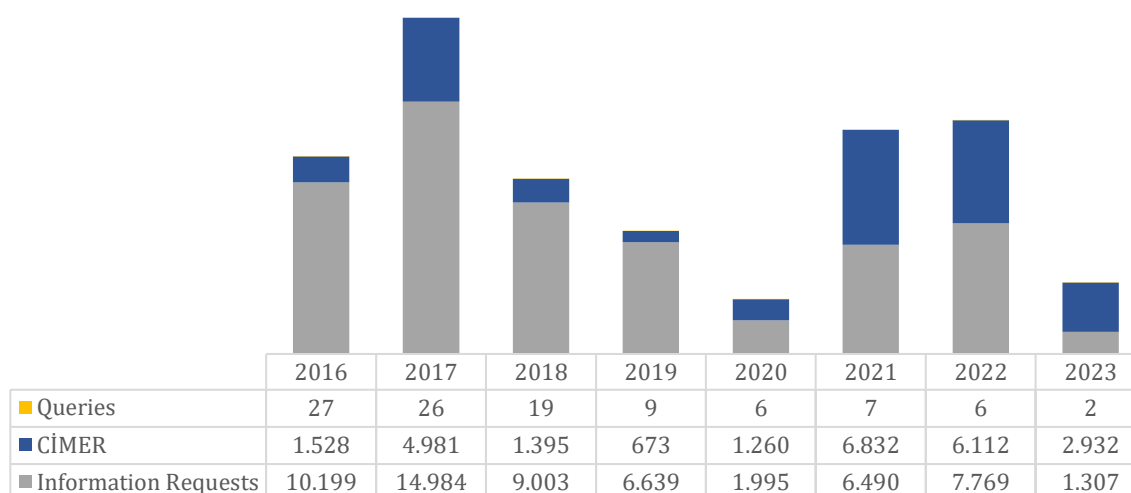


Chart 5: Applications for Information

1.7. Internal Audit

The SDIF carries out an internal audit based on its established rules and procedures pursuant to Article 124 of the Banking Law. The SDIF's external audit is performed by the Court of Accounts within the framework of the applicable provisions of Law No. 6085 on the Court of Accounts. The SDIF's financial statements are also audited by an independent audit company, and the consequent independent audit report is published as part of the annual report.

The SDIF's dedicated Audit Department is responsible for providing the necessary audit services related to the organisation's operations. In 2023, the Audit Department carried out the following operations:

- Investigations into banks that have been transferred to the Fund, share transfer agreements, and resolution activities;
- Investigations that will serve as a basis for responses to requests for investigation permits referred to SDIF from judicial authorities under Article 127 of the Banking Law within the scope of judiciary investigations conducted in relation to allegations of misconduct by Fund personnel in the performance of their duties;

- Internal audit of the Information and Communication Security System; and
- Completion and consolidation of audits ordered by the courts in companies where SDIF has been appointed as a trustee, and investigations to identify additional information and documents that may be considered within the scope of membership, affiliation or connection of companies, partners, and managers to terrorist organizations.

1.8. Corporate Risk Management

The SDIF has put in place a number of measures to ensure the management of corporate risks. These are carried out in accordance with the framework provided by the Institutional Development Plan (IDP), a model which enables SDIF to monitor corporate risks at a strategic level. On that basis, in 2023, the SDIF's Corporate Risk Management activities were carried out within the framework of a Strategic Risk Monitoring Plan (SRMP) developed in line with the SDIF's 2023-2027 Institutional Development Plan, a plan formulated taking into account the SDIF's expanded mandate in 2021. The SDIF's 2023-2027 Strategic Risk Monitoring Plan identifies the risks related to the strategic projects and activities included in the IDP, those responsible for these risks, control activities and action plans. In 2023, the risks identified under the SRMP were monitored through due diligence reports and the results were reported to the relevant authorities. Furthermore, steps have been taken to assess the risks associated with the SDIF at both operational and strategic levels.

1.9. Financial Management

The SDIF's primary sources of income are set out in Article 130 of the Banking Law and the "Regulation on the Resources of the Savings Deposit Insurance Fund and the Utilisation of Resources". Furthermore, the SDIF may consider the option of borrowing from the market upon prior authorisation of the Ministry of Treasury and Finance. To ensure the SDIF has access to additional funds in times of need, the Ministry of Treasury and Finance has the authority to issue Special Government Debt Securities, essentially creating a dedicated borrowing facility for the SDIF. The SDIF may receive advances from banks up to the total amount of insurance premiums paid in the previous year to offset future premium liabilities upon decision of the Fund Board in consultation with the BRSA. In exceptional circumstances, if the SDIF's resources are insufficient, the CBRT may grant an advance to the SDIF at the request of the SDIF.

The SDIF may freely use its allocated resources as required by its duties and powers. The rules and procedures for the use of the assets of the SDIF are governed by the aforesaid Regulation. The SDIF's expenses are funded by the SDIF's sources of income.

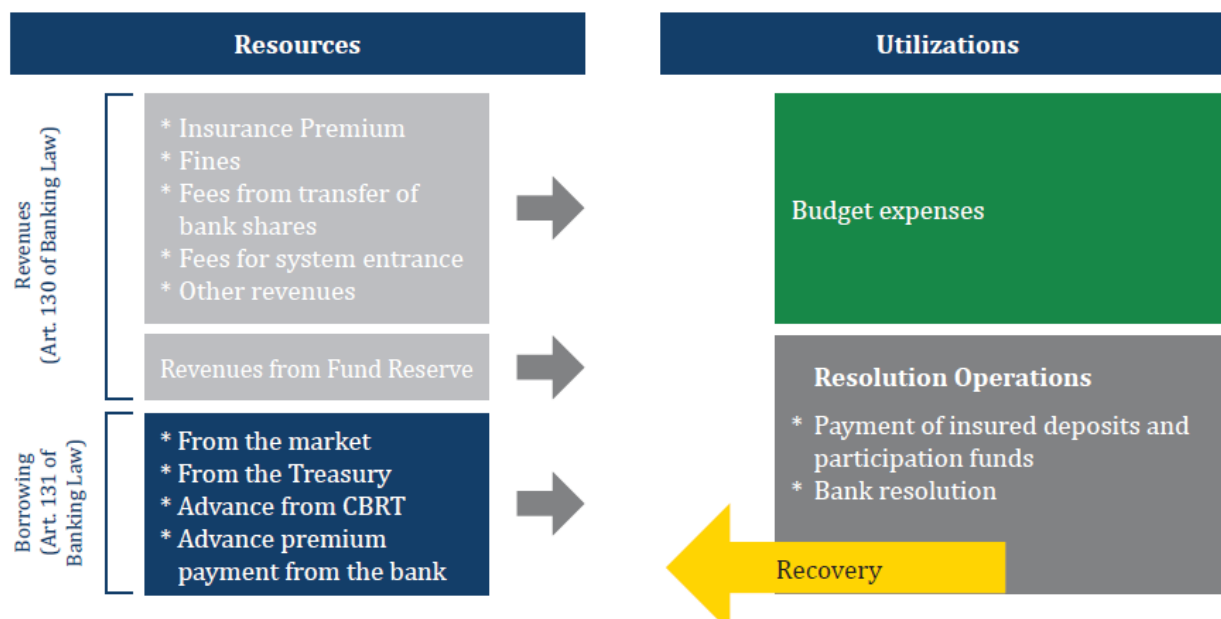


Figure 6: The SDIF's Resources and Their Use

In order to ensure the efficient use of resources and to make consistent decisions for the forthcoming years, it would be beneficial for the SDIF to monitor its revenues and expenses under budget discipline. This would help to discipline the expenses incurred during the fulfilment of the duties and authorities imposed on the SDIF by the Banking Law. In preparing the SDIF Expense Budget for 2023, in addition to the principles of saving, we have taken great care to create a structure that would enable the SDIF to carry out its duties without interruption. It is not the practice of the SDIF to prepare an income budget. We are pleased to report that the expenses foreseen in the 2023 Expense Budget were covered from the Fund revenues identified by Banking Law No. 5411 and the Regulation on the Organisation of the Savings Deposit Insurance Fund.

In accordance with the powers granted to the Fund Board by Article 8 of the Regulation on the Organisation of the Savings Deposit Insurance Fund, the Expense Budget for 2023, which was issued in accordance with the main strategy, goals and objectives of the SDIF, was put into practice with the decision of the Fund Board.

In the Expense Budget for 2023, a total of TRY 520,000,000 was allocated, and TRY 449,261,027.97 was ultimately spent, resulting in a saving of 13.6%. Of the total expenditure, TRY 241.59 million was allocated to personnel costs and TRY 149.33 million to purchases of goods and services.

Please refer to Table 2 for a detailed distribution of these allowances and expenditures across the main items.

Breakdown of Expense Budget Allowances and Expenditures for 2023			
Allowance Type	Total Allowance for 2023 (TRY)	Dec.12, 2023 Realization (TRY)	Realization Ratio (%)
Personnel Costs	268,000,000.00	241,591,226.08	90.15%
State Premium Expenses to Social Security Inst.	29,450,000.00	23,169,786.21	78.67%
Goods and Services Purchase Costs	176,000,000.00	149,328,121.40	84.85%
Current Transfers	28,100,000.00	24,881,605.14	88.55%
Capital Costs	18,450,000.00	10,290,289.14	55.77%
Total	520,000,000.00	449,261,027.97	86.40%

Table 2: Distribution of Expense Budget Allowances and Expenditures

1.10. Corporate Information Management

Information Technologies and Cyber Security

In 2023, there has been a continuation of the rapid changes that we have been experiencing in the field of information technology and, among those developments, the field of artificial intelligence has emerged as a key area of interest. As a consequence of the developments over the previous two decades, the traditional concept of “information processing” has been superseded by the more recent conceptual framework of “strategic information systems”. In this framework, in many industries, particularly in the finance sector, there has been a move to elevate information technology officers to the board (c-level position) and integrate business processes into information technology processes.

Amidst these advancements in Türkiye, the Presidency’s Digital Transformation Office was founded in 2018, and concurrently, the IT Directorate of the SDIF evolved into the Department of Information Technologies.

Digital Transformation Project

In accordance with Presidency Circular No. 2023/13 of July 28, 2023 on the “Use of Open-Source Software in the Public Sector”, the public sector is encouraged to adopt open-source software (OSS) as a means to reduce IT costs, decrease reliance on proprietary software, and enhance cybersecurity. The circular recommends prioritising OSS alternatives over commercially licensed software, and the Digital Transformation Office will oversee the implementation progress.

In this regard, a “Digital Transformation Project” was initiated for the software and hardware products used at the SDIF in accordance with the said circular.

General Activities

In accordance with institutional requirements, maintaining the existing information systems infrastructure in a continuously operational, up-to-date, efficient, and secure state is essential for the institution’s operational continuity. To achieve this, the SDIF actively monitors its information systems infrastructure through regular controls and reviews. Necessary improvements are made to both hardware and software, and timely interventions address any arising issues.

In addition to hardware and infrastructure works, the Information Technologies Department oversees all applications, software, and integrations used at the SDIF. They implement essential

development and debugging processes for software and develop new programmes and applications as needed.

Cyber Security Activities

Regarding information systems and applications, activities on cyber security continued and security tests were carried out regularly. Additionally, necessary infrastructure and system development, maintenance and update works were carried out against possible cyber-attacks.

In 2023, internal and external audits aligned with the TS ISO/IEC 27001 standard were conducted for the SDIF's Information Systems certified by the Turkish Standards Institute under ISO 27001 Information Security Management Process, and necessary improvements were made for the findings revealed within the scope of ISO 27001 and security scans.

Internal audit assessments were conducted in accordance with compliance guidelines outlined in the Information and Communication Security Guide prepared and released on July 27, 2020 by the Presidential Digital Transformation Office. Necessary improvements were implemented based on audit findings, and the results were communicated to the Presidential Digital Transformation Office.

1.11. Corporate Performance Management and Strategic Planning

At the SDIF, corporate performance management and strategic planning activities have been systematically conducted by the Strategy Development Department since 2005.

SDIF's main strategy, performance metrics, goals, and objectives are determined by the Fund Board. Meanwhile, the Strategy Development Department prepares the SDIF's Strategic Plan, incorporating the defined strategies, performance metrics, goals, and objectives. The Strategy Development Department also develops and implements the necessary infrastructure and tools for the realisation and monitoring of the goals and objectives as well as the evaluation and reporting of the results. SDIF utilises three primary tools for strategic planning and corporate performance monitoring. These include:



Figure 7: SDIF Planning and Performance Monitoring Tools

The SDIF operates on five-year planning cycles. Starting in 2023, a new planning period covering 2023-2027 has commenced for the SDIF. During the last quarter of 2022, preparatory studies for this period were initiated, and the SDIF's vision, mission, and strategic goals for 2023-2027 were defined during the 11th Strategy Summit held on October 22, 2022.

The defined vision, mission, and strategic goals, along with SDIF's Strategy Map, were formalised and put into effect through Fund Board's Decision No. 489 of October 27, 2022. Below, you'll find the SDIF Strategy Map for 2023-2027:



Figure 8: SDIF Strategy Map for 2023-2027

1.11.1. Corporate Performance Assessment for 2023

Following the implementation of the SDIF Strategy Map, the Institutional Development Plan for the period 2023-2027 was formulated and took effect following approval by the Presidency.

Significant developments recorded on the Basis of Strategic Objective in 2023 have been presented below:

Under the Strategic Objective of Strengthening the Corporate Capacity:

- In line with the decision to annually increase the insurance limit considering the revaluation rate, the insurance limit has been raised to TRY 650 thousand, effective from the start of 2024.
- The deposit insurance reserve of SDIF reached TRY 214.8 billion as of December 31, 2023, and this amount covers 6.5% of the deposit under insurance.
- In 2023, a collection of USD 146.6 million was achieved, and the total collection amount reached USD 23.7 billion as of December 31, 2023.
- With the payment of USD 58.62 million made to the Ministry of the Treasury and Finance in 2023, the cumulative payment made to the Treasury reached USD 12.5 billion.

Under the Strategic Objective of Developing Risk Management Practices:

- Legal processes at both national and international levels were closely monitored.
- Guides for debt recovery and liquidation processes have begun to be prepared.
- National and international legislative changes were closely monitored, and updates were made to internal legislation concerning SDIF.

Under the Strategic Objective of Developing Corporate Communication and Collaborations:

- Various activities were carried out to improve internal communication, and both professional and personal development of the personnel was contributed through internal and external training programs.

Under the Strategic Objective of Improving Corporate Management Systems:

- The Process Management Project was initiated to update SDIF's written processes.
- The Digital Transformation Project was initiated to automate SDIF's corporate applications.

Under the Strategic Objective of Following Domestic and International Developments Closely:

- SDIF actively participated to the Executive Board Meetings, Committee Studies and various workshops of the International Association of Deposit Insurers (IADI) and the European Forum of Deposit Insurers (EFDI), and SDIF's contributions were presented.
- In order to keep abreast of global developments and international standards in the fields of Bank Resolution and Recovery, SDIF has continued its initiatives for international cooperation and actively participated in the works and activities of professional organisations, including IADI, EFDI and FSB (Financial Stability Board).

1.11.2. Assessment of SDIF's Financial Performance of 2023

SDIF's financial performance is reviewed in two main parts as deposit insurance and resolution activities, and the financial objectives and realization figures for 2023 are given in Table 3 and 4 below:

Deposit Insurance Operations 2023 Financial Objectives and Realization (million USD) ¹				Cumulative Realization as of Dec.12.2023
	Year 2023			
	Objective ²	Realization	Realization Rate (%)	
Reserve (Beginning of the Term)	6,302.22	6,302.22	-	-
Deposit Insurance Operational Revenues ³	1,076.87	1,014.68	94%	18,296.93
Financial Revenues (Interest etc.)	844.73	1,280.48	152%	11,568.57
Budget Expenses (-)	(24.06)	(24.06)	100%	(556.88)
Other Deposit Insurance Operational Expenses (-) ⁴		(30.67)	-	(1,064.00)
Transferred to Resolution Operations (-)		-	-	(4,227.00)
Evaluation and Valuation Difference (+/-) ⁵	(571.69)	(2,193.85)	384%	(17,668.83)
Reserve (End of the Term)⁶	7,628.08	6,348.80	83%	6,348.80

Table 3: Financial Objectives of Deposit Insurance Operations and Their Realization

- The figures in the table reflect the transactions made in cash, Government Debt Securities (GDS) and lease certificates, and are calculated using historical exchange rates prevailing since the establishment of SDIF.
- Within the scope of SDIF Strategic Planning activities, the SDIF's annual cash projection, prepared in January every year, projected a deposit insurance reserve of USD 7,628.08 million by year-end in 2023. However, a rise in exchange rates resulted in a lower reserve of USD 6,348.80 million as of December 31, 2023.
- Deposit Insurance Operational Revenues consist of items such as insurance premium revenues, prescription income, entry fees / share transfer fees, administrative fines etc. Additionally, Subordinated Loans (SL) repayments, collections from insured deposit / participation fund payments and collections within the scope of Decree Law activities are also included under this item.
- Other Deposit Insurance Operational Expenses consist of the Subordinated Loans (SL) of TRY 1,252.84 million (USD 561.33 million in US Dollar) extended to the Birleşik Fon Bankası AŞ on September 24, 2014, TRY 974.33 million (USD 282.54 million in US Dollar) transferred to Vakıf Katılım Bankası AŞ on December 2, 2016 as part of the payments made to holders of insured participation funds at Asya Katılım Bankası AŞ, expenses made within the scope of Decree Laws, and other operating expenses.
- It refers to the exchange rate differences arising from the presentation of the sums in the table in USD.
- When net accrued interest, valuation differences and rediscounts are included in the year-end Deposit Insurance Reserve, the Total Deposit Insurance Reserve reaches USD 7,305.61 million (TRY 214,765.30 million) as of December 31, 2023. Of this amount, USD 6,220.48 million (TRY 182,865.27 million) (85.15%) is invested in GDS, Sukuk, Special Funds and ABS, and USD 1,085.13 million (TRY 31,900.03 million) (14.85%) is invested in deposit / participation fund accounts at public banks.
(Note: The figures in the table may not necessarily produce the sum due to rounding.)

In 2023, the SDIF generated USD 1,014.7 million in **deposit insurance** operational revenue. This revenue primarily comes from insurance premiums (USD 890.0 million), followed by prescription income (USD 16.1 million). Additionally, the SDIF collects system entry fees, share transfer fees, capital market transaction profits, and other income authorised by Decree Laws, judicial/administrative fines, and miscellaneous sources, totalling USD 108.6 million. Beyond operational revenue, the SDIF earned a significant USD 1,280.5 million in financial income by managing the deposit insurance reserve.

In 2023, SDIF generated an income of USD 134.0 million from resolution activities, and a financial income of USD 12.6 million from the investment of reserve related to resolution activities. In the same period, approximately USD 58.6 million was paid to the Ministry of the Treasury and Finance.

Resolution Operations 2023 Financial Objectives and Realization (million USD) ¹				
	Year 2023			Cumulative Realization as of Dec.12,2023
	Objective ²	Realization	Realization Rate (%)	
Reserve (Beginning of the Term)	139.60	139.60	-	-
Resolution Revenues (Gross) ³	72.25	134.03	186%	22,648.35
Financial Revenues (Interest etc.)	6.00	12.56	209%	1,058.66
Indebtedness to the Treasury	-	-	-	25,876.62
CBRT Advance Use	-	-	-	1,329.65
Transferred from Deposit Insurance Revenues	-	-	-	4,227.00
Funds Transferred to Banks (-)	-	-	-	(29,641.37)
Resolution Expenses (-) ⁴	(76.20)	(126.16)	166%	(2,351.54)
Debt Repayments to the Treasury (-)	(6.00)	(58.62)	977%	(12,500.29)
Advance Payments to the CBRT (-)	-	-	-	(1,417.93)
Payments to Public Corporations (-)	-	-	-	(5,578.97)
Payments to Other Real/Legal Persons (-)	(0.23)	-	0%	(1,894.99)
Evaluation and Valuation Difference (+/-) ⁵	(14.00)	(31.12)	222%	(1,684.90)
Reserve (End of the Term)⁶	121.42	70.29	58%	70.29

Table 4: Financial Objectives of Resolution Operations and Their Realization

1. The figures in the table reflect the transactions made in cash, Government Debt Securities (GDS) and lease certificates, and are calculated using historical exchange rates prevailing since the establishment of SDIF.
2. Within the scope of SDIF Strategic Planning activities, the SDIF's annual cash projection, prepared in January every year, projected a deposit resolution reserve of USD 121.42 million by year-end in 2023. However, a rise in exchange rates resulted in a lower reserve of USD 70.29 million as of December 31, 2023.
3. **Gross and cash collection figures** have been taken into consideration in resolution revenues, and no deduction was made for refunds, payments etc. from these sums. **Resolution revenues** consist of collections from non-performing receivables, assets, and Fund Banks, as well as trust and other collection items.
4. **Resolution Expenses** include refund payments, disbursements requiring collection from the related persons, offshore payments, payments from trust accounts, and other expense items.
5. It refers to the exchange rate differences arising from the presentation of the sums in the table in USD.
6. Of this figure, **USD 38.46 million** consists of debt recovery accounts where the lists showing the order of priority of claims have not been completed, and the **blocked accounts** where the prosecution has not been completed.

(Note: The figures in the table may not necessarily produce the sum due to rounding.)

2

DEPOSIT INSURANCE OPERATIONS

- 2.1. Deposit Insurance Operations
- 2.2. Coverage and Limit of Deposit Insurance
- 2.3. Risk-based Premium System
- 2.4. Process for the Collection and Control of Insurance Premiums
- 2.5. Developments Regarding Insured Deposits and Participation Funds
- 2.6. Financial Safety Net Relations
- 2.7. International Association of Deposit Insurers (IADI) – Related Activities
- 2.8. European Forum of Deposit Insurers (EFDI) – Related Activities
- 2.9. Other International Activities

2.1. Deposit Insurance Operations

In 2023, despite geopolitical uncertainties, ongoing regional conflicts, and the stress and bank failures in March in the banking sectors of the United States and Switzerland, it was observed that global financial markets remained stable and global economic growth continued. Meanwhile, in our country, the growth rate for 2023 is expected to exceed the world average. On the other hand, although signs of loosening in global financial conditions have emerged due to inflation approaching targeted levels in many countries, it was observed that the lingering pass-through effect of past interest rate hikes, especially on debtors, remains as a significant factor that increases the sensitivity and vulnerability in the global financial system.

In March 2023, the troubles in Credit Suisse, a global systemically important bank demonstrated that vulnerabilities persist on a global scale despite financial reforms and bank failures in the United States have also highlighted that in certain cases, non-systemic bank failures can create systemic crises. Although these banking failures arise from high losses resulted from poorly managed interest rate risks, country-specific characteristics such as lax regulations, ineffective supervisory mechanisms, and deficiencies in resolution frameworks, as well as sudden changes in market conditions, these developments have prompted international standard-setting bodies to review existing policies, practices, and standards in the fields of deposit insurance and bank resolution.

On that basis, in the study examining the bank failures in 2023 by the Financial Stability Board (FSB), interest rate and liquidity risks in the global financial system in light of new technologies and social media were examined; risks related to deposit outflows from banks were investigated; and the provision of public financial support in resolution, making bank recovery plans usable, the adequacy of resolution strategies and tools, and the possible effects of social media and digital innovation in the resolution process were assessed.

Additionally, in 2023, works have continued by the FSB and other regulatory authorities under the leadership of the G20 to develop regulation, oversight and supervision standards to identify and control new risks brought by non-bank financial intermediation sector, digital banking, financial innovation, crypto assets, and climate change to global financial markets.

SDIF has also continued its efforts in 2023 to comply with the global principles and standards by closely following international developments about deposit insurance and bank resolution in accordance with its sphere of duties.

In line with the targets of protecting the rights and interests of deposit holders and contributing to the financial stability, SDIF has continued its deposit insurance operations successfully as well in 2023. Additionally, in 2023 SDIF continued with its efforts to enhance cooperation, and knowledge and experience sharing in the field of deposit insurance and resolution with relevant organizations where SDIF is a member, as well as with the deposit insurers of other countries.

2.2. Coverage and Limit of Deposit Insurance

Since 1983, when the SDIF was founded, the coverage and limit of deposit insurance for deposits and participation funds have undergone various changes over the years with regard to the requirements of the time (Annex: 2).

The coverage and limit of deposit insurance have been specified within the framework of the Regulation on the Deposits and Participation Funds Subject to Insurance, and the Premiums to be Collected by the Savings Deposit Insurance Fund, which was promulgated after publication in Official Gazette Issue 26339 of November 7, 2006. With the amendment in the Regulation published in Official Gazette Issue 28560 of February 15, 2013, the insurance limit of TL 50 thousand that had been implemented since July 5, 2004 for the deposit and participation funds subject to insurance was raised to TL 100 thousand, and the insurance limit was set at TL 150 thousand with the Regulation amendment published in Official Gazette Issue 30899 of September 25, 2019. Through the Regulation amendment published in Official Gazette Issue 31691 of December 16, 2021, it was resolved that the coverage limit should be increased every year by the Fund Board to apply from the beginning of the calendar year in view of the revaluation rate set and announced as per Tax Procedure Law No. 213 of January 4, 1961 compared to the previous year. In this framework, it was determined by Resolution of the Fund Board No. 562 of December 24, 2021 that the coverage limit should be TL 200 thousand starting from the beginning of the 2022 calendar year, and again by Resolution of the Fund Board No. 595 of December 15, 2022 the coverage limit shall be further raised to TL 400 thousand starting from the beginning of the 2023 calendar year.

