Corporate Credit Rating

☐New ☒Update

Sector: Banking
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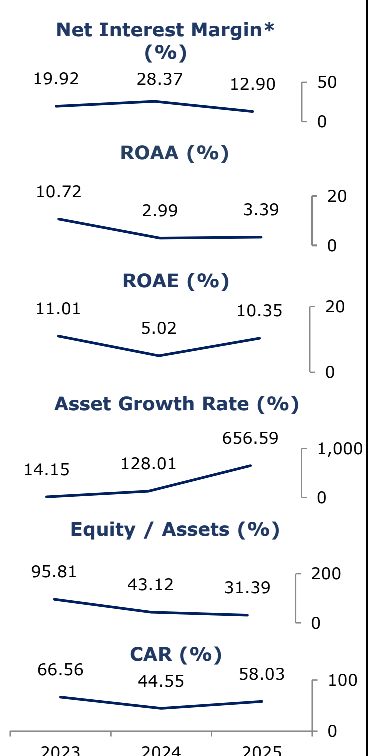
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Affirmed by JCR on September 1, 2025*



*According to the data provided by the Bank

HEDEF YATIRIM BANKASI A.Ş.

JCR Eurasia Rating has evaluated **"Hedef Yatırım Bankası A.Ş."** in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'A- (tr)'** with **'Positive'** outlook and the Short-Term National Issuer Credit Rating at **'J1 (tr)'** with **'Stable'** outlook. The Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were also determined as **'BB/Stable'** in line with sovereign ratings and outlooks of the Republic of Türkiye.

Hedef Yatırım Bankası A.Ş. (hereinafter referred to as "**Hedef Yatırım**" or "**the Bank**" or "**the Company**") was established with an initial capital of TRY 500mn and registered in the Istanbul Trade Register on June 23, 2022 with the decision of the Banking Regulation and Supervision Agency (BRSA) dated April 28, 2022 and numbered 10189. The Bank was granted an operating license with the Decision taken at the Board meeting of the BRSA dated August 3, 2023 and the aforementioned decision became valid after being published in the Official Gazette dated August 5, 2023 and numbered 32270. The Bank started its operations on January 2, 2024. The Bank had no affiliates or subsidiaries as of the reporting date. As of 1Q2026, the Bank had a workforce of 77 employees (FYE2025: 68).

The shareholders of the Bank are "Hedef Holding A.Ş." (41%), "Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş." (30%), "Sibel Gökalp" (10%), "Namık Kemal Gökalp" (10%) and "İnfo Yatırım Menkul Değerler A.Ş." (9%). Hedef Yatırım is a member of Hedef Group whose members operate in finance sector. "Hedef Holding A.Ş." is the roof company of the Bank while "İnfo Yatırım Menkul Değerler A.Ş." is the biggest member of the Bank and operates in capital markets and related instruments. Furthermore, "Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş." which aims to make direct or indirect investments in various fields, with a focus on finance and technology and "Colendi Menkul Değerler A.Ş." which is a financial services company are the other important companies that operate under the umbrella of Hedef Group.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Robust asset expansion driven by loan and financial assets growth in FY2025 and continued in 1Q2026, • Sustainable core profitability indicators in FY2025, • Satisfactory capital adequacy ratio and diversified funding ability in the analysed period, • Relatively low NPL ratio despite recent inflow in 1Q2026, • Bank's experienced management team with a proven background and Hedef Group's long-lasting presence in the finance sector and capital markets, • Compliance with corporate governance practices.	• Ongoing concentration risks in customer and product portfolios despite gradual expansion of the client base, • Short-term borrowing profile of the sector, • Sensitivity of operating environment in Turkish Banking Sector considering macroeconomic and geopolitical risks.

Considering the aforementioned points, the Bank's Long-Term National Issuer Credit has been affirmed at **'A- (tr)'**. The Bank's sufficient capital adequacy base with relatively low leverage level, satisfactory profit generation capacity, high asset quality and strong shareholder structure as well as competition and existing risks in the market and business environment have been evaluated as important indicators for the stability of the ratings. Accordingly, the outlook for Long-Term National Issuer Credit Rating is determined as **'Positive'** and the outlook for Short-Term National Issuer Credit Rating is determined as **'Stable'**. The Bank's attainability of the indebtedness indicators, capital and funding structure, profitability margins and sustainability of demand in the market will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

1. Rating Rationale

With respect to the factors mentioned below, JCR Eurasia Rating affirmed the Long-Term National Issuer Credit Rating of Hedef Yatırım at **'A- (tr)'** and the Short-Term National Issuer Credit Rating at **'J1 (tr)'** in JCR Eurasia Rating's notation system which denotes investment level category with high credit quality.

When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Bank's Long-Term International Foreign and Local Currency Issuer Credit Ratings have been determined as **'BB'** as parallel to sovereign ratings of the Republic of Türkiye.

Robust Asset Expansion Driven by Loan and Financial Assets Growth in FY2025 and Continued in 1Q2026

The Bank's total assets increased to TRY 10.29bn as of FYE2025 from TRY 1.36bn as of FYE2024. The growth in assets was mainly driven by the expansion of the loan portfolio and financial assets following the commencement of banking activities.

Net loans reached TRY 6.17bn as of FYE2025, compared to TRY 796.70mn in the previous year. Financial assets also increased to TRY 3.83bn from TRY 380.69mn over the same period. Accordingly, loans and financial assets constituted the majority of the Bank's asset base as of FYE2025.

The growth trend continued in 1Q2026, with total assets increasing by 22.49% compared to FYE2025 and reaching TRY 12.61bn. Net loans increased further to TRY 7.71bn, while securities measured at fair value through profit or loss amounted to TRY 1.58bn. In addition, balances with banks, money market placements and reserve deposits totaled TRY 2.97bn as of 1Q2026, supporting the Bank's liquidity position.

As of 1Q2026, loans represented approximately 61.20% of total assets, indicating that lending activities remained the main component of the Bank's balance sheet. Financial assets and money market placements also continued to hold a significant share within the asset structure during the analysed period.

The Bank's balance sheet structure during the analysed period is presented below:

(000') TRY	FYE2024	FYE2025	1Q2026
Financial Assets (Net)	380,687	3,834,560	4,546,496
Loans Measured at Amortized Cost	796,698	6,167,443	7,714,866
Tangible Assets (Net)	135,034	193,305	199,235
Intangible Assets (Net)	17,673	20,812	19,613
Tax Assets	9,471	38,602	56,898
Other Assets	20,729	37,063	69,506
Total Assets	**1,360,292**	**10,291,785**	**12,606,614**

Sustainable Core Profitability Indicators in FY2025

Hedef Yatırım's net interest income increased to TRY 702.47mn in FY2025 from TRY 235.05mn in FY2024, mainly driven by the expansion of interest-earning assets during the period. Total interest income reached TRY 1.50bn in FY2025, compared to TRY 340.01mn in the previous year. Interest income generated from loans amounted to TRY 961.59mn and remained the primary contributor to total interest revenues. In addition, interest income derived from money market transactions and securities portfolios contributed positively to the Bank's revenue generation capacity.

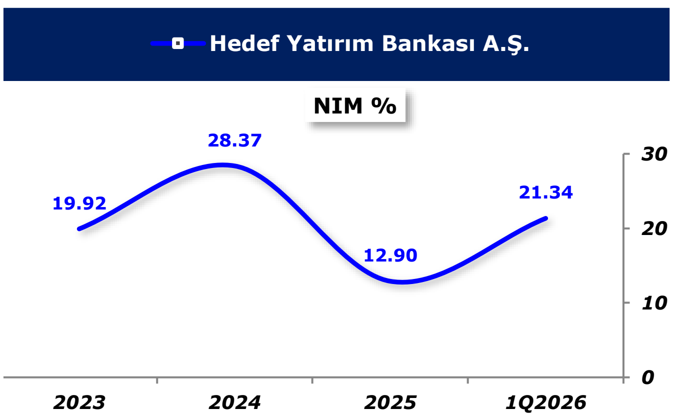
Interest expenses increased to TRY 796.67mn in FY2025 from TRY 104.96mn in FY2024, reflecting the Bank's growing funding base and increased utilization of market funding. Despite the increase in funding costs, net interest income continued to improve due to the expansion in earning assets and lending activities.

The Bank's income statement structure during the analysed period is presented below:

(000') TRY	2024	2025	1Q2026
Net Interest Income	235,053	702,467	588,961
Net Fees and Commission Income	4,142	116,508	79,409
Net Trading Income	58,275	(20,333)	(95,286)
Operating Profit Before Provisions	298,573	798,950	573,134
Provisions	(17,306)	(76,362)	(42,765)
Personnel Expenses	(134,075)	(248,893)	(92,159)
Other Operating Expenses	(117,963)	(275,948)	(89,975)
Net Operating Profit	29,229	197,747	348,235
Net Profit for the Period	**20,554**	**138,282**	**244,088**

The Bank recorded a net trading loss of TRY 20.33mn in FY2025, compared to a net trading gain of TRY 58.28mn in FY2024. Nevertheless, the strong increase in net interest income supported profitability, resulting in a net profit of TRY 138.28mn in FY2025, compared to TRY 20.55mn in the previous year.

