

3.4. Explanations

3.4.1. Basis of Preparation of the Financial Statements

The CBRT prepares its books of account in accordance with the tax legislation and the CBRT Law No. 1211, and prepares its statutory financial statements in accordance with the Turkish Commercial Code (TCC) No. 6102 and the CBRT Law No. 1211.

Periodicity, full disclosure, prudence, social responsibility, economic entity, going concern, monetary unit, historical cost, neutrality and documentation, consistency, substance over form, and materiality principles, which are the underlying assumptions of accounting, constitute the basis of the CBRT's accounting practices.

Foreign currency transactions of the CBRT are converted to Turkish lira at the exchange rates prevailing on transaction dates. During the preparation of financial statements, FX-denominated assets and liabilities are converted to Turkish lira using the FX and foreign currency buying rates of the CBRT applicable on the balance sheet date.

Pursuant to Article 61 of the CBRT Law No. 1211, valuation differences arising from the revaluation of gold, foreign currency, and other foreign currency denominated assets and liabilities in the assets and liabilities of the CBRT due to changes in the value of the Turkish currency against foreign currencies as well as in international gold prices are monitored in a separate account. The realized amounts of these valuation differences calculated according to the average cost method are reflected in the profit and loss statement. Periodic intervals in the average cost system are set according to the Bank's decision and applied prospectively.

As per the General Communiqué on Tax Procedure Law (TPL) No:555 published in the Official Gazette No. 32415 of December 30, 2023, the fiscal balance sheet is subject to inflation adjustment and financial statements of December 31, 2024 have not been adjusted for inflation.

The financial statements are presented in Turkish lira.

3.4.1.1. Gold Reserves

The CBRT's gold reserves consist of international standard and non-international standard gold held at CBRT vaults, foreign banks, and Borsa Istanbul (BIST).

With regard to gold reserve management, the CBRT can execute transactions such as outright purchases and sales, gold custody accounts, term gold deposit transactions, FX swaps against gold and gold swaps against FX, swaps with domestic banks against gold, location swaps, physical transportation of gold, etc.

Gold deposited by banks for the maintenance of reserve requirements is monitored at banks abroad and the BIST.

Gold is initially recognized at prices prevailing on the recognition date, and measured at fair value in the following periods. Fair value is calculated on the last available daily gold price quoted at 10.30 a.m. in the London Bullion Market, with one ounce of gold equaling 31.1035 grams, and is reported on the balance sheet after being converted daily to Turkish lira from these revalued amounts. Fair value differences arising from both price and exchange rate differences are recognized as unrealized gains or losses in the "Revaluation Account" as per Article 61 of the CBRT Law No. 1211.

3.4.1.2 Financial Assets and Liabilities

a) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are securities in Turkish lira and foreign currency held for the purpose of liquidity management and reserve management.

Pursuant to Articles 52 (on open market operations) and 53 (on operations in gold and foreign exchange) of the CBRT Law No. 1211, securities purchased by the CBRT on its own account are classified in this group. After initial recognition, financial assets at fair value through profit or loss are revalued at their fair values at the end of each month, and gains and losses arising from revaluation are transferred to profit and loss accounts. The differences between acquisition costs and fair values of these financial assets are reflected in the "3. Foreign Correspondents" and "5. Securities Portfolio" items on the balance sheet.

Fair value is calculated based on weighted average prices that occur in the BIST for transactions with the same value date. In the absence of these prices, prices of related securities published daily in the Official Gazette by the CBRT are used for the fair value calculation. Foreign currency securities are valued at their fair value using the closing prices in related international markets at the end of each month.

Interest earned during the holding period of financial assets at fair value through profit or loss is recorded within interest income.

b) Loans

Loans extended by the CBRT are recognized when cash is advanced to borrowers. Loans are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial asset, or, where appropriate, through a shorter period, exactly to the net present value of the financial asset.

c) Participation Shares

These are initially recognized at their acquisition costs. Subsequent to the initial recognition, fair values are determined based on market prices or other valuation techniques. Unrealized gains and losses arising from changes in the fair value are monitored in "10. Other Liabilities." Dividends related to participation shares are reflected in the profit and loss statement in the period when the right to receive dividends is established.

d) Repurchase Transactions

Repurchase transactions of Turkish lira securities are undertaken within the scope of the open market operations of the CBRT. Repurchase transactions are recognized as collateralized loans. While the cash receivables are shown in item "6. Lending Related to Monetary Policy Operations / 6.1 Open Market Operations" on the asset side in the amount lent on the transaction date, securities received as collateral are monitored in regulating accounts. Interest received from banks is accrued at month ends using the effective interest method. On the maturity date, the interest income arising from the transaction is reflected in the profit and loss statement.

e) Impairment of Financial Assets

For financial assets other than those at fair value through profit or loss, the expected credit impairment model is used. Calculation of the expected credit loss is based on the transition matrix data published each year by CRAs. The rate of loss given default is taken as 45% as suggested by Basel regulations. The expected credit impairment is calculated by using the amount in default, the probability of default and the rate of loss given default.

f) Derecognition of Financial Assets

The CBRT derecognizes an asset when the rights arising from the contract on the cash flow of the financial asset expire or when all risks and rewards arising from the acquisition of this asset are transferred to another party.

g) Financial Liabilities at Fair Value Through Profit or Loss

This group includes the liquidity bills, issued by the CBRT pursuant to Article 52 of the CBRT Law No. 1211 with an aim to effectively regulate money supply and liquidity in the economy within the framework of monetary policy targets, that have maturities no longer than 91 days and are tradable in the secondary markets on CBRT's own account and behalf within the scope of open market operations. The CBRT recognizes liquidity bills at the issuing amount and revalues them at the end of each month at their fair value according to the prices announced in the Official Gazette on a daily basis. The differences between the issuing amounts and the fair values are reflected in the profit and loss statement as of month ends. As of the balance sheet date, there are no liquidity bills issued by the CBRT.

h) Other Financial Liabilities

Other financial liabilities are recognized at amortized cost with interest expense calculated on an effective interest rate.