On the other hand, first paragraph of the Article 63 of Banking Law No. 5411 was amended through the Law on Amendments No. 7407 to the Banking Law, Certain Other Laws, and Decree Law No. 655, published in Official Gazette Issue 31849 of May 28, 2022, to read *“All deposits and participation funds with credit institutions, other than those belonging to public institutions, credit institutions and financial institutions, shall be insured by the Savings Deposit Insurance Fund”*, by which deposits / participation funds of commercial and other corporations were brought under insurance coverage. In this regard, the necessary amendments were made to the “Regulation on Deposits and Participation Funds Subject to Insurance, and Premiums to be Collected by the Savings Deposit Insurance Fund” within the framework of the 3-month transition period under Article 21 of Law No. 7407, and the amendments were published in Official Gazette Issue 31936 of August 27, 2022 and brought into force.

Accordingly, the principals and ancillaries of deposit and participation fund accounts other than those belonging to public institutions, credit institutions and financial institutions in Turkish Liras, foreign currency or precious metals, opened at domestic branches of a credit institution operating in Türkiye, are covered by insurance for up to 400 thousand Turkish Liras during the calendar year of 2023.

At the Domestic branches of a credit institution operating in Türkiye;

other than those belonging to official institutions, credit institutions and financial institutions,

Turkish Lira, Foreign Exchange, Precious Metals, Deposit and Participation Fund Accounts

Principals and Ancillaries

Up to 400 thousand Turkish Liras are covered by insurance within 2023.

Figure 9: Coverage and Limit of the Deposit Insurance

The “Regulation on the Insured Deposits and Participation Funds and the Premiums to be Collected by the Savings Deposit Insurance Fund” provides that the deposits and participation funds opened at foreign branches of credit institutions, deposits and participation funds opened at credit institutions carrying out offshore banking operations, and the excessive interests accrued by credit institutions shall not be covered by insurance.

Deposits and participation funds, which are not covered by insurance with credit institutions, are listed in Article 64 of the Banking Law. Accordingly;

- Deposits, participation funds and other accounts belonging to majority shareholders or qualified shareholders of the relevant credit institution and the legal entities controlled by these shareholders, as well as mothers, fathers, spouses and children under custody of the real person majority shareholders
- Deposits, participation funds and other accounts belonging to the chairman and members of the board of directors or board of managers, the general manager and deputy general managers of the relevant credit institution and the legal entities and partnerships that they individually or jointly control as well as their mothers, fathers, spouses and children under custody
- Deposits, participation funds and other accounts covered by assets derived from crimes as referred to in Article 282 of the Turkish Criminal Code No. 5237 dated September 26, 2004
- Deposits, participation funds and other accounts determined by the Fund Board in consulting with the Banking Regulation and Supervision Agency Board

are not covered by insurance.

2.3. Risk-based Premium System

The calculation and collection of the insurance premium amounts to be paid by credit institutions are currently subject to the provisions of the "Regulation on Deposit and Participation Funds Subject to Insurance, and Premiums to be Collected by the Savings Deposit Insurance Fund" drawn up under the powers granted to the SDIF by the Banking Law, published in Official Gazette No. 26339 of November 07, 2006 and promulgated.

Insurance premiums have been calculated in line with the new risk-based insurance premium tariff since the early 2009 after an amendment was introduced on May 5, 2008. The risk-based insurance premium tariff took its final form upon the amendments made in 2011, 2013, 2015, 2016, and 2019.

According to the tariff, premium amounts are determined by multiplying insurance premium rates with insured deposits and participation funds calculated based on the financial statements drawn up by credit institutions as of the end of every March, June, September and December.

Credit institutions are evaluated on a total of 14 risk factors classified under the five sections of capital adequacy, asset quality, profitability, liquidity and other risk factors, and obtain a total score within the range of “0” for the lowest and “100” for the highest according to the threshold values identified for each section.

Risk Criteria	Threshold Values	Score
1 Capital Adequacy		25
Capital Adequacy Ratios		20
- CAR Solo	10-16%	I. Group 20
- CAR Consolidated	10-16%	II. Group 13
- TIER 1 CAR Solo	8-14%	III. Group 0
Asset Capital Multiplier	10-15	5-3-0
2 Asset Quality		20
Connected Lending Ratio	8-15%	5-3-0
Non-performing Loans Ratio	1-3%	5-3-0
Cash Loans Concentration Ratio	20-30%	5-3-0
Average Growth Ratio	15-25%	5-3-0
3 Profitability		10
Profitability Ratio	4-2%	5-3-0
Efficiency Ratio	50- 75%	5-3-0
4 Liquidity		10
Average Maturity (Days) of Deposits or Participation Funds	70-50	5-3-0
Insured Deposits or Participation Funds Ratio	27-17%	5-3-0
5 Other Risk Factors		35
BRSA's Rating	1-2-3-4-5-6-7-8-9-10	30-27-24-20-16-12-8-5-1-0
Other Information		5-3-0
TOTAL		100

Table 5: Risk Factors and Scores

As a result of the calculations to be made, credit institutions come up in one of the four premium categories A, B, C and D based on their total scores and the premium rate in the respective premium category is applied to the credit institution. The premium categories and premium rates are presented in Table 6.

Total Points	Premium Category	Premium Rate (Basis Points)
≥ 80	A	15
≥ 65 and < 80	B	17
≥ 50 and < 65	C	19
< 50	D	23

Table 6: Premium Categories and Premium Rates

The insurance premium rate is calculated by adding 2 basis points for credit institutions with a size factor of TRY 1,140,613,050,565 and over, and 1 basis point for credit institutions with a size factor between TRY 475,255,437,735 (included) and TRY 1,140,613,050,565 to the premium rates specified in the Table for the year 2023. The size factor consists of total assets, non-cash loans and guarantees and commitments (excluding revocable commitments) on the balance sheet

of the credit institution. The respective amounts are increased annually by the average rate of increase in the producer price general index calculated as of the end of the year by the Turkish Statistical Institute.

2.4. Process for the Collection and Control of Insurance Premiums

The audit of the payment process of the insurance premiums paid by credit institutions and the verification of the amounts thereof are carried out in cooperation and coordination with the BRSA. Credit institutions enter their financial indicators into the Banking Data Transfer System (BDTS) established by the BRSA. On the other hand, they send the insurance premium table including the values related to the risk factors in the insurance premium tariff and the insurance premium base, to the SDIF by the end of the 45th day following the relevant period.

The accuracy of the values in the insurance premium table prepared by the credit institution and sent to the SDIF is confirmed via the BDTS, accessible by SDIF as a part of the protocol between the BRSA and the SDIF for exchange of information and cooperation and the SDIF informs respective credit institutions of premium rates and amount to be paid. .

The credit institutions pay the due amounts to the accounts of the SDIF at the CBRT until the last business day of the second month following the relevant premium term. The SDIF regularly monitors BDTS for any changes that are likely to affect the due premium sums to be paid by credit institutions both until the due date of payment and after the payment is made.

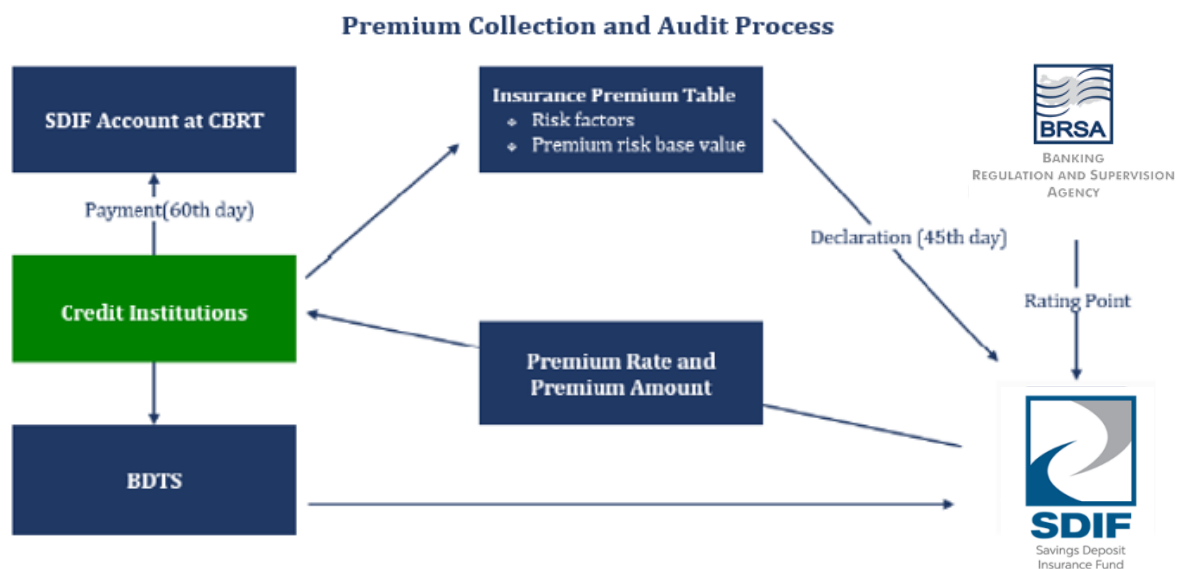


Figure 10: Premium Collection and Audit Process

In case any underpayment or overpayment of any premium resulting from a system-related failure is detected as a result of inspections by the BRSA in a credit institution, then that credit institution is guided for necessary improvements for the system, and the SDIF makes additional collections or refunds/set-offs.

2.5. Developments Regarding the Insured Deposits and Participation Funds

As of December 2023, 34 deposit banks and 9 participation banks operate in the banking sector, the total asset size of the banking sector is TRY 23,550 billion, including the development and investments banks. The amount of the deposits and participation funds with deposit and participation banks increased by approximately 68% as of the end of 2023 compared to the previous year, reaching TRY 14,852 billion. The amounts covered by insurance increased by approximately 84% compared to December 2022, reaching TRY 3,316 billion, and 22,3% of the total deposits and participation funds are covered by insurance

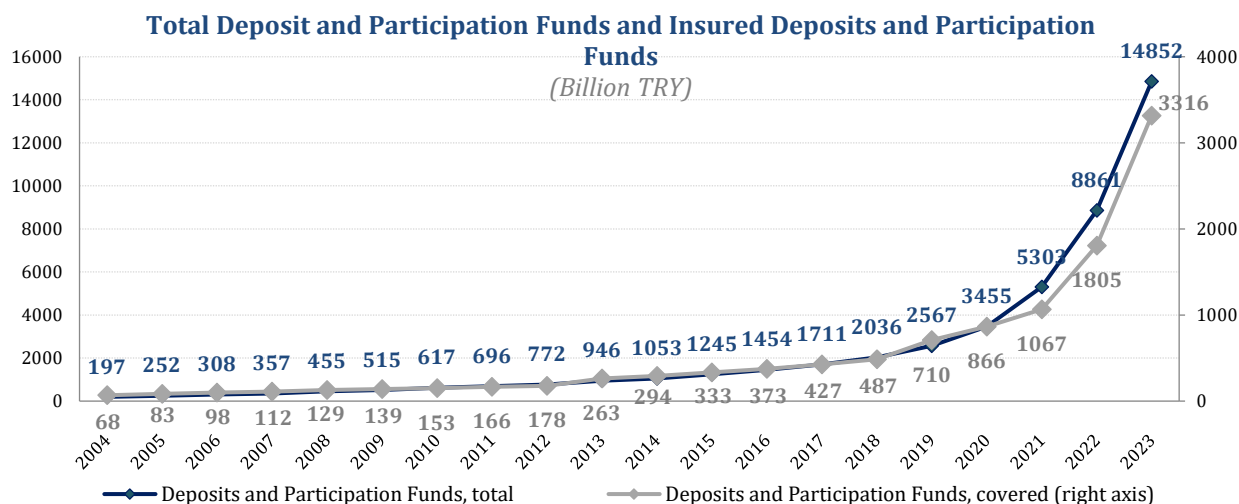


Chart 6: Total Deposit and Participation Funds and Insured Deposits and Participation Funds

* To calculate the Turkish Lira equivalent of foreign currency-denominated deposits and participation funds under insurance, the CBRT foreign currency buying rates valid at the end of the year were used.

** Participation funds prior to 2005 were not included in the amounts covered by insurance.

As of the end of 2023, there were 184 million real and legal persons' hold deposit and participation fund accounts in deposit and participation banks, excluding zero-balance accounts.

	Total Number of Depositors ¹	Number of Covered Depositors
Deposit Banks	174,168,570	162,323,258
Participation Banks	10,170,856	8,820,945
Total	184,339,426	171,144,203

Table 7: Numbers of Total and Insured Depositors

1. Deposit and participation fund holders with accounts in more than one bank are considered separately for each bank.

In deposit banks, by the end of 2023, 98.5% of account holders have deposits in the range of TRY 0 – TRY 500,000. These accounts constitute 17% of the total deposits. Deposits in the range of TRY 500,001 – TRY 1,000,000 which belong to 0.8% of account holders, represent 7.5% of the total deposits. Deposits exceeding TRY 1,000,000, held by 0.7% of account holders, account for 75.5% of the total deposits.

Distribution of Total Amount of Deposits and Depositors by Tranches (%)

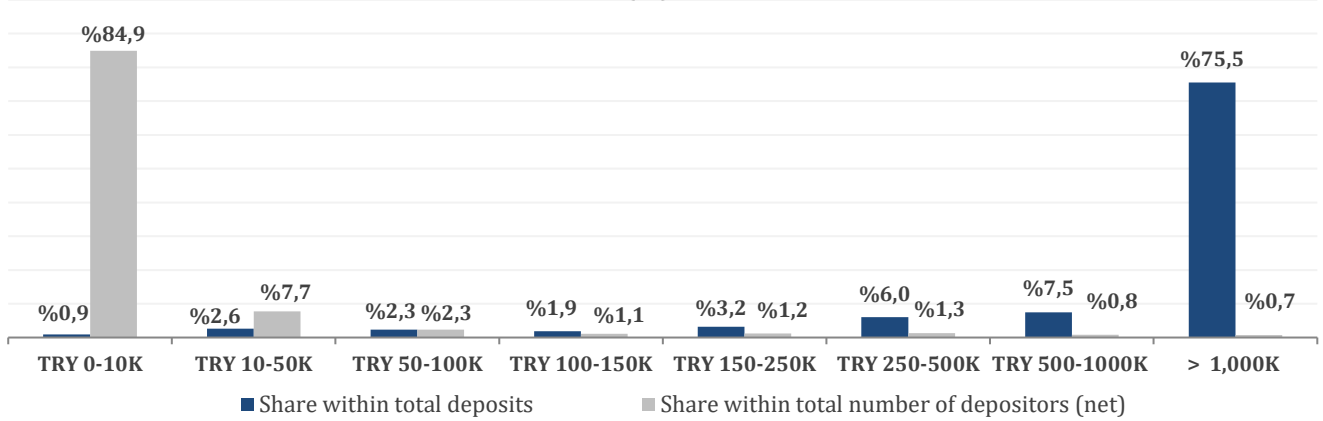


Chart 7: Distribution of Total Deposits and Depositors by Tranches

As of the end of the year 2023, in participation banks, 97.3% of account holders have participation funds in the range of TRY 0 – TRY 500,000. These accounts constitute 13.7% of the total participation funds. Funds in the range of TRY 500,001 – TRY 1,000,000, which belong to 1.3% of account holders, represent 6.4% of the total participation funds. Funds exceeding TRY 1,000,000, held by 1.4% of account holders, account for 79.9% of the total participation funds.

Distribution of Total Number of Participation Funds and Participation Fund Holders by Tranches (%)

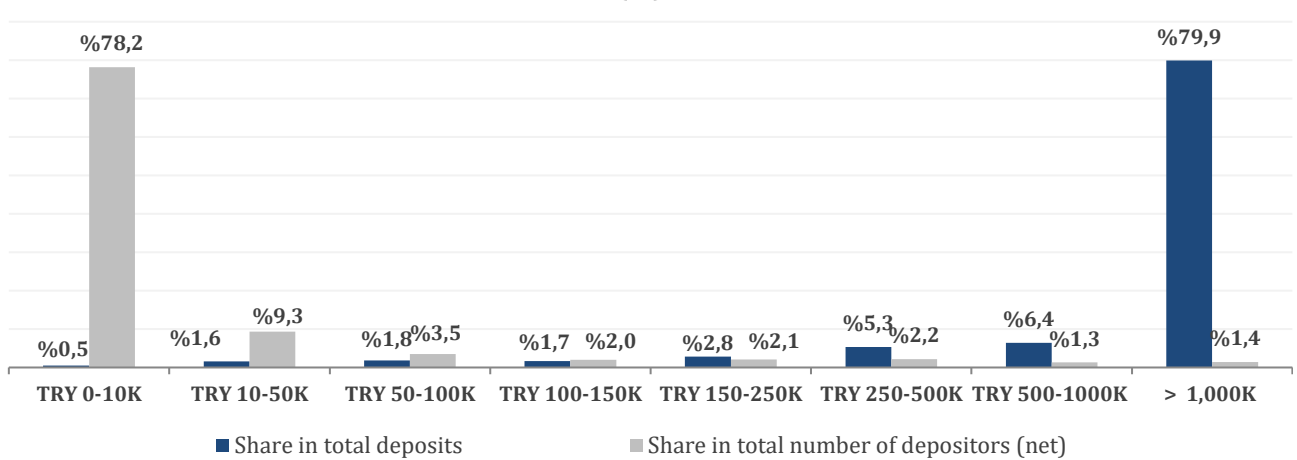


Chart 8: Distribution of Total Participation Funds and Number of Participation Fund Holders by Tranches

Considering the distribution of insured deposits and participation funds in Turkish Lira, it is observed that the share of insured deposits and participation funds in Turkish Lira within the total is 59.2% as of the end of 2023. In 2023, deposits and participation funds held by domestic residents reached TRY 13,784.8 billion, while deposits and participation funds held by non-residents amounted to TRY 1,066.2 billion.

2.6. Financial Safety Net Relations

In our country, the corporations and institutions that constitute the Financial Safety Net collaborate and share information through platforms established within the framework of applicable laws. The first of these platforms is the “Financial Stability Committee”, established in accordance with Article 1 of Law No. 4059 “Financial Stability and Certain Arrangements” dated December 9, 1994, for the purpose of the joint identification of the systemic risk by corporations that are members of the Financial Safety Net, and for determining the measures to be taken.

The Financial Stability Committee (FSC) was established to ensure collaboration and coordination among relevant institutions in identifying vulnerabilities and managing systemic risks, aiming to support sustainable economic growth and maintain confidence in the financial markets. The Committee is headed by the Minister of the Treasury and Finance, and consists of Deputy Minister of the Treasury and Finance, President of Presidency of Strategy and Budget, President of the Central Bank of the Republic of Türkiye, Chairman of the Capital Market Board, President of the Banking Regulation and Supervision Agency, Chairman of the Insurance and Private Pension Regulation and Supervision Agency, and the President of the Savings Deposit Insurance Fund.

The SDIF attended the Financial Stability Committee (FSC) meetings held on various dates during the year, and actively participated in the activities of sub-committees formed under the FSC, where SDIF took on duties.

The BRSA, the Ministry of the Treasury and Finance, the SDIF and the CBRT exchange opinions and information on matters in their respective fields of responsibility for the purpose of communication and cooperation among corporations pursuant to Article 98 of the Banking Law No. 5411, and information kept in the BRSA, CBRT and SDIF databases are shared within the framework of provisions on confidentiality.

Another important platform with respect to the SDIF's operations is the Coordination Committee formed pursuant to Article 100 of the Banking Law. The Coordination Committee ensures coordination between the BRSA and the SDIF with respect to the general situation of the banking system, the measures required to be taken following the auditing of credit institutions, and the sharing of necessary information on credit institutions to be used in the calculation of the risk-based insurance premiums. The Coordination Committee, which brings together the Presidents and Vice Presidents of BRSA and SDIF, convenes at least quarterly. In this scope, SDIF participated in the Coordination Committee meetings held on March 27, 2023, June 19, 2023, September 22, 2023, and December 26, 2023.

Information sharing and cooperation with other corporations and institutions that form the financial safety net is important in the process of measuring and managing the risks arising from the SDIF's deposit insurance operations by monitoring the banking sector and the risks to which credit institutions are subject to, and identifying policies relating to deposit insurance. In this scope, in 2023 the SDIF actively participated in the relevant financial safety net activities, particularly in the Coordination Committee work mentioned above.

2.7. International Association of Deposit Insurers (IADI)-Related Activities

IADI was established on May 8, 2002, with the aim of promoting guidance and international cooperation to enhance efficiency in the field of deposit insurance. SDIF is among the founding members of IADI, which currently has a total of 93 members. Additionally, SDIF actively contributes to IADI's strategic efforts at the highest level by serving as a member of the Executive Council since IADI's foundation.



IADI, in collaboration with the Basel Committee on Banking Supervision (BCBS), prepared the document titled '**Core Principles for Effective Deposit Insurance Systems (IADI Core Principles)**' consisting of a total of 18 principles to guide countries considering establishing or modifying their deposit insurance systems and to set internationally accepted core principles for deposit insurance. The document was published in June 2009.

In cooperation with the IMF, the World Bank, the European Commission, and the European Forum of Deposit Insurers (EFDI), in December 2010, IADI and BCBS jointly published the '**Methodology for the Assessment of Compliance with the Core Principles for Effective Deposit Insurance Systems (IADI Assessment Methodology)**' regarding how compliance with the identified core principles for effective deposit insurance should be assessed. In April 2011, the IADI Core Principles were incorporated into the Compendium of Standards released by the Financial Stability Board (FSB).

However, due to the needs arising from the global crisis and the introduction of new financial regulations and standards, updates were necessary for the IADI Core Principles and the associated Assessment Methodology. Notably, new definitions and powers in the field of resolution introduced by the document titled '**Key Attributes of Effective Resolution Regimes for Financial Institutions (FSB Key Attributes)**' published by the FSB in October 2011, and new principles on crisis preparedness and funding as factors that increase the role and importance of deposit insurers in crisis management and bank resolution process made it necessary to update the IADI Core Principles document.

In February 2013, a joint working group comprising representatives from IADI, BCBS, the European Commission, EFDI, FSB, IMF, and the World Bank, led by IADI's Management Committee, completed the update process and the revised Core Principles were published on November 21, 2014. The revision reduced the total number of principles from 18 to 16 and ensured the integration of IADI Core Principles with the FSB Key Attributes thanks to amendments introduced in the role and the powers of deposit insurers in crisis preparedness, crisis management and resolution particularly for expediting insured deposit pay out procedure, coverage and funding. Additionally, during this process, the previously separate IADI Core Principles and Assessment Methodology texts were consolidated into a single document and was submitted to the FSB for implementation upon the resolution of IADI Executive Council on October 21, 2014. Furthermore, the update of the existing Handbook for the Assessment of Compliance with the IADI Core Principles was completed in 2016.

Enhancing compliance with the IADI Core Principles is crucial for SDIF as an effective deposit insurance institution operating in line with international standards. On that basis, in line with the findings and recommendations in the Assessment Report issued following the Regional Workshop on the Assessment of Compliance with the Core Principles for Effective Deposit Insurance Systems

hosted by SDIF on May 6-9, 2013, part of the work to enhance existing regulations and systems have been completed in 2023, while other initiatives are still continuing.

IADI established the **Core Principles Review and Update Steering Committee** in May 2022 to encompass climate change, financial technology, and sustainability concepts and to update the IADI Core Principles and Assessment Methodology based on developments and implications. The SDIF actively participated in this effort, which involved collaboration with representatives from the Basel Committee on Banking Supervision (BCBS), the European Forum of Deposit Insurers (EFDI), the Financial Stability Board (FSB), the Financial Stability Institute (FSI), the European Commission (EC), the International Monetary Fund (IMF), and the World Bank as earlier. The focus areas for the update included legal structures of deposit insurance institutions, risk management frameworks, cross-border cooperation, crisis preparedness, and crisis management. Initially, the work was expected to be completed by December 2023. However, the work was temporarily paused at the beginning of 2023 to better analyse the impact of banking crises in the United States and Switzerland on deposit insurance as well as on IADI Core Principles. The work is expected to resume in 2024. After completing the update process for the IADI Core Principles, work on updating the Handbook for the Assessment of Compliance with the IADI Core Principles will commence.

Following the completion of its first thematic review in 2022, which was initiated in 2021, SDIF actively participated in the second thematic review conducted by the IADI in 2022. This review focused on Principles 4, 5, 6, and 12 of the IADI Core Principles relating to external relations of deposit insurance institutions, covering interactions with other financial safety net members, cross-border issues, crisis preparedness and management, and dealing with parties at fault in a bank failure. The second thematic review was completed in 2023.

In 2023, as part of a return to pre-pandemic practices, IADI events, IADI Executive Council Meetings and other relevant meetings resumed physical alongside virtual formats. In that regard, the 22nd Annual General Meeting of IADI, the 77th Executive Council Meeting, and the related Council Committee, Regional Committee, and Technical Committee meetings were held in Boston, Massachusetts, USA, hosted by the Massachusetts Credit Union Share Insurance Corporation from September 25 to 29, 2023. SDIF actively participated in these events.

Additionally, the SDIF actively participated in all other IADI meetings and seminars, both virtual and/or physical. Presentations on SDIF's practices were made at various seminars.

2.8. European Forum of Deposit Insurers (EFDI)-Related Activities

SDIF joined EFDI in September 2005. EFDI is a voluntary organisation established in 2002 to support cooperation in the field of deposit insurance in Europe, contribute to the stability of the financial system, and share information on common goals and interests. EFDI has currently 54 members.