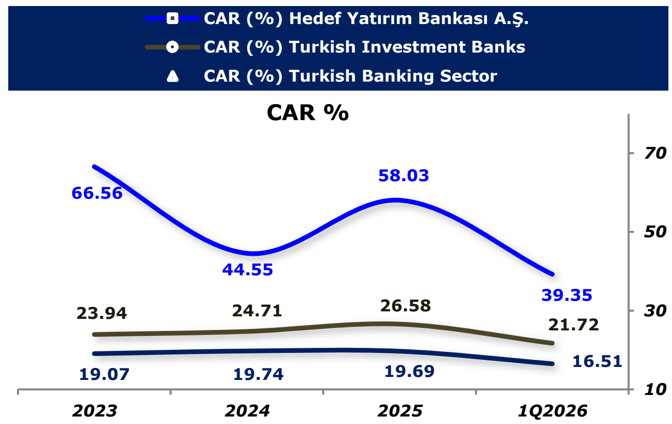
Profitability indicators improved during the analysed period. ROAA increased to 3.39% in FY2025 from 2.99% in FY2024, while ROAE rose to 10.35% from 5.02% over the same period. Bank's net interest margin was realized at 7.02% in FY2025, compared to 19.96% in FY2024. On the other hand, according to the Bank's methodology, which is based on average earning assets, the net interest margin was calculated at 12.90% in FY2025 (FY2024: 28.37%). As of 1Q2026, the Bank-reported annualized net interest margin improved to 21.34%.



Satisfactory Capital Adequacy Ratio and Diversified Funding Ability in the Analysed Period

The Bank increased its paid-in capital from TRY 500mn to TRY 3.00bn through a series of cash capital injections completed during 2025. The first capital increase from TRY 500mn to TRY 1.00bn was registered on June 26, 2025, followed by an increase to TRY 1.50bn on October 10, 2025. Subsequently, the Bank's paid-in capital reached TRY 3.00bn following the registration of the final capital increase on December 30, 2025. It should be noted that all capital increases were realized through cash contributions by the shareholders. Hedef Yatırım's total equity was realized at TRY 3.35bn as of 1Q2026, increased from TRY 3.23bn as of FYE2025. On the other hand, the equity-to-total assets ratio decreased to 27.56% as of 1Q2026, compared to 31.39% as of FYE2025.

As of the end of 1Q2026, the Bank's Capital Adequacy Ratio (CAR) decreased to 39.35%, a substantial decline from 58.03% as of FYE2025 and 44.55% as of FYE2024. However, this situation can be interpreted as the normalization of a newly established bank. Furthermore, despite the downward trend, the CAR remains comfortably above the regulatory minimum requirement of 8% and the Banking Regulation and Supervision Agency's (BRSA) target level of 12%, indicating a continued ability to absorb potential losses.



The decline in the CAR reflects the Bank's expanding balance sheet and the associated risk-weighted assets, which outpaced capital growth over the observed period. Nevertheless, the current level still positions the Bank within a zone of operational flexibility, allowing it to manage unforeseen shocks while meeting regulatory thresholds.

Since Hedef Yatırım is an investment bank and cannot accept traditional retail deposits, it has established a diversified funding architecture to sustain its rapid asset expansion and maintain operational continuity. As of 1Q2026, the Bank's liability profile is characterized by a strategic distribution across short-term bank borrowings, interbank money market facilities, and funds. Total borrowings from domestic and international financial institutions decreased to TRY 4.27bn as of 1Q2026 from TRY 5.86bn as of FYE2025. On the other hand, funds increased to TRY 4.45bn as of 1Q2026 from TRY 680.30mn as of FYE2025. Of the total balance, TRY 51.58mn consisted of borrower funds, while the remaining portion mainly comprised funds belonging to portfolio management companies for which the Bank provides custody and fund operation services. Accordingly, the increase in the fund balance was largely attributable to the expansion in custody banking activities during the period.

These liabilities were allocated as follows:

(000') TRY	FYE2024	FYE2025	1Q2026
Bank borrowings	121,593	1,392,428	1,590,852
Interbank money market borrowings	432,537	4,464,248	2,681,431
Debt securities issued	89,748	148,791	-
Borrower funds	113	212,661	51,578
Other	3,506	467,640	4,317,528
Total	**647,497**	**6,685,768**	**8,641,389**

Despite the structural challenges of the Turkish financial sector's predominantly short-term borrowing profile, the Bank is working on diversifying its funding sources through different instruments. In addition to domestic debt issuances, the Bank is evaluating potential foreign currency-denominated issuances in international markets. Moreover, the Bank is considering potential sukuk issuance and asset-backed securities issuances as part of its funding diversification efforts.

Relatively Low NPL Ratio, Despite Recent Inflow in 1Q2026

The Bank maintained a strong asset quality profile throughout the analysed period. As of FYE2025, the entire loan portfolio consisted of Stage 1 and Stage 2 exposures, with no Stage 3 loans recorded. Stage 1 loans amounted to TRY 6.74bn, representing almost the entire credit portfolio, while Stage 2 loans remained limited at TRY 36.07mn, corresponding to only 0.53% of total loans.

As of 1Q2026, total loans increased to TRY 8.24bn, mainly driven by growth in Stage 1 exposures, which reached TRY 7.80bn. During the same period, Stage 2 loans increased to TRY 400.07mn, while Stage 3 loans were recorded at TRY 45.26mn. Consequently, the Bank's NPL ratio remained at a low level of 0.59%, indicating that asset quality continued to be largely preserved despite the growth in the loan book.

It should also be noted that the entire Stage 3 balance originated from a single borrower exposure. According to the Bank, the related company entered into a concordat process during the period, resulting in the reclassification of the exposure as a non-performing loan. Therefore, the emergence of Stage 3 loans does not indicate a widespread deterioration in the Bank's credit portfolio but rather reflects a borrower-specific event. Excluding this exposure, the Bank would have continued to report a virtually non-existent level of non-performing loans.

Overall, the predominance of Stage 1 loans within the portfolio, the limited size of Stage 2 exposures relative to total loans, and the very low NPL ratio support the Bank's strong asset quality profile.

Bank's Experienced Management Team with A Proven Background and Hedef Group's Long-Lasting Presence in the Finance Sector and Capital Markets

The Bank's executive team exceeds the legal requirements stipulated under Law No. 5411, which mandates a minimum of ten years of experience for general managers and seven years for deputy general managers. Despite these modest regulatory thresholds, the Bank's leadership averages over 25 years of professional experience, primarily in investment banking and finance. This extensive tenure brings a depth of knowledge critical for operational oversight and strategic decision-making. While the team's experience contributes to the Bank's management infrastructure, its effectiveness ultimately hinges on how these qualifications are leveraged in practice to address industry challenges.

The partnership with Hedef Group provides additional support, although its impact on the Bank's operational efficiency depends on the Group's ability to effectively align resources and expertise with the Bank's strategic needs. Hedef Group, established as Hedef Finansal Hizmetler A.Ş. in 2011 and rebranded as Hedef Holding A.Ş. in 2021, manages a portfolio of investments in diverse companies and offers consultancy services. Its activities include financing, marketing, organizational structuring, and management support, aimed at optimizing the performance of its subsidiaries. The Group's investments span domestic and international markets, including holdings in İnfo Yatırım Menkul Değerler A.Ş., Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş., Hedef Yatırım Bankası A.Ş., and Colendi Menkul Değerler A.Ş. While the breadth of its portfolio is notable, the ultimate value generated depends on the quality of its strategic decision-making and execution.

Hedef Group's subsidiaries play active roles in Turkish capital markets. İnfo Yatırım Menkul Değerler A.Ş., operating since 1990, offers investment consultancy, portfolio management, corporate finance, and brokerage services across equities, debt securities, derivatives, and leveraged products. Its broad service offerings aim to cater to a wide investor base, though competitive pressures in the capital markets could limit growth potential. Similarly, Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş., a venture capital investment entity founded in 2012, targets high-growth companies in Türkiye. While its focus on growth-stage enterprises has the potential to generate significant returns, the inherent risks in venture capital investments remain a critical factor.

The collaboration between the Bank and Hedef Group is built on shared expertise and access to capital, but the sustainability of this relationship depends on measurable outcomes and the consistent alignment of strategic goals. The Group’s stated readiness to provide additional capital injections, while beneficial, must be matched by effective execution to translate into tangible benefits for the Bank. Without a clear demonstration of operational results, the perceived advantages of this partnership could diminish in the face of sectoral volatility and competitive pressures.

Compliance with Corporate Governance Practices

Although not a publicly traded company, and thus not directly subject to the Capital Market Board's Corporate Governance discipline, Hedef Yatırım adheres to the Regulations on the Principles of Corporate Governance of Banks, corporate governance provisions in the Turkish Commercial Code, and strict oversight by the Banking Regulation and Supervision Agency. This, combined with the Bank's experienced management, has fostered a robust corporate structure with comprehensive internal control and audit systems.

Hedef Yatırım exhibits compliance with corporate governance practices, particularly concerning shareholder rights, transparent public disclosure, and effective risk management. The Bank's Board of Directors, comprising five members, oversees various committees dedicated to audit, corporate governance, pricing and disciplinary and personnel matters. The Board's working principles are detailed in the publicly available articles of association, and its members possess the requisite qualifications and experience to fulfill their responsibilities.

The Bank's website, featuring a dedicated investor relations section, contributes significantly to transparency by providing extensive information and documentation, including annual and interim reports, organizational structure, board and audit committee member CVs, audit reports, updated articles of association, general assembly meeting documents, disclosure policy, internal directives, material disclosures, money laundering policy, and the bank's vision and mission.

Ongoing Concentration Risks in Customer and Product Portfolios, Despite Gradual Expansion of the Client Base

As an investment bank, the Bank primarily serves corporate and commercial customers, resulting in a more concentrated customer structure compared to deposit banks. Accordingly, customer concentration remains one of the key characteristics of the Bank’s risk profile.