i) Reverse Repurchase Transactions

Reverse repurchase transactions are recognized as collateralized deposits. While the securities lent as collateral are shown in "5. Securities Portfolio" in the assets of the balance sheet, cash debts are monitored in "2. Liabilities Related to Monetary Policy Operations / 2.1 Open Market Operations" item in the liabilities as the amount received on the transaction date. The interest paid to the banks is accrued at month ends using the effective interest method. The interest expense paid for the transaction on the maturity date is reflected in the profit and loss statement.

j) Deposit Transactions

i. Foreign Exchange Deposits Against Turkish Lira Deposits Transactions

Foreign exchange deposits given are monitored in “7. Domestic Banks” on the assets side, and TRY deposits received are monitored in “2. Liabilities Related to Monetary Policy Operations / 2.4 Other” on the liabilities side. Interest amounts collected from foreign exchange deposits and paid to TRY deposits are accrued at month ends using the effective interest method. The interest income and interest expense arising from these transactions on the maturity date are recorded in the profit and loss statement.

ii. Reciprocal Deposit Transactions

Foreign exchange deposits received are monitored in “3. Deposits / 3.2 Banking Sector / 3.2.1 Domestic Banks / 3.2.1.1 Cash” on the liabilities side, and TRY deposits given are monitored in “6. Lending Related to Monetary Policy Operations / 6.3 Other” on the assets side. Interest amounts collected from TRY deposits are accrued at month ends using the effective interest method. The interest income arising from the transaction on the maturity date is reflected in the profit and loss statement.

k) TRY-Settled Forward Foreign Exchange Sales

At value date, TRY receivables and foreign exchange commitments are recognized under regulating accounts. At the end of each month, gains and losses at fair value are monitored under “16. Other Assets / 16.4 Other” / “10. Other Liabilities / 10.4 Other” on the balance sheet, and TRY payments/collections due to the exchange rate difference arising from transactions on the maturity date are reflected in the profit and loss statement. Regarding TRY-settled forward foreign exchange transactions at the BIST Derivatives Market (VIOP), gains and losses are reflected in the profit and loss statement on a daily basis.

l) Currency Swaps

i. Bilateral Currency Swap Agreements with Central Banks

FX payables and TRY receivables due to currency swap agreements are recognized under the regulating accounts at value date and monitored in “3. Foreign Correspondents / 3.3. Other” on the assets side and “3. Deposits / 3.2 Banking Sector / 3.2.2 Foreign Banks” on the liabilities side respectively. The interest received/paid for the usages within swap agreement is accrued at month-ends using the effective interest method. Interest received/paid on maturity is reflected in the profit and loss statement.

ii. Currency Swap Transactions with Banks

Sales/purchases of assets (TRY, FX, gold) related to swap transactions carried out at the CBRT and BIST are conducted at value date. Payables/receivables are recognized under the regulating accounts at the value date. At month-ends, fair value increases/decreases are monitored in “16. Other Assets / 16.4 Other” / “10. Other Liabilities / 10.4 Other” on the balance sheet and under interest income items in the profit and loss statement. The non-interest valuation effects of valuation increases/decreases in the fair value, together with the valuation effects of the unrealized gain or loss arising from the valuation of the underlying assets subject to swap transactions, are included on the balance sheet in “16. Other Assets / 16.4 Other” / “10. Other Liabilities / 10.4 Other” items, the amounts related to the interest components of the increase/decrease in the fair value are followed in the profit/loss statement, and the amounts related to the interest income/expenses arising from the transaction at maturity are reflected in the profit/loss statement.

m) FX-Protected Deposit Transactions

i. Transactions Regarding FX-Protected Deposits Converted From FX

The assets (foreign currency, gold) received through transactions for the conversion to Turkish lira deposits and participation accounts are recognized, to be transferred to the related accounts at value date, under “7. Domestic Banks” on the balance sheet. At month-ends, the fair values of the exchange rate difference to be paid as part of the transactions for the conversion of Turkish lira deposits and participation accounts are monitored reciprocally in “16. Other Assets / 16.4 Other” / “10. Other Liabilities / 10.4 Other” on the balance sheet, and on the maturity date, the exchange rate difference expenses arising from transactions are reflected in the profit and loss statement.

ii. Transactions Regarding FX-Protected Deposits Converted From TRY

The fair values of the exchange rate difference related to the transactions for FX-protected deposits converted from TRY, and

transferred to the CBRT pursuant to the Provisional Article 2 of Law No. 7456 of July 14, 2023, are monitored reciprocally in 16. Other Assets / 16.4 Other" / "10. Other Liabilities / 10.4 Other" on the balance sheet, and on the maturity date, the exchange rate difference expenses arising from transactions are reflected in the profit and loss statement. These transactions, the effective dates of which were extended until 31.12.2023 according to the Presidential Decision No.6563 published on the Official Gazette No. 32046 on December 17, 2022, were terminated as of 31.12.2024 as the minimum term of these accounts was 12 months.

3.4.1.3. Income and Expenses

a) Interest Income/Expenses

As required by the periodicity principle, income and expenses are accrued for the interest amounts of undue receivables and payables at month-ends, and income and expense accruals are recognized for due receivables and payables whose collections or payments will occur in the subsequent period.

b) Fee and Commission Income/Expenses

The fee and commission income and expenses, which the CBRT pays or receives as a result of the transactions with commercial banks, the Ministry of Treasury and Finance, public administrations within the scope of general budget, and other individuals and institutions, are recognized as income or expense in the period of payment or receipt. Income and expense accruals are recognized for payments or collections that will occur in the subsequent period.

c) Non-Interest Income/Expenses

The difference between acquisition costs of financial assets at fair value through profit/loss and their fair values, exchange rate difference-driven income and expenses regarding TRY-settled forward foreign exchange sales, the exchange rate difference expense of transactions for FX-protected deposits, income and expenses in purchase and sale of gold and foreign currency, and general expenses are recognized under this item. The average cost method is used in calculating income and expenses in purchase and sale of gold and foreign currency. Interest income and expenses arising from currency swap transactions are included in the average cost. As per the periodicity principle, prepaid expenses are charged on a monthly basis.