EFDI operates in close cooperation with IADI, the European Commission (EC), the European Central Bank (ECB), the European Banking Authority (EBA), the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM), the European Deposit Insurance Scheme (EDIS), the World Bank (WB), and the International Monetary Fund (IMF). EFDI's work includes contributing to the implementation of EU Directives and discussing required changes in EU Directives.

In 2023, EFDI returned to pre-pandemic practices and started conducting EFDI 2023 meetings both virtually and physically. In that regard, SDIF participated virtually in the EFDI Annual General Meeting and International Conference hosted by the National Deposit Insurance Fund of Hungary (NDIF) in Budapest, Hungary, from May 23 to 26, 2023. In addition, SDIF participated in various virtual events organised by EFDI in 2023.

2.9. Other International Activities

In 2023, SDIF continued its efforts to improve communication and cooperation, and share knowledge and experiences, in deposit insurance and resolution with other deposit insurers and related corporations / institutions in addition to the IADI and EFDI platforms.

In that regard, to foster inter-institutional cooperation and exchange of knowledge and experience:

- new Memoranda of Understanding have been signed with the **Deposit Insurance Corporation of Mongolia (DICOM)**, the **Fund of Guarantee Citizens' Deposits in Banks of the Republic of Uzbekistan (FBOKF)**, and the **Kazakhstan Deposit Insurance Fund (KDIF)**; and
- previously signed Memorandum of Understanding with the **Indonesia Deposit Insurance Corporation (IDIC)** has been renewed.

Throughout the year, numerous delegations from other countries' deposit insurance institutions visited SDIF. On that basis, SDIF hosted officials from the **Deposit Protection Corporation of Zimbabwe (DPC)**, **Fund of Guarantee Citizens' Deposits in Banks of the Republic of Uzbekistan (FBOKF)**, **Deposit Insurance Fund of Kosovo (DIFK)**, and the **Central Bank of the Republic of Azerbaijan (CBAR)**, and shared SDIF's knowledge and experience in the field of deposit insurance and bank resolution. In addition, a virtual presentation was made to the **Central Bank of the Turkish Republic of Northern Cyprus** and the **Agency of Deposit Compensation of Belarus** about SDIF's insured deposit payment system.

Regarding the SDIF's efforts to determine the Fund target ratio, SDIF participated in virtual seminars held by the **Deposit Insurance Agency of Mexico (IPAB)** and the **Federal Deposit Insurance Corporation of the United States (FDIC)** which have best practices in this field. In addition, a virtual seminar on Islamic finance and deposit insurance was held for SDIF by the **Malaysia Deposit Insurance Corporation (MDIC)**.

SDIF executives attended the 8th International Financial Cooperation Forum held in Seoul, Korea, upon the invitation of the **Korea Deposit Insurance Corporation (KDIC)**.

Within the scope of SDIF's field of duty, SDIF participated in the update studies related to the prospectus prepared for the purpose of updating Türkiye's registration with the **US Securities and Exchange Commission (SEC)**, which is reviewed periodically on an annual basis.

Work Regarding the European Union (EU):

In relation to the EU studies conducted by the Department of European Union at the Ministry of Foreign Affairs of the Republic of Türkiye, and the Strategy and Budget Department of the Presidency:

- Matters relating to the SDIF's purview, included in the Türkiye Report prepared by European Commission, were reviewed and our opinions and evaluations were provided;
- Throughout the year, SDIF actively participated in studies conducted by the **3rd and 4th sub-committees** established by the **European Commission** and shared information and expertise on matters relevant to its area of responsibility.

G20 and Financial Stability Board (FSB) Activities:

Türkiye as a member of G20 and of the FSB (Financial Stability Board), actively participates in the works carried out on these platforms, and contributes to the development of international arrangements and standards.

In line with the decisions taken at the G20 Leaders' Summit meetings, compliance with international standards and policies adopted by the FSB, and the level of implementation and effectiveness of these arrangements are regularly reviewed. The FSB performs country-based (country peer review) and theme-based (thematic peer review) peer review work to this end.

The work carried out by the FSB and G20 in relation to their work schedule and targets for 2023 was followed closely by the SDIF, and the necessary participation and contribution was made to issues remaining within the SDIF's purview, particularly deposit insurance and bank resolution.

Financial Sector Assessment Program – FSAP Activities:

The Financial Sector Assessment Program (FSAP) review, which is carried out once every five years in systemically important countries, was last conducted for our country in 2021. On that basis, the final reports issued separately by the International Monetary Fund (IMF) and the World Bank officials as a result of the FSAP Review were completed following the receipt of the opinions and approvals of the government agencies in May 2023.

3 BANK RESOLUTION AND RECOVERY OPERATIONS

- 3.1. Bank Resolution Process
- 3.2. Resolution Operations
- 3.3. Banks with a Revoked Operating Licence
- 3.4. Banks Transferred to the Fund
- 3.5. Recovery Operations
- 3.6. Operations Relating to the Collection of the Fund's Non-performing Receivables
- 3.7. Operations Relating to Subsidiaries
- 3.8. Operations Relating to Real Estate and Movables
- 3.9. Legal Actions to Which the Fund is Party
- 3.10. Other Activities

3.1. Bank Resolution Process

In accordance with the provisions of Article 71 of the Law on Banking, the Banking Regulation and Supervision Agency (BRSA) may revoke the operating licence of a problematical bank, or transfer the partnership rights, except for dividends, and management and supervision of the bank to the SDIF (Figure 11).

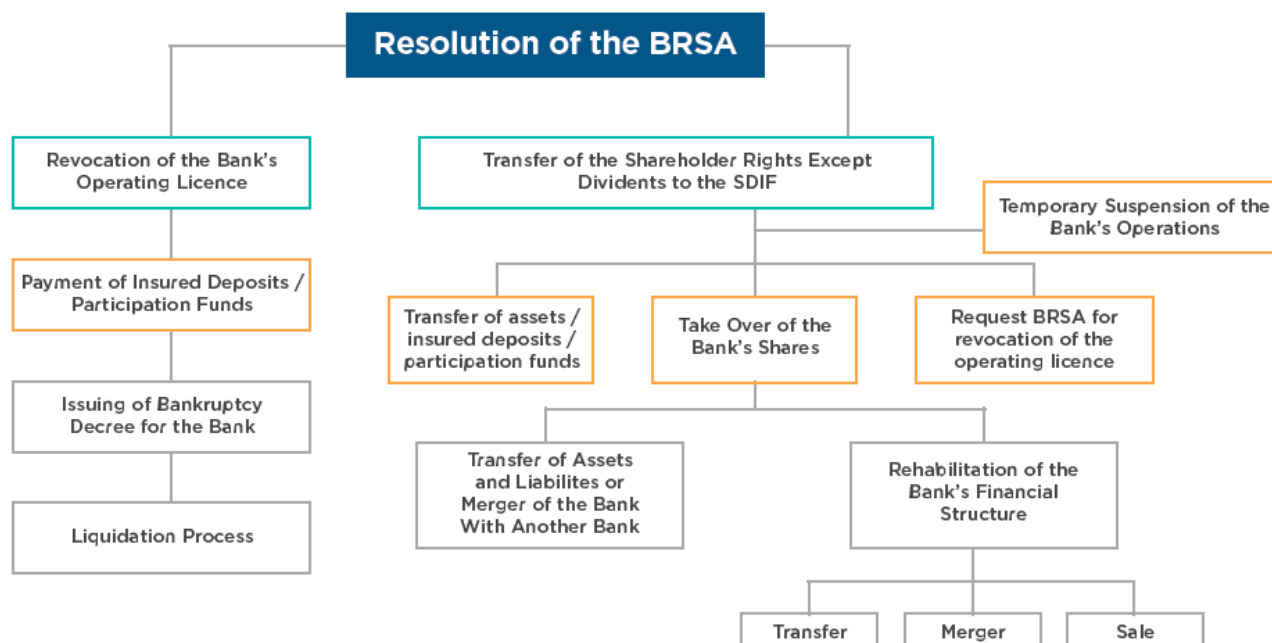


Figure 11: Bank Resolution Process

If a bank's operating license is revoked, the bank's management and supervision are transferred to the SDIF in accordance with the provisions of Article 106 of the Law on Banking. The SDIF determines the amount of the insured deposit or insured participation fund in the bank, pays it to beneficiary depositors, and requests the bankruptcy of the bank directly on behalf of the depositors. If a court issues an order in favor of the bank's bankruptcy, the SDIF participates in the bankrupt's estates as a privileged creditor, and the bankruptcy office liquidates the bank with the duties and powers of the creditors meeting and the bankruptcy administration.

In the event that a bank's partnership rights, except for dividends, together with its management and supervision are transferred to the Fund, in accordance with the provisions of Article 107 of the Law on Banking, the Fund shall be authorized to;

- Transfer the assets, organization, and personnel, along with the deposit and participation fund subject to insurance, to another bank, and request the BRSA to revoke the bank's operating licence,
- Take measures such as increasing the capital to strengthen and restructure the financial situation of the bank, placing deposits in the bank, purchasing subsidiaries, property, and other assets, transferring the shares, assets, and liabilities of the bank, and merging the bank with another bank, provided that the majority or all of the shares are owned,
- Request the BRSA to revoke the bank's operating licence.

The SDIF shall use all of these powers in line with the principles of maintaining the stability and reliability of the financial system while ensuring cost-effectiveness.

3.2. Resolution Operations

As a result of the problems experienced in the Turkish banking system since 1994 and the economic crises experienced in 1998 and the following years, the operating licences of five banks in the system were revoked, and bankruptcy orders were issued against them. Meanwhile, the shareholder rights, except for dividends, and the management and supervision of 21 banks were transferred to the SDIF. The operating licence of one of the 21 banks in question was canceled in 2016 upon the SDIF's request, bringing the total number of the banks with canceled operating licences to six.

In addition to its activities aimed at improving the bank resolution processes, the SDIF also actively continues its work on the liquidation, resolution and recovery of banks, including those whose shareholder rights, except for dividends, and management and supervision have been transferred to the SDIF, as well as banks whose operating licences have been revoked and which have been declared bankrupt.

3.3. Banks with a Revoked Operating Licence

The current status of banks whose licenses to conduct banking transactions and accept deposits have been revoked and that have been declared bankrupt is presented in Table 8 below:

Banks with a Revoked Operating Licence and an Order of Bankruptcy						
Bank's Name	Date on which Its Operating Licence was Revoked	Bankruptcy Order Date	Number of Credit Entries	Amount of Accepted Credit Entries ¹ (TRY million)	Principal Paid (TRY million)	Legal Interest Paid After Bankruptcy Date ² (TRY million)
TYT Bank	4.11.1994	02.02.1996	953	22.5	21.1	0.9
Marmara Bank	4.20.1994	6.5.1995	1,534	17.3	17.3	43.5
Impexbank ³	04.23.1994	10.22.1996	2,806	41.7	41.7	43.8
Kıbrıs Kredi Bank ⁴	09.27.2000	08.23.2004	13	0.4	0.3	0.283
İmar Bank	07.03.2003	06.08.2005	13,162	21,252.46 ⁵	1,737.73	-
Bank Asya	07.22.2016	11.16.2017	7,334	1,691.28	1,553.22	-

Table 8: Banks with a Revoked Operating Licence and an Order of Bankruptcy

- In accordance with Article 195 of Enforcement and Bankruptcy Law No. 2004, the interest accrued until the date of bankruptcy is included in the recorded claims. Interest for the period after the date of bankruptcy is not included in these amounts.
- In accordance with Article 196 of Enforcement and Bankruptcy Law No. 2004, legal interests accrued on the accepted claims after the date of bankruptcy can be paid if there is a balance in the bankruptcy estates after the payment of recorded claims.
- By a decision of the Istanbul 1st Commercial Court of First Instance (Case No. 2021/597, Decision No. 2022/535 K.), the bankruptcy proceedings of the bank, which was declared bankrupt on October 22, 1996, were decided to be closed on June 8, 2022. The closure of the bankruptcy proceedings was announced in Turkish Trade Registry Gazette No. 10632 of August 4, 2022.
- The closure of the bankruptcy proceedings of Bankrupt Kıbrıs Kredi Bankası Ltd. was decided by the Istanbul 1st Commercial Court of First Instance on Dec. 31, 2015 (Case No. 2015/969 E., Decision No. 2015/835 K.), and the decision became final on February 22, 2016. In accordance with the decision, the bankrupt bank was struck off from the registry on March 14, 2016, and this was announced in Turkish Trade Registry Gazette No. 9035 of March 18, 2016. The information on the past transactions of the bankrupt bank are given in the table for tracking purposes.
- TRY 1,164.1 million obtained from sale of Uzan Group assets by the SDIF as a commercial and economic entity, was transferred to the Ministry of Treasury and Finance in accordance with Banking Law No. 5411 as amended by Law No. 5472, and set off against the receivables of the Ministry, which is included in the total amount of accepted claims.

As for the insured deposits with banks whose operating licences have been revoked, payments made by the SDIF, the SDIF's amounts receivable registered with the bankrupt's estates, amounts paid to the SDIF by the bankrupt banks' estates in question, and the remaining SDIF receivables are shown in Table 9.

Resources Transferred by the SDIF within the Scope of Insured Deposit Payments, and Repayments Made by Bankrupt's Estates to the SDIF
(As of Dec. 31, 2023) (TRY)

Bank's Name	Funds Transferred by the Fund	Amount of Fund's Receivables Registered with Bankrupt's Estates ¹	Principal Paid to the Fund by Bankrupt's Estates	Legal Interest Paid to the Fund by Bankrupt's Estates	Fund's Remaining Receivables from Bankrupt's Estates (Principal)	Fund's Remaining Interest Receivables from Bankrupt's Estates (Legal Interest) ²
TYT Bank ³	9,132,534	10,264,765	10,264,765	869,599	-	37,905,717
Marmara Bank	4,574,557	5,693,545	5,693,545	5,465,235	-	-
Impexbank ⁵	18,743,273 ⁴	17,467,500	17,467,500	16,276,130	-	-
Kıbrıs Kredi Bank ⁶	118,555	361,632	297,380	-	64,252	252,328
İmar Bank ⁸	8,629,979,234 ⁷	13,051,818,948	1,688,574,748	-	11,363,244,200	20,654,439,422
Bank Asya	974,402,306	677,416,276	677,416,276	-	-	42,410,718
Total	9,636,950,459	13,763,022,666	2,399,714,214	22,610,964	11,363,308,452	20,735,008,185

Table 9: Resources Transferred within the Scope of Insured Deposit Payments, and Repayments Made by Bankrupt's Estates to the SDIF

- In accordance with Article 195 of Enforcement and Bankruptcy Law No. 2004, the amount of funds transferred by the Fund to the bank, along with accrued interest up to the bankruptcy date, is included in the claims registered in the Fund's bankruptcy estate.
- This column displays the accrued interest amounts on the SDIF's registered claims for the period following the bankruptcy date. As per Article 196 of the Enforcement and Bankruptcy Law No. 2004, post-bankruptcy legal interest on accepted claims can only be paid if there is a remaining balance in the bankruptcy estates after the payment of registered claims.
- The total amount paid includes a net offset of TRY 3,526,165.32, representing recoveries made by the SDIF from cases it acquired under Article 245 of the Enforcement and Bankruptcy Law.
- This portion is not included in the claims registered in the bankruptcy estate due to the total of TRY 1,954,163.87 that was repaid to the SDIF by the temporary administration of T. Emlak Bank before the bankruptcy date, related to payments made to savings deposit holders after the bank's operating license was revoked.
- By a decision of the Istanbul 1st Commercial Court of First Instance (Case No. 2021/597, Decision No. 2022/535 K.), the bankruptcy proceedings of the bank, which was declared bankrupt on October 22, 1996, were closed on June 8, 2022. The closure of the bankruptcy proceedings was announced in the Turkish Trade Registry Gazette No. 10632 of August 4, 2022.
- The closure of the bankruptcy proceedings of Bankrupt Kıbrıs Kredi Bankası Ltd. was decided by the Istanbul 1st Commercial Court of First Instance on December 31, 2015 (Case No. 2015/969 E., Decision No. 2015/835 K.), and the decision became final on February 22, 2016. In accordance with the decision, the bankrupt bank was struck off from the registry on March 14, 2016, and this was announced in the Turkish Trade Registry Gazette No. 9035 of March 18, 2016. The table below provides information on the past transactions of the bankrupt bank for tracking purposes.
- The income tax amount paid is included in this amount and represents the total fund outflow from the Fund (excluding the CPI interest amount accrued after the transfer).
- The total amount paid includes a net offset of TRY 1,517,559,967, representing collections from mortgage and business pledge recoveries made by the SDIF, recoveries from the Uzan Group, and recoveries of excess amounts mistakenly paid to depositors.

For the deposit accounts within the scope of deposit insurance at İmar Bank, a total of TRY 8,460.10, including interest and tax, was transferred for payment to one depositor as the 41st instalment payment in 2023. Additionally, a law (Law No. 5667) regarding the payment of amounts collected under the name of “secondary market GDDS sales” for which there is no GDDS counterpart at İmar Bank was published in Official Gazette No. 26537 of May 30, 2007. The Council of Ministers Decision (No. 2007/12398) issued based on this law was published in Official Gazette No. 26589 of July 21, 2007 and entered into force. The task of paying these amounts to the rightful owners was entrusted to the SDIF under the provisions of the aforementioned law and Council of Ministers Decision. There are a total of 22,517 investors with 22,095 accounts and 26,140 transactions at İmar Bank, with a total transaction amount of TRY 728 million. In this context, payments to the rightful owners started on October 8, 2007 and a total of TRY966.73 million was paid in 65 phases until December 31, 2023, including the TRY 11,559.91 payment made in 2023, which included interest and taxes. Information on these payments is presented in Table 10 below:

İmar Bank GDDS Payments (As of Dec. 31, 2023) (TRY)				
Year	Amount of Transaction	Net Interest	Income Tax	Total Fund Outflow
2007	599,207,531.62	168,790,770.90	29,786,595.42	797,784,897.94
2008	103,741,315.47	29,222,890.01	5,156,982.51	138,121,187.99
2009	9,480,281.37	2,670,500.38	471,264.95	12,622,046.70
2010	7,523,012.59	2,119,157.32	373,969.10	10,016,139.01
2011	2,527,530.82	711,980.08	125,643.66	3,365,154.58
2012	2,168,925.10	610,964.48	107,817.33	2,887,706.91
2013	187,100.61	52,704.37	9,300.78	249,105.76
2014	132,785.91	37,404.47	6,600.79	176,791.17
2015	75,999.92	21,408.42	3,777.96	101,186.30
2016	573,671.37	161,597.50	28,517.21	763,786.08
2017	136,039.91	38,321.08	6,762.54	181,123.53
2018	64,999.97	18,309.84	3,231.15	86,540.96
2019	-	-	-	-
2020	228,020.79	64,231.18	11,334.91	303,586.88
2021	-	-	-	-
2022	43,487.44	12,249.97	2,161.76	57,899.17
2023	8,682.52	2,445.78	431.61	11,559.91
Total	726,099,385.41	204,534,935.78	36,094,391.68	966,728,712.89

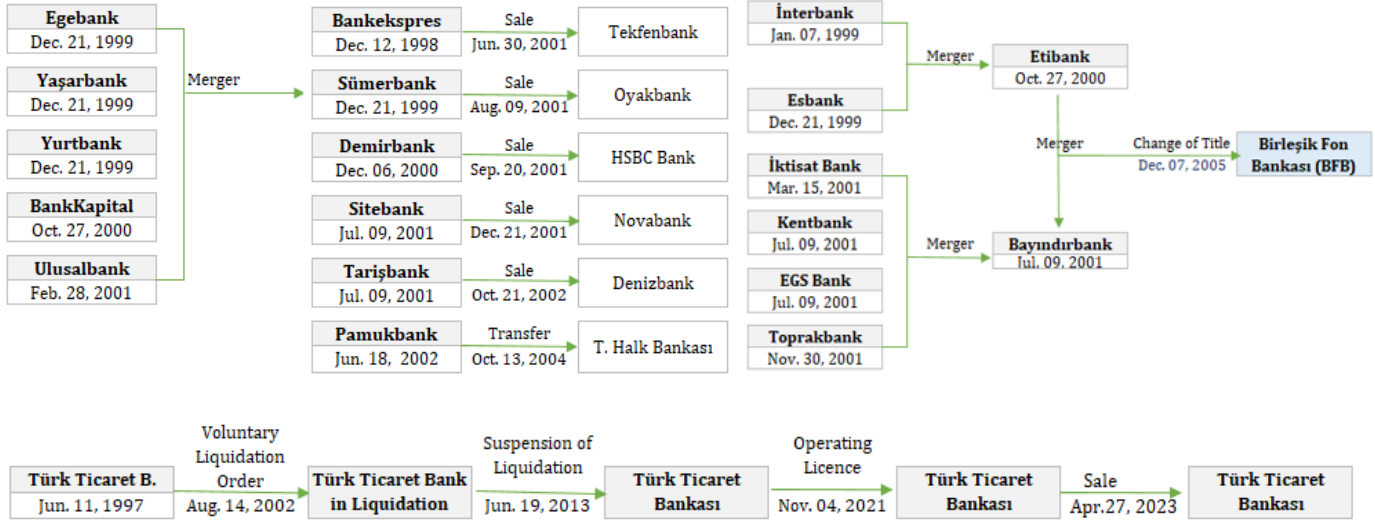
Table 10: İmar Bank GDDS Payments

3.4. Banks Transferred to the Fund

Information about 20 banks whose shareholder rights except for those attached to dividends, as well as their management and control, were transferred to the SDIF in the Turkish banking system and 6 banks whose operating licences were revoked is shown in Figure 12 below.

Currently, recovery operations continue under the Birleşik Fon Bank, and the liquidation of Bank Asya, whose operating licence was revoked in 2016 and was declared bankrupt in 2017, is ongoing.

Banks Whose Shareholding Rights Other Than Dividends Were Transferred to the Fund



The Bank Resolved Apart from the Other 26 Banks Transferred to SDIF: ADABANK



Banks with a Revoked Operating Licence and an Order of Bankruptcy

a. Banks whose liquidation process is completed :



b. Banks in the Process of Liquidation:



Figure 12: Banks with Shareholder Rights Except for Dividends were Transferred to the Fund



Birleşik Fon Bank: All of its shares are owned by the SDIF. The bank's primary function is the liquidation of assets and liabilities that have been transferred to its structure. The bank continued its efforts to enhance liquidity throughout 2023. In line with the Fund Board's decision, the excess resource amount of TRY 50.05 million from the bank's 2022 year-end balance sheet was transferred to the Fund accounts in 2023.

As of December 31, 2023, the bank's total assets stood at TRY 9,075.42 million, while its liquid assets reached TRY 1,941.66 million. The bank's equity as of the same date was TRY 627.89 million, and its net profit was TRY 90.03 million.

Türk Ticaret Bank: The bank's banking license was revoked by the BRSA. Physical liquidation of the bank commenced in 2003.



As part of the resolution activities, decisions were made to terminate the liquidation and eliminate the bank's financial loss, resolving legally disputed matters. The bank, operating as a joint-stock company under the title "Türk Ticaret Bankası AŞ" since 2013, applied for and received a banking license from the BRSA on November 4, 2021 (Decision No. 9895 of November 4, 2021). The decision was published in Official Gazette No. 31665 of November 20, 2021.

The Fund Board with its Decision No. 100 dated February 24, 2023 decided to sell the bank's 98.49567% shares owned by SDIF as part of the resolution process. The sale announcement was published in Official Gazette No. 32118 of February 28, 2023, initiating the sales process. Following the sealed-bid auction held by SDIF on March 21, 2023, it was decided to tender the bank's shares to İhracatı Geliştirme AŞ, the highest bidder, with a cash price of TRY 455,000,000. Subsequent to obtaining the approval of the Banking Regulation and Supervision Agency for the share transfer, the auction was approved by Fund Board Decision No. 190 of April 27, 2023. The transfer and sale were completed within the scope of a share transfer agreement signed with the buyer company on April 28, 2023.



Bank Asya: With Decision No. 27 issued by the Fund Board on February 3, 2015, as per Decision No. 6187 issued by the Banking Regulation and Supervision Board on February 3, 2015, the SDIF was authorized to exercise the shareholder rights except for dividends attached to the privileged shares held by 123 shareholders of Bank Asya in accordance with Article 18(5) of the Banking Law. The SDIF subsequently appointed new bank management and assumed control of these shareholder rights.

Subsequently, within the scope of Decision No. 6027 of the Banking Regulation and Supervision Board on February 27, 2015, and with Decision No. 51 issued by the Fund Board on March 5, 2015, it the SDIF was authorized to exercise the shareholder rights of two shareholders, whose shareholder rights were transferred to SDIF pursuant to the former decision, in accordance with the Article 18(7) of the Banking Law.

In a further development, Decision No. 6318 taken on May 29, 2015 by the Banking Regulation and Supervision Board authorized the transfer of Bank Asya's shareholder rights except for those attached to dividends as well as its management and control to the SDIF. This decision, aligned with Article 71(1)(b) of the Banking Law, allowed SDIF to partially or fully sell, merge, or transfer the bank, with any losses deducted from the existing shareholders' capital. The Fund Board's

corresponding Decision No. 134 taken on May 29, 2015 authorized the SDIF to exercise shareholder rights except for dividends as well as management and control powers.

Within the scope of the resolution efforts carried out with respect to Bank Asya, a decision was made to offer 51% of the Bank's (A) group shares for sale. . However, the auction concluded without any bids, leading to the failure of the sale process. As a result, the bank's operations were temporarily suspended on July 18, 2016, based on Article 107(2) of the Banking Law. Subsequently, at the request of the SDIF, the Banking Regulation and Supervision Board revoked Bank Asya's operating license through Decision No. 6947 of July 22, 2016.