The Bank expanded its customer base significantly during the analysed period, with the number of active customers increasing to 101 as of 1Q2026 from 57 as of FYE2025. This growth was also reflected in concentration metrics. The share of the top 10 customers in total risk decreased to 39.48% as of 1Q2026 from 50.62% as of FYE2025, indicating a broader distribution of exposures across the customer portfolio.

Despite this improvement, concentration levels remained notable. As of 1Q2026, the top 20 customers accounted for 61.51% of total risk exposure, highlighting the continued significance of large customer relationships within the Bank’s portfolio. While the increase in the number of customers contributed positively to the distribution of exposures, a substantial portion of the Bank’s total risk continued to be concentrated among a limited number of counterparties during the analysed period.

In addition, the Bank’s business model remains largely focused on corporate and commercial banking activities, resulting in a relatively limited product diversification compared to deposit banks. Therefore, both customer and product concentration continued to characterize the Bank’s operational structure as of the analysed period.

Short-Term Borrowing Profile of the Sector

A key characteristic of the Turkish investment banking sector is its reliance on a short-term borrowing structure, which contrasts with the long-term orientation of its loan portfolio. This imbalance between long-term weighted loans and short-term funding sources, such as issued debt instruments, creates a maturity mismatch risk, heightening the Bank's exposure to interest rate volatility.

As of the reporting date, Hedef Yatırım had two outstanding bond issuances totaling TRY 736.25mn, with remaining maturities of 183 days and 376 days. While these issuances provide an important source of funding, the Bank's reliance on relatively short-term funding instruments exposes it to refinancing risk and necessitates the continuous renewal of funding in order to maintain liquidity.

To address these risks, the Bank has outlined a strategic objective to diversify its funding structure and extend maturity profiles. However, the current short-term/medium-term funding profile continues to exert pressure on liquidity management. This is compounded by the dependency on capital markets, where external factors such as market volatility, fluctuating investor sentiment, and regulatory changes can influence access to funding.

Sensitivity of Operating Environment in Turkish Banking Sector Considering Macroeconomic and Geopolitical Risks

The operating environment for Hedef Yatırım during the reviewed period was shaped by a complex transition in the Turkish economy and a global landscape defined by shifting monetary policies and rising trade protectionism. In 2025, the Turkish economy experienced the somber but stabilizing effects of a deinflation program that saw consumer price inflation fall from 44.8% at the start of the year to approximately 30% by year-end. While this period was marked by an improvement in Türkiye's sovereign credit perception and a reduction in the 5-year Credit Default Swap (CDS) risk premium to approximately 200 basis points, the Bank remained sensitive to the high interest rate environment and the resulting increase in financing costs for the real sector. The Bank's internal credit risk models explicitly incorporate these macroeconomic variables, using 5-year CDS spreads and indicators like growth and unemployment to update the probability of default for its corporate borrowers.

On a global scale, the emergence of a "soft landing" scenario in major economies was partially offset by a resurgence of trade wars and protectionist measures, which introduced new volatility into international markets. For Hedef Yatırım, these global dynamics translated into heightened sensitivity regarding its commercial results, as evidenced by a net commercial loss of TRY 2.87bn in FY2025, driven largely by fluctuations in derivative transactions and foreign exchange rates.

The Bank's financial position remains sensitive to domestic interest rate volatility and the short-term weighted borrowing profile characteristic of the Turkish banking sector. Analysis of interest rate risk on banking accounts indicates that the economic value of equity remains subject to parallel and non-parallel yield curve shifts, which the Bank manages daily through its Treasury and Risk Management units. To mitigate foreign exchange risks, the Bank adheres to a policy of keeping its foreign currency position balanced and avoids taking significant cross-currency risks.

2. Rating Outlook

The Bank's sufficient capital adequacy base with relatively low leverage level, satisfactory profit generation capacity, high asset quality and strong shareholder structure as well as competition and existing risks in the market and the business environment have been evaluated as important indicators for the stability of the ratings and the outlook for Long-Term National Issuer Credit Rating is determined as **'Positive'**. In addition, the outlook for Short-Term National Issuer Credit Rating has been determined as **'Stable'**.

Additionally, Hedef Yatırım's outlook for Long-Term International Foreign and Local Currency Issuer Credit Ratings are determined as **'Stable'** in line with the sovereign rating outlooks of the Republic of Türkiye.

Factors that Could Lead to an Upgrade

- Significant improvements in sectoral diversification of loan portfolio,
- Growing income stream through diversified sources,
- Solid growth performance in assets volume,
- Robust improvement of net interest margin and other profitability indicators,
- Increasing capital adequacy strength,
- Reduction in financing costs and robust economic growth in the domestic and international markets,
- Upgrades in sovereign ratings and economic growth prospects of Türkiye.

Factors that Could Lead to a Downgrade

- Deteriorating asset quality and liquidity profile,
- Increasing cost of funding and its effect on profitability,
- Diminishing capital adequacy strength,
- Possible regulatory actions that would restrain the profitability & growth performance of the sector,
- A sharp slump in growth in the domestic and international markets,
- Downgrades in sovereign ratings and economic growth prospects of Türkiye.

The Bank's financial structure and operations in next years, attainability of the Bank's budgeted projections, global macroeconomic environment and the impact of the decisions taken by the regulatory authorities on the sector will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

3. Projections

The Bank's income statement and balance sheet forecasts for the next three financial years are provided in the below tables:

(000') TRY	P2026	P2027	P2028
Financial Assets (Net)	5,626,543	7,600,735	9,656,162
Loans Measured at Amortized Cost	10,639,481	13,818,988	17,385,591
Tangible Assets (Net)	176,697	159,267	141,111
Intangible Assets (Net)	16,660	12,302	7,763
Tax Assets	349,770	378,513	443,188
Other Assets	113,948	169,051	207,269
Total Assets	**16,923,099**	**22,138,857**	**27,841,084**

(000') TRY	P2026	P2027	P2028
Borrowings	5,997,825	7,730,606	9,680,522
Payables to Money Markets	2,239,500	3,179,500	3,999,500
Issued Securities (Net)	4,000,000	5,392,640	6,972,826
Funds	130,301	130,301	130,301
Derivative financial liabilities	5,322	6,121	6,764
Lease Liabilities (Net)	74,043	62,043	50,043
Provisions	203,954	258,488	319,398
Other Liabilities	141,655	160,476	160,947
Shareholders' Equity	4,130,499	5,218,682	6,520,783
Total Liabilities	**16,923,099**	**22,138,857**	**27,841,084**

(000') TRY	P2026	P2027	P2028
Net Interest Income	1,839,259	2,135,080	2,536,655
Net Fees and Commission Income	367,350	444,418	515,233
Trading Income	67,206	106,494	115,566
Operating Profit Before Provisions	2,273,815	2,685,992	3,167,454
Provisions	(101,201)	(53,666)	(60,211)
Personnel Expenses	(403,652)	(464,202)	(512,948)
Other Operating Expenses	(482,873)	(620,006)	(742,723)
Net Operating Profit	1,286,089	1,548,119	1,851,573
Net Profit for the Period	**900,262**	**1,088,183**	**1,302,101**

As of June 2026, an additional portfolio management company joined the Bank's custody platform, further expanding the client base in this business line. According to the Bank, following the completion of the necessary regulatory approvals and onboarding processes, the transaction volume associated with these services is expected to reach approximately TRY 900bn. The Bank considers custody and fund operation services as a strategic growth area and anticipates a positive contribution to commission income generation as transaction volumes increase.

Furthermore, the Bank regarding an international debt issuance program have continued during the analyzed period. In this context, the Bank is evaluating alternative funding sources through international capital markets, including a potential issuance to be listed on the Vienna Stock Exchange. According to management, the planned transaction is intended to diversify the Bank's funding structure and enhance access to foreign investors.

4. Company Profile & Industry

a. History and Activities

Hedef Yatırım Bankası A.Ş. is an investment bank established with a capital of TRY 500.00mn. The Bank was founded by Hedef Group companies and owners, namely, "Hedef Holding A.Ş.", "İnfo Yatırım Menkul Değerler A.Ş.", "Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş.", "Namık Kemal Gökalp", and "Sibel Gökalp". Hedef Yatırım received its operating license on August 3, 2023, and began banking operations on January 2, 2024. The bank offers a wide range of services, including:

- Credit Services: Providing various types of loans.
- Payment and Collection Services: Handling cash and non-cash payments and fund transfers.
- Investment Services: Engaging in capital market transactions, investment consultancy, and portfolio management.
- Treasury Services: Offering spot and forward foreign exchange transactions, swaps, options, and fixed-income securities transactions.

Furthermore, the shareholder of the Bank and the roof of the Hedef Group, "Hedef Holding A.Ş." established on February 22, 2011, under the name 'Hedef Finansal Hizmetler A.Ş.'. The company underwent several name changes, finally becoming Hedef Holding A.Ş. on June 18, 2021. Hedef Holding's headquarters is located at İstanbul.

Hedef Holding A.Ş. was established to participate in the capital and management of existing or future companies, directing resources according to investment decisions, and offering consultation on investment financing, marketing, organization, and management matters. This may involve capital investment, either in kind or in cash, in local or foreign companies that Hedef Holding has established or deemed suitable for participation. The company can also assist with financial, administrative, commercial, and technical challenges faced by its affiliated companies, providing consulting services in areas such as technical planning, programming, budgeting, reporting, forecasting, auditing, and financial organization. Hedef Holding has investments in various companies, including 'İnfo Yatırım Menkul Değerler A.Ş.', 'Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş.', 'Hedef Yatırım Bankası A.Ş.' and 'Colendi Menkul Değerler A.Ş.'.