3.4.1.4. Fixed Assets

Fixed assets consist of land, buildings, and additional expenses as a part of buildings' cost, furniture and fixtures, and software products. The land on the balance sheet of the CBRT is carried at acquisition cost, while buildings, furniture and fixtures, and software are carried at cost minus accumulated depreciation on the balance sheet. The difference between the sale proceeds arising from the disposal of fixed assets and the net carrying value of the asset is recognized in the profit and loss statement. Depreciation of fixed assets, other than land, is calculated and reflected in financial statements in accordance with their useful life as specified in the TPL General Communiqués using the prorated depreciation method.

3.4.1.5. Currency Issued

According to the CBRT Law No. 1211, the CBRT has the exclusive privilege of issuing banknotes. The amount of banknotes issued is shown under item "1. Currency Issued" on the balance sheet of the CBRT. The CBRT can replace the banknotes in circulation with new ones when necessary. In financial statements, banknotes in circulation are presented with their nominal values.

Stocks of semi-finished banknotes printed at the CBRT's banknote printing plant are monitored at cost in "16. Other Assets." Expenses associated with banknotes are initially capitalized and are charged to the profit and loss statement upon transfer of banknotes to the auxiliary storage of the CBRT. Costs of finished and semi-finished banknotes include direct costs, depreciation costs, staff costs, transportation costs, and other printing costs.

3.4.1.6. Provisions

According to Article 59 of the CBRT Law No. 1211, provisions, the amount of which shall be deemed appropriate by the Board, may be set aside from the gross annual profit of the Bank in order to cover certain risks that may occur in the following years due to the operations exclusive to the Bank.

3.4.1.7. Employee Benefits

Retirement pay and employee termination benefits are paid to employees in case of retirement or layoffs. The amount to be paid is calculated based on the title and tenure of the employee in accordance with the provisions of applicable laws.

Retirement pay and employee termination benefits are calculated according to the net present value of liabilities that are expected to arise due to the retirement of employees, and are reflected in financial statements.

3.4.1.8. Taxes

a) Current Taxes

The CBRT, which is established as a “joint stock company” as per Article 1 of the CBRT Law No. 1211, is a corporate taxpayer. The Bank is responsible for withholding tax on wages, outsourcing payments, interest on deposits, etc. as per Article 94 of the Income Tax Law No. 193, and on the payments made to firms subject to limited tax liability for real property income, self-employment earnings, and other earnings specified as per Article 30 of the Corporate Income Tax Law No. 5520.

The CBRT is a taxpayer of banking and insurance transactions tax (BITT).

Revaluation gains from assets and liabilities that are subject to Article 61 of the CBRT Law No. 1211 are not considered as a profit item for the year in which the revaluation is applied, and also not taken as an income item in the calculation of corporate tax base. Revaluation losses from assets and liabilities are not considered as an expense for the year in which the revaluation is applied, and also not taken as a loss item in the computation of corporate tax base.

Paid temporary taxes and taxes imposed on repo-reverse repo revenues and deducted from temporary taxes are monitored in item “16. Other Assets / 16.4 Other” on the balance sheet.

The corporate tax for the current period is reflected as expense in the profit and loss statement. Tax-related adjustments during the current reporting period are booked as of the date on which they are made.

The corporate income tax is calculated in accordance with subparagraph 1(a) of Article 9 of the Corporate Income Tax Law No. 5520, in the event that profits are generated in subsequent years.

b) Deferred Tax

Deferred tax assets and liabilities arise from the tax effect of the temporary differences between the amounts of assets and liabilities in the financial statements and their book values based on the CBRT Law and tax laws. The deferred tax asset is reflected in the assets and the deferred tax liability is reflected in the liabilities on the balance sheet.

Tax expense of the current year includes the related period's corporate tax and the change in the deferred tax income.

Pursuant to Article 61 of the CBRT Law No. 1211, the calculation of deferred taxes is not done over the “Revaluation Account,” which is not subject to the corporate tax base.

As per the General Communiqué on TPL No. 555, deferred tax assets are calculated on temporary differences between depreciation of fixed assets adjusted for inflation and unadjusted depreciation as presented in the financial statements.

As of December 31, 2023 and December 31, 2024, no deferred tax asset has been recognized over the 2023 and 2024 losses. The use of these rights will expire in 2028 and 2029.

3.4.1.9. Comparative Information and Adjustment of the Financial Statements of the Preceding Year

The CBRT's financial statements for the current year and the previous year are presented together to allow comparison of the financial position. For compatibility with the presentation of the current financial statements, when necessary, the comparative information is reclassified and any significant differences are explained.

3.4.1.10. Custody Operations

Custody assets held by the CBRT on behalf of individuals and financial institutions are monitored in regulating accounts.

3.4.2. Explanations Related to Financial Statements Items

3.4.2.1. Gold

Gold holdings are composed of 766,717,431 net grams of gold of international standards equivalent to TRY 2,266,929,626,009 and 2,832,327 net grams of gold in non-international standards equivalent to TRY 8,374,254,550. While some part of the gold of international standards belongs to the CBRT, the rest is placed with the CBRT by the Treasury and banks to meet their reserve requirements and as free deposit accounts. Gold holdings of international standards are stored in the vaults of the CBRT, held at the BIST and the Bank of England (BoE).