Bank Asya's operating license was revoked with the aforementioned decision, initiating its liquidation process under Article 106 of Banking Law No. 5411. Consequently,, the reports for determining the participation funds under insurance at Bank Asya were completed, and TRY 974,402,305.79 was transferred to Vakıf Katılım Bankası AŞ on December 3, 2016 for payment to the rightful owners.

Furthermore, based on Article 106(3) of the Banking Law, the Fund Board's Decision No. 397 dated December 22, 2016, authorized the SDIF, acting as a creditor due to the payment of the insured participation funds, to file for an order from the court declaring Bank Asya bankrupt. Consequently, a lawsuit (Case No. 2017/41) seeking the bank's direct bankruptcy was submitted to the Istanbul 1st Commercial Court of First Instance. On November 16, 2017, the court ordered Bank Asya to be declared bankrupt, effective at 3:28 PM on the same date. Upon the Fund Board's recommendation, the court appointed bankruptcy administration officers. These proceedings are currently being carried out by the bankruptcy administration under supervision of the SDIF.

On the other hand, TRY 677,416,275.64, which remained unpaid to the Fund as of the bankruptcy date(November 16, 2017), due to the payment of insured participation funds by the SDIF to their rightful owners, and which was registered as a claim no. 2204 under line 3/2 of the list showing the order of priority of claims declared in File No. 2017/14 dated May 28, 2018 of the Istanbul 1st Bankruptcy Directorate, was recovered in full during 2018, and thus, all of the principal amount owed by Bank Asya was collected.

Adabank: The shares of the Bank,the shareholder rights other than dividends and the management and control of which were taken over by the Fund under Article 15, Paragraph 7, Item (a) of the Repealed Law No. 4389, were initially put out for sale twice through compulsory enforcement on June 26, 2006 and July 03, 2006 under Law No. 6183 on the Procedure for the Collection of Public Receivables, and when the sale process ended inconclusively, the Adabank Commercial and Economic Entity was formed by a Fund Board resolution under Article 134 of the Law.



Subsequently the Adabank Commercial and Economic Entity was put out for sale a further nine times, and since no buyers emerged during the last tender held by the Fund Board Resolution of March 16, 2017, it was purchased by the SDIF at TRY 93,111,000.- against the Uzan Group receivables under the Fund Board Resolution of April 20, 2017.

On the other hand, SDIF offered for sale the 2.24% share belonging to the junior shareholders of Adabank AŞ, which was seized during the enforcement stage due to the claims of SDIF from the bank, through execution on September 20, 2022. As a result of the auction held on that date, it was

purchased by SDIF for TRY 7,000,000 in offset of its claims. Thus, the total shareholding ratio of the bank held by SDIF reached 96.682340%.

Within the scope of the resolution efforts regarding Adabank, it was decided by the Fund Board's Decision No. 2023/182 of April 18, 2023, to sell the 96.682340% share held by the SDIF. The notice for this sale was published in Official Gazette No. 32168 of April 19, 2023, and the sales process was initiated.

As a result of the sealed-bid auction held by SDIF on May 24, 2023, it was decided by the Fund Board's Decision No. 2023/235 of June 1, 2023 to award the bank shares to AHL Ahlatcı Finansal AŞ, the sole bidder, for a cash price of TRY 215,000,000, and to make the necessary applications to the relevant government agencies for the permissions required to be obtained for the sale.

Following the permission given by the Banking Regulation and Supervision Authority, as a result of Decision No. 2023/339 taken on August 17, 2023, the auction for the sale of 96.682340% share of the bank to AHL Ahlatcı Finansal AŞ for a cash price of TRY 215,000,000 was approved. In this context, a share transfer agreement was signed with AHL Ahlatcı Finansal Yönetim AŞ on August 17, 2023, the extraordinary general assembly meeting was held on August 23, 2023, and the new members of the bank's board of directors were appointed. The transfer and delivery procedures were carried out following the payment of the auction price by the buyer to the SDIF accounts in cash and in full on the same day, and thus, the sales process was finalised.

3.4.1. Offshore Payments Made Related to Banks Transferred to the Fund

In 2023, within the framework of court decisions related to offshore receivables lawsuits concerning the sold SDIF banks, following payments were made: TRY 118.81 thousand related to two lawsuits originating from Egebank Offshore Ltd.; TRY 8.23 million related to three lawsuits originating from Efektif Bank Offshore Ltd.; and TRY 1.33 million related to 19 lawsuits originating from Yurt Security Offshore Bank Ltd. A total of TRY 9.68 million was paid in relation to 24 lawsuits, and information on these payments is presented in Table 11 below.

Additionally, as of December 31, 2023, the cumulative payment amount for offshore lawsuits amounted to TRY 492.38 million (USD 177.66 million).

Offshore Payments in 2023 (TRY)			
	ING Bank AŞ	Enforcement Office	Total
Egebank Offshore Ltd.	2,692	116,121	118,813
Efektif Bank Offshore Ltd.	8,231,146	-	8,231,146
Yurt Security Offshore Bank Ltd.	1,256,101	70,774	1,326,875
Total	9,489,939	186,895	9,676,834

Table 11: Offshore Payments

3.5. Recovery Operations

As a result of the follow-up procedures conducted within the framework of the powers granted to the Fund by the Law on Banking and Law No. 6183 on the Procedure for the Collection of Public Receivables, significant progress has been made in the effective collection of public receivables. As of December 31, 2023, the total collection amount the Fund obtained from resolution operations reached USD 23.71 billion including financial revenues. Of this amount USD 146.59 million was realized in 2023.

The collections including the financial revenues obtained from resolution operations aimed at recovering the funds transferred by the Fund to banks are demonstrated in Chart 9 by years.

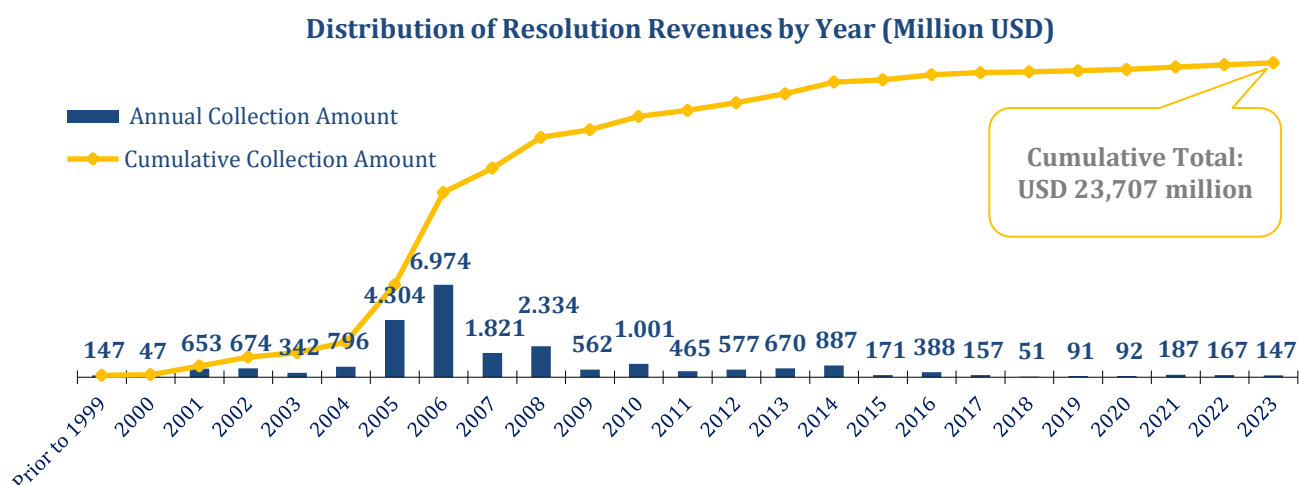


Chart 9: Distribution of Resolution Revenues by Year

The revenues generated from resolution activities in 2023 are as follows: USD 14.26 million from non-performing loans, USD 36.30 million from subsidiaries, real estate and movables, and USD 33.82 million from the banks within the body of the Fund. In addition, as of December 31, 2023, total financial income generated by the valuation of the Fund's resolution operations reserve reached USD 1,058.66 million, of which approximately USD 12.56 million was realized in 2023.

Detailed information regarding these collections and revenues is presented in Table 12 below:

Distribution of Resolution Revenues (million USD, Cash, Gross) ¹		
	2023	Cumulative as of Dec. 31, 2023
Resolution Operations Revenue (Gross)²	134.03	22,648.35
Collections from Bank Majority Shareholders	13.08	16,185.02
Collections from Corporates and Individuals	1.18	1,314.41
Collections from Subsidiaries	18.97	757.09
Collections from Real Estate and Movables	17.33	1,125.81
Collections from Banks within the Fund	33.82	2,702.80
Collections taken in Consignment and Other Collections	49.65	563.22
Financial Income	12.56	1,058.66
Total	146.59	23,707.01

Table 12: Distribution of Resolution Revenues

1. The amounts presented in the table are calculated based on SDIF's cash transactions.
2. In resolution revenues, gross cash collection figures have been taken into consideration. Refunds, payments, and other similar transactions related to collections are not deducted from these sums.

3.6. Operations Relating to the Collection of the Fund's Non-performing Loans

Within the framework of the powers granted by the Banking Law, the Fund carries out follow-up and collection transactions relating to receivables arising from the misuse of the funds of the banks, the operating licences of which, except for dividends, have been revoked or the shareholder rights of which have been transferred to the Fund, and from the under-declaration of the deposits and participation funds subject to insurance, as well as receivables that have been assigned, and other receivables. The principles and procedures regarding the follow-up and collection of the Fund's receivables are regulated by the "Bylaw on the Principles and Procedures Governing the Follow-up and Collection of Savings Deposit Insurance Fund Receivables" published in Official Gazette Issue 26396 of January 07, 2007.

As of the end of 2023, the SDIF took over approximately 208 thousand receivables files amounting to TRY 8.83 billion from banks within the scope of bank resolution operations and by other means.

The net collection amount obtained within 2023 in connection with non-performing loans (after the deduction of refunds, payments, etc. from said collections, and the addition of in-kind collections from debtors) was realized as USD 3.80 million, and the total net collections as of December 31, 2023 were USD 9,367.55 million. Detailed information regarding the collection amounts in question is given in Table 13.

Collections in Cash and Kind made in 2023 from the Non-performing Loans (Million USD, Net) ¹		
	2023	Cumulative as of Dec. 31, 2023
From Bank's Majority Shareholders	2.62	8,067.62
From Files of Corporate Receivables	1.01	1,169.29
From Files of Personal Receivables	0.17	130.64
Total	3.80	9,367.55

Table 13: Collections from Non-performing Loans

1. Net collection amounts were taken into consideration in calculating the amounts in the table. Amounts arising from transactions such as refunds, payments, etc. made from collections were deducted from the collections.

3.6.1. Receivables Relating to Banks' Majority Shareholders

The SDIF collects its receivables originating from the majority shareholder receivables it took over, and from majority shareholders arising from the misuse of bank funds by means of carrying out follow-up procedures, signing protocols or FRAs with the majority shareholders in question, and by exercising other powers granted to the SDIF by banking legislation within the scope of Laws No. 2004 and 6183.

The SDIF determines the amount of debt and the repayment conditions along with bank majority shareholders, exerting significant effort towards ensuring the collection of public receivables at a maximum level. Within this framework, some of the protocols signed with bank majority shareholders, with whom the SDIF has a credit relationship, are fulfilled through payments. In the event that the majority shareholders fail to fulfill their obligations, legal powers relating to default are exercised.

Net collection amounts obtained from banks' majority shareholders as of December 31, 2023 are shown in Table 14.

Net Collections from Banks' Majority Shareholders ¹ (million USD)			
Bank Name	Majority Shareholder Group	2023	Total (As of Dec. 31, 2023)
Majority Shareholder Groups that Paid Debts Set Out in Protocols with Discount			
Demirbank	Cıngıllı Group	-	103.43
Esbank	Zeytinoğlu Group	-	427.66
Etibank ²	Dinç Bilgin Group	-	915.81
İnterbank	Çağlar Group	-	684.01
Kentbank	Süzer Group	-	188.16
Pamukbank	Çukurova Group	-	2,246.53
Sitebank	Sürmeli Group	-	12.30
Sümerbank ³	Garipoğlu Group	-	383.10
Toprakbank ⁴	Toprak Group	-	395.44
Yaşarbank	Yaşar Group	-	270.69
Majority Shareholder Groups with Outstanding Debt			
Bank Ekspres	Korkmaz Yiğit Group	-	85.51
Bank Kapital	Ceylan Group	-	76.88
Bayındırbank	Bayındır Group	-	81.71
Egebank	Demirel Group	0.20	201.57
EGS Bank	EGS Group	0.68	120.70
İktisat Bank	Erol Aksoy Group	0.16	265.10
İmar Bank ⁵	Uzan Group	0.24	1,022.47
İnterbank ⁶	Çukurova Group	1.33	231.95
Türkbank ⁷	TTB Subsidiaries	-	16.74
TYT Bank	Lapis Group	-	3.85
Yurtbank	Balkaner Group	0.01	334.01
TOTAL		2,62	8,067.62

Table 14: Net Collections from Banks' Majority Shareholders

1. Collection amounts refer to **NET COLLECTIONS**, both in-kind and in cash. Refunds and payments made from gross collections are deducted from these amounts.
2. Legal proceedings, including financial liability and personal bankruptcy cases, are ongoing for certain receivables that are not defined in the protocol of November 28, 2008.
3. Offshore receivables are not included in these figures.
4. Toprak Group's cash debt under the protocols was settled with a discount. Legal proceedings are ongoing against some of Toprakbank executives for certain receivables related to the bank's losses.
5. The gross collection amount obtained from the enforcement proceedings and sales related to the Uzan Group is USD 7,621.17 million. Of this amount, USD 6,569.64 million has been paid to creditor third parties and public institutions and organisations, while USD 29.06 million will be paid within the scope of the creditors' list that will be created following the conclusion of the lawsuits for the cancellation of auction. The remaining amount is shown in the table.
6. This shows the collection amount made from the Çukurova Group for the recovery of bank's funds transferred through the sale of Interbank to the Çağlar Group. Together with this amount, the total net collection amount obtained from the Çukurova Group is USD 2,478.48 million.
7. The majority shareholder of Türk Ticaret Bank does not have any cash debt acquired by the Fund. The enforcement proceedings for the claims arising from subsidiaries of Türk Ticaret Bank are pending.

The significant developments occurring in 2023 and the current situation relating to these majority shareholder groups have been summarized below:

Cıngılı Group – Demirbank:

- Cıngılı Group's cash debts to the Fund were liquidated in 2007 as a result of collections made under a protocol. The total collection amount obtained from the group as of December 31, 2023 is USD 103.43 million.

Zeytinoğlu Group – Esbank:

- Under the protocol signed with Zeytinoğlu Group on January 17, 2020 for the collection and liquidation of the group's debts to the SDIF and the payment of the Entil Döküm Group's labour claims, the cash debt of the group to the SDIF has been settled, and as of December 31, 2023, the total net collection amount is USD 427.66 million.

Dinç Bilgin Group – Etibank:

- From the takeover of Etibank by the SDIF on October 27, 2000, to December 31, 2023, a total of USD 915.81 million was collected from the Group and associated debtors. This amount includes both voluntary payments and enforcement proceeding payments.
- On the other hand, certain financial liability and personal bankruptcy lawsuits are still ongoing for claims that do not overlap with the protocol dated November 28, 2008.

Çağlar Group – İnterbank:

- With the protocol signed with the group on February 1, 2019 for the liquidation of the Çağlar Group's debts to the SDIF, an in-kind collection of TRY 445.21 million (USD 83.63 million) was obtained from the group, and the group's debts to the SDIF were liquidated.
- As of December 31, 2023, the total collection amount from the group is USD 684.01 million.

Süzer Group – Kentbank:

- The cash debt of the Süzer Group under the protocol was liquidated in 2007 as a result of cash and lump-sum payment, and the monitoring of its non-cash risks continues.
- As of December 31, 2023, the total collection amount from the group is USD 188.16 million.

Çukurova Group – Pamukbank:

- The SDIF's cash receivable from the Çukurova Group originating from Pamukbank, as outlined in the Main Agreement dated January 31, 2003, was restructured through the Supplementary Agreement signed on August 4, 2004 and tied to the payment plan. It was collected along with its interest and other accessories on November 25, 2005.
- The last instalment of the Supplementary Protocol dated October 1, 2007, which provides for the settlement of the debts subject to court order and the resolution of other issues, was collected as of December 31, 2014.
- A protocol was signed with the Çukurova Group on May 15, 2009 to recover funds owed from loans extended to the Çağlar Group during the sale of İnterbank AŞ. However, the

Çukurova Group failed to make the payments according to the protocol. As a result, the SDIF took legal action against the Çukurova Group, which included both individual members (real debtors) and companies (legal debtors). This action involved seizing their assets (movable and immovable properties), rights and claims.

- Finally, a protocol was signed with the Çukurova Group on September 1, 2020, and this protocol is currently in effect. Supplementary Protocol No. 1 was signed on March 8, 2022, Supplementary Protocol No. 2 was signed on August 29, 2023, and Supplementary Protocol No. 3 was signed on December 22, 2023.
- Within the scope of the protocols dated May 15, 2009 and September 1, 2020, a total of USD 231.95 million was collected, USD 1.33 million of which was in 2023.
- As a result, the total amount collected within the scope of all protocols/agreements signed with the Çukurova Group has reached USD 2,478.48 million.

Sürmeli Group – Sitebank:

- The Fund's claims from the Sürmeli Group were liquidated in 2005 within the framework of the protocol signed with and as a result of cash payments made from the Sürmeli Group. The letters of guarantee, which are the subject of non-cash risks, were returned.
- As of December 31, 2023, the total collection amount from the group is USD 12.30 million.

Garipoğlu Group – Sümerbank:

- The liquidation of the Garipoğlu Group's cash debts to the SDIF has been completed, and the legal proceedings regarding its non-cash debts continue.
- As of December 31, 2023, the total collection amount from the group is USD 383.10 million.

Toprak Group – Toprakbank:

- The cash debt of the Toprak Group to the SDIF has been liquidated within the framework of the protocols made with the Toprak Group, and as of December 31, 2023, the total collection amount from the group is USD 395.44 million.
- On the other hand, certain financial liability and personal bankruptcy lawsuits are still ongoing for bank losses that do not overlap with the protocols signed with the Toprak Group or that the group did not undertake.

Yaşar Group – Yaşarbank:

- The cash debt of the Yaşar Group, which is the subject of the protocol, was closed upon cash and lump-sum payment in 2006. The monitoring of its non-cash risks continues.
- As of December 31, 2023, the total collection amount from the group is USD 270.69 million.

Korkmaz Yiğit Group – Bank Ekspres:

- The legal proceedings continue for the Fund's claims from the Korkmaz Yiğit Group, and as of December 31, 2023, the total collection amount is USD 85.51 million.

Ceylan Group – Bank Kapital:

- A protocol was signed between the Ceylan Group and the SDIF on December 17, 2021 for the collection and liquidation of the Ceylan Group's debts to the SDIF, and the transactions related to the fulfilment of the obligations and liabilities of this protocol continue.
- As of December 31, 2023, a total net of USD 76.88 million (USD 51.66 million in-kind and USD 25.22 million in cash) has been collected from the group. In addition, there is a cash collection of USD 246.37 thousand waiting in distribution accounts.

Bayındır Group – Bayındırbank:

- The SDIF continues its work within the scope of the protocol signed with Bayındır İnşaat Sanayi ve Ticaret AŞ and Kamuran Çörtük on December 25, 2020.
- The total amount of collections made from the group as of December 31, 2023, a greater part of which was from affiliates, is USD 81.71 million.

Demirel Group – Egebank:

- In connection with the debts of Demirel Group, the majority shareholder of Egebank AŞ, which was assigned to the SDIF, follow-up and collection proceedings are underway against both the majority shareholders group and the real and legal persons acquiring / making available the bank funds.
- A collection of USD 196.05 thousand was made from the group during 2023, and as of December 31, 2023, the total collection amount reached USD 201.57 million.

EGS Group – EGS Bank:

- The collection and liquidation proceedings of the Fund's claims from the debtors of the EGS Group and their legal representatives continue within the scope of the protocol signed on June 8, 2011 with EGS Group for the recovery of the Fund's claims.
- A total of USD 682.15 thousand was collected from the group in 2023, USD 567.65 thousand of which was from the Güçbirliği Group, and as of December 31, 2023, the total collection amount (including a total of USD 2.78 million from the Güçbirliği Group) is USD 120.70 million.

Erol Aksoy Group – İktisat Bank:

- Legal proceedings have been carried out under Article 15(7)(b) of repealed Banking Law No. 4389 pursuant to Article 35 bis of Law No. 6183, and Article 134 and Temporary Article 11 of Banking Law No. 5411 against the debtors.
- A collection of USD 160.24 thousand was made from the group during 2023, and as of December 31, 2023, the total collection amount reached USD 265.10 million.

Uzan Group – İmar Bank:

- Legal proceedings have continued in accordance with the provisions of Law No. 6183 and Article 15 of repealed Banks Law No. 4389 amended by Law No. 5354 for the goods, rights and assets seized under the provisions of Law No. 6183.

- As of December 31, 2023, the gross collection from the group is USD 7,621.17 million. Out of this amount, USD 6,569.64 million was transferred to third parties and public institutions and organisations in accordance with Article 134(5) and Temporary Article 24 of Banking Law No. 5411 amended by Law No. 5472 on the Amendment to the Banking Law. In addition, the USD 29.06 million collected in the distribution accounts will be distributed according to the lists showing the priority of claims that will be prepared following the conclusion of the lawsuits related to certain objections.
- A total of USD 236.56 thousand was collected from the group in 2023, bringing the total net collection amount to USD 1,022.47 million as of December 31, 2023.

TTB Munzam Foundation – Türk Ticaret Bank:

- Debt collection and liquidation procedures are ongoing for the debts acquired from Türkbank subsidiary Tasfiye Halinde Ticaret Factoring Hizmetleri AŞ through assignment and transfer. As of December 31, 2023, the total collection amount obtained is USD 16.74 million.

Lapis Group – TYT Bank:

- Collection and liquidation proceedings for the debts continue under the protocols signed in 2007 with Lapis Group for the recovery of the Fund's claims.
- As of December 31, 2023, the total collection amount from the group stands at USD 3.85 million.

Balkaner Group – Yurtbank:

- SDIF continues to pursue debts from third parties to which the bank's funds were transferred by the Balkaner Group, majority shareholder of Yurtbank, in accordance with Article 15(7)(b) of repealed Banks Law No. 4389 and Article 134 of Banking Law No. 5411.
- In this regard, upon the decision of the Fund Board taken on August 11, 2004, a note was added to the title deeds of the immovable properties located in Tuzla, Istanbul, saying "registered in the name of the Savings Deposit Insurance Fund pursuant to Article 15(7)(b) of Banks Law No. 4389". Upon removal of the injunction orders banning the registration of the said properties to the SDIF, they were registered in the name of the SDIF on December 4, 2023 in accordance with Article 15(7)(b) of repealed Banks Law No. 4389.
- In 2023, a collection of USD 12.41 thousand was achieved from the Balkaner Group and related third-party debtors. As of December 31, 2023, the total collection amount has reached USD 334.01 million.

3.6.2. Procedures Carried Out Under Law No. 6183

The authority to implement Law No. 6183, which grants a set of powers to public administrations to accelerate and enhance the collection process of their claims under the law, has also been granted to the SDIF under Article 15 of the repealed Banks Law No. 4389 and Article 132 of Banking Law No. 5411.

In order to recover the Fund's claims, enforcement proceedings can be initiated in accordance with the provisions of Law No. 6183, and the goods, rights and assets belonging to indebted real persons and legal entities can be seized and sold in accordance with the provisions of this Law.

In 2023, within the scope of Law No. 6183, a total of two real estate owned by the legal representative of EGS Bank-EGS Holding AŞ were sold for a total of TRY 27 million.

3.6.3. Corporate and Individual Receivables

With respect to corporate credit receivables at the SDIF, USD 81.70 thousand was collected in 2023. With respect to physically transferred and delivered receivable files, an additional USD925.82 thousand was collected from receivables sold to Birleşim Varlık Yönetim AŞ (formerly RCT Varlık Yönetim AŞ) through a debt sale. This brings the total collected from corporate debt to USD 1.01 million.

In 2023, the total collection amount from outstanding debts owed by individuals was USD 173.15 thousand. The SDIF closed 1,543 files during the year, bringing the total number of resolved files to 181,292.

As of December 31, 2023, cumulative collection data made from corporate and individual receivable files are included in Table 13 (page 49).

3.6.4. Commercial and Economic Entities (CEEs)

The SDIF has the authority to sell all or part of the goods, rights and assets belonging to individuals and legal entities to form a commercial and economic entity (CEE) in accordance with Banking Law No. 5411 and Law No. 6758.