Moreover, the biggest company of Hedef Group, "İnfo Yatırım Menkul Değerler A.Ş." was established on December 28, 1990, as "Lider Menkul Değerler A.Ş." to operate in capital markets and related instruments. The company later changed its name to its current form on April 13, 2016. İnfo Yatırım offers a comprehensive suite of services to both individual and corporate investors. This includes investment consultancy, portfolio management, corporate finance services, and brokerage services across various Borsa Istanbul markets, including equity, debt securities, futures and options, and leveraged trading.

b. Shareholders, Subsidiaries & Affiliates

The Bank increased its paid-in capital from TRY 500mn to TRY 3.00bn through a series of cash capital injections completed during 2025. The first capital increase from TRY 500mn to TRY 1.00bn was registered on June 26, 2025, followed by an increase to TRY 1.50bn on October 10, 2025. Subsequently, the Bank's paid-in capital reached TRY 3.00bn following the registration of the final capital increase on December 30, 2025. It should be noted that all capital increases were realized through cash contributions by the shareholders. In addition, the Bank revised its capital plan and increased its paid-in capital ceiling to TRY 7.50bn covering the 2025-2029 period. The shareholder structure of the Bank is indicated in the table below:

Hedef Yatırım Bankası A.Ş. Shareholder Structure				
(TRY mn)	December, 2024		March, 2026	
Shareholders	Amount	%	Amount	%
Hedef Holding A.Ş.	205.00	41.00	1,230,000	41.00
Hedef Girişim Sermayesi Yat. Ort. A.Ş.	150.00	30.00	900,000	30.00
Namık Kemal Gökalp	50.00	10.00	300,000	10.00
Sibel Gökalp	50.00	10.00	300,000	10.00
İnfo Yatırım Menkul Değerler A.Ş.	45.00	9.00	270,000	9.00
Total Paid-in Capial	500.00	100.00	3,000,000	100.00

The shareholder structures of Hedef Holding and İnfo Yatırım are indicated in the table below:

Hedef Holding A.Ş. Shareholder Structure			
(TRY mn)		**March, 2026**	
Shareholders	**Share Group**	**Amount**	**%**
Sibel Gökalp	A	156.25	8.33
Sibel Gökalp	B	1,343.75	71.67
Hedef Portföy Doğu Hisse Senedi Serbest Fonu	B	136.45	7.28
Other	B	238.55	12.72
Total Paid-in Capial		1,875.00	100.00

İnfo Yatırım Menkul Değerler A.Ş. Shareholder Structure			
(TRY mn)		**March, 2026**	
Shareholders	**Share Group**	**Amount**	**%**
Sibel Gökalp	A	2.28	1.00
Sibel Gökalp	B	0.87	0.38
Hedef Holding A.Ş.	B	69.24	30.37
Other	B	155.61	68.25
Total Paid-in Capital		228.00	100.00

Board of Directors of the Bank is provided below:

Board of Directors	Duty
Namık Kemal Gökalp	Chairman
Mehmet Ziya Gökalp	Deputy Chairman
Bülent Kırımlı	Board Member
Aslıhan Mutlucan	Board Member
Musa Onur Beskisiz	Board Member
Lokman Gündüz	Board Member

As of the report date, the Company does not have any subsidiaries or affiliates.

c. Industry Assessment

Banking Sector

Overview

The Central Bank of the Republic of Türkiye (CBRT) entered 2026 with a rate-cut cycle, lowering the policy rate to 37% at the beginning of the year and signalling that monetary easing could continue throughout the remainder of the year. However, following the escalation of geopolitical tensions in the Middle East, the CBRT paused the rate-cut cycle in March and began using the upper bound of the interest rate corridor, at 40%, as the effective funding rate. In the aftermath of the war initiated by Israel and the United States against Iran, the rise in energy prices has posed risks to the disinflation process. Despite emerging signals of peace between the parties, the CBRT is expected to maintain its cautious stance in the coming period, prioritizing disinflation.

On the other hand, the CBRT continues to reinforce its tight monetary stance through macroprudential measures. In this context, the CBRT has introduced steps to limit eight-week credit growth in both consumer loans, including general-purpose loans, vehicle loans and overdraft accounts, and commercial loans, including SMEs loans.

While these measures are aimed at containing credit expansion, liquidity conditions also remain an important transmission channel of monetary policy. Accordingly, the CBRT has continued to actively sterilize excess liquidity through its operational instruments and is expected to maintain this stance until a sustained decline in inflation is achieved. As a result, system-wide liquidity is expected to remain tightly managed in the near term through both credit growth restrictions and sterilization tools, thereby limiting risk-taking behaviour and supporting financial stability.

In light of these developments, asset quality is expected to remain a key focus area for the banking sector in the second half of 2026. Although non-performing loan (NPL) ratios remain at manageable levels, the absolute stock of NPLs continues to stay elevated despite portfolio sales carried out in the first half of 2026. The recent acceleration in NPL accumulation across both retail and commercial segments indicates that asset quality remains one of the most important risk factors for the banking sector.

Selected Balance Sheet Items

	2023	2024	2025	2026*
Total Assets	23,553	32,668	46,947	50,410
TRY Loan	7,894	10,145	14,560	16,233
FX Loan	3,783	5,907	8,568	9,330
FX Loan Share (%)	32.4	36.8	37.0	36.5
NPL	192	294	594	704
NPL Ratio (%)	1.6	1.8	2.6	2.8
Securities	3,969	5,225	7,011	7,392
Total Liabilities	21,399	29,760	42,791	45,989
TRY Deposit	8,897	12,307	16,587	17,568
FX Deposit	5,955	6,596	10,639	11,600
FX Deposit Share (%)	40.1	34.9	39.1	39.8
Repo	723	2,244	2,575	2,664
Equity	2,153	2,908	4,156	4,421
Net Income	621	660	940	364

Source: BRSA, JCR-ER
*As of April, 2026

As of April 2026, the banking sector operates with 67 banks maintaining 10,563 branches within the country (80 abroad). ATM network is comprehensive, around 54K as of April 2026. The sector employs a workforce of 211K.

The sector is relatively concentrated. According to the Banks Association of Türkiye FYE2025 data, top 5 banks accounted for 62.5% of total assets, 70.0% of deposits and 60.8% of total loans.

As the core of the financial system in Türkiye, banking sector is the primary source of funding for the real sector and main destination of savings. Several external factors such as the pandemic, subsequent forbearance measures by the authorities and recently global energy shock affects the macro landscape in Türkiye in recent years, though Turkish Banking sector maintains its core characteristics; reasonable capitalization, low NPL ratio despite its rising trend, strict and competent risk management, short-term weighted deposit profile and persistent FX depositors.

Asset quality is main focus area

Asset quality is expected to remain the primary risk factor for the Turkish banking sector in the second half of 2026, reflecting the lagged impact of prolonged tight financial conditions and moderating economic activity. Although the easing cycle resumed in mid-2025, banks continued to operate for most of the year in a high interest rate environment, which has translated into increasing repayment pressures across both households and corporates. Accordingly, credit risk indicators are expected to remain under close scrutiny in the near term.

Cash Loans, as of 4M2026	Loans (Share in Total, %)	NPL (%)
Credit Cards	16.24	4.18
Wholesale and Retail Trade	11.69	3.39
Individual Credits	9.71	5.28
Construction	6.48	3.39
Agriculture	5.38	1.60
Real Estate Brokerage, Renting	5.10	1.09
Transportation	4.65	1.13
Main Metal Industry	3.79	2.15
Electric, Gas and Water Resources	3.71	2.08
Tourism	3.04	0.98
Others*	30.22	2.68

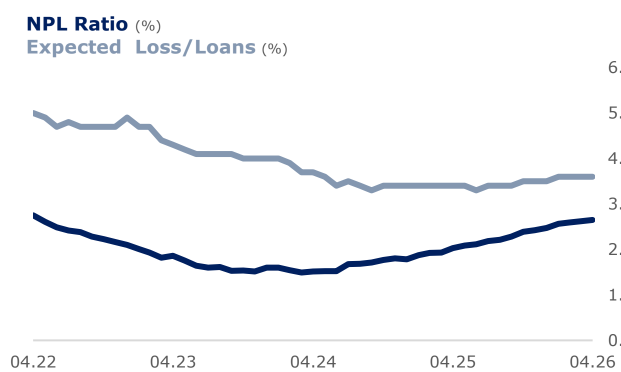
Source: BRSA, JCR-ER
* NPL for total loans

While banks continue to manage asset quality through IFRS 9–compliant provisioning, write-offs, and selective sales of distressed portfolios, the ongoing upward trend in non-performing loan (NPL) ratios points to a gradual deterioration in credit fundamentals. Although current levels remain manageable, the system remains vulnerable to adverse shocks, particularly among non-financial corporates (NFCs) and retail borrowers, should lending conditions or liquidity tighten further.

The retail segment constitutes a key area of vulnerability, as consumer loans and credit cards accounted for 26.0% of the sector's total loan portfolio as of 4M2026. The NPL ratio in this segment, standing at 4.69% as of 5 June 2026, signals a comparatively weaker credit profile and reflects the erosion in household debt-servicing capacity under prolonged financial tightening. Under these conditions, BDDK introduced a restructuring framework for overdue retail loans and credit card balances with extended maturities. This measure may support a gradual stabilization in the retail segment's NPL ratio, although its effectiveness will depend on borrowers' income recovery and sustained financial discipline.