Table 3.4.2.1.1: Gold

	2024		2023	
	Net Gram	TRY	Net Gram	TRY
Gold of International Standards	766,717,431	2,266,929,626,009	726,375,977	1,417,869,831,864
Owned by CBRT	508,885,577	1,504,606,187,568	524,066,221	1,022,965,665,246
At BoE	111,769,886	330,466,552,086	108,084,060	210,977,693,494
At CBRT	34,015,936	100,573,862,823	34,015,936	66,398,354,905
At BIST	363,099,755	1,073,565,772,659	381,966,224	745,589,616,847
Reserve Requirements of Banks	123,042,349	363,795,493,382	108,851,502	212,475,722,650
At BoE	61,902,183	183,024,261,999	42,531,602	83,020,745,255
At BIST	61,140,166	180,771,231,383	66,319,900	129,454,977,395
Free Gold Deposits of Banks	73,711,999	217,941,979,174	43,347,921	84,614,182,874
At BIST	73,711,999	217,941,979,174	43,347,921	84,614,182,874
Owned by Treasury	61,077,506	180,585,965,885	50,110,333	97,814,261,094
At BIST	61,077,506	180,585,965,885	50,110,333	97,814,261,094
Gold of Non-international Standards	2,832,327	8,374,254,550	2,832,327	5,528,640,444
Owned by CBRT	2,832,218	8,373,930,854	2,832,218	5,528,426,742
Collection (Owned by CBRT)	109	323,696	109	213,703

Note: Gold holdings are valued based on 1 ounce of gold = 31.1035 grams using the price 2,610.85 USD/Ounce (December 31, 2023: 2,062.40) and USD buying rate of TRY 35.2233 as of December 31, 2024 (December 31, 2023: TRY 29.4382). Accordingly, the price of 1 net gram of gold is $(2,610.85 \times 35.2233) / 31.1035 = \text{TRY } 2,956.67$.

Gold holdings of international standards are held by the CBRT as part of foreign currency reserves, and they account for 41.46% (December 31, 2023: 34.19%) of total foreign currency reserves.

Gold deposited by banks for reserve requirements, which amounts to 123,042,349 net grams equivalent to TRY 363,795,493,382; gold deposited as free gold deposits, which amounts to 73,711,999 net grams equivalent to TRY 217,941,979,174; and 61,77,506 net grams of Treasury gold equivalent to TRY 180,585,965,885 are also followed under this item.

Gold holdings of non-international standards belong to the CBRT and all are stored in the vaults of the CBRT. These are recognized in the assets of the balance sheet under "16. Other Assets."

3.4.2.2. Foreign Banknotes

As of December 31, 2024, the TRY equivalent of foreign banknotes in the vaults of the CBRT was TRY 44,690,635,793.

Table 3.4.2.2.1: Foreign Banknotes

	2024	2023
Foreign Banknotes	44,690,635,793	103,684,060,153

3.4.2.3. Foreign Correspondents

Item “3. Foreign Correspondents,” which represents the main part of the FX reserves of the CBRT and is presented in the assets of the balance sheet, consists of FX securities carried at fair value, deposit accounts in foreign correspondents and current accounts.

Table 3.4.2.3.1: Foreign Correspondents (Assets)

	2024		2023	
	TRY	USD Equivalent	TRY	USD Equivalent
FX Securities	873,294,273,869	24,793,085,085	104,784,379,766	3,559,469,661
Deposits	632,403,342,531	17,954,119,646	453,568,530,466	15,407,481,791
Other	1,645,262,491,639	46,709,493,195	2,062,902,114,603	70,075,687,868
Demand deposit	1,391,538,025,168	39,506,179,863	1,844,608,041,395	62,660,354,281
SDR holding account	253,720,570,851	7,203,202,734	218,294,073,208	7,415,333,587
Other	3,895,619	110,598	-	-
TOTAL	3,150,960,108,039	89,456,697,926	2,621,255,024,835	89,042,639,320

The balances of item “4. Foreign Banks” presented in the liabilities of the balance sheet as of December 31, 2024 and December 31, 2023 are shown below.

Table 3.4.2.3.2: Foreign Banks (Liabilities)

	2024		2023	
	TRY	USD Equivalent	TRY	USD Equivalent
Cash	350,671,792,505	9,955,676,853	611,960,020,912	20,787,956,496
Gold	88,700,065,894	2,518,221,345	58,559,334,305	1,989,229,447
TOTAL	439,371,858,399	12,473,898,198	670,519,355,217	22,777,185,943

3.4.2.4. Balances Arising from Türkiye’s Membership in the International Monetary Fund

Within the framework of the financial relations arising from Türkiye’s membership in the IMF Türkiye’s quota paid in gold and foreign currency is represented on the balance sheet under “4. Reserve Tranche Position” in assets and “5. Reserve Tranche Means” in liabilities. SDR 37,750,000 of this total SDR 112,889,638 was paid in gold. Türkiye’s IMF quota reached SDR 4,658 million by February 18, 2016.

Table 3.4.2.4.1: Balances Arising from Türkiye’s Membership in the IMF

	2024		2023	
	TRY	SDR	TRY	SDR
Assets				
Reserve tranche position	5,196,343,904	112,889,638	4,472,360,078	112,889,638
Treasury liabilities due to SDR allocation	254,841,614,826	5,536,388,310	219,335,649,316	5,536,388,310
Liabilities				
Reserve tranche means	5,196,343,904	112,889,638	4,472,360,078	112,889,638
SDR allocation	254,841,614,826	5,536,388,310	219,335,649,316	5,536,388,310

The SDR 112,307,000 allocated to Türkiye by the IMF and used by the Ministry of Treasury and Finance, the General and Special SDR Allocation in the amount of SDR 959,022,729 in 2009 and the General SDR Allocation of 4,465,058,581 made in 2021 are monitored under “10. Treasury Liabilities due to SDR Allocations” in assets and “6. SDR Allocation” in liabilities.

3.4.2.5. Securities

As of December 31, 2024, the fair value of securities was TRY 138,545,246,011.

Table 3.4.2.5.1: Securities

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Government bonds and Treasury bills issued by the Ministry of Treasury and Finance	168,893,646,086	129,076,988,841	196,640,588,979	159,312,133,196
Lease certificates issued by the Ministry of Treasury and Finance	9,469,615,870	9,468,257,170	701,331,100	601,102,610
TOTAL	178,363,261,956	138,545,246,011	197,341,920,079	159,913,235,806

3.4.2.6. Lending and Liabilities Related to Monetary Policy Operations

The “6. Lending Related to Monetary Policy Operations” item on the assets of the balance sheet, which represents cash receivables of the CBRT, had a balance of TRY 4,020,035,720 as of December 31, 2024. The income accruals reflected in this items are: TRY 12,475,797 for repurchase agreements (December 31, 2023: TRY 19,175,145); TRY 7,559,938 for Interbank Money Market operations (December 31, 2023: 10,011,308 TL); no balance for reciprocal deposit transactions (December 31, 2023: TRY 117,940,808).