In this way, the SDIF prioritises selling seized businesses as ongoing concerns, aiming to fetch the best possible price. In accordance with the Banking Law, from the sales prices of the assets belonging to individuals and legal entities, which are sold within the scope of commercial and economic entity or separately through foreclosure, after debts owed to the government, social security, and the Treasury are paid, any remaining funds are distributed among other creditors, including public institutions, organisations and agencies in proportion to their claims. Within the scope of Bank Resolution and Recovery activities, information on commercial and economic entities whose sales process was completed in 2023 is included in Table 15 below:

CEEs the Sale Processes of which have been Completed Under Law No. 5411 (Jan. 01, 2023-Dec. 31, 2023)						
CEE Name	Estimated Price (TRY)	Date of Tender	Tender Price (TRY)	Date of Approval by the Fund Board	Date of Transfer	Name of Buyer
Denser Denizli Serbest Bölge	69,500,000	June 14, 2023	115,000,000	Oct. 12, 2023	Dec. 05, 2023	DENSEB Denizli Serbest Bölge Kurucu ve İşletici AŞ

Table 15: CEEs the Sale Processes of which have been Completed under Law No. 5411

3.7. Operations Relating to Subsidiaries

As of December 31, 2023, a total of 197 subsidiaries were included in the Fund portfolio, which includes 176 subsidiaries from the banks transferred to the SDIF, 18 from the groups owing outstanding debt to the SDIF and 3 from other share acquisitions.

Subsidiaries Overall Resolution Table					
Means of Acquisition	Taken Over (Number)	Sale / Return / Transfer / Merger (Number)	Liquidated / Cancelled / In the Process of Being Liquidated (Number)	Current (Number)	Collections Achieved ¹ (Million USD)
Subsidiaries from the Banks Transferred to the Fund	176	128	36	12	976.77
Subsidiaries from the Debtor Groups	18	14	1	3	457.13
Other Subsidiaries	3	-	1	2	49.83
TOTAL	197	142	38	17	1,483.73

Table 16: Subsidiaries Overall Resolution Table

1. Collections from subsidiaries consist of collections from share sales, liquidation/strike-off revenues, dividend payments and other recoveries.

The status of the 197 subsidiaries included in the SDIF portfolio as of December 31, 2023 is shown in Chart 10. There are currently 14 subsidiaries and 3 affiliates in the SDIF portfolio.

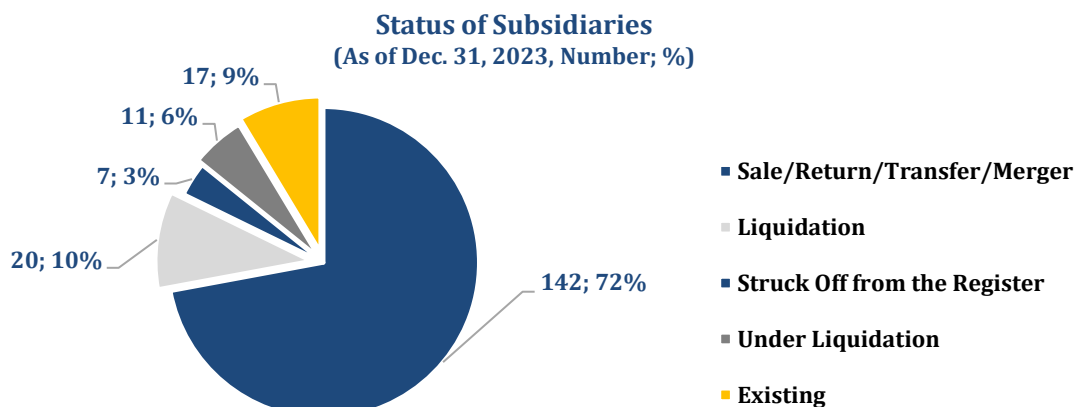


Chart 10: Status of Subsidiaries

It was decided to sell 16% of Group B shares of Birleşim Varlık Yönetim AŞ to T.C. Ziraat Bankası AŞ, 16% of Group B shares to Türkiye Halk Bankası AŞ and 16% of Group B shares to Türkiye Vakıflar Bankası Türk Anonim Ortaklığı in cash and the transfer of shares was completed on March 1, 2023.

Upon the decision of the Fund Board, it was decided to liquidate and strike off from the register the company named D İç ve Dış Ticaret AŞ. The company was struck off from the trade registry and is no longer in the Fund's assets.

3.8. Operations Relating to Real Estate and Movables

As of December 31, 2023, 5,913 out of a total of 6,168 real estate taken over by the SDIF have been resolved.

In addition, as of December 31, 2023, the resolution of 2,519 out of a total of 2,635 movable properties in the SDIF's portfolio of movable properties to be disposed of has been completed.

The current status of the SDIF's real estate and movables properties portfolio is shown in Table 17 below:

Real Estate and Movables Overall Resolution Table				
Real Estate and Movables	Taken Over (Number) ²	Sold / Returned (Number)	Current (Number)	Collections Achieved ¹ (Million USD)
Real estate :				
Real Estate Taken over from Banks	3,951	3,906	45	509.86
Property Taken over from Groups Owing to the Fund	2,051	1,933	118	1,123.87
Other Property	166	74	92	28.47
TOTAL	6,168	5,913	255	1,662.20
Movables:				
Paintings and Antiques	2,469	2,353	116	19.83
Land Vehicles	162	162	-	1.92
Watercrafts	3	3	-	53.72
Aircrafts	1	1	-	2.53
TOTAL	2,635	2,519	116	78.00

Table 17: Real Estate and Movables Overall Resolution Table

1. Collections obtained from real estate and movables consist of sales collections, rent, adequate pay, collateral, damages, revenue and other collection items.
2. Updates made as a result of procedures impacting the number of properties in real estate taken over by the Fund (allotment, amalgamation, construction applications, etc.) have been reflected on the table.

In addition, the construction project (entitled "Province of Istanbul, District of Ataşehir, Borough of Küçükbakkalköy, Ataşehir Modern Project A, B, C Blocks Housing/Business and Social Facilities Rough Constructions and Related Infrastructure / Landscaping 1st Stage Construction Work") carried out on the land owned by the SDIF in Ataşehir, Istanbul has not been completed. This includes the construction of reinforced concrete floors and the final acceptance of the works in Blocks A, B and C.

On March 31, 2022, tenders were held for the contracts of finishing works ("Ataşehir Modern Project A, B Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work" and "Ataşehir Modern Project C, D Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work"). At the end of the tender, in line with Decision No. 170 of the Fund Board taken on April 7, 2022, the contract for "Ataşehir Modern Project A, B Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work" was awarded to Alioğlu Yapı Sanayi ve Ticaret AŞ and the contract for "Ataşehir Modern Project C, D Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work" was

awarded to Joint Venture of Aliođlu Yapı Sanayi ve Ticaret AŞ and Mustafa Ekşi İnşaat Turizm Sanayi ve Ticaret Ltd. Şti.

The contract for the project of “Ataşehir Modern Project A, B Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work” was signed on April 27, 2022, and the construction site was delivered on May 5, 2022.

The contract for the project of “Ataşehir Modern Project C, D Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work” was signed on April 27, 2022, and the construction site was delivered on May 6, 2022.

In line with Decision No. 229 of the Fund Board taken on May 18, 2022, the contract for audit and consulting services for the projects “Ataşehir Modern Project A, B Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work” and “Ataşehir Modern Project C, D Blocks Housing/Business, Social Facilities and Landscaping 2nd Stage Construction Work” were awarded to Emlak Planlama İnşaat Proje Yönetimi ve Tic. AŞ (consulting company), a subsidiary of Emlak Konut GYO AŞ, and a consultancy service purchase agreement was made with the consulting company on May 23, 2022.

As of the date of the 18th progress payment, the physical realisation of Blocks A and B is 58.91% and the physical realisation of Blocks C and D is 55.27%.

The official launch of the Ataşehir Modern Project was successfully held on March 19, 2021. The sales process, which commenced on the same date, is ongoing.

3.9. Lawsuits to Which the SDIF is a Party

The lawsuits and proceedings to which the SDIF is a party are generally analyzed in five general groups.

3.9.1. Lawsuits and Proceedings Relating to Banks' Majority Shareholders/Managers

In relation to the majority shareholders and managers of the banks taken over by the SDIF, the SDIF pursues the following legal proceedings against them:

- **Restitution and Compensation Lawsuits:** These lawsuits are filed against former majority shareholders and managers who exploited bank resources directly or indirectly for their own benefit in a manner that jeopardised the bank's secure operation.
- **Financial Liability Lawsuits:** These lawsuits are filed against former majority shareholders and managers who caused financial losses to the bank by failing to fulfil their duties as required by law and the bank's articles of association, making false statement of material facts in the financial statements, and engaging in conduct contrary to banking principles and practices, including the unauthorised use of credit.
- **Personal Bankruptcy Lawsuits:** These lawsuits are filed against former majority shareholders and managers with limited liability to the extent of the damages they caused to the bank due to their unlawful decisions and actions that led to the bank's transfer to SDIF.
- **Annulment Lawsuits:** These lawsuits are filed to annul objections raised against enforcement proceedings initiated under the Enforcement and Bankruptcy Law in connection with the collection of receivables from majority shareholders and/or non- majority shareholders corporate loan receivables, and to request the lifting of objections to the collection of such receivables.

- **Criminal Cases:** These cases are initiated based on criminal complaints filed against former majority shareholders and managers of the bank under the relevant provisions of the Turkish Penal Code and the Banking Law.

SDIF is actively pursuing these legal actions to hold former majority shareholders and managers accountable for their actions and to recover losses incurred by the banks.

3.9.2. International Lawsuits and Proceedings

The SDIF's bank resolution activities are also followed up at the international level in relation to cases and matters related to the SDIF's bank resolution activities, and follow-up procedures are carried out against majority shareholders and other debtors indebted to the SDIF. The SDIF also has a pivot role assigned by the Presidency of the Republic of Türkiye on international investment arbitration cases before ICSID and UNCITRAL as pursuing the case, setting the strategy for defence and coordinating with the governmental bodies. Moreover The SDIF provides information, documentation and legal support to the lawsuits filed against the Republic of Türkiye by the majority shareholders and shareholders of the former banks transferred to the SDIF before the European Court of Human Rights and in various arbitration courts, which are being pursued by the Ministries.

3.9.3. Lawsuits and Proceedings for Corporate Loans

This category encompasses all files arising from commercial loans granted under general loan agreements, subsequently transferred and assigned to SDIF, and subject to execution proceedings under Law No. 2004, regardless of whether they were previously pursued.

3.9.4. Lawsuits and Proceedings Relating to Personal Loans

This category encompasses cases stemming from individual loan agreements, subsequently transferred and assigned to SDIF, related to housing, agricultural, auto, consumer loans, credit deposit accounts, and credit card risks. Out of the 189,144 transferred and assigned files, 181,292 have been resolved through enforcement actions and campaigns. SDIF actively pursues the remaining 7,852 files.

3.9.5. Non-Loan Lawsuits

This category encompasses lawsuits filed against SDIF arising from matters other than the credit operations of banks transferred to SDIF, as well as lawsuits filed in favour of or against banks whose management and supervision have been transferred to SDIF, including:

- Actions of debt (financial liability and recourse lawsuits arising from off-shore accounts, receivables from rent, adequate pay, etc. arising from property ownership),
- Labor actions (receivables such as severance pay - payment in lieu of notice, owed leave, overtime, reinstatement, education expenses, penalties etc.),
- Real estate lawsuits (cancellation and registration of title deeds, partition, actio negatoria, eviction, rent receivables, declaratory action, removal of MASAK measures, etc.)
- Administrative lawsuits (cancellation of administrative transaction, payment order, cancellation of taxes and duties, etc.),
- Criminal actions (actions resulting from malpractice, misappropriation, embezzlement, etc. by staff and administrative fines etc.),
- Other cases (complaint, cancellation of objection, negative clearance, cancellation of disposal, restitution, etc.)

An overview of the lawsuits and execution proceedings and the status of lawsuits and enforcement proceedings as of December 31, 2023 are as follows:

Lawsuits and Proceedings to which the Fund is a Party						
Categories of Lawsuits and Proceedings		Cases		Cur.	Execution Proceedings	
		Number	Amount ¹		Number	Amount ¹
Lawsuits and proceedings related to banks' majority shareholders and managers	Filed by SDIF	466	17,676,768,024	TRY	83	3,030,975,632
	Filed against SDIF	270	24,757,501	TRY	10	254,749,081
	Administrative Jurisdiction	404	102,402,045	TRY	-	-
	Criminal Cases	30	-	TRY	-	-
Lawsuits and proceedings related to corporate loans	Filed by SDIF	153	272,487,365	TRY	11	73,800,864
	Filed against SDIF	179	1,335,335,825	TRY	1	598,610
	Administrative Jurisdiction	28	-	TRY	-	-
	Criminal Cases	-	-	-	-	-
Lawsuits and proceedings related to personal loans ²	Filed by SDIF	-	-	-	-	-
	Filed against SDIF	2	292,946	TRY	-	-
	Administrative Jurisdiction	-	-	-	-	-
	Criminal Cases	1	-	-	-	-
Lawsuits/administrative lawsuits and proceedings	Filed by SDIF	315	3,077,604,046	TRY	52	89,692,161
	Filed against SDIF	867	1,456,744,988	TRY	7	19,753,244
International lawsuits and proceedings ³	Filed by SDIF / Companies of which the Control was Taken Over	9	1,796,647,443	USD	-	-
	Filed against SDIF / Türkiye	17	68,000,000,000	USD	-	-
Off-shore lawsuits	Filed against SDIF	448	236,520,872	TRY	-	-
TOTAL		3,189	-		164	-

Table 18: Lawsuits and Proceedings to which SDIF is a Party

1. It refers to the amount in dispute and does not include potential additional claims and interest amounts. In calculating TRY equivalents, the CBRT foreign currency buying exchange rates prevailing on December 31, 2023 were used.
2. It does not include cases handled by contracted lawyers.
3. For international cases, the USD equivalents were calculated using the CBRT foreign exchange buying rates prevailing on the date of the case.

3.10. Other Activities

Since the partners, board members, auditors, general managers, deputy general managers, officials with signature authority, and authorised representatives of financial institutions and support service providers must meet the qualifications set out in Article 8(1)(b) and (c) of the Law entitled "Qualifications Required for Founders", to facilitate notifications to BRSA, CMB, and the financial institutions they provide support services, a total of 378 Qualified Shareholding Certificates was issued in 2023. These certificates confirm that the holder of the certificate was not a qualified shareholder or held control of the bank prior to the transfer of it to the SDIF or to the revocation of its banking license with respect to banks subject to Article 71 of Law No. 5411 or banks, whose shareholder rights except for those attached to dividends as well as management and control, were transferred to the Fund, or whose banking license and authorisation to accept deposit were revoked, before the entry into force of the Law.

4 TRUSTEESHIP AND OTHER OPERATIONS CONDUCTED

- 4.1. Management and Supervision of Companies/Assets under Trusteeship
- 4.2. Commercial and Economic Entities Relating to Companies under Trusteeship
- 4.3. Lawsuits and Proceedings Relating to Companies Under Trusteeship
- 4.4. Operations Relating to Media and Press Institutions
- 4.5. Operations Conducted with Regard to Requests for Information on Accounts with Asya Katılım Bankası

Following the coup attempt in Türkiye on July 15, 2016, a state of emergency (SoE) was declared across the country on July 21, 2016 pursuant to Article 120 of the Constitution. During the SoE period, under Article 133 of the Code of Criminal Procedure (CPC) governing the appointment of trustees for the management of companies, judges and courts **appointed trustees to certain companies deemed to pose a threat to national security due to their membership, affiliation or connection to terrorist organisations.**

By virtue of **Decree Law No. 674** published in Official Gazette No. 2918 of September 1, 2016 (bis), the duties and authorities of the trustees appointed or to be appointed to the said companies were transferred to SDIF. Subsequently, Decree Law No. 674 was codified by **Law No. 6758 of November 24, 2016**. In the following period, additional regulations were introduced regarding companies and assets placed under the trusteeship of SDIF, and on January 17, 2017, the “Rules and Procedures for the Implementation of Article 19 of Law No. 6758 of 10.11.2016” were issued.

Following the end of the SoE period, **Law No. 7145** was passed on July 25, 2018. This law provides that the provisions of Law No. 6758, which governs the appointment of SDIF as trustee, would remain in effect for an additional three years. Law No. 7333 of July 18, 2021 further extended the initial three-year period by another three years, bringing the total duration to six years.

Finally, with the publication of Law No. 7407 in Official Gazette No. 31849 of May 28, 2022, the Fund Board Decision No. 2022/301 of June 30, 2022 which was taken within the scope of the amendments made to Articles 19 and 20 of Law No. 6758 and Article 1 of Law No. 7076 as well as the “Rules and Procedures for the Implementation of Article 19 of Law No. 6758 of 10.11.2016” were revoked and the **“Rules and Procedures for the Implementation of Articles 19 and 20 of Law No. 6758 of 10.11.2016”** was brought into effect.

Actions taken by SDIF within the framework of Law No. 6758 and other applicable legislation are presented below under five main headings:

4.1. Management and Supervision of Companies/Assets under Trusteeship

SDIF intensively carries out trusteeship activities to ensure that companies placed under its trusteeship are managed in accordance with sound business practices and prudent commercial principles so that they maintain their contributions to the national economy.

If it is determined that the current state of these companies is unsustainable due to their financial situation, shareholding structure, market conditions or other issues, their sale or liquidation is pursued to prevent adverse effects on the country’s economy.

As of March 19, 2024, SDIF currently acts as a trustee of 681 companies/businesses in 33 provinces of Türkiye. Additionally, SDIF was appointed as a partial/share trustee for less than 50% of the shares in 82 companies and as a personal trustee for the assets of 105 individuals.

A decision was taken to initiate preparatory procedures for the liquidation and deregistration of 97 companies, which were placed under SDIF’s trusteeship. The liquidation processes of 34

companies have been completed, and they have been struck off from the trade registry (these 34 companies are not included in the current 681 companies).

According to preliminary data obtained from these 681 entities, as of December 31, 2023:

- Their total assets are approximately TRY 147.6 billion.
- Their total equity is approximately TRY 67.4 billion.
- Total turnover is approximately TRY 123.03 billion.
- Total profit for the period is approximately TRY 13.3 billion.
- The number of employees employed in these companies/businesses is 26,822.

4.2. Commercial and Economic Entities Relating to Companies under Trusteeship

The assets, rights, and properties of the companies, which have been placed under the trusteeship of SDIF under Law No. 6758, and management of which has been formed by SDIF, have been brought together. This consolidation resulted in the formation of 26 commercial and economic entities (CEE) in 2023. Tables 19, 20, and 21 provide details on the sale process of the CEEs, including those that are already sold, those in the process of being sold, and those still up for sale.

CEEs the Sale Processes of which have been Completed Under Trusteeship Operations (Jan 1 – Dec.31, 2023)						
Name of CEE	Estimated Price (TRY)	Date of Tender	Tender Price (TRY)	Date of Approval by the Fund Board	Date of Transfer	Name of Buyer
Akın Çorap	233,500,000	12.14.2022 (auction) 12.23.2022 (bargaining)	235,500,000 +VAT	12.29.2022	01.05.2023	Aydınlı Moda Tekstil Sanayi ve Ticaret AŞ
Yeni Dünya Sağlık Hizmetleri	111,450,000	12.14.2022	111,450,000 +VAT	01.12.2023	01.18.2023	Önem Sağlık Limited Şirketi
Akasya Alçı Fabrikası	88,550,000	01.25.2023	205,000,000	03.23.2023	04.28.2023	Öztuğrul Metal Nakliye İnşaat Maden Tarım San. ve Tic. Ltd. Şti.
Acıpayam Bereket Çiftliği	43,100,000	02.07.2023	43,500,000	02.16.2023	02.23.2023	Murat ÇARKIT
Şanlıurfa Zümrüt Tekstil	267,650,000	02.01.2023 (auction) 02.03.2023 (bargaining)	268,000,000	03.09.2023	03.20.2023	Aydınlı Moda Tekstil Sanayi ve Ticaret AŞ
Alfemo Mobilya	552,000,000	11.30.2022 (auction) 12.02.2022 (bargaining)	555,000,000	03.09.2023	03.30.2023	Avrasya Taahhüt Lojistik AŞ
Seydikemer Çavdır Akaryakıt İstasyonu	18,810,000	03.29.2023	38,700,000	03.30.2023	05.02.2023	Uzun Otomotiv Akaryakıt Gıda İnş. San. ve Tic. Ltd. Şti
Akbulut Tekstil	102,000,000	09.27.2023	102,000,000	11.09.2023	12.05.2023	Demirşah Enerji Akaryakıt ve Petrol Ürünleri Otomotiv Sanayi Ticaret Ltd. Şti
Ak-Süt/ALB	224,000,000	10.11.2023	300,000,000	10.12.2023	10.26.2023	Ata Sancak Acıpayam Tarım İşletmesi Sanayi ve Ticaret AŞ

Table 19: CEEs the Sale Processes of which have been Completed under Trusteeship Operations

CEEs Offered for Sale under Trusteeship, the Approval / Tender Price Collection Processes of which are in Progress				
Name of CEE	Estimated Price (TRY)	Date of Tender	Tender Price (TRY)	Current Status
Royal ve Atlas Halı ile Nakpilsa	1,800,000,000	11.29.2023	1,810,000,000	In order to obtain the necessary permits/approvals for the tender of the Royal ve Atlas Halı ile Nakpilsa CEE, it was decided to notify the Competition Authority and Gaziantep Organised Industrial Zone Directorate. Notices were sent to the relevant bodies and a reply letter was received from the Gaziantep Organised Industrial Zone Directorate.
Markantalya AVM ve Isparta AVM	3,950,000,000	12.06.2023	3,950,000,000	The tender price plus VAT for Markantalya AVM and Isparta AVM CEE were paid by the Bankrupt Asya Katılım Bankası AŞ, to which the tender was awarded, on January 15, 2024 . The transfer and delivery agreement was signed on the same day, and the delivery proceedings were completed .

Table 20: CEEs Offered for Sale under Trusteeship, the Approval / Tender Price Collection Processes of which are in Progress

CEEs in the Process of Sale Under Trusteeship Operations			
Name of CEE	Estimated Price (TRY)	Date of Tender	Current Status
Akerler Tekstil-Aker Mağazacılık	860,000,000	11.29.2023	No application was received for the tender of the Akerler Tekstil-Aker Mağazacılık CEE.
Ertur Mühendislik'in %50 Oranındaki Hisseleri	700,000,000	01.24.2024	It was put up for sale with the decision of the Fund Board passed on December 28, 2023, and the notice for sale was published in Official Gazette No. 32415 of December 30, 2023, marking the commencement of the sales process.

Table 21: CEEs in the Process of Sale under Trusteeship Operations

4.3. Lawsuits and Proceedings Relating to Companies under Trusteeship

Three out of four international arbitration cases filed against our State at ICSID and UNCITRAL regarding the companies, which were put under SDIF's trusteeship on account of their membership, affiliation or connection to terrorist organisations under Law No. 6758, have resulted in favour of the Republic of Türkiye. The remaining one case is still ongoing. The aforementioned arbitration cases are pursued by SDIF under the coordination of the Presidency of the Republic of Türkiye, Department of Administrative Affairs, General Directorate of Law and Legislation in accordance with Article 219 of Decree Law No. 703 of July 2, 2018. See Table 22 for more details on the case in question.

International Lawsuits and Proceedings Filed in Relation to Companies under Trusteeship		
	Number of Lawsuits / Proceedings	Lawsuits/Proceedings Amount (USD)
Filed against SDIF / Republic of Türkiye	1	1,190,000,000.00

Table 22: International Lawsuits and Proceedings Relating to Companies under Trusteeship

Additionally, SDIF also actively defends itself in legal cases brought for cancellation of the Fund Board's decisions concerning the sale or liquidation of the companies under its trusteeship.

Moreover, SDIF conducts the lawsuits filed against the companies placed under its trusteeship regarding their commercial claims as well as labour claims. Details on these lawsuits are included in Table 23.

Lawsuits Filed Before Local Courts in Connection with Companies under Trusteeship		
	Number of Lawsuits	Lawsuit Amount (TRY) ¹
Lawsuits pursued by SDIF as defendant/respondent	415	14,988,683.21

Table 23: Lawsuits Filed Before Local Courts in Connection with Companies under Trusteeship

1. Potential additional claims and interests are not included. In calculating TRY equivalents, the CBRT foreign currency buying exchange rates prevailing on December 31, 2023 were used.

4.4. Operations Relating to Media and Press Institutions

With the provision of Decree Law No. 668, which came into effect on July 27, 2016, stating that “...movables and all kinds of assets, receivables and rights, documents and papers belonging to closed newspapers, magazines, publishing houses, distribution channels, and private radio and television stations shall be deemed to have been transferred to the State Treasury free of charge” and the provision of Decree Law No. 674, which came into effect on September 1, 2016, stating that “...also applies in case of transfer to the Savings Deposit Insurance Fund by the Ministry of Finance for the sale and liquidation of the acquired assets”, and with Approval No. 25734 of September 22, 2016 of the General Directorate of National Property, it has been found appropriate to “transfer the acquired assets of the closed media and press outlets to SDIF through the minutes of delivery to facilitate the sale and liquidation of these assets after they are identified under the coordination of the Provincial Decree Law Transactions Bureaus, Examination and Valuation Commissions and SDIF representatives”.

The number of newspapers, magazines, publishing houses, distribution channels, and private radio and television stations closed within the scope of the Decree Laws (excluding 26 for which decision to close down have been reversed) is a total of 151.

A total of 151 media and press outlets consist of 34 tv stations, 38 radios, 73 newspapers-magazines-printing houses, and 6 news agencies. Inspections were carried out in 126 outlets. However, in 25 small-scale outlets outside Istanbul, Ankara, and Izmir, no inspection could be carried out. Furthermore, the sale of assets associated with closed media outlets has progressed. This includes the successful sale of two aircrafts previously owned by Tarkim Uçuş Eğitim ve Uçak Bakım Onarım Ltd. and the Niloya Brand along with movable properties from Sürat Basım Yayın Reklamcılık ve Eğitim Araçları San. Tic. AŞ

As for the sales made within the scope of the Decree Laws, as of December 31, 2023, total income reached **TRY 61,397,647.56**, while total expenses amounted to **TRY 18,873,788.11**. This resulted in an income surplus of **TRY 42,523,859.45**. Of this surplus, **TRY 28,886,022.04** has been transferred to the Ministry of Treasury and Finance, leaving a remaining balance of **TRY 13,637,837.41**.