Similarly, in the commercial segment, elevated financing costs and subdued cash flow generation have begun to weigh on corporates' repayment capacity, reinforcing downside risks to asset quality across the sector. Although NPLs remain relatively contained across most industries, certain sectors including construction, textiles, and utilities display notably higher levels of delinquency. While NPLs in sectors such as construction, which benefit from relatively strong collateralization, can be partially absorbed with tolerance.

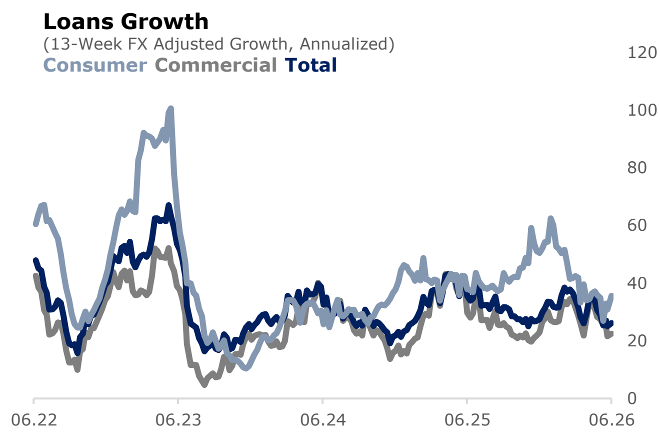
With the pause in the rate-cut cycle and the rise in the weighted average funding cost to the upper bound of the interest rate corridor, asset quality pressures are expected to persist in the near term, further amplified by ongoing credit growth restrictions. Accordingly, NPL ratios are likely to remain on an upward trajectory before stabilizing, contingent upon an improvement in macro-financial conditions and a normalization in refinancing channels.



Source: BRSA, JCR-ER

Monthly limits on loan growth persist

Total credit growth, which had regained an upward trajectory in early 2025, came under renewed pressure amid heightened market volatility and tightening financial conditions. Although a partial recovery was observed toward FYE2025, supported by rate cuts, the overall credit momentum remained suppressed.

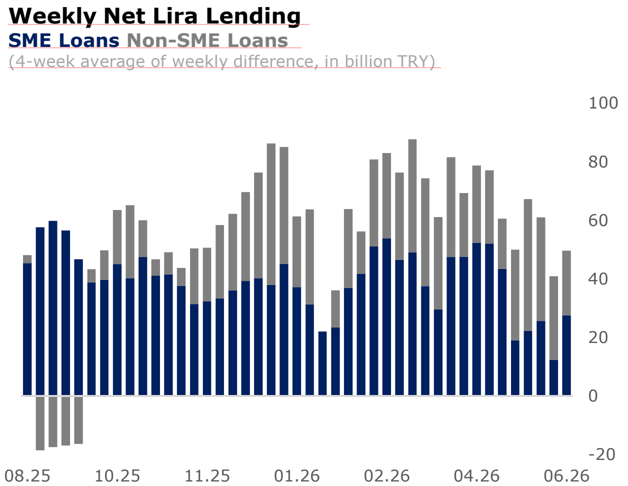


Source: BRSA, JCR-ER

The expansion in commercial lending is expected to be further reinforced by the revised definition of small and medium-sized enterprises (SMEs). Nevertheless, the persistence of loan growth restrictions on both Turkish lira and foreign currency loans, coupled with the CBRT's stated willingness to further tighten financial conditions when necessary, indicates that the pace of credit expansion could remain cautious in the period ahead.

A similar outlook is also observed on the consumer lending side, as the trends prevailing in 2025 have continued into 2026. Against this backdrop, the CBRT introduced a new macroprudential tightening package for consumer loans, reducing the applicable eight-week loan growth limits. Accordingly, the eight-week growth cap for general-purpose consumer loans and vehicle loans was lowered from 4% to 3%, while the growth limit for overdraft accounts was reduced from 2% to 1%. Under the same regulation, the eight-week growth limit for SME loans was also lowered from 5% to 4.5%, while the growth cap for non-SME commercial loans was set at 2%.

In this context, the CBRT is expected to maintain its tight policy stance for some time, particularly after raising the weighted average funding cost to 40% through an implicit tightening in response to the economic and financial repercussions of the conflict involving Iran and the USA-Israel alliance. Although the signing of a ceasefire agreement aimed at ending the war has reportedly been reached, its effects are expected to persist, while prices in energy markets is likely to take time to return to previous levels. Therefore, tight financial conditions are expected to remain in place in the upcoming period, keeping credit growth somewhat constrained throughout the remainder of 2026.

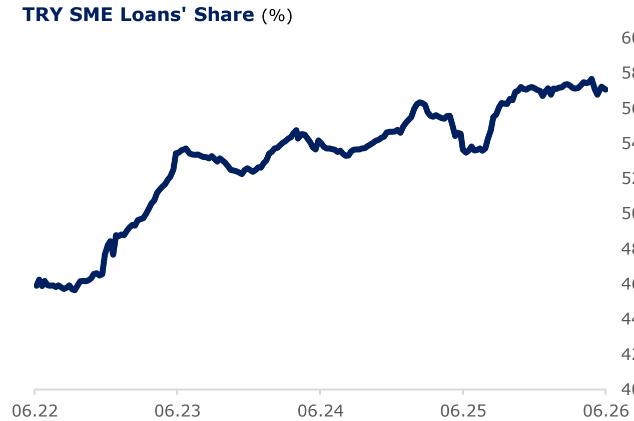


Source: BRSA, JCR-ER

One of the CBRT's key macroprudential instruments for managing liquidity conditions in the non-financial sector remains the implementation of credit growth caps. In an effort to curb the expansion of FX-denominated loans, the monthly growth limit for such loans was reduced from 1.5% to 1.0% at the beginning of 2025. As FX loan growth remained resilient despite this measure, the cap was subsequently tightened further to 0.5%. The CBRT also lowered the eight-week FX credit growth cap from 1.0% to 0.5%, reinforcing its restrictive stance on foreign currency lending

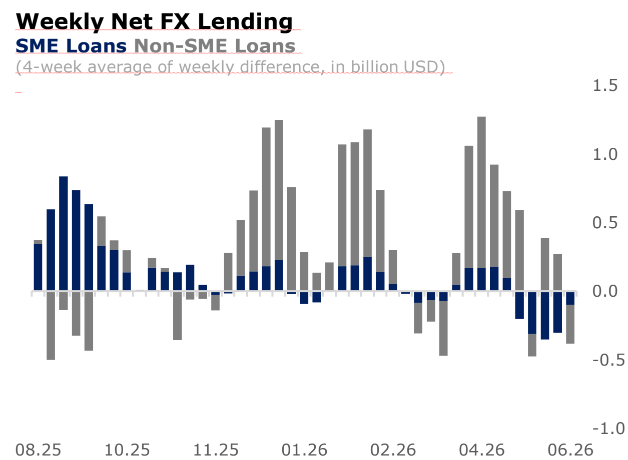
As of June 2026, these limits remain in place, indicating that the CBRT continues to rely on targeted macroprudential measures to contain credit growth and preserve financial stability. In addition to the measures already introduced for both commercial and consumer lending, further regulatory actions may be implemented if loan growth dynamics remain above desired levels or if financial conditions require additional tightening. Accordingly, the credit outlook for the remainder of 2026 is expected to remain cautious, with lending activity likely to be shaped by the persistence of credit growth caps and the possibility of additional macroprudential measures by the CBRT.

On the Turkish lira side, the differentiated approach favouring SMEs remains in place. Under this regulation, the monthly credit growth limit is set at 2.5% for SME loans, while it is applied at 1.5% for other commercial loans.



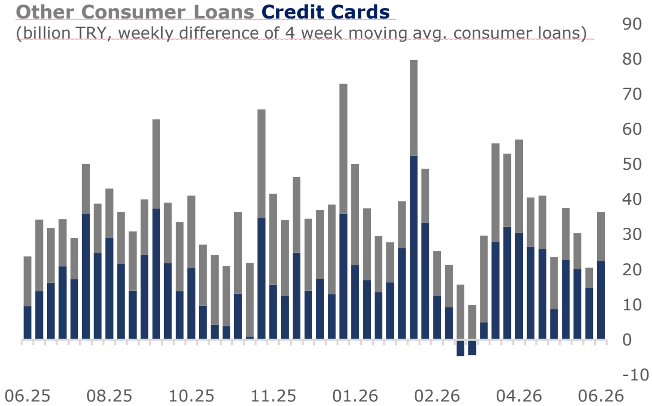
Source: BRSA, JCR-ER

The main intention behind setting a higher credit growth rate for SME loans compared to other commercial loans was that the loan market remains the primary source of financing for SMEs. Consequently, this distinction in loan growth limits has led to a higher share of SME loans in total TRY loans. The graph above illustrates the ongoing upward trend in SMEs' share of total loans.