The “2. Liabilities Related to Monetary Policy Operations” item on the liabilities of the balance sheet, which represents cash debts of the CBRT, had a balance of TRY 254,802,092,044. The expense accruals reflected in this item had no balance for reverse repurchase agreements. (December 31, 2023: TRY 399,880) TRY 470,092,044 for Interbank Money Market operations (December 31, 2023: TRY 2,652,109,839).

Table 3.4.2.6.1: Lending/Liabilities Related to Monetary Policy Operations

	2024	2023
Assets		
Lending Related to Monetary Policy Operations	4,020,035,720	9,443,643,254
Open market operations	2,979,142,450	3,519,175,138
Interbank money market operations	1,040,893,270	1,510,011,308
Other	-	4,414,456,808
Liabilities		
Liabilities Related to Monetary Policy Operations	254,802,092,044	370,846,639,719
Open market operations	-	119,129,880
Interbank money market operations	254,802,092,044	370,727,509,839
Lending Related to Monetary Policy Operations (Net)	-250,782,056,324	-361,402,996,465

3.4.2.7. Domestic Banks

The “7. Domestic Banks” item represents FX deposit operations intermediated by the CBRT, foreign exchange deposits against TRY deposits operations, and transactions for conversion to Turkish lira deposit and participation accounts, to be transferred to the related accounts at value date. This item had a balance of as of December 31, 2024 TRY 4,456,806,422 (December 31, 2023: TRY 4,058,291,397).

Table 3.4.2.7.1: Domestic Banks

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	2024	2023
Transactions for Conversion to Turkish Lira Deposit and Participation Accounts	4,456,806,422	4,058,291,397
TOTAL	4,456,806,422	4,058,291,397

3.4.2.8. Credits and Non-performing Loans

Domestic credits, which are extended to banks against rediscounted bills in foreign currencies, consist of USD 839,770,000 (December 31, 2023: USD 850,470,000), EUR 1,460,920,000 (December 31, 2023: EUR 1,324,020,000), CNY 1,954,019,548 (December 31, 2023: CNY 705,374,506), AED 99,897,731 (December 31, 2023: 136,680,954) equivalent of TRY 93,586,905,666 (December 31, 2023: TRY 72,161,192,326) as well as credits extended to banks against bills in Turkish lira amounting to TRY 495,589,558,555 (December 31, 2023: 334,000,944,390 TL) and advance loans against investment commitment of TRY 93,063,241,845 (December 31, 2023: TRY 85,055,921,832). As of December 31, 2024, the balance of domestic credits including rediscounts is TRY 620,995,349,368 (December 31, 2023: TRY 445,174,833,315).

Foreign credits consist of credits extended to the Central Bank of Sudan. In accordance with the banking agreement between the CBRT and the Central Bank of Sudan, foreign credits extended amount to USD 9,061,417 (December 31, 2023: USD 9,061,417) equivalent to TRY 319,172,997 (December 31, 2023: TRY 266,751,796).

Table 3.4.2.8.1: Credits and Non-performing Loans

	2024	2023
Domestic credits	620,995,349,368	445,174,833,315
Foreign credits	319,172,998	266,751,796
Non-performing loans (Net)		
Non-performing loans	56,549,804,331	47,018,242,554
Provisions for non-performing loans	-56,549,804,331	-47,018,242,554
TOTAL	621,314,522,366	445,441,585,111

Note: Interest accrued to the claims on the Central Bank of Iraq is USD 8,281,126 (December 31, 2023: USD 8,213,361) equivalent to TRY 273,478,668 (December 31, 2023: TRY 198,605,130).

The claims on the Central Bank of Iraq are USD 1,512,891,348 (December 31, 2023: USD 1,504,610,222) equivalent to TRY 53,289,025,809 (December 31, 2023: TRY 44,293,016,630). The total of claims arising from the credit extended against bills for the Iraq Bekhme Dam Project is USD 92,574,475 (December 31, 2023: USD 92,574,475) equivalent to TRY 3,260,778,522 (December 31, 2023: TRY 2,725,225,924). The principal of and the monthly interest accrued on the amount of the loan extended to the Central Bank of Iraq are valued on a daily basis and a provision is set aside for the resulting exchange rate difference as per Article 323 of the TPL No. 213 and Article 59 of the CBRT Law No. 1211. These provisions are monitored in profit loss accounts. As the claim amounting to TRY 56,549,804,331 (December 31, 2023: TRY 47,018,242,554) was netted with the provisions, the non-performing loans item had no balance as of December 31, 2024.

3.4.2.9. Share Participations

The CBRT has share participations in the BIS, the Society for Worldwide Interbank Financial Telecommunications (SWIFT), the IILM, and the Interbank Card Center (BKM).

The share participation in the BIS, which was acquired under the scope of central banking activities, is recognized at fair value calculated as 70% of the net asset value of the BIS.

Table 3.4.2.9.1: Share Participations

		2024			2023		
Participation	Nature of Business	Ownership (%)	TRY	Foreign Currency	Ownership (%)	TRY	Foreign Currency
BIS	Banking regulation services	1.41	12,199,396,737	SDR 10,000,000	1.41	9,610,293,629	SDR 10,000,000
SWIFT	Electronic fund transfer services	0.007	2,363,303	EUR 64,320	0.007	2,022,188	EUR 62,080
IILM	Liquidity management	13.45	406,630,890	USD 11,544,372	13.33	294,382,000	USD 10,000,000
BKM	Payment services	51.01	90,543,079	-	51.01	90,543,079	-
TOTAL			12,698,934,009			9,997,240,896	

Movements in share participations are shown below:

Table 3.4.2.9.2: Movements in Share Participations

	2024	2023
Balance on January 1	9,997,240,896	5,889,960,247
IILM capital increase	49,644,157	-
Fair value changes	2,652,048,956	4,107,280,649
Balance	12,698,934,009	9,997,240,896

3.4.2.10. Fixed Assets (Net)

The CBRT's fixed assets consist of land, buildings, furniture and fixtures, and software products.