The valuation services are being conducted by procuring services from valuation companies certified by the Capital Markets Board of Türkiye.

4.5. Operations Conducted with Regard to Requests for Information on Accounts with Asya Katılım Bankası

In 2023, a total of 14,612 requests were received from chief public prosecutors' offices and courts related to ongoing investigations and court cases involving alleged membership, affiliation or connection to FETÖ/PDY. These requests sought the disclosure of details of the Bank Asya accounts of 21,939 individuals. These requests have been processed and necessary actions have been taken.

In this context, since July 17, 2016, a total of 197,444 requests have been received from chief public prosecutors' offices, courts, or police departments seeking details of Bank Asya accounts of 804,270 individuals. These requests have been processed and necessary actions have been taken.

In addition, requests for the details of Bank Asya accounts for 498 individuals have been fulfilled based on 70 requests received from authorised entities that have explicit legal authority to obtain information that fall within the scope of bank secrecy under their respective statutes from the public institutions and organisations.

5

LIQUIDATION OPERATIONS OF SAVINGS FINANCING COMPANIES

5. LIQUIDATION OF SAVINGS FINANCE COMPANIES

On July 2, 2021, the Banking Regulation and Supervision Authority issued a decision (Decision No. 9647), which was published in Official Gazette No. 31529 bis of July 2, 2021. This decision ordered the liquidation of 21 savings finance companies that were deemed to have inadequate compliance plans with the provisions of Law No. 6361 on the Financial Leasing, Factoring, Financing and Savings Finance Companies. The liquidations were carried out in accordance with Article 7(4) of the Temporary Article 7 of Law No. 6361, and the liquidation commissions appointed by the BRSA under Article 50(A)(2) of the Law commenced liquidation proceedings.

Later, under Article 18 of Law No. 7333 on the Amendment to Certain Laws and Decree Laws, which entered into force after it was published in Official Gazette No. 31551 of July 28, 2021, Articles 50(A)(2), (3) and (4) of Law No. 6361 on the Financial Leasing, Factoring, Financing and Savings Finance Companies were amended. The amendments introduced the following provisions:

- Companies liquidated by the BRSA would be liquidated by a liquidation commission of at least three members appointed by the SDIF.
- The powers of the general assemblies of the companies would be exercised by the SDIF, without subject to the provisions of Law No. 6102.
- Articles 106(2), (7), (9) and (10), and Articles 108, 109, 110, 132, 133, 134, 137, 138, 140, 141, and 142 of Law No. 5411 would apply mutatis mutandis to these companies.

With these amendments, the SDIF was authorised to determine the rules and procedures for liquidation under this Article.

Pursuant to the SDIF Board's decision passed on July 28, 2021 with respect to the duties and powers granted to the SDIF by the aforementioned law amendment, the members of the liquidation commissions appointed by the BRSA for the relevant companies were terminated. The SDIF reconstituted the liquidation commissions of the companies and made appointments to the commissions. By the SDIF Board's decision of August 12, 2021, the persons appointed as members of the liquidation commissions of the 21 companies were also assigned as members of the board of directors of the same companies.

In making the appointments, the SDIF divided the companies into six groups based on their size of activity to ensure that liquidation proceedings were carried out in a more standardised and efficient manner. The same members were appointed to the boards of directors/liquidation commissions of the companies in each group.

By the SDIF Board's decision of August 24, 2023, considering the progress made in the liquidation of the companies, the groups were merged and the number of groups was reduced to three. A decision was made to continue the assignment of 31 board of directors/liquidation commission members to carry out the liquidation proceedings, and relevant appointments were made in the respective groups. As of December 31, 2023, liquidation proceedings continue with 30 board of directors/liquidation commission members.

General information on the savings finance companies under liquidation is provided in Table 24 below:

Savings Financing Companies Subjected to Liquidation					
Name of the Company	Year Founded	Head Office	Authorised Capital (thousand TRY)	Size of Assets (thousand TRY) (Jun. 30, 2021)	Number of Branches (Jun. 30, 2021)
İktisatevim AŞ	2019	Üsküdar	1,000	31,309	16
Finansevim AŞ	2017	Ataşehir	30,000	273,283	70
Değer Tasarruf AŞ	2020	Altunizade	4,000	24,928	26
Gerçekevim AŞ	2020	Ataşehir	15,000	19,519	23
Hedefevim AŞ	2018	Üsküdar	67,500	278,019	57
Vizyonevim AŞ	2019	Ümraniye	5,859	19,559	9
Varlıkevim AŞ	2020	Ümraniye	100	2,524	3
İstekevim AŞ	2020	Pendik	100	3,276	3
Destekevim AŞ	2018	Şerifali	535	23,281	14
Gelecek Tasarruf AŞ ¹	2020	Sultangazi	500	8,475	6
Birikimevim AŞ	2018	Sarıyer	100,000	151,993	25
Öncevim AŞ	2019	Altunizade	100	2,950	7
Morevim AŞ	2019	Ümraniye	21,058	49,829	21
İhtiyaçevim AŞ	2020	Adıyaman	497	2,215	3
Birlikbirikim AŞ	2020	Ümraniye	100	0	0
Finalevim AŞ	2020	Ümraniye	2,100	4,502	18
Yaşamevim AŞ	2019	Ümraniye	1,000	39,294	43
HH Aydın AŞ ²	2015	Ümraniye	50	5,097	0
İkizlerevim AŞ	2019	Gaziantep	17,781	84,638	17
Doğruevim AŞ	2019	Ümraniye	100	2,532	6
Tasarruf Organizasyon AŞ	2019	Altunizade	7,800	58,983	35
TOTAL				1,086,205	402

Table 24: Savings Financing Companies Subjected to Liquidation

1. Gelecek Tasarruf AŞ took over Birlikbirikim AŞ Birlikbirikim AŞ is dormant.
2. HH Aydın AŞ continues under the name of Finalevim AŞ since April 2021.

On **July 1, 2021**, the date on which the liquidation commissions were assigned to the companies, the total asset size of the **21 savings finance companies** undergoing liquidation was **TRY 1.08 billion**. These companies had a total of **402 branches** and **3,168 employees** across **59 provinces**. Of these companies, Birikimevim AŞ has merged in its entirety with İMECE AŞ, a savings finance company currently operating in the sector. The liquidation process of the remaining 20 companies is ongoing. As of December 31, 2023, these companies have 54,284 savings finance customers, with a total value of savings finance contracts signed with customers of **TRY 7.64 billion**.

Within the framework of the Liquidation Action Plan prepared by the SDIF primarily to protect the asset values of the companies, the interests of the beneficiaries, eliminate funding gaps, and reduce company expenses, the following has been achieved since the start of liquidation:

- A total of 400 branches have been vacated and the employment contracts of 3,168 employees in excess of the standard cadre have been terminated. As of this stage, the savings finance companies have been consolidated into a single centre, and liquidation work continues with 44 staff members.

- In order to address the grievances of holders of savings finance contracts at savings finance companies whose liquidations are currently being carried out by liquidation commissions appointed by the Fund, to enhance the trust to and stability in the savings finance system, and to effectively recover the losses of these companies from the company shareholders and their legal representatives who are responsible for the occurrence of the losses, a draft law was prepared by the SDIF in cooperation with the Ministry of Treasury and Finance, the Banking Regulation and Supervision Agency, and sector representatives. The draft law was codified with Law No. 7394 on the Amendment to Law on the Valuation of Immovable Properties Belonging to the State Treasury and the Value Added Tax Law, and on the Amendment to Certain Law Laws and Decree Laws, published in Official Gazette No. 31810 of April 15, 2022.

Within the scope of Temporary Article 9 added to Law No. 6361 on the Financial Leasing, Factoring, Financing and Savings Finance Companies by Article 34 of Law No. 7394, the customer, whose contract was transferred after payment by the SDIF of the amount of savings under the savings finance contracts during the savings period of the liquidated companies to the liquidation estate of the savings finance company in liquidation, was granted the right to continue the contract with the company that took over the contract if he so wished, by accepting the savings amount he had previously deposited as a down payment and signing a new contract with the company that took over the contract, and if he wishes to terminate the contract, the right to collect the deposited savings amount, together with 20% of the organisation fee he paid, from the liquidation estate of the transferring company within one month.

The transfer of 43,917 savings finance contracts that may be transferred under Temporary Article 9 added to Law No. 6361 by Law No. 7394 on the Amendment to Law on the Valuation of Immovable Properties Belonging to the State Treasury and the Value Added Tax Law, and on the Amendment to Certain Law Laws and Decree Laws, published in Official Gazette No. 31810 of April 15, 2022, to active companies started on April 27, 2022. On that basis, the actual transfer-delivery procedures for 43,306 of them (98.6%) have been completed. 2,912 customers have signed new contracts and continue to remain in the system, while 35,240 customers have terminated their contracts and left the system. Since 5,154 customers did not exercise their right of choice within the legal period, the savings finance contracts were returned to the liquidated savings finance companies and the transfer process was completed. The liquidation process of the companies is continuing.

- On July 28, 2021, the Fund initiated enforcement proceedings against 35 individuals for the recovery of the funding gap amount of the companies. Enforcement proceedings were terminated for 4 of these individuals whose obligations were terminated in accordance with the Fund Board decisions. Within the scope of contract transfers made in accordance with Temporary Article 9 added to Law No. 6361 on the Financial Leasing, Factoring, Financing and Savings Finance Companies, enforcement proceedings were carried out against 63 individuals for the collection of amounts paid by the SDIF from the relevant company's shareholders and their legal representatives to the extent their liability without causing duplication in recovery. As of July 29, 2022, precautionary attachment has been applied to the debtors' assets, rights and claims. Enforcement proceedings against 11 individuals, whose obligations were found satisfied under the Fund Board decisions, were terminated, and enforcement proceedings were suspended for nine debtors whose protocol obligations continue. Ultimately, enforcement proceedings are ongoing for 43 debtors.

- A total of 9,066 CIMER applications, 7,572 inquiries under the right to information legislation, and 3,183 petitions and letters have been responded to.
- The SDIF and the companies will keep the public informed about the liquidation process through their respective websites and call centres.

The SDIF and the Liquidation Commissions have undertaken the following activities related to the liquidation processes of the 20 savings finance companies currently undergoing legal liquidation:

For the purpose of safeguarding company resources and eliminating funding gaps, ensuring the actions taken by the company comply with the laws, rules and regulations and are carried out efficiently and effectively:

- Debt restructuring negotiations have taken place with certain company shareholders who are subject to enforcement proceedings under Law No. 6183. These discussions have resulted in signed protocols outlining debt repayment terms and conditions. Similar opportunities for negotiation are available to other shareholders, who have not signed protocols, upon their request.
- The sale of all the extra properties and vehicles listed as assets in the company's financial statements that did not have any technical and/or legal issues. The valuations of the remaining real properties and vehicles that are not subject to any sale restrictions are being carried out as they become ready for sale. The remaining properties and vehicles that can be sold are currently being appraised. Once the appraisals are complete, these marketable assets will be sold as soon as possible.
- Account reconciliation is being carried out with existing customers, who have settled, and/or failed to pay, their debts. Legal actions are being taken against those who do not pay their debts, and the removal of liens and the return of promissory notes are being carried out for those who have settled their debts.

For the purpose of identifying the company's estate and drafting the creditors' list:

- Work is underway to identify the assets, rights, debts, and obligations of the companies.
- Efforts are continuing to identify the companies' due payment receivables, contact the debtors, and initiate enforcement proceedings for those with overdue payments.
- Customers who have received their allocations and would like to pay their remaining balance in full are being contacted, and actions are being taken to increase cash flow to the companies.
- After the companies make an announcement through the Turkish Trade Registry Gazette, a process has begun to register the creditors and their claims. Creditors who have submitted claims are having their applications assessed to determine validity. Only those whose creditor status is confirmed by company records will be included in the official creditors' list.

6

FINANCIAL STATEMENTS

- 6.1. SDIF's Financial Statements
- 6.2. Audit of Financial Statements
- 6.3. Independent Audit Report
- 6.4. Accounting Principles Adopted and Remarks on the Financial Statements
- 6.5. Management of the Deposit Insurance Reserves
- 6.6. Deposit Insurance Risk Management Policies

6.1. SDIF's Financial Statements

SDIF's accounting records are kept in accordance with the accounting principles specified in the "SDIF Accounting Policies and Principles" entered into force with the decision of the Fund Board dated December 29, 2022, and the "SDIF Chart of Accounts and Explanatory Notes" entered into force with the decision of the Fund Board dated September 18, 2003. SDIF's balance sheet and income statement are prepared in accordance with the standard balance sheet and income statement contained in the SDIF's chart of accounts. In addition to year-end financial statements, interim financial statements prepared as of the end of March, June and September are submitted to the Fund Board for information within 45 days of the respective period and published on the SDIF's website.

6.2. Audit of Financial Statements

In accordance with Article 124 of the Banking Law, SDIF's annual expense accounts and expenditures are audited by the Court of Accounts. In addition, SDIF's annual accounts are also audited by an independent audit firm and the independent audit report is published as part of the annual report. In accordance with the SDIF's Accounting Policies and Principles, SDIF's annual balance sheet and income statement is approved by an authorised independent audit firm operating in Türkiye.

SDIF produces an annual report analysing its decisions and actions taken in the previous year and their economic and social effects by the end of March of each year. This annual report, together with the financial statements and final budget account, is submitted to the Grand National Assembly of Türkiye, and a copy of the final account is sent to the Ministry of Treasury and Finance.

On the other hand, SDIF accounts are subject to the audit of the Court of Accounts in accordance with the applicable provisions of Court of Accounts Law No. 6085 of December 3, 2010. The inspection of the accounts for 2023 is still continuing.

Furthermore, pursuant to Temporary Article 17 contained in framework Article 18 of Law No. 5787 on the Amendment to the Law on the Regulation of Public Finance and Debt Management, Article 3(1) of the "Rules and Procedures for the Transfer of the Savings Deposit Insurance Fund's Cash Surplus to the Accounts of the Ministry of Treasury and Finance" provides: *"It shall submit an independent audit report to the Ministry of Treasury and Finance each year, which will also include a statement confirming that the payments made to the Ministry of Treasury and Finance were made in accordance with these Rules and Procedures"*.

On that basis, an independent audit of the financial statements of December 31, 2023 was carried out by PKF Bağımsız Denetim AŞ Besides, the independent audit was also conducted to verify that the payments made to the Ministry of Treasury and Finance were in accordance with the aforementioned rules and procedures.

6.3. Independent Audit Report

TO THE BOARD OF THE SAVINGS DEPOSIT INSURANCE FUND

A) Independent Audit of Financial Statements

1) Opinion

We have audited the financial statements of the Savings Deposit Insurance Fund (“Fund” or “SDIF”) for the year ended December 31, 2023, which encompass the balance sheet as of that date, the statement of income for the year then ended, notes outlining the significant accounting policies, and other explanatory notes.

In our opinion, the financial statements offer true and fair view of the financial position of the Savings Deposit Insurance Fund as of December 31, 2023, and of its financial performance for the period ended on the same date, in all their important aspects and in keeping with the Savings Deposit Insurance Fund Accounting Procedures and Principles and the Savings Deposit Insurance Fund Accounts Plan and Explanations.

2) Basis for Opinion

Our audit was conducted in accordance with the Independent Auditing Standards (“IAS”), which are part of the Auditing Standards of Türkiye issued by the Public Oversight, Accounting and Auditing Standards Authority (“POA”). Our responsibilities under these Standards are further described in the section entitled “Independent Auditor’s Responsibilities for the Independent Audit of Financial Statements” of our report. We hereby declare that we are independent of the Fund in accordance with the Independent Auditors’ Code of Ethics (“Code of Ethics”) issued by POA and the ethical requirements of the legislation related to the independent audit of financial statements. We have also fulfilled our other responsibilities relating to ethics under the Code of Ethics and the applicable legislation. We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

Valuation of Securities

Securities, which consist of bonds, notes, and similar instruments, account for 54% of the total assets on the Fund’s balance sheet.

These securities are recognized at acquisition cost upon their first recognition.

After initial recognition, they are valued at their fair market value or at their discounted value using the effective interest method or at the prices published daily by the Central Bank of Türkiye in the Official Gazette.

Securities have been identified as a key audit matter due to their significant presence on the balance sheet, their valuation, and their inherent risk of error.

As of December 31, 2023, the Fund's securities are recognised at a cost value of TRY 155,661,824 thousand, impairment provisions of TRY 15,384,262 thousand, and an accumulated interest income discount of TRY 46,859,116 thousand. The accounting policies for securities are disclosed in Note 3, and the amounts are disclosed in Note 5.

How the Matter was Considered During the Audit

During our audit, the following audit procedures were applied in relation to the recording, safekeeping, valuation of securities, and the related impairment provision of securities or accrual of interest income on securities.

In the substantive verification procedures, the focus was on the recording, safekeeping, valuation of securities, allowance for impairment of securities and accrual of interest income on securities.

Reconciliation letters were requested from the banks where the securities in the Fund's portfolio are held, and the integrity and accuracy of these securities were verified as a result of the reconciliations received.

As of the balance sheet date, the positive differences between the purchase prices and the net values published in the Official Gazette of securities are recognised as interest income accruals on securities, while in case of negative differences, impairment provisions of securities is calculated and recognised.

As a result of the procedures we have applied to the recognition of securities, no material misstatement, errors or omissions were found in the recording of securities.

4) Other Matters

While not affecting our opinion, we consider it necessary to draw attention to the following matter:

As disclosed in Note 28, the Fund's relevant departments have reported that there are lawsuits pending against the Fund for a total claim of TRY 3,171,998 thousand (in Turkish Lira), consisting of TRY 592,635 thousand, USD 83,195 thousand, EUR 3,953 thousand, GBP 25 thousand and CHF16 thousand as of December 31, 2023. The Fund management believes that the majority of these cases, which are being monitored in the off-balance sheet accounts, will not impose additional liabilities on the Fund. However, due to the uncertainty as to whether there is a possibility that resources involving economic benefits may be transferred out of the Fund, no provision has been made in the accompanying financial statements.

The financial statements of the Savings Deposit Insurance Fund for the year ended December 31, 2022 were audited by another auditor and an unqualified opinion was issued on the financial statements as of March 10, 2023.

5) Responsibilities of the Management and Senior Management for the Financial Statements

The Fund management is responsible for the preparation and fair presentation of these financial statements in accordance with the SDIF's Accounting Policies and Principles, Chart of Accounts,

and Explanatory Notes and for such internal control as management determines is necessary to ensure that the financial statements are free from material misstatement due to fraud or error.

6) Independent Auditor's Responsibilities for the Independent Audit of the Financial Statements

In an independent audit, our responsibilities as independent auditors, are as follows:

Our aim is to obtain a reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent audit report containing our opinion. The reasonable assurance given at the end of an independent audit conducted in accordance with the IAS is a high level of assurance; however, it does not necessarily guarantee that an audit conducted will always detect an existing material misstatement. Misstatement may be resulted from an error or fraud. Misstatements are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the independent audit conducted in accordance with the IAS, we exercised professional judgment and maintained professional scepticism throughout the independent audit. Our further responsibilities are:

- To identify and assess the risks of material misstatement of the financial statements due to fraud or error; to design and perform audit procedures responsive to these risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- To 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 Fund's internal control.
- To evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- To 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 circumstances that may cast significant doubt on the Fund's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may cause the Fund to cease to continue as a going concern.
- To 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 in charge of 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 have provided those in charge of governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicate with them all

relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

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

B) Other Obligations Arising from Legislation

Our Opinion on the Fund's Payments to the Ministry of Treasury and Finance

The Fund's monthly payments to the Ministry of Treasury and Finance, presented in Note 27 (d) within the financial statements prepared in accordance with the Fund's Accounting Policies and Principles, Chart of Accounts, and Explanatory Notes (Note 3), were subject to audit procedures during the independent audit of the financial statements. In our opinion, the information disclosed in Note 27 (d) complies with the Rules and Procedures for the Transfer of the Savings Deposit Insurance Fund's Cash Surplus to the Accounts of the Ministry of Treasury and Finance.

PKF Aday Bağımsız Denetim AŞ
(A Member Firm of PKF International)
Abdulkadir Sayıcı
Cap Auditor

PKF Aday Bağımsız Denetim A.Ş.
(A Member Firm of PKF International)



Abdulkadir SAYICI
Sorumlu Denetçi

Savings Deposit Insurance Fund's Balance Sheet (in Turkish Lira)

ASSETS	Dec.31, 2023	Dec.31, 2022	Annual Change	
			Amount	Pct. (%)
CURRENT ASSETS	230,526,938,321	178,537,293,204	51,989,645,117	29%
Liquid Assets	35,455,503,987	10,243,952,805	25,211,551,182	246%
A Central Bank of the Republic of Türkiye	4,648	1,546	3,102	201%
B Domestic Banks	35,455,499,339	10,243,951,259	25,211,548,080	246%
Securities	140,277,561,119	110,355,020,700	29,922,540,419	27%
A Government Debt Securities	147,030,110,528	106,762,597,509	40,267,513,019	38%
B Debt Securities of Public Institutions and Organisations	-	500,000,000	-500,000,000	-100%
C Income-Based Bonds	7,359,550,000	5,048,541,000	2,311,009,000	46%
D Other Securities	1,272,163,037	-	1,272,163,037	-
E Provision for Decrease in the value of Marketable Securities (-)	(15,384,262,446)	(1,956,117,809)	-13,428,144,637	686%
Liquid Assets and Securities Est. Revenue and Redis.	47,845,970,520	53,862,117,124	-6,016,146,604	-11%
Short-term Receivables Rel. to the Fund's Core Activities	7,594,134	16,579,500	-8,985,366	-54%
Other Receivables	28,373,502	247,851,268	-219,477,766	-89%
Short-Term Deferred Income, Accrued Expenses and Rediscounts	6,911,917,023	3,811,753,771	3,100,163,252	81%
A Interest Income Accruals on Receivables Related to Payment Plans	332,265,098	192,964,736	139,300,362	72%
B Insurance Premium Income Accruals	6,454,363,978	3,488,494,863	2,965,869,115	85%
C Other Interest Income Accruals and Rediscounts	125,287,947	130,294,172	-5,006,225	-4%
Other Current Assets	18,036	18,036	-	0%
NON-CURRENT ASSETS	29,520,989,641	22,849,267,183	6,671,722,458	29%
Non-performing Receivables	3,946,542,851	3,817,294,360	129,248,491	3%
A Non-performing Receivables Acquired	3,124,579,021	5,297,254,217	-2,172,675,196	-41%
B Receivables Related to Payment Plans	14,556,148,543	9,846,929,990	4,709,218,553	48%
C Other Non-performing Receivables	93,629,641	66,188,213	27,441,428	41%
D Allowance for Non-performing Receivables (-)	(13,827,814,354)	(11,393,078,060)	-2,434,736,294	21%
Long-term Loan Receivables	5,954,838,408	4,582,707,263	1,372,131,145	30%
A Subordinated Loans to Banks	5,954,485,000	4,542,460,000	1,412,025,000	31%
B Loans to Other Subsidiaries	353,408	377,463	-24,055	-6%
C Loans Granted to Companies of which Management and Control taken over	-	39,869,800	-39,869,800	-100%
Long-term Receivables Related to the Fund's Main Operations	82,000	82,000	-	0%
A Receivables from the Bankrupt's Estate	11,363,334,660	11,416,545,981	-53,211,321	0%
B Provision for Receivables from Bankrupt's Estates (-)	(11,363,252,660)	(11,416,463,981)	53,211,321	0%
Financial Fixed Assets	519,088,963	572,845,120	-53,756,157	-9%
A Subsidiaries	519,088,941	572,845,101	-53,756,160	-9%
B Securities Held to Maturity	60,822	60,819	3	0%
C Provision for Impairment of Financial Fixed Assets (-)	(60,800)	(60,800)	-	0%
Tangible Fixed Assets	16,254,432	12,391,809	3,862,623	31%
A Securities	13,022,554	10,237,606	2,784,948	27%
B Intangible Rights	39,696,808	32,238,732	7,458,076	23%
C Accumulated Depreciation (-)	(36,464,930)	(30,084,529)	-6,380,401	21%
Assets Subject to Disposal	14,269,114,952	10,753,453,458	3,515,661,494	33%
A Subsidiary Banks Subject to Disposal	-	201,167,622	-201,167,622	-100%
B Subsidiaries Subject to Disposal	34,642,042	22,828,152	11,813,890	52%
C Other Subsidiaries Subject to Disposal	214,810,809	215,800,809	-990,000	0%
D Tangible Fixed Assets Subject to Disposal	14,052,630,874	10,348,036,603	3,704,594,271	36%
E Prescribed Assets	629,749	208,794	420,955	202%
F Provision for Impairment of Assets Subject to Disposal (-)	(33,598,522)	(34,588,522)	990,000	-3%
Duty Loss Accounts	51,003	51,003	-	0%
A Subsidiaries and Associates Subject to Liquidation	16,611,984	16,611,984	-	0%
B Provision for Subsidiaries and Associates Subject to Liquidation (-)	(16,560,981)	(16,560,981)	-	0%
C Reserves to Subsidiary Banks	10,186,594,832	10,236,645,663	-50,050,831	0%
D Provisions for Subsidiaries to Subsidiary Banks (-)	(10,186,594,832)	(10,236,645,663)	50,050,831	0%
Other Assets	4,815,017,032	3,110,442,170	1,704,574,862	55%
TOTAL ASSETS	260,047,927,962	201,386,560,387	58,661,367,575	29%