Source: BRSA, JCR-ER

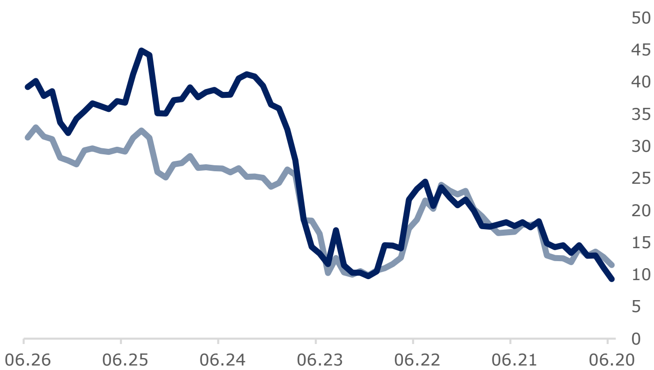
Weekly Consumer Loan Difference
Other Consumer Loans Credit Cards
(billion TRY, weekly difference of 4 week moving avg. consumer loans)



Source: BRSA, JCR-ER

<u>CBRT closely monitors the funding mix and monetary transmission mechanism</u>

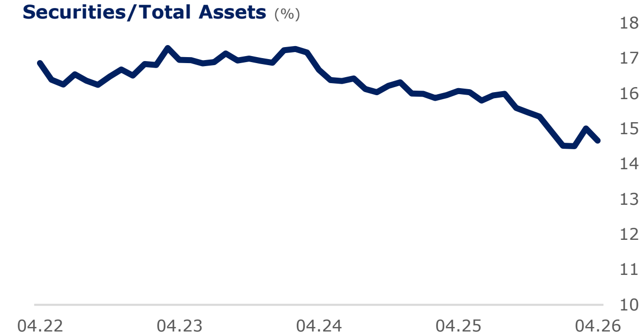
2-Year Government Benchmark Rate (%)
10-Year Government Benchmark Rate (%)



Source: Refinitiv, JCR-ER

Securities held by banks have stood over 16% of total assets for a long time as shown in the graph below. Following the abolition of macroprudential measures mandate security holdings, banks gradually reduced the share of securities in total assets. As of April 2026, securities to total assets ratio regressed to below of 15% levels.

Securities/Total Assets (%)

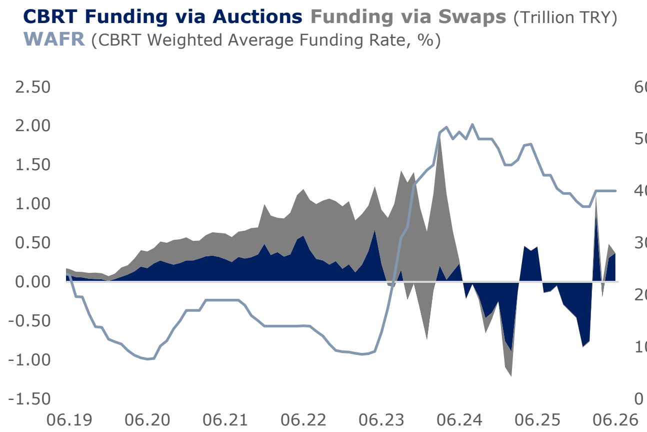


Source: BRSA, JCR-ER

The long-term policy measures introduced by economic authorities have resulted in a marked decline in both foreign currency deposits and FX-protected deposit (FPD) accounts. In August 2025, the CBRT announced the termination of new openings and renewals of FPD accounts. Following the publication in the Official Gazette, the FPD framework was formally discontinued. The ongoing commitment of the economic administration to support the appreciation of the Turkish lira remains the most significant safeguard against renewed dollarization pressures.

To promote Liraization, the regulatory framework requiring banks with relatively low shares of TRY deposits to gradually increase their local currency funding base has been maintained. The framework follows a tiered structure, under which banks are subject to differentiated growth requirements depending on their level of TRY deposit penetration while banks with lower ratios face stricter adjustment expectations, those within intermediate bands are subject to more moderate targets, and banks with higher shares are expected to preserve their existing levels. Moreover, the remuneration rate on required reserves for TRY deposits was raised from 84% to 86% of the CBRT's weighted average funding cost.

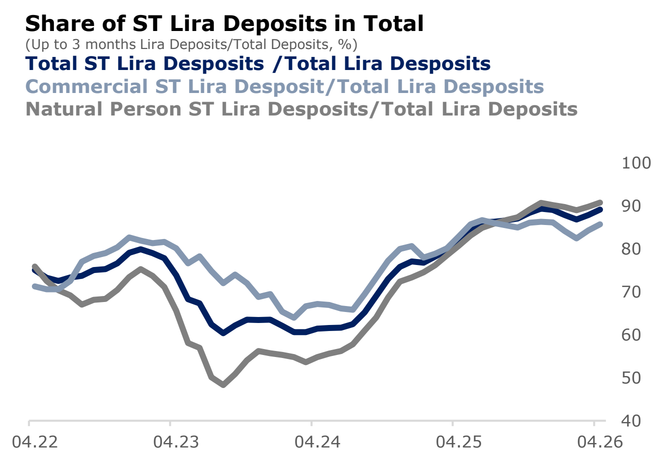
Finally, in an effort to balance FX demand, the CBRT increased the mandatory sale rate of exporters' FX earnings to 35% until July 31, 2026. Additionally, the support rate designed to incentivize the conversion of export revenues into TRY was maintained at 3% for the same period. In parallel, the CBRT raised reserve requirement ratios on certain foreign-sourced TRY liabilities, aiming to contain short-term external funding reliance and strengthen the effectiveness of monetary transmission.



Source: CBRT, JCR-ER

The CBRT, through the active use of its liquidity management instruments, continues to mitigate potential market volatility. The average cost of market funding via open market operations stood at 40%, corresponding to the upper bound of the interest rate corridor.

Liquidity management stands out as a priority area

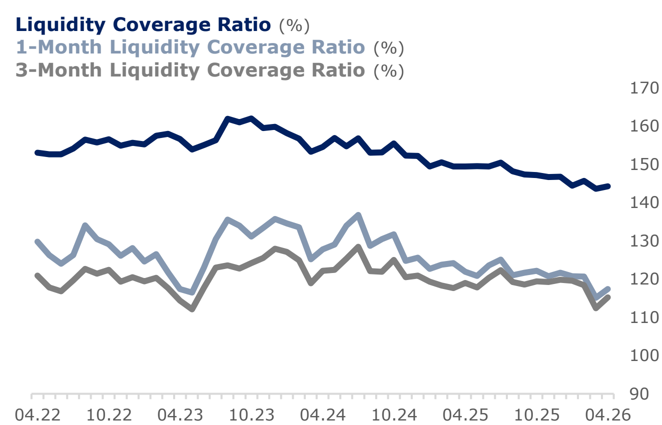


Source: BRSA, JCR-ER

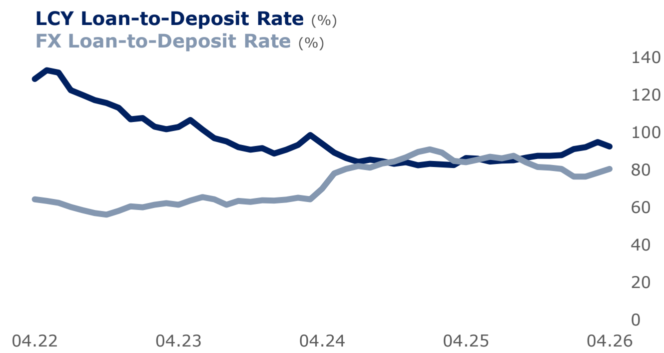
While the volume of foreign currency deposits has recorded a moderate increase, this segment has not exhibited significant volatility. Even though interest rate easing cycle paused, the maturity structure of deposits, continued to shift toward shorter tenors. In this context, the share of short-term deposits within total deposits has continued to rise. As of April 2026, short-term TRY deposits accounted for more than 89% of total TRY deposits, reflecting the preference for liquidity amid changing financial conditions.

Notwithstanding these developments, the share of FX deposits in total deposits increased to approximately 39.8%, up from 35.3% at the beginning of 2025. This increase has been driven primarily by the sharp rise in precious metal prices, together with the rapid expansion of precious metal deposit accounts. Due to both valuation effects and net inflows, the total balance of precious metal deposit accounts held by domestic residents reached to TRY 4.5 trillion as of April 2026, corresponding to around 15.3% of total deposits. Looking ahead, amid sustained global demand for precious metals particularly gold, which continues to be perceived as a safe-haven asset the share of precious metal accounts, and by extension the FX deposit ratio, is expected to remain on an upward trajectory in the near term.

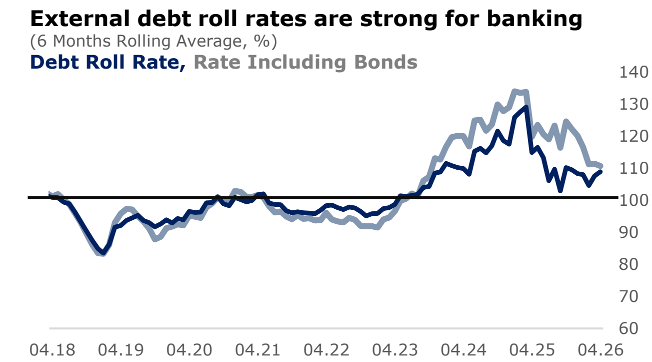
On the other hand, the pause in the interest rate cut cycle may support an increase in the share of medium- and long-term deposits in total deposits, as gradually higher yields continue to attract depositors. In addition, forthcoming interest rate decisions, particularly those affecting the relative return on TRY deposits, will play a key role in shaping depositor behaviour. The CBRT's liquidity management framework is also expected to remain a critical determinant of deposit dynamics and overall market conditions.