Table 3.4.2.10.1: Movements in Fixed Assets

	Land and Buildings	Furniture and Fixtures	Software	Total
Net book value on January 1	774,929,113	673,300,949	53,525,715	1,501,755,778
Additions	239,228,925	1,413,179,480	33,886,717	1,686,295,122
Disposals (net) (*)	-30,594,360	-214,396	-	-30,808,755
Depreciation charge	-23,242,724	-317,830,065	-45,566,665	-386,639,454
Net book value	960,320,955	1,768,435,969	41,845,767	2,770,602,691

(*) Disposals are shown net of accumulated depreciation.

2024	Land and Buildings	Furniture and Fixtures	Software	Total
Book value	1,195,808,172	2,594,666,779	236,668,387	4,027,143,338
Accumulated depreciation	-235,487,217	-826,230,810	-194,822,620	-1,256,540,647
Net book value	960,320,955	1,768,435,969	41,845,767	2,770,602,691
2023	Land and Buildings	Furniture and Fixtures	Software	Total
Book value	991,421,580	1,198,836,385	202,781,685	2,393,039,650
Accumulated depreciation	-216,492,467	-525,535,435	-149,255,970	-891,283,872
Net book value	774,929,113	673,300,949	53,525,715	1,501,755,778

3.4.2.11. Revaluation Account**Table 3.4.2.11.1: Revaluation**

	2024	2023
Revaluation account	491.148.756.096	817.762.329.689

This item, which shows the unrealized gains and losses arising from the valuation of FX, banknotes, other assets and liabilities denominated in foreign currency and gold in the assets and liabilities of the CBRT due to changes in the value of the Turkish lira against the foreign currencies and changes in gold prices in international markets, had a balance of unrealized loss amounting to TRY 491,148,756,096 by December 31, 2024.

3.4.2.12. Other Assets

Table 3.4.2.12.1: Other Assets

	2024	2023
Gold of non-international standard	8,374,254,550	5,528,640,444
Coins	165,656,229	89,329,230
Income accruals	1,948,732,854	1,998,880,085
Charges and commissions due from the Treasury	238,366,645	303,084,130
EFT fees	299,859,214	178,145,623
Other	1,410,506,995	1,517,650,332
Other	66,756,613,979	281,298,569,130
Prepaid taxes to be deducted from corporate tax	3,467,565,011	1,460,340,421
Income tax withholding to be deducted from corporate tax	6,370,880,938	2,330,139,792
Depots	953,245,133	559,973,922
Prepaid expenses	119,452,498	90,169,208
Other	55,845,470,399	276,857,945,787
TOTAL	77,245,257,612	288,915,418,889

3.4.2.13. Currency Issued

Table 3.4.2.13.1: Currency Issued

	2024	2023
Balance on January 1	448,822,892,318	341,798,643,178
Banknotes put into circulation	262,996,926,785	144,158,582,105
Banknotes withdrawn and banknotes destroyed	-66,583,283,680	-37,134,332,965
Balance	645,236,535,423	448,822,892,318

The total balance of banknotes in circulation by December 31, 2024 was TRY 645,236,535,423.

3.4.2.14. Deposits

Table 3.4.2.14.1: Deposits

	2024	2023
Public sector deposits	1,001,301,087,684	983,018,845,601
Treasury, general, and special budget administrations	1,001,094,616,970	982,800,690,002
Cash	820,508,651,085	884,986,428,907
Gold	180,585,965,885	97,814,261,094
Other	206,470,714	218,155,600
Banking sector deposits	5,933,326,917,001	4,035,132,437,335
Domestic banks	2,859,031,135,105	1,969,070,182,025
Deposits of banks	337,420,000,379	101,228,208,867
Cash	167,799,441,799	48,784,333,426
Collaterals	40,378,645,300	26,386,595,000
Cash	40,378,645,300	26,386,595,000
Gold	-	-
Gold	129,241,913,280	26,057,280,441
Free required reserves	2,521,611,134,726	1,867,841,973,159
Foreign correspondents	774,655,377,027	666,678,656,337
Required reserves in blocked accounts	2,299,640,404,869	1,399,383,598,973
Cash	1,935,844,911,487	1,186,907,876,323
Gold	363,795,493,382	212,475,722,650
Other deposits	14,319,759,245	12,866,170,507
Deposits by citizens abroad	4,274,265,165	5,181,219,360
Deposits by international institutions	610,467,885	417,423,702
IMF	502,254,882	309,459,799
Other	108,213,003	107,963,903
Extrabudgetary funds	784,528,975	179,201,429
Other	8,650,497,220	7,088,326,016
Financing companies	8,645,468,132	7,080,763,532
Deposits by embassies	28,484	24,096
Other	5,000,604	7,538,388
TOTAL	6,948,947,763,930	5,031,017,453,443

3.4.2.15. Tax Liability

The amount of corporate tax to be charged on taxable corporate income is calculated over the tax base generated by adding non-deductible expenses to the profit and deducting non-taxable income and allowances.

Table 3.4.2.15.1: Taxes to be Paid

	2024	2023
Corporate tax	-	-
Other taxes	3,016,599,941	2,576,678,429
Obligations as a taxpayer	541,951,004	617,012,867
Obligations as withholding tax collector	2,474,648,937	1,959,665,561
TOTAL	3,016,599,941	2,576,678,429

The corporate tax rate for 2024 is 30% (2023: 30%). In Türkiye, the advance tax is calculated and accrued on a quarterly basis. The advance tax rate is 30% for 2024 (25%: 2023/1 and 2023/2, 30%: for the following periods).