LIABILITIES	Annual Change			
	Dec.31, 2023	Dec.31, 2022	Amount	Pct. (%)
SHORT-TERM LIABILITIES	10,159,670,823	22,089,631,767	-11,929,960,944	-54%
Collections Pending Setoff and Escrow Collections	10,016,659,183	22,043,507,089	-12,026,847,906	-55%
A Escrow Recoveries	2,471,921,152	2,123,431,442	348,489,710	16%
B Recoveries Pending Set-off	6,416,952,962	18,818,820,936	-12,401,867,974	-66%
C Blocked Accounts	1,127,785,069	1,101,254,711	26,530,358	2%
Short-term Liabilities and Expense Provisions	8,309,789	6,043,309	2,266,480	38%
A Staff Collective Payment and Pension Provision	8,309,789	6,043,309	2,266,480	38%
Short-term Deferred Income, Expense Accruals and Rediscounts	63,338,540	8,596,076	54,742,464	637%
A Short-term Income	107,421	53,345	54,076	101%
B Other Expense Accruals and Rediscounts	63,231,119	8,542,731	54,688,388	640%
Taxes and Funds Payable	28,240,763	19,782,700	8,458,063	43%
A Taxes and Funds Payable	27,347,392	19,375,722	7,971,670	41%
B Social Security Premiums Payable	682,625	404,795	277,830	69%
C Other Liabilities Payable	210,746	2,183	208,563	9554%
Other Short-term Payables	42,886,522	11,429,975	31,456,547	275%
A Monies to be Refunded to Banks	33,257	20,353	12,904	63%
B Payables to the Staff	594,014	17,040	576,974	3386%
C Monies to be transferred to the Ministry of Finance	2,749,867	1,629,911	1,119,956	69%
D Other Miscellaneous Payables	39,509,384	9,762,671	29,746,713	305%
Other Short-term Liabilities	236,026	272,618	-36,592	-13%
A Other Miscellaneous Funds	236,026	272,618	-36,592	-13%
LONG-TERM LIABILITIES	13,943,107,210	10,498,537,113	3,444,570,097	33%
Long-term Liabilities and Expense Provisions	58,217,121	50,093,061	8,124,060	16%
A Staff Collective Payment and Pension Provision	58,217,121	50,093,061	8,124,060	16%
Long-term Deferred Income, Expense Accruals and Rediscounts	4,358,726,834	4,606,139,772	-247,412,938	-5%
A Long-term Income	4,661	4,661	-	0%
B Other Expense Accruals and Rediscounts	4,358,722,173	4,606,135,111	-247,412,938	-5%
Uncollected Repayment Plan Revenues	9,512,231,301	5,829,763,067	3,682,468,234	63%
Other Long-term Liabilities	13,931,954	12,541,213	1,390,741	11%
EQUITY	235,945,149,929	168,798,391,507	67,146,758,422	40%
Accumulated Funds	159,247,544,370	86,650,402,830	72,597,141,540	84%
A Bank Liability Fund Savings	2,939	2,939	-	0%
B Security Fund Savings	69,713,294	69,713,294	-	0%
C Previous Years Income-Expense Difference	159,177,828,137	86,580,686,597	72,597,141,540	84%
Revaluation Increases	13,073,071,512	9,550,847,138	3,522,224,374	37%
A Tangible Fixed Assets Revaluation Increases	13,073,071,512	9,550,847,138	3,522,224,374	37%
Income-Expense Difference for the Period	63,624,534,047	72,597,141,539	-8,972,607,492	-12%
TOTAL LIABILITIES	260,047,927,962	201,386,560,387	58,661,367,575	29%
Total Memorandum Accounts	4,523,401,962,491	2,593,013,900,671	1,930,388,061,820	74%

NOTES TO BALANCE SHEET:

(1) Securities included in the Fund's balance sheet are valued in accordance with the principles outlined in the SDIF Accounting Policies and Principles. As of December 31, 2023, government debt securities and income-based bonds held in the portfolio are recognised in the financial statements at the prices announced daily by the Central Bank of Türkiye in the Official Gazette, while government foreign debt securities and ABS are recognised at their fair values. Since the GDDS issued on September 21, 2007 by the Ministry of Treasury and Finance to SDIF for the payment of the respective amounts in accordance with the "Law on the Payment of Amounts Collected under the Name of Sale of Government Domestic Debt Securities by Türkiye İmar Bankası Türk Anonim Şirketi, whose Banking License and Authorisation to Accept Deposit were Revoked by the Ministry of Treasury and Finance" are bonds that are interest-free, registered, and not traded on the secondary market, no interest discount is calculated for these bonds.

(2) The account "Expenses, Income Accruals and Rediscounts Related to Forthcoming Months" does not include interest rediscounts related to non-performing receivables taken over.

(3) In accordance with the provisions of the SDIF Accounting Policies and Principles, the balance of "Receivables Related to Payment Plans" in the Fund's balance sheet is subject to an allowance of 25% if any principal or interest receivable under the payment plan is overdue for 90 days, and 100% if overdue for 180 days. The non-performing receivables taken over by the Fund are accounted for at their book value as of the date of transfer, and the provisions for impairment appropriated by the bank taken over and the Fund for these receivables are monitored under the account "Allowance for Non-performing Receivables" in the Fund's balance sheet.

(4) A provision for impairment has been made for all of the Fund's claims against the Bankruptcy Estate of Bankrupt Türkiye İmar Bankası TAŞ and the precautionary receivables granted to affiliated banks, in accordance with Decision No. 378 of December 18, 2008 taken by the Fund Board.

(5) Deferred revenues from payment plans represent the allowance reversal income and uncollected interest income related to the corporate receivables that the Fund has arranged under a new payment plan.

(6) The Fund monitors the following risk elements under off-balance sheet accounts: total deposit and participation fund balances covered by insurance at banks, and the claims raised against SDIF.

(7) The exchange rates used in the balance sheet are the exchange rates pronounced by the CBRT for December 31, 2023 and December 31, 2022.

(8) Pursuant to Law No. 5787 of July 16, 2008, the Ministry of Treasury and Finance's total receivables of TRY 93,292,116,458.83 from the Fund were cancelled as of July 23, 2008.

Savings Deposit Insurance Fund's Income Statement (in Turkish Lira)

	31.12.2023	31.12.2022	Annual Change	
			Amount	Pct. (%)
Interest Income	30,642,586,009	56,455,346,768	-25,812,760,759	-46%
Interest Income from Other Bank Deposits	4,371,376,037	961,334,014	3,410,042,023	355%
Profit Shares Received from Participation Banks	467,796,994	123,578,492	344,218,502	279%
Interests from GDS	24,921,275,507	54,970,949,882	-30,049,674,375	-55%
Interest Income from Public Institutions and Organisations	82,734,400	87,164,400	-4,430,000	-5%
Debt Securities				
Income from Income-Based Bonds	790,923,418	312,319,980	478,603,438	153%
Other Interest Received	8,479,653	-	8,479,653	-
Interest Expense (-)			0	-
Non-Interest Income	58,343,247,814	22,717,457,463	35,625,790,351	157%
Income from the Fund's Core Activities	24,775,885,452	12,549,866,018	12,226,019,434	97%
<i>Insurance Premium Revenues</i>	23,978,894,464	12,219,707,214	11,759,187,250	96%
<i>Prescribed Assets Income</i>	432,497,446	202,674,455	229,822,991	113%
<i>Fine Income</i>	311,744,218	99,256,383	212,487,835	214%
<i>Late Fees</i>	4,038,993	1,057,566	2,981,427	282%
<i>Shares Received from Banking System Entries</i>	7,000,000	12,000,000	-5,000,000	-42%
<i>Shares Received From Bank Share Transfers</i>	41,710,331	15,170,400	26,539,931	175%
Cancellation Revenues for Provisions No Longer Required	600,025,945	5,269,716,534	-4,669,690,589	-89%
Income from Non-performing Receivables	1,411,059,194	355,182,160	1,055,877,034	297%
Sales Profits from Assets Subject to Disposal	540,055,881	718,046,493	-177,990,612	-25%
Income and Profits from Disposed Assets	159,914	472,404	-312,490	-66%
Capital Market Transactions Profits	2,223,179,379	31,721	2,223,147,658	7008441%
Evaluation Profits	27,743,928,186	3,186,270,674	24,557,657,512	771%
Other Dividend Income	-	103	-103	-100%
Other Ordinary Incomes and Profits	658,482,274	430,223,574	228,258,700	53%
Extraordinary Income	390,471,589	207,647,782	182,823,807	88%
Non-Interest Expenses (-)	(25,361,299,776)	(6,575,662,692)	-18,785,637,084	286%
Personnel Expenses (-)	(241,591,226)	(135,467,399)	-106,123,827	78%
State Premium Expenses to Social Security Agencies (-)	(23,169,786)	(13,683,962)	-9,485,824	69%
Goods and Services Purchase Expenses (-)	(160,649,250)	(78,541,389)	-82,107,861	105%
<i>Consumable Goods and Material Purchases (-)</i>	(4,126,967)	(2,177,728)	-1,949,239	90%
<i>Travel Expenses (-)</i>	(2,831,043)	(1,249,791)	-1,581,252	127%
<i>Assignment Expenses (-)</i>	(274,047)	(272,769)	-1,278	0%
<i>Service Purchases (-)</i>	(141,122,643)	(67,457,256)	-73,665,387	109%
<i>Representation and Promotion Expenses (-)</i>	(32,304)	(37,839)	5,535	-15%
<i>Tangible Goods, Intangible Rights Purchase, Maintenance and Repair Expenses (-)</i>	(1,312,086)	(859,365)	-452,721	53%
<i>Real Estate Property Maintenance and Repair Expenses (-)</i>	(232,298)	-	-232,298	
<i>Medical and Funeral Expenses (-)</i>	(10,717,862)	(6,486,641)	-4,231,221	65%
Cost of Provision for Impairment of Receivables and Investments Related to the Fund's Core Activities (-)	(13,831,984,702)	(1,004,415,363)	-12,827,569,339	1277%
Other Provision Expenses (-)	(8,089,414)	-	-8,089,414	-
Cash Resources Transferred to the Treasury (-)	(1,140,300,000)	(80,800,000)	-1,059,500,000	1311%
Expenses and Losses from Assets to be Disposed of (-)	(995,120)	(296,606)	-698,514	236%
Depreciation Expenses (-)	(6,427,666)	(4,946,402)	-1,481,264	30%
Evaluation Losses (-)	(780,482,331)	(221,408,659)	-559,073,672	253%
Capital Market Transaction Losses (-)	(277,902,004)	(254,502,871)	-23,399,133	9%
Current Transfers (-)	(24,881,605)	(14,799,719)	-10,081,886	68%
Other Ordinary Expenses and Losses (-)	(1,922,988,495)	(4,486,092,581)	2,563,104,086	-57%
Extraordinary Expenses (-)	(6,941,838,177)	(280,707,741)	-6,661,130,436	2373%
Income-Expense Difference for the Period	63,624,534,047	72,597,141,539	-8,972,607,492	-12%

6.4. Accounting Principles Adopted and Remarks on the Financial Statements

6.4.1. Liquid Assets

This category consists of SDIF's demand deposits and deposits with a maturity of up to one year at banks in Türkiye, as well as funds in transit. As of December 31, 2023, SDIF has cash and cash equivalents of TRY 35,455,503,987.

Securities

Securities held in the Fund's portfolio are accounted for at cost. As of December 31, 2023, the existing GDDSs and TRY-denominated lease certificates were valued at the prices announced by the CBRT in the Official Gazette, while GFDSs, ABS, and foreign currency-denominated lease certificates were valued at their fair value. Details on the securities held in the Fund's portfolio as of December 31, 2023 is presented in Table 25 below:

Securities in the Fund's Portfolio (As of 31.12.2023)					
	Nominal Amount (TRY/FX)	Cost (TRY)	Interest Income Rediscount and Valuation Difference (TRY)(Gross)	Provision for Impairment (TRY)	31.12.2023 Value (TRY)
GDDS (TRY)	107,147,983,764	102,626,489,799	42,562,000,277	-13,854,495,467	127,181,090,180
Other Securities (TRY)	534,997,587	1,272,163,037	1,025,221,461	-	2,194,862,352
GFDS (USD)	1,480,750,000	43,620,882,632	2,735,270,476	-1,518,851,295	44,837,301,813
GFDS (EUR)	25,000,000	782,738,097	72,106,904	-	854,845,001
Lease Certificates (USD)	250,000,000	7,359,550,000	464,517,133	-10,915,684	7,813,151,449
Total in TRY		155,661,823,565	46,859,116,251	-15,384,262,446	182,881,250,795

Table 25: Securities in the Fund's Portfolio

The Fund's reserves, which consist of cash and cash equivalents and securities, are separately monitored as deposit insurance reserves and resolution reserves for the management segment reporting purposes. Information on the management of these reserves is provided in detail in Section 6.5 of this report.

6.4.2. Non-performing Receivables

Non-performing Receivables Taken Over

Non-performing receivables that have been assigned to SDIF from affiliated banks or through other means are transferred to the accounts at the book value in the relevant bank records and with the provision allocated by the respective bank in accordance with the assignment agreements signed between SDIF and the affiliated banks. No interest is accrued for the non-performing receivables taken over, and the resulting interest income is recognised on a cash basis. In addition to the specific amounts of provisions in the records of the affiliated bank, SDIF has allocated a 100% provision for non-performing receivables as deemed necessary.

Non-performing Receivables Taken Over		
Type of Claim (thousand TRY)	Dec. 31, 2023	Dec. 31, 2022
Corporate Loans	2,820,741	4,970,451
Indemnified Non-Cash Loans	131,590	112,537
Personal Loans	58,925	60,148
Other	113,323	154,118
Total	3,124,579	5,297,254

Table 26: Non-performing Receivables Taken Over

Receivables Subject to a Payment Plan

Non-performing receivables that are arranged under a payment plan and for which borrowers make their payments without defaulting under the terms of the agreement are reflected in the balance sheet under the account "Receivables Related to Payment Plans". The amount payable in the payment plan is not recognised as income until the positive difference in the accounting records and the provisions allocated for these receivables are settled. These amounts, which have the nature of pending income waiting for due, are monitored in the balance sheet under the account "Deferred Revenues from Payment Plans". Receivables under a payment plan are subject to an allowance of 25% if any principal or interest receivable under the payment plan is overdue for 90 days, and 100% if overdue for 180 days. As of December 31, 2023, there are TRY 14,556 million receivables subject to a payment plan in the Fund's balance sheet.

6.4.3. Long-Term Receivables Related to the Fund's Main Operations

This category consists of advances granted by the Fund to banks, whose banking license and authorisation to accept deposit were revoked, the receivables it is entitled to collect from the bankruptcy estates of these banks (insured deposit payments, insurance premium receivables, time-barred deposit receivables, etc.), and the receivables it is entitled to collect from personal bankruptcy estates. A provision of 100% has been appropriated for receivables from the bankruptcy estate of Bankrupt T. İmar Bankası TAŞ

6.4.4. Financial Fixed Assets

This category includes equity shares invested by the Fund for the purpose of acquiring an interest in a business and shares that are held due to loss of their liquidity in short-term period for various reasons. Listed shares and shares in affiliates and subsidiaries are valued at their stock market value, while unlisted shares are recognised at their cost of acquisition.

6.4.5. Tangible Assets

Tangible fixed assets acquired in order to be used in maintaining Fund operations are monitored in these accounts, and are recorded at acquisition cost. Normal depreciation of 20% is allocated for securities and incorporeal rights.

6.4.6. Assets Subject to Disposal

Subsidiaries and Other Affiliates Subject to Disposal

Subsidiaries and affiliates taken over by the Fund from subsidiary banks or against receivables are recognized at acquisition cost. The provisions for impairment of other subsidiaries and affiliates subject to disposal, taken over from subsidiary banks, are reflected to the balance sheet at their values in the applicable bank records. Affiliates and subsidiaries transferred to the Fund

free of charge are recognized by allocating an impairment provision equal to their recorded values. As of December 31, 2023, the current balance is composed of 4 subsidiary and 12 affiliate capital shares subject to disposal in the Fund portfolio.

Tangible Fixed Assets / Rights Subject to Disposal

The tangible assets and incorporeal rights acquired by the Fund's from subsidiary banks or against receivables or by execution proceedings are recognized at acquisition cost. Said assets subject to disposal are not subjected to depreciation.

6.4.7. Duty Loss Accounts

Subsidiaries and Associates Subject to Liquidation

The Fund's capital shares and other receivables in subsidiaries and affiliates, liquidation procedures for which have commenced, are monitored in this account. The balance consists of capital shares related to 10 subsidiaries and affiliates that are in the process of liquidation as of December 31, 2023.

Reserves to Subsidiary Banks

This consists of funds transferred from the GDDSs issued by the Ministry of Treasury and Finance to SDIF as a loan to the affiliated banks by SDIF as a reserve. SDIF has used the bonds deposited by the Ministry of Treasury and Finance at the CBRT in connection with the respective loan agreements as withdrawals from the said deposit account and transferred the bonds to the affiliated banks. The bonds were deemed to have been issued as of the dates of use and were recognised in the Fund's balance sheet at their values as of those dates. As of December 31, 2023, a provision has been allocated for the entire amount of the Fund's receivables related to reserves from Birleşik Fon Bank, which constitutes the current balance.

6.4.8. Collections Pending Setoff and Escrow Collections

Amounts deposited pending the completion of sales transactions for assets subject to disposal and other cash guarantees, those of the collections made from those concerned within the framework of Laws No. 2004 and 6183 or the protocols signed, the necessary setoff transactions of which have not yet been completed, collections in the nature of guarantees, and amounts deposited in the Fund's escrow accounts are monitored in this account.

Payments to Corporations and Institutions

In accordance with Article 134 of the Banking Law amended by Law No. 5472 and other applicable legislation, from the sales prices of the assets belonging to individuals and legal entities, which are sold within the scope of commercial and economic entity or separately through foreclosure, after debts owed to the government, social security, and the Treasury are paid, any remaining funds are distributed among other creditors, including public institutions, organisations and agencies in proportion to their claims.

Within the framework of this provision, the sales proceeds of the assets sold by the Fund are held in the liabilities section of the Fund's balance sheet to ensure that the said payments are made, and the necessary payments are made to the relevant institutions and organisations following the completion of the legal processes. To this end, no payment was made to other institutions and

organisations in 2023, and the total amount of payments made by the Fund in this context as of December 31, 2023 is USD 7,474 million.

6.4.9. Staff Collective Payment and Retirement Provisions

Provisions have been made for liabilities that will arise due to lump-sum payments to be made in case of termination of employment or retirement in accordance with the regulations regarding contract personnel.

6.4.10. Valuation of Receivables and Payables

The Fund's non-performing receivables (other than receivables subject to a payment plan) or those from bankrupt's estates are shown at their book value in the balance sheet. The interest income rediscount was calculated for the deposits and other receivables for which interest is foreseen, based on the determined interest rate.

6.4.11. Other Balance Sheet Items

Other balance sheet items are recognised in the financial statements at their book values.

6.4.12. Insurance Premium Revenues

Within the scope of deposit insurance, the SDIF insures all deposit and participation fund accounts with credit institutions in any currency except for those belonging to public institutions, credit institutions and financial institutions. The insurance premiums for the deposits and participation funds under coverage are paid to the SDIF until the last business day of the second month following the relevant period in which the financial statements are issued, premiums on TRY, USD and EUR accounts are paid to the SDIF in their own currencies. Premiums on accounts in precious metals and other foreign currency are payable in USD.

The distribution of insurance premiums for 2023 by currency is shown in the table below. In this regard, insurance premiums of TRY 12,199,850,743, USD 281,049,815 and EUR 86,135,289 were collected from credit institutions.

Bank Group	Currency	Insurance Premium Amount
Deposit Banks	TRY	11,295,939,839
	USD	246,096,807
	EUR	80,417,102
Participation Banks	TRY	903,910,904
	USD	34,953,008
	EUR	5,718,187
Total	TRY	12,199,850,743
	USD	281,049,815
	EUR	86,135,289
Overall Total (in TRY)*		20,718,207,022

Table 27: Insurance Premium Revenues

* In calculating TRY equivalents, the CBRT foreign currency buying exchange rates prevailing at the end of the respective premium periods were used.

The premium amounts collected by the SDIF in 2023 ranged from TRY 3,536 million to TRY 6,146 million per period.

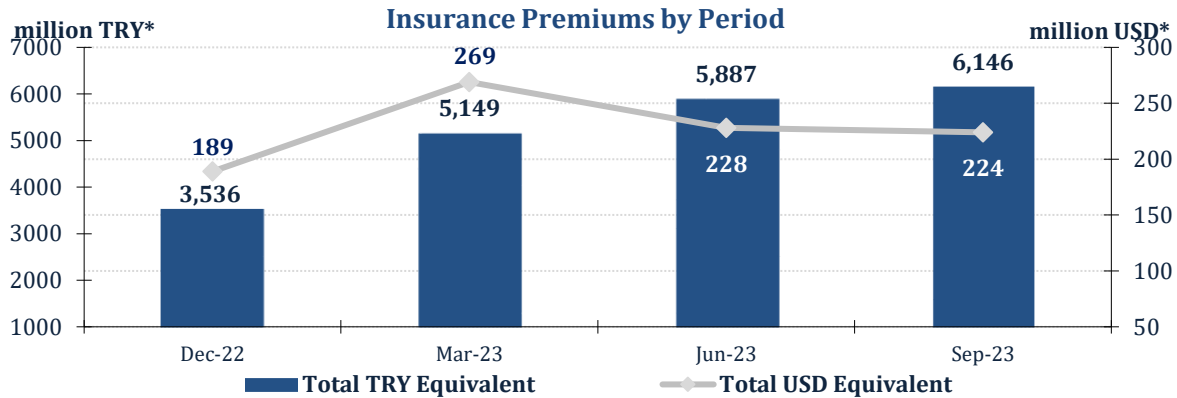


Chart 11: Insurance Premiums by Period

(*) In calculating USD and TRY equivalents, the CBRT foreign currency buying exchange rates prevailing at the end of the respective periods were used.

The development of insurance premiums collected by SDIF since 2001 is shown in Chart 12 below.

Collected Insurance Premiums by Year (million USD)

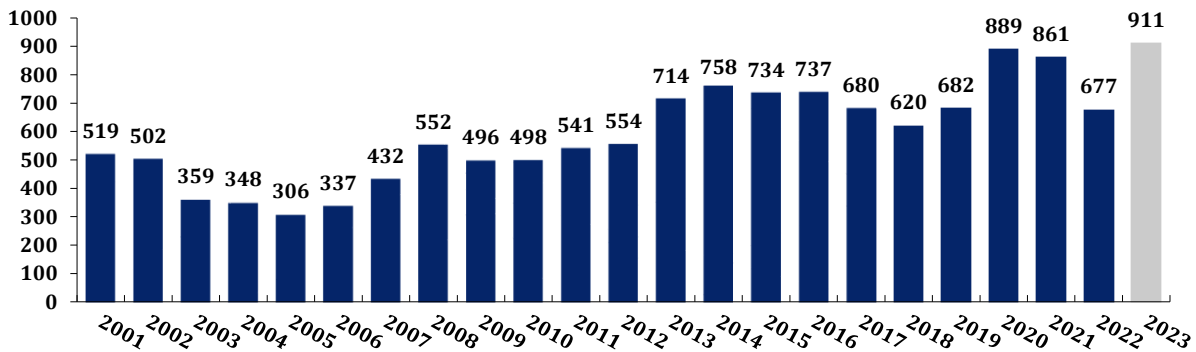


Chart 12: Collected Insurance Premiums by Year

It is observed that the insurance premiums collected by the SDIF between 2000 and 2005 decreased on the basis of USD equivalents. The most important factor in this decrease was the reduction of the basic premium rate from 25 basis points to 12,5 basis points in 2003. Another factor was the regulation made as from September 2004. Although the basic premium rate was raised to 15 basis points with this arrangement, the rearrangement of the premium base as insured saving deposits instead of total saving deposits had a decreasing effect on total premium revenues. In 2006-2008, premium revenue increased due to the increase in the premium base and a low exchange rate. The decrease in premium revenue in 2009 was due to the change in the premium tariff, and the increase in 2013 due to the fact that the insurance coverage was increased from 50 thousand Turkish Liras to 100 thousand Turkish Liras on Feb. 15, 2013. In spite of the fact that an increase was observed in the premium income in 2020 after the coverage was raised to 150 thousand Turkish Liras on Sep. 25, 2019, the foreign exchange rates that rose in 2022 had a decreasing effect on the premium income.

As a result of the changes made in the coverage and limit of the deposit insurance in the last quarter of 2022, the premium income obtained in 2023 increased.

6.4.13. Other Revenues Related to the Fund's Main Operations

In addition to insurance premiums, SDIF has income from time-barred securities as specified in Article 130 of the Banking Law, banking system entry fees, interests in share transfers, judicial and administrative fines, and other income.

Prescribed Assets Income

Pursuant to Article 62 of the Banking Law; deposits, participation funds, trusts and receivables at banks that are not requested for a period of ten years from the date of the last request, transaction or any written instruction of the beneficiary are subject to prescription. All deposits, participation funds, trusts and receivables that are prescribed are recorded as income to the Fund if the bank cannot reach the beneficiary, following an announcement. In accordance with the "Regulation on the Procedures and Principles Relating to the Acceptance and Withdrawal of Deposits and Participation Funds, and Expired Deposits, Participation Funds, Trusts and Receivables," the banks publish the lists of the prescribed assets on their own websites, and send the lists to the Fund simultaneously. The Fund consolidates the lists of prescribed assets from the banks and publishes the consolidated lists as well on the website (www.tmsf.org.tr) between February 1st and May 31st each year.