Source: BRSA, JCR-ER



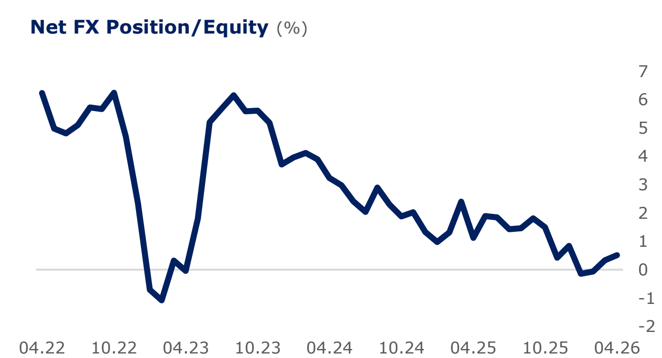
Source: BRSA, JCR-ER



Source: CBRT, JCR-ER

Foreign currency position is within limits

Despite the absence of a structural short position in foreign currency across the system, the net foreign currency position to equity ratio has been on a declining trend since August 2023. More recently, this ratio has weakened more markedly, primarily reflecting the rising demand for FX-denominated loans by non-financial corporates. Nevertheless, supported by long-standing expertise in balance-sheet FX risk management, the Turkish banking sector continues to manage its foreign currency exposure in a prudent and resilient manner. In this regard, Turkish banks maintain stable access to foreign currency funding from international markets, which mitigates rollover and liquidity risks.

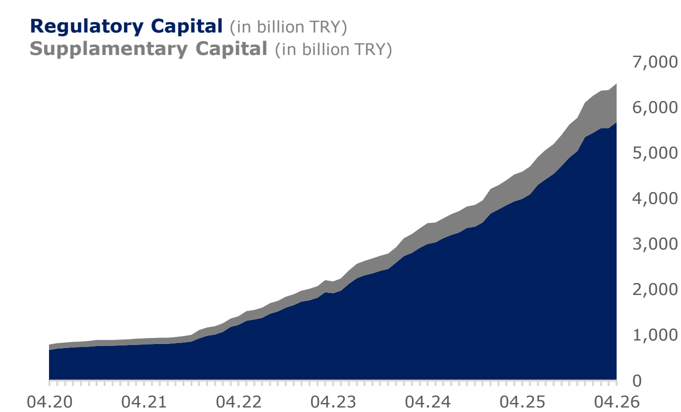


Source: BRSA, JCR-ER

In addition to their tightly managed foreign exchange positions, banks continue to maintain strong external refinancing capacity. As of April 2026, the six-month average rollover ratio of foreign debt excluding bonds stood at 108.9%, indicating that banks not only fully refinanced their maturing obligations but also increased their external funding stock.

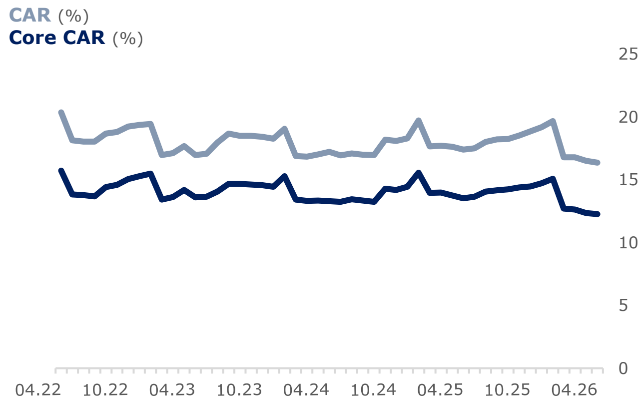
Strong capital structure preserved

In terms of capital adequacy, Turkish banking sector is on solid ground. Total regulatory capital of sector recorded 6.2% growth as of 4M2026 from TRY 5.3 trillion as of FYE2025 to TRY 5.7 trillion, in nominal terms reflecting the high inflationary environment.

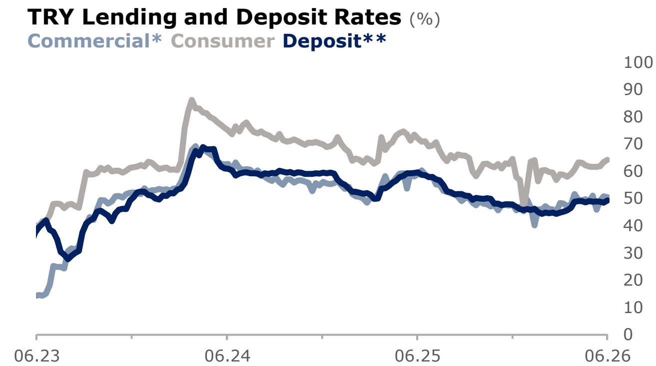


Source: BRSA, JCR-ER

The capital adequacy ratio (CAR), which is one of the main strength indicators of the sector, exhibited improvement compared to FYE2025 and realized as 19.7%, as of FYE2025, which is well above the Basel III requirement of 8%. On the other hand, the ratio has regressed slightly to 16.4 in 4M2026.



Source: BRSA, JCR-ER



Source: CBRT, JCR-ER
*Excluded overdraft and corporate credit cards
** Up to 3-months deposits

Profitability Outlook: Balancing Rates and Risks

Despite the initiation of interest rate cuts in the second half of the year, the banking sector—still operating under a predominantly high interest rate environment—recorded a strong 74.9% year-on-year increase in net interest income as of FYE2025. However, the sharp rise in provisioning expenses during the same period exerted pressure on bottom-line performance. This impact was partly offset by the robust contribution from banking service income, which supported overall profitability. Although losses from capital market activities and foreign exchange transactions weighed on earnings, the sector's cumulative net profit for the eleven-month period increased by 42.4% year-on-year, reflecting the resilience of core income generation.

As of the first four months of 2026, during a period in which high interest rates remained in place, net interest income maintained its strong performance, increasing by 89.3% compared to the same period of the previous year. Over the same period, provision expenses rose by 59.3%, while the increase in banking revenues continued to support profitability. However, banks incurred significant losses from capital market activities amid the sharp volatility triggered by the war. Despite these pressures, the sector's net profit increased by 37.5% during the period.

Although the banking sector's profitability remained supported by strong net interest income in the first four months of 2026, the operating environment has become more challenging following the pause in the rate-cut cycle and the rise in the CBRT's weighted average funding cost to the upper bound of the interest rate corridor. The continuation of high funding costs, tighter liquidity conditions and macroprudential measures limiting credit growth may put pressure on loan growth and banks' margin management in the coming period. Nevertheless, elevated yields on TRY assets and banks' pricing flexibility are expected to continue providing some support to profitability.

On the other hand, rising provision expenses and the recent acceleration in NPL accumulation across both retail and commercial segments suggest that asset quality will remain a key downside risk to profitability. In addition, sharp volatility in capital markets triggered by geopolitical tensions has already weighed on banks' non-core income performance. In this context, asset quality trends, provisioning needs, banks' ability to preserve spreads under tighter financial conditions and the normalization of market volatility will be the main factors shaping profitability throughout the remainder of 2026.

Selected P&L Items

	2023	2024	2025	2026*
Net Interest	718,371	986,310	1,725,136	820,517
Special Provision for NPL	75,534	152,327	345,205	159,719
Banking Service Revenues	361,627	828,794	1,245,542	488,304
Personnel Expenses	187,540	346,723	504,299	236,107
Capital Market P&L	86,214	-165,774	-34,244	-207,864
FX P&L	123,558	80,266	-89,671	116,252
Net Income	620,495	660,278	940,183	363,313

Source: BRSA, JCR-ER
*As of April, 2026

After 4M2026 P&L realization, ROAE calculated as 27.6% as of which was at 26.6% at the end of FYE2025. Additionally, ROAA was 2.4% in 4M2026, same with the FYE2025 figure of 2.4%. It should also be noted that the inflation adjustment initially planned for 2025 was ultimately cancelled. As a result, inflation accounting–related effects will not be reflected in banks' return-on-equity indicators.

Selected KPIs

	2023	2024	2025	2026*
Core CAR	15.3	15.6	15.1	12.3
CAR	19.1	19.7	19.7	16.4
ROAA	3.3	2.3	2.4	2.4
ROAE	34.9	26.1	26.6	27.6
Loan-to-Deposit**	78.6	84.9	84.9	87.6
NII/Average Assets****	3.8	3.5	4.3	1.7
NIE/Average Interest-Bearing Liabilities****	15.8	26.7	25.1	7.3
Loan-to-GDP***	44.4	37.0	40.1	37.9
Loan-to-Deposit (TRY)	88.7	82.4	87.8	92.4
Loan-to-Deposit (FX)	63.5	89.5	80.5	80.4
Securities-to-Total Assets	16.9	16.0	14.9	14.7

Source: BRSA, JCR-ER
*As of April, 2026
**Loans data include non-cash loans.
***1Q2026 GDP data were utilized in calculation
****2026 data is as of 4M2026

Digitalization and Climate Initiatives in Banking Sector

Effects of digitalization are quite strong on the banking sector. Besides the technological developments used in banking like mobile apps, BRSA's regulation in digital banking has formalized the evolution process of conventional banking into digital era. With the regulation in which the principles of digital banking were determined, the concept of branchless (digital) banking became official.

In this context, digital banks can be founded with a capital of equal or more than TRY 1bn. These banks would have only head offices and no physical branches and their customer segment would be individuals and SMEs. As of June 2026, 7 digital banks have operation permit from BRSA are active in Türkiye.

On the sustainability front, the efforts to solve the emerging problems, especially the climate crisis and inequality, were also reflected in the banking sector. The Responsible Banking declaration put forward by the UN Finance Initiative was signed by 7 Turkish banks. Turkish banks started to allocate some of the resources to the sustainability related (environmental, social) projects.