For temporary differences arising from the differences in the provisions of the TCC and the tax legislation, deferred tax asset or liability is calculated over 30% (2023: 30%).

The breakdown of temporary differences and the resulting deferred tax assets/liabilities as of December 31, 2024 is as follows:

Table 3.4.2.15.2: Temporary Differences and Deferred Tax Assets/Liabilities

	2024		2023	
	Total Temporary Differences	Deferred Tax Assets/Liabilities	Total Temporary Differences	Deferred Tax Assets/Liabilities
Total assets	12,432,803,182	3,729,840,954	8,979,039,477	2,693,711,843
Retirement pay and employment termination benefit obligations	1,432,377,491	429,713,247	761,816,605	228,544,981
Depreciation adjustment for fixed assets	11,000,425,691	3,300,127,707	8,217,222,872	2,465,166,862
Total liabilities	-11,739,093,737	-1,760,864,060	-9,214,122,629	-691,059,197
Fair value adjustment of the BIS participation share	11,739,093,737	-1,760,864,060	9,214,122,629	-691,059,197
Net Assets/Liabilities	693,709,445	1,968,976,894	-235,083,152	2,002,652,646

Table 3.4.2.15.3: Deferred Tax Asset/Liability Movements

	2024	2023
Balance on January 1	2,002,652,646	-214,680,585
Deferred tax related to profit and loss statement (net)	1,036,140,912	2,573,305,061
Deferred tax related to other liability accounts	-1,069,816,664	-355,971,830
Balance	1,968,976,894	2,002,652,646

3.4.2.16 Provisions

Table 3.4.2.16.1: Provisions

	2024	2023
Retirement pay and employment termination benefit provisions	1,630,639,397	885,429,648
Insurance provision for money in transit	243,056,337	243,056,337
TOTAL	1,873,695,734	1,128,485,985

The year-end balance of the insurance provision for the money in transit, which is set aside pursuant to Article 59 of the CBRT Law No. 1211, was TRY 243,056,337 as of December 31, 2024.

As per the Pension Fund Law No. 5434 and the Turkish Labor Law No. 1475, employers are obliged to pay retirement pay or employment termination benefits to their employees whose contracts have expired, and who are eligible to retire with a right to receive retirement and employment termination benefits.

Provisions for retirement pay and employment termination benefits are calculated by estimating the present value of the prospective future obligation of the CBRT arising from the retirement of its employees. Accordingly, the actuarial assumptions used in calculating total liabilities are presented below.

The principal actuarial assumption is that the maximum liability for each year of service will increase in tandem with the inflation rate. Therefore, the discount rate applied represents the expected real rate adjusted for future inflation effects. For this reason, provisions in the financial statements as of December 31, 2024 have been calculated by estimating the present value of the prospective future liability arising from retiring employees.

The ceiling amount of termination benefit is revised every six months. While calculating the provision for the termination

benefit liabilities of the CBRT's employees, the ceiling amount of TRY 41,828 (December 31, 2023: TRY 23,490) that took effect as of 1 July 2024 was taken into account.

The change in the retirement pay and employment termination benefit liabilities is shown below:

Table 3.4.2.16.2: Change in Retirement Pay and Employment Termination Benefit Liabilities

	2024	2023
Balance on January 1	885,429,648	474,687,813
Provision set aside	780,050,764	427,268,862
Retirement pay and employment termination benefit paid	-34,841,015	-16,527,027
Balance	1,630,639,397	885,429,648

3.4.2.17. Capital and Reserves

The CBRT's total capital is TRY 25,000 and it is divided into 250,000 registered shares, each with a value of TRY 0.10.

Table 3.4.2.17.1: Capital and Reserves

	2024	2023
Paid-in capital	25,000	25,000
Inflation adjustment for paid-in capital	46,208,524	46,208,524
Reserves	334,168,579	9,664,248,946
Reserves	-	9,330,080,367
Special reserves	334,168,579	334,168,579
TOTAL	380,402,103	9,710,482,470

Pursuant to the decision of the Board adopted under the Article 22(h) of the CBRT Law No. 1211, the reserve funds set aside from the profit of 2022, totaling TRY 9,330,080,367, were entirely deducted from the loss of 2023.

The shareholders of the CBRT by December 31, 2024 and December 31, 2023 are as follows:

Table 3.4.2.17.2: Shareholders of the CBRT

	2024		2023	
	Share (TRY)	Share (%)	Share (TRY)	Share (%)
Ministry of Treasury and Finance	13,780	55.12	13,780	55.12
T.C. Ziraat Bankası	4,806	19.22	4,806	19.22
Mervak İç ve Dış Ticaret A.Ş.	1,280	5.12	1,280	5.12
Türkiye Garanti Bankası	621	2.48	621	2.48
Türkiye İş Bankası	582	2.33	582	2.33
Türkiye Halk Bankası	277	1.11	277	1.11
Yapı ve Kredi Bankası	139	0.56	139	0.56
Akbank	8	0.03	8	0.03
ING Bank.	5	0.02	5	0.02
Türk Ekonomi Bankası	2	0.01	2	0.01
Other	3,500	13.99	3,500	13.99
Paid-in Capital	25,000	100.00	25,000	100.00

3.4.2.18. Other Liabilities**Table 3.4.2.18.1: Other Liabilities**

	2024	2023
Letters of credit	4,401,054,625	560,965,114
Expense accruals	1,505,357,830	1,606,687,720
Other	26,421,045,908	163,238,293,613
Difference arising from accounting policy changes	9,981,160,573	8,525,927,458
Blocked accounts as per the decisions of tax offices, debt enforcement offices, and courts	32,348,578	29,071,287
Amounts to be debited to foreign correspondent accounts on next year's value date	3,021,948,492	2,130,929,496
Other	13,385,588,265	152,552,365,372
TOTAL	32,327,458,363	165,405,946,447

3.4.2.19. Regulating Accounts

Regulating accounts, which are expressed in terms of Turkish lira, FX, and units, had a total balance of 11,832,795,765,410 as of December 31, 2024 (31 December 2023: 11,907,432,215,123).