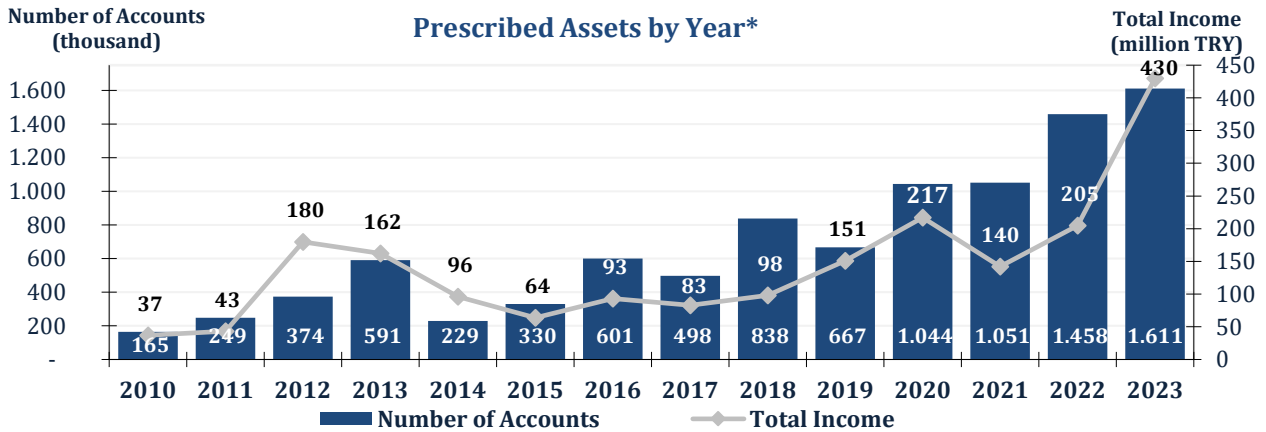


Chart 13: Prescribed Assets by Year

(*) The data included in the chart contain the deposit and participation fund balances in accounts that are prescribed and transferred to SDIF by banks, and do not include refunds made after the transfer, default interest collected, collections made after audit reports, or other prescription income and expenses. In addition, income and expense data related to the assets obtained from safe deposit boxes taken over in the scope of prescription are not included in the chart.

Fine Income

Within the framework of Article 130 of the Banking Law, 50% of the judicial fines and 90% of the administrative fines imposed due to non-compliance with the provisions of this Law are recorded as income to SDIF. In this regard, a total of TRY 311.74 million fines were recorded as income to SDIF in 2023, and 10% of the collected fines were transferred to the Ministry of Treasury and Finance in accordance with the applicable regulations.

Shares Received from Banking System Entries

In accordance with Article 10 of the Banking Law, in order for a bank to be allowed to operate by the BRSA, the bank's shareholders are required to deposit 10% of the minimum capital specified

in Article 7 of the Law into the SDIF accounts as the system entry fee. In this regard, income from the system entry fee was TRY 7 million in 2023.

Shares Received From Bank Share Transfers

In accordance with Article 18 of the Banking Law, within the scope of share transfers subject to the clearance from BRSA, a fee that is equal to 1% of the nominal value of the transferred shares of the bank is required to be deposited by the transferee to SDIF. In this regard, a total of TRY41.71 million revenue from share transfer fees was recorded by SDIF in 2023.

6.4.14. Payments Made to the Ministry of Treasury and Finance

Under Temporary Article 17 inserted into Law No. 4749 on the Regulation of Public Finance and Debt Management pursuant to Law No. 5787 of July 16, 2008 on the Amendment to the Law on the Regulation of Public Finance and Debt Management published in Official Gazette No. 26945 of July 23, 2008, the State Treasury income of TRY 93,292,116,459 consisting of principal, interest, expenses, and default interest arising from special series State Domestic Debt Securities issued by the Ministry of Treasury and Finance to SDIF until December 31, 2007 was cancelled as of July 23, 2008.

The same law article also provides that SDIF transfer a portion of its net cash income to the Ministry of Treasury and Finance. This net cash income is derived from the proceeds of assets, rights, and claims of banks whose operating licenses have been revoked or whose management and control have been transferred to SDIF. The amount to be transferred is determined by deducting current and potential resolution expenses and any mandatory payments to other institutions from the net cash income.

In accordance with the aforementioned rule, SDIF made a cash payment of USD 58.62 million (equivalent to TRY 1,140.30 million) to the Ministry of Treasury and Finance in 2023. This brings the total cumulative payments made to the Ministry of Treasury and Finance to USD 12.50 billion as of December 31, 2023. Detailed information regarding the payments in 2023 is provided in Table 28 below:

Payments Made to the Ministry of Treasury and Finance in 2023		
Date of Payment	TRY Equivalent of Payments	USD Equivalent of Payments¹
January	10,000,000.00	531,307.28
February	1,006,700,000.00	53,307,749.84
March	7,700,000.00	401,451.48
April	5,800,000.00	298,272.59
May	8,600,000.00	422,666.73
June	8,000,000.00	316,255.53
July	16,900,000.00	626,206.56
August	14,900,000.00	559,641.23
September	9,800,000.00	357,344.71
October	18,400,000.00	651,207.57
November	16,200,000.00	560,328.73
December	17,300,000.00	587,432.34
Total	1,140,300,000.00	58,619,864.59

Table 28: Payments Made to the Ministry of Treasury and Finance

1. In calculating USD equivalents, the CBRT foreign currency selling exchange rates prevailing at the date of payment were used.

6.5. Management of the Deposit Insurance Reserve

The SDIF manages its reserves in accordance with the “SDIF Financial Asset Management Principles” established by the Fund Board. The key principles of financial asset management are as follows:

- The Financial Risk Committee plays a crucial role in establishing limits, evaluating maturity distributions, and implementing measures to protect the reserves.
- The reserve management process utilises Auction Management System, Payment Management System, and Portfolio Management Systems.
- Since November 5, 2013, the reserve has been managed in accordance with the General Communiqué of the Public Treasury. As of March 8, 2019, the Public Treasury Regulation has governed reserve management. The reserve is invested in TRY and foreign currency deposits and participation funds, reverse repos, lease certificates issued by the Ministry of Treasury and Finance, and domestic and foreign debt securities.
- The SDIF is authorised to conduct transactions in foreign currencies.
- The SDIF can buy and sell government bonds and treasury bills in the primary and secondary markets.

The SDIF maintains two main reserves. The “Deposit Insurance Reserve” is comprised of funds allocated to fulfil the SDIF’s mandate of insuring deposits. The “Resolution Reserve” is composed of funds generated from resolution activities.

The SDIF separately monitors and invests its collections and expenses related to its deposit insurance and resolution functions as part of its mandate under the decree laws.

From the cash income generated from resolution activities, the SDIF deducts current and potential resolution expenses, as well as mandatory payments to other institutions. The remaining amount is transferred to the Ministry of Treasury and Finance in accordance with Law No. 5787. The **resolution reserve** generally includes funds held in SDIF accounts to cover potential resolution expenses and collections held in blocked accounts due to legal issues. These resolution reserves are considered deposits at banks. As of December 31, 2023, the SDIF’s resolution reserve amounted to **TRY 2,066.38 million** (USD 70.29 million). Of this amount, TRY 1,130.50 million (USD 38.46 million) is held in blocked accounts due to ongoing resolution processes.

The SDIF’s “**Deposit Insurance Reserve**” is invested in deposits, GDS, lease certificates issued by the Ministry of Treasury and Finance, and asset-backed securities (ABS). As of December 31, 2023, the deposit insurance activity reserve reached **TRY 214,765.30 million** (USD 7,305.61 million). Of this amount, TRY 180,567.89 million is held in GDS and lease certificates, while TRY 31,900.03 million is held in deposits with banks. The reserve amount increased by 30% in 2023, from TRY 165,095.28 million to TRY 214,765.30 million. As of December 31, 2023, the reserve ratio (the ratio of the reserve amount to the total insured savings deposits and participation funds amounting to TRY 3,316 billion) is 6.5%.

Maintaining an adequate level of deposit insurance reserves is crucial for the SDIF to achieve its strategic goal of “Strengthening Institutional Capacity in Deposit Insurance.”

Chart 14 below illustrates the historical trends of the SDIF’s deposit insurance activity reserve relative to total deposits and participation funds as well as savings deposits and participation funds under insurance.

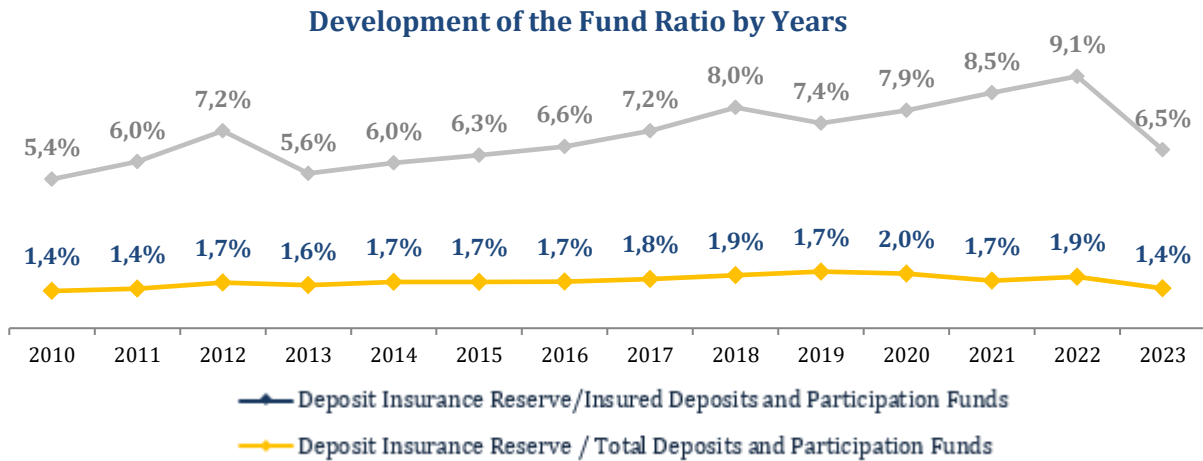


Chart 14: Development of the Fund Ratio by Year

6.6. Deposit Insurance Risk Management Policies

As an integral component of its corporate risk management framework, the SDIF develops risk management policies considering its deposit insurance investment strategies. The SDIF’s reserves as in any financial institution are susceptible to various risks, including credit risk, exchange rate risk, interest rate risk, liquidity risk, and operational risk.

To effectively safeguard its reserves against these potential risks, the SDIF adopts a prudent approach to investment decisions, adhering to the limits established by the Fund Board and the Financial Risk Committee in terms of portfolio diversification and maturity structure.

Credit Risk:

Credit risk of the SDIF’s reserves primarily stems from deposits held at banks. Chart 15 below provides a detailed overview of the historical trends in deposit amounts held at banks and the corresponding ratios to the total deposit insurance reserve:

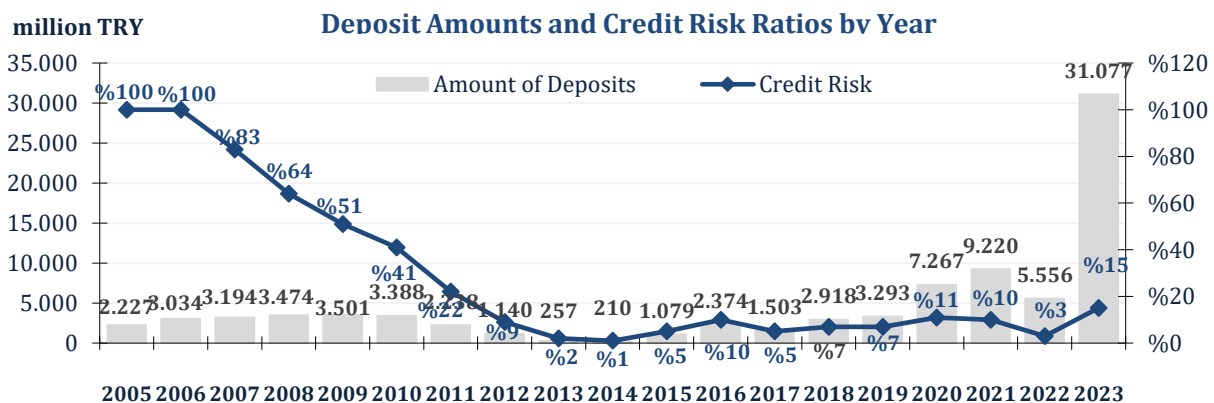


Chart 15: Deposit Amounts and Credit Risk Ratios by Year

Exchange Rate Risk:

The SDIF closely monitors the potential impact of exchange rate fluctuations on its assets and liabilities within the context of its financial risk management framework.

As of December 31, 2023, the distribution of insured deposits and participation funds across TRY, USD, and EUR stands at 59%, 31%, and 10%, respectively. On the same date, the foreign currency breakdown of the SDIF’s deposit insurance reserve is 75%, 25%, and 0%. Chart 16 below illustrates the historical trends in the ratio of insured foreign currency deposits and participation funds to total insured deposits and participation funds, effectively representing the SDIF’s exposure to exchange rate risk.

Foreign Currency Distribution of the Insured Deposit and Participation Fund and the Deposit Insurance Reserve

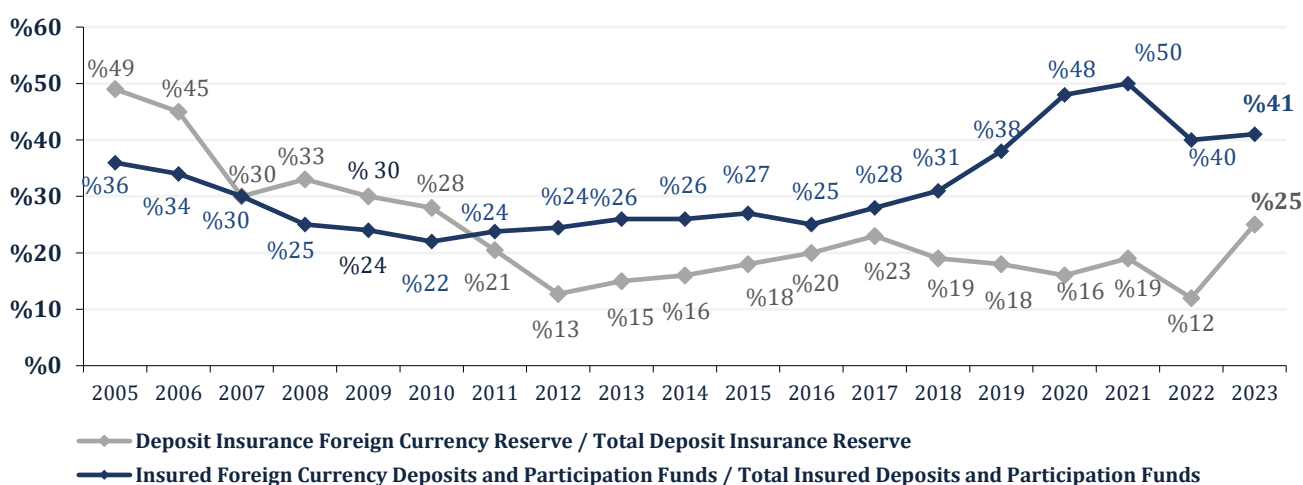


Chart 16: Foreign Currency Distribution of the Insured Deposit and Participation Fund and the Deposit Insurance Reserve

Interest Rate Risk:

Interest rate risk arises from the potential impact of interest rate changes on future cash flows or the fair value of financial instruments. Within its financial risk management framework, the SDIF closely monitors the maturity structure and interest rates of the deposits, participation funds, and securities held in its portfolio. As of December 31, 2023, Charts 17 and 18 below provide detailed insights into the maturity structure and types of the SDIF’s deposit insurance reserve:

Deposit Insurance Reserve by Maturity(million TRY)

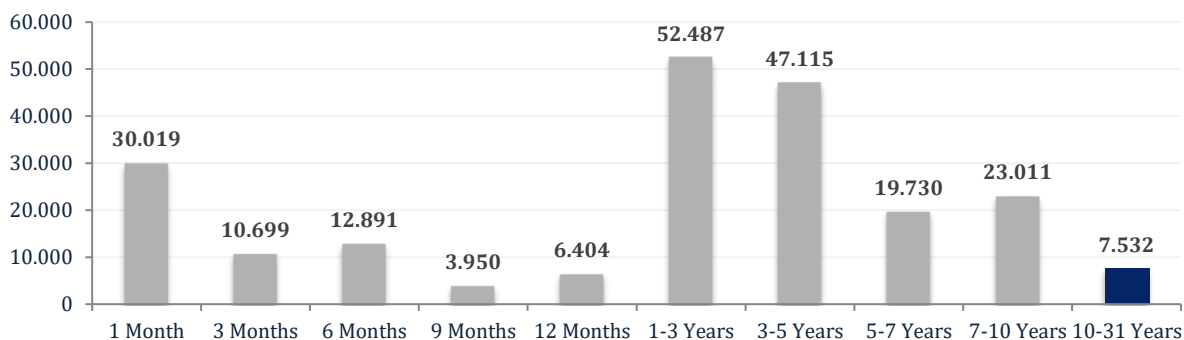


Chart 17: Maturity Distribution of the Deposit Insurance Reserve

Distribution of Securities by Type (%)

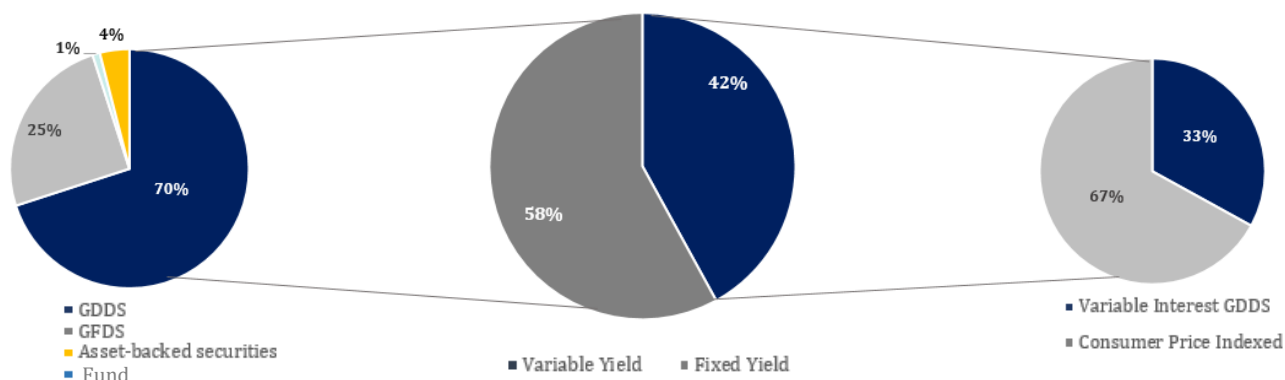


Chart 18: Distribution of Securities by Type

Liquidity Risk:

Liquidity risk stems from the inability to meet financial obligations when cash is required. To effectively manage liquidity risk, the SDIF carefully considers the type of investment instruments, their market liquidity, and maturity dates when making investment decisions.

Operational Risk:

To mitigate operational risks associated with the management of its reserves, the SDIF is continuously strengthening its internal control system and information technology infrastructure. Additionally, the SDIF utilises specialised software, including the Portfolio Management System, Payment Management System, and Auction Management System, to minimise operational risks. Furthermore, the reserve management processes are subject to regular internal audit procedures.

7

APPENDICES

Appendix 1: Introductory material containing descriptive information on the coverage and limit of deposit insurance, exhibited at bank branches in Türkiye:

YOUR DEPOSITS AND PARTICIPATION FUNDS ARE PROTECTED

At Domestic Branches

Deposit and Participation Fund Accounts,
Other than those belonging to official institutions, credit institutions and financial institutions,
In Turkish Lira, foreign exchange currency and precious metals

ARE INSURED UP TO AN AMOUNT OF
TRY 400,000 PER PERSON IN EACH CREDIT INSTITUTION

DEPOSITS AND PARTICIPATION FUNDS THAT ARE NOT UNDER INSURANCE COVERAGE

Deposits and participation funds that are not subject to insurance are accounts opened in the foreign branches of credit institutions, accounts opened in credit institutions which were established exclusively to implement offshore banking activities in and outside Türkiye, and excessive interest, which exceeds the interest calculated by applying average interest rate of five largest deposit banks and which exceeds the interest calculated by applying the interest rate announced to public and declared to the Central Bank by the defaulted bank and excessive profit shares calculated by taking average profit share of the three largest participation banks.

According to Banking Law No.5411, credit institutions are prohibited to accept deposits and participation funds from residents on behalf of other financial institutions outside Türkiye.

PAYMENTS SUBJECT TO INSURANCE COVERAGE

In case the Credit Institution's licence is revoked, payments subject to insurance coverage are payable in Turkish Lira (TRY). In order to determine the insured amount to be paid, sum of principals and interest rediscunts of the deposit accounts, unit values of participation fund accounts and outstanding balance of special current accounts are taken into consideration. Turkish Lira equivalent of foreign exchange deposit and participation fund accounts and accounts linked to precious metal are calculated by applying the foreign exchange bid rate announced by Central Bank and closing prices of Istanbul Gold Stock Exchange announced on the day the bank's license is revoked.

Details of information above is in the regulation stated below:
"REGULATION ON DEPOSITS AND PARTICIPATION FUNDS SUBJECT TO INSURANCE AND PREMIUMS COLLECTED BY TASARRUF MEVDUATI SİGORTA FONU (SAVINGS DEPOSIT INSURANCE FUND) published in 31936 issue of Official Gazette dated August 27, 2022.

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SDIF
Savings Deposit
Insurance Fund

Figure 13: Depositor Information Notice

Appendix 2: Changes in the coverage and limit deposits and participation funds under insurance since 1983, the year of establishment of the SDIF

Date / Period	Applicable Legislation	Limit	Coverage
22.07.1983 09.10.1986	Decree Law No. 70	Up to TRY3 million	
09.10.1986 06.03.1992	Decree Law No. 11084	Up to TRY6 million (The first TRY3 million of deposits is insured for 100%. The remaining balance above TRY3 million is insured for 60%.)	Deposits accounts opened by real persons not for commercial purposes other than drawing cheques
06.03.1992 11.04.1994	Decree Law No. 2707	Up to TRY50 million (The first TRY25 million of deposits is insured for 100%. The remaining balance above TRY25 million is insured for 60%.)	Savings deposit accounts denominated in Turkish Lira (including bearer deposit certificates) and foreign currency deposit accounts that qualify as savings deposit belonging to real persons
11.04.1994 05.05.1994	Cabinet Decree No. 5455	Up to TRY150 million	
05.05.1994 01.06.2000	Cabinet Decree No. 5565	Full Guarantee	
01.06.2000 06.12.2000	Cabinet Decree No. 682	TRY100 billion	Savings deposit accounts denominated in Turkish Lira, gold deposit accounts and foreign currency deposit accounts that qualify as savings deposit opened by real persons at the domestic branches of the banks operating in Türkiye and authorised to accept deposit
15.01.2001 03.07.2003	BRSA Resolution No. 151	All liabilities belonging to deposit banks	The entire liabilities of the banks established in Türkiye and whose shares have been transferred to the Fund and the foreign branches of these banks whose accounts are consolidated in their balance sheets
03.07.2003 05.07.2004	BRSA Resolution No. 1083	Full Guarantee	Savings deposit accounts denominated in Turkish Lira, gold deposit accounts and foreign currency deposit accounts that qualify as savings deposit opened by real persons at the domestic branches of the banks operating in Türkiye and authorised to accept deposit and their interest rediscounts
05.07.2004	BRSA Resolution No. 1083	TRY50 billion	
01.12.2005 15.02.2013	Fund Board Resolution No. 496	TRY50 thousand	Funds collected in special current accounts and participation accounts opened by real persons in Turkish Lira or foreign currency at participation banks (excluding their foreign branches) and their profit-sharing rediscounts
15.02.2013 25.09.2019	Fund Board Resolution No. 43	TRY100 thousand	The principles of savings deposit accounts denominated in Turkish Lira, deposit accounts in Turkish Lira, foreign currencies and precious metals that qualify as savings deposit opened by real persons at the domestic branches of banks/participation banks operating in Türkiye and authorised to accept deposits/participation funds and the sum of interest rediscounts related to these accounts, and unit account values of participation funds and special current accounts at the participation banks
25.09.2019 31.12.2021	Fund Board Resolution No. 445	TRY150 thousand	
01.01.2022 27.08.2022	Fund Board Resolution No. 562	TRY200 thousand	
28.08.2022 31.12.2022	Law No. 7407	TRY200 thousand	The principles of deposit accounts other than those belonging to public institutions, credit institutions and financial institutions in Turkish Lira, foreign currencies and precious metals opened at the domestic branches of banks/participation banks operating in Türkiye and authorised to accept deposits/participation funds, and the sum of interest rediscounts related to these accounts, and unit account values of participation funds and special current accounts at the participation banks
01.01.2023 31.12.2023	Fund Board Resolution No. 595	TRY400 thousand*	

Table 29: Changes Relating to the Coverage and Limit of the Deposit and Participation Funds Subject to Insurance

* With the decision of the Fund Board (Decision No. 473 of December 7, 2023), the amount of deposits and participation funds under insurance was set at TRY650 thousand with effect from January 1, 2024.