The Green Asset Ratio Communiqué, issued by the BRSA to measure the banking sector's contribution to environmental sustainability, stands out as one of the key regulatory developments of 2025. Under this framework, banks will calculate the green asset ratio as a proportion of their total assets. The BRSA will also have the authority to define asset classifications and specify the calculation methodologies.

5. Additional Rating Assessments

The Bank is principally exposed to credit, market, liquidity and operational risks stemming from the nature of its operations and utilization of financial instruments.

Risks are executed under the risk management framework and in line with the implementation communiques. The Bank's risk management policies and strategies are reviewed according to arising needs. The Board of Directors (BoD) has the overall responsibility of establishing and supervising an effective risk management framework and principals.

Credit, Audit, Remuneration, Corporate Governance and Executive Board have been formed.

Credit Risk

Credit risk refers to the risk arising from the non-fulfilment of the obligations of the counterparties regarding the contract requirements in the agreements to which the Bank is a party, and the losses that the Bank will face due to the mentioned failure. Credit risk management, measurement and monitoring activities are carried out within the scope of credit risk appetite. Credit risk appetite shows the level of risk the Bank wants to bear to achieve its budget targets, considering its risk capacity. The Bank carries out its activities to identifying, evaluating, monitoring, controlling and reducing credit risks under the supervision of the Board of Directors.

While determining the counterparty credit risk limits, the Bank considers the results of the credit worthiness analysis of loans and other receivables and their effects on the existing capital adequacy, and applies the risk limit allocations at least once a year within the framework of these principles.

As the Bank has recently started to the banking operations, the level of loans given is limited. Correspondingly, as of 1Q2026, the amount is 12.26bn in both cash and non-cash loans. Furthermore, the Bank use standard approach to measure the credit risk amounted to TRY 7.08bn under the scope of risk-weighted assets calculation.

Market Risk

Market risk shows the changes in market prices such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Bank's income or the value of its holdings of financial instruments and use the 'Standard Method', in line with the methodology outlined in the regulations of the Banking Regulation and Supervision Agency (BRSA).

Foreign exchange risk

Foreign currency risk indicates the probability of loss that the Bank is subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and risk is calculated by using the standard method. The carrying amount of the Bank's foreign currency denominated financials for the analyzed period are as follows:

TRY mn	FYE2024	FYE2025	1Q2026
Assets	42.00	531.73	1,501.69
Liabilities	8.64	1,219.47	4,091.16
Net on Balance Sheet FX position	**33.36**	**-687.74**	**-2,589.47**
Non-Cash Loans*	109.71	105.34	108.98
Net off-Balance Sheet FX position	0.00	0.00	0.00
Net FX Position	**33.36**	**-687.74**	**-2,589.47**

**Non-Cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.*

As shown in the table above, the Bank has short net FX position in the reviewed periods.

Interest rate risk

Interest rate risk refers to the probability of loss that the Bank may be exposed to due to fluctuations in interest rates, arising from its position on financial instruments that yield yields depending on interest rates. Measurements made by the Bank within the scope of the standard method are carried out using the maturity ladder in the interest rate risk.

Liquidity Risk

The liquidity risk is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets. The Bank ensures maturity compatibility between assets and liabilities, and preserve the liquid values in order to fully meet the liquidity needs that may arise as a result of market fluctuations.

The Bank manages liquidity risk in a way to ensure that it remains above the minimum limits set out in all regulations published by the BRSA on liquidity risk and below the risk appetite approved by the Board of Directors. The Bank ensures that measurement, monitoring, limitation, stress test and scenario analysis studies are carried out in line with the structure and complexity of its activities regarding the management of liquidity risk and ensures that the results of these studies are regularly reported. The Bank's liquidity risk is monitored daily and reported to the Board of Directors through monthly risk assessment reports. Exceedances are monitored by the Risk Management Department through the liquidity risk appetite, limit and early warning values determined by the Bank's Board of Directors and necessary notifications are made to the relevant management levels.

In the regulation, it has been decided that the consolidated and unconsolidated total and foreign currency liquidity coverage ratios for development and investment banks will be applied as zero percent until otherwise determined by the BRSA and compliance with the legal ratio is not required.

Operational, Legal Regulatory & Other Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure. Information systems, internal control policies, and procedures outline the overall operational risk management profile.

The Bank places importance on compliance with the regulations set by the authorities and changes to the legal framework such as Regulations on the Principles of Corporate Governance of Banks, corporate governance provisions in Turkish Commercial Code along with Banking Regulation and Supervision Agency (BRSA)'s enforcements of strict regulation and supervision on the Turkish Banking Sector.

According to the Bank's assessments, there is an ongoing reinstatement claim against the Bank and the case result will be monitored by JCR-ER in the upcoming periods.

Hedef Yatırım Bankası A.Ş.			**Balance Sheet**
(000' TRY)	**FYE2023**	**FYE2024**	**FYE2025**
Total Earning Assets	**555,650**	**1,177,385**	**10,002,003**
Loans and Leasing Receivables	*0*	*796,698*	*6,167,443*
Securities At Fair Value	*316,087*	*356,927*	*1,094,449*
Other Earning Assets	*239,563*	*23,760*	*2,740,111*
Non-Earning Assets	**40,931**	**182,907**	**289,782**
Total Assets	**596,581**	**1,360,292**	**10,291,785**
Cost Bearing Resources	**2,799**	**715,686**	**6,771,811**
Non-Cost Bearing Resources	**22,182**	**52,601**	**289,736**
Total Liabilities	**24,981**	**768,287**	**7,061,547**
Equity	**571,600**	**592,005**	**3,230,238**
Total Liabilities and Shareholders' Equity	**596,581**	**1,360,292**	**10,291,785**

- *Including JCR Eurasia Rating's adjustments where applicable,*

Hedef Yatırım Bankası A.Ş.			**Income Statement**
(000' TRY)	**FY2023**	**FY2024**	**FY2025**
Net Interest Income	**106,031**	**235,053**	**702,467**
a) Interest Income	*106,031*	*340,011*	*1,499,138*
b) Interest Expense	*0*	*104,958*	*796,671*
Net Fee and Commission Income	**-5,847**	**4,142**	**116,508**
a) Fee and Commission Income	*0*	*6,269*	125,192
b) Fee and Commission Expense	*5,847*	*2,127*	8,684
Total Operating Income	**114,438**	**59,378**	**-20,025**
Foreign Exchange Gain or Loss (net) (+/-)	*38,700*	*13,400*	*-16,366*
Net trading income (+/-)	*0*	*0*	*-23,909*
Gains from Investment Securities (Net)	*74,957*	*44,875*	*19,942*
Other Operating Income	*781*	*1,103*	*308*
Total Income	**214,622**	**298,573**	**839,225**
Provisions	**0**	**17,306**	**76,362**
Provision for Impairment of Loan and Trade Receivables	*0*	*17,306*	*76,362*
Other Provision	*0*	*0*	*0*
Total Operating Expense	**154,643**	**252,038**	**524,841**
Salaries and Employee Benefits	*80,785*	*134,075*	*248,893*
Other Expenses	*73,858*	*117,963*	*275,948*
Profit from Operating Activities before Income Tax	**59,979**	**29,229**	**197,747**
Income Tax – Current	*-5,469*	*-19,254*	*-88,575*
Income Tax – Deferred	*-1,172*	*10,579*	*29,110*
Net Profit for the Period	**53,338**	**20,554**	**138,282**

- *Including JCR Eurasia Rating's adjustments where applicable,*

Hedef Yatırım Bankası A.Ş.			**Financial Ratios**
(%)	**FYE2023**	**FYE2024**	**FYE2025**
I. PROFITABILITY & PERFORMANCE			
Total Income / Total Expenses	138.79	118.46	148.50
Net Interest Margin*	19.92	28.37	12.90
Total Operating Expenses / Total Income	72.05	84.41	62.54
Net Profit Margin	24.85	6.88	17.31
Gross Profit Margin	27.95	9.79	24.75
Asset Growth Rate	14.15	130.12	656.59
II. CAPITAL ADEQUACY (year-end)			
Internal Equity Generation / Previous Year’s Equity	10.29	3.60	23.36
Equity / Total Assets	95.81	43.52	31.39
Capital Adequacy Ratio	66.56	44.55	58.03
III. LIQUIDITY (year-end)			
Liquidity Management Success (On Demand)	98.12	97.03	99.60
Liquidity Management Success (Up to 1 Month)	74.57	99.28	99.90
Liquidity Management Success (1 to 3 Months)	95.99	92.86	99.05
Liquidity Management Success (3 to 12 Months)	98.63	78.39	97.12
Liquidity Management Success (Over 1 Year & Unallocated)	67.32	83.28	97.77

- *N.A.: Not Available*
- *Including JCR Eurasia Rating's adjustments where applicable,*
- **According to the data provided by the Bank*

Rating Info

Rated Company:	Hedef Yatırım Bankası A.Ş. Barbaros Mah. Ihlamur Bul. No: 3 İç Kapı No: 199 Ataşehir, İstanbul, Türkiye Telephone: +90 (216) 501 11 00
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Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Financial Statements:	1Q2026-FYE2025-FYE2024-FYE2023 | Solo Audit Report
Previous Rating Results:	31.03.2026 | Long-Term National Issuer Credit Rating at A- (tr)
Rating Committee Members:	Ö. F. Engin (Executive Vice President) ozgur.engin@jcrer.com.tr, Ö. Sucu (Manager) ömer.sucu@jcrer.com.tr Ç. Topcu (Manager) cetin.topcu@jcrer.com.tr

Disclaimer

The ratings affirmed by JCR Eurasia Rating are a reflection of the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings, unless otherwise stated.

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Türkiye), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

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