3.4.2.20. Profit/Loss Accounts

Table 3.4.2.20.1: Profit/Loss Statement

	2024	2023
NET INTEREST INCOME/EXPENSE	-261,022,874,810	153,499,067,628
Interest Income	493,452,113,266	286,203,667,647
TRY and FX securities portfolio	48,877,097,047	42,282,547,562
Repo transactions	26,668,821,330	13,839,785,647
Interbank money market operations	2,777,594,367	6,233,483,492
Credits	127,641,345,075	40,729,024,870
Banks	287,487,255,447	183,118,826,076
Interest Expenses	-754,474,988,076	-132,704,600,019
FX deposits by citizens abroad	-229	-48
Reverse repo transactions	-1,087,760,896	-369,355,214
Interbank money market operations	-110,357,455,831	-12,740,931,010
Ministry of Treasury and Finance accounts	-212,975,149,822	-78,603,680,861
IMF general resource account charges	-9,410,078,536	-7,226,046,940
TRY required reserves	-356,625,520,499	-
Banks	-64,019,022,263	-33,764,585,946
NET FEE AND COMMISSION INCOME/EXPENSE	26,233,519,742	23,165,250,093
Fee and Commission Income	26,654,375,896	23,406,153,797
EFT transaction fees and commissions	3,663,489,092	2,785,343,414
Commissions due from the Ministry of Treasury and Finance	3,380,453,481	1,845,113,350
Commission and maintenance fees due from banks	19,121,391,990	18,351,009,880
Other fund transfer fees	33,124,453	20,458,251
Fees charged to banks within the context of CMS	295,829,089	214,939,406
Other	160,087,791	189,289,496
Fee and Commission Expenses	-420,856,154	-240,903,704
Commission and maintenance fees paid to banks	-413,930,902	-235,398,819
Other	-6,925,253	-5,504,885
NET NON-INTEREST INCOME/EXPENSE	-466,600,900,776	-997,420,486,491
Non-interest Income	68,990,987,921	244,869,771,911
Profit on purchase and sale of FX and gold	54,309,555,147	239,248,921,554
Securities portfolio trading income and increase in fair value	4,383,767,658	2,810,690,572
Dividend income	167,305,144	74,555,979
Other	10,130,359,972	2,735,603,806
Non-interest Expenses	-535,591,888,697	-1,242,290,258,402
Loss on purchase and sale of FX and gold	-266,047,273,450	-256,135,880,299
Securities portfolio trading loss and decrease in fair value	-3,150,606,576	-75,865,584,929
Provision expenses for non-performing loans	-9,531,561,777	-17,307,179,824
Wages and salaries	-9,468,291,655	-4,538,937,732
Social security costs	-1,463,551,112	-722,900,769
Operating expenses	-1,494,718,725	-701,295,942
Banknote paper and ink expenses	-2,639,437,623	-1,014,621,829
Depreciation charges	-375,577,164	-173,246,703
Other (*)	-241,420,870,615	-885,830,610,374
PROFIT/LOSS BEFORE TAX	-701,390,255,844	-820,756,168,771
DEFERRED TAX INCOME/EXPENSE	1,036,140,912	2,573,305,061
REPORTED LOSS OF THE PERIOD	-700,354,114,932	-818,182,863,710

(*) Expenses related to the FX-protected deposits converted from TRY transactions, which have been transferred to the CBRT pursuant to the Provisional Article 2 of Law No. 7456 of 14 July 2023, as well as to transactions of FX-protected deposits converted from FX and other FX earning transactions (YUVAM – Deposit and Participation Scheme for Non-resident Turkish Citizens – and physical gold etc.) amounted to TRY 240,166,792,451 (2023: TRY 833,419,912,761).

3.4.2.21 Profit Distribution

Paragraph 5 of Article 64 of the TCC Law No. 6102 stipulates that natural and legal persons, who are subject to the TCC, are also obliged to conform to the provisions of the TPL No. 213 concerning bookkeeping and recording time as well as the regulations made based on the powers given by Article 175 and the repeated Article 257 of the same law. According to the aforementioned paragraph, provisions of Law No. 6102 concerning bookkeeping, inventory, financial statement preparation, capitalization, provisions, accounts, valuation, maintenance, and submission do not impede the implementation of Law No. 213 and the related provisions of other tax laws, nor the determination of the tax base in compliance with tax laws and the preparation of related financial statements.

Pursuant to Article 60 of the CBRT Law No. 1211 and Article 64 of the TCC No. 6102, and as stated in its accounting books kept according to the provisions of the TPL No. 213, the loss of the CBRT for 2024, totaling TRY 695,678,727,620 is stated below:

Table 3.4.2.21.1: Distribution of Profit (Article 60 of Law No. 1211)

	2024	2023
Reported profit/loss of the period (TCC No. 6102)	-700,354,114,932	-818,182,863,710
Reporting adjustments	4,675,387,312	-2,582,219,393
Loss of the period (TPL No. 213)	-695,678,727,620	-820,765,083,103
Tax provisions (-)	-	-
Corporate income tax	-	-
Profit after tax	-	-
Other distributions (-)	-	-
1- Reserves	-	-
2- Shareholders	-	-
First dividends	-	-
Second dividends	-	-
3-Bonus to the personnel (Article 60(c) of Law No. 1211)	-	-
The Amount to be Transferred to the Ministry of Treasury and Finance	-	-

3.4.2.22. Previous Years' Losses

The loss of TRY 818,182,863,710 reported in 2023 was recorded under the "Previous Years' Losses" item. In line with the decision of the Board adopted under the Article 22(h) of the CBRT Law No. 1211, the entirety of the reserve funds set aside from the profit of 2022, totaling TRY 9,330,080,367, was deducted from this item. Pursuant to Article 509 of the TCC No. 6102, no dividends or reserve funds will be distributed until the settlement of the remaining "Previous Years' Losses" amounting to TRY 808,852,783,343 as of December 31, 2024.