

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED
INTERIM FINANCIAL STATEMENTS AND
REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH**

TÜRK EKONOMİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AT 30 SEPTEMBER 2021 WITH
AUDITOR'S REVIEW REPORT**

(Convenience Translation of the Report on Review of Interim Financial Information Originally Issued in Turkish)

REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Türk Ekonomi Bankası AŞ.

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) as at 30 September 2021, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 30 September 2021, and of the results of their operations and their cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the unconsolidated interim financial information provided in the Management’s interim report included in section seven of the accompanying unconsolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed unconsolidated interim financial statements and the explanatory notes.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying unconsolidated financial statements. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated interim financial statements and IFRS.

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

Yaman Polat
Partner

İstanbul, 27 October 2021

**Convenience Translation of
Publicly Announced Unconsolidated Interim Financial Statements and Review Report
Originally Issued in Turkish, See in Note I. of Section Three**

**UNCONSOLIDATED INTERIM FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

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The unconsolidated interim financial report for the nine-month period, prepared in accordance with “Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below:

- General Information about the Bank
- Unconsolidated Financial Statements of the Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on Financial Structure and Risk Management of the Bank
- Disclosures and Footnotes on Unconsolidated Financial Statements
- Auditor’s Review Report
- Interim Activity Report

The accompanying unconsolidated interim financial statements for the nine-month period, related disclosures and footnotes which have been reviewed and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidance, and incompliance with the financial records of our Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Yavuz Canevi Chairman of the Board of Directors	Nicolas de Baudinet de Courcelles Chairman of the Audit Committee	Ayşe Aşardağ Vice Chairman of the Audit Committee	Ümit Leblebici Chief Executive Officer	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	Kamer Kıldıl Director Responsible of Financial Reporting
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Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title : Aslıhan Kaya / External Reporting Manager
Telephone Number : (0216) 635 24 51
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TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION ONE

GENERAL INFORMATION

I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. The process regarding the procedure has been summarized below. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas have the share of 50%.

II. Explanation on the Bank’s Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in these Matters and the Group the Bank Belongs to

As of 30 September 2021 and 31 December 2020 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	30 September 2021		31 December 2020	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	2,204,390	100.00	2,204,390	100.00

As of 30 September 2021, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess

<u>Name</u>	<u>Title</u>	<u>Education</u>
Board of Directors;		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
François Andre Jesualdo Benaroya	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Sandrine Ferdane	Member of the Board of Directors	University
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Hans Wilfried J. Broucke	Member of the Board of Directors	Master
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	Chief Executive Officer and the Executive Member	Master
Assistant General Managers;		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Orhan Hatipoğlu	Assistant General Manager of Banking Operations and Support Services Group	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Bade Sipahioğlu Işık	Assistant General Manager Responsible from Human Resources Group	Master
Dr.Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Financial Markets	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Group Heads (*);		
Nimet Elif Kocaayan	Head of Group Risk Management	University
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
Internal Audit (*);		
Hakan Tıraşın	Head of Internal Audit	University

(*) Group Heads and Head of Internal Audit have the status of Assistant General Manager.

There are no Bank shares owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Information on the Bank’s Qualified Shareholders

Name / Commercial Name	Share Amount	Share Ratio	Paid-up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,415	55.00%	1,212,415	-
BNPP Yatırımlar Holding A.Ş.	518,342	23.51%	518,342	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23%	467,879	-

TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, Fortis Yatırımlar Holding A.Ş., while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by Fortis Bank SA/NV whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNPP Yatırımlar Holding are controlled by BNP Paribas SA.

V. Summary on the Bank’s Functions and Lines of Activity

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 30 September 2021, the Bank has 452 local branches and 4 foreign branches (31 December 2020: 451 local branches, 4 foreign branches). As of 30 September 2021, the number of employees of the Bank is 8,620 (31 December 2020: 8,850).

VI. Differences between the Communiqué on Preparation of Financial Statements of Banks and Turkish Accounting Standards and Short Explanation about the Entities Subject to Full Consolidation or Proportional Consolidation and Entities which are Deducted from Equity or Entities which are not Included in these Three Methods

There is no difference for the Bank between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

The establishment of TEB ARF Teknoloji A.Ş., the non-financial subsidiary 100% owned by the Bank, was registered in the Trade Registry Gazette on 16 July 2020. The Bank has shown TEB ARF Teknoloji A.Ş. in its subsidiary line in its financial statements.

VII. Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between Bank and its Subsidiaries

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Items
- III. Statement of Profit or Loss
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET FOR THE INTERIM PERIOD
AS OF 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Section 5 Note	Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		13,738,319	27,756,735	41,495,054	20,245,141	23,861,188	44,106,329
1.1 Cash and Cash Equivalents		5,279,162	23,801,863	29,081,025	11,518,749	19,455,185	30,973,934
1.1.1 Cash and Balances with Central Bank	(I-1)	5,177,347	19,167,410	24,344,757	3,431,921	13,519,382	16,951,303
1.1.2 Banks	(I-4)	104,012	4,652,478	4,756,490	1,908,213	5,947,943	7,856,156
1.1.3 Money Markets		-	-	-	6,180,886	-	6,180,886
1.1.4 Expected Loss Provision (-)		2,197	18,025	20,222	2,271	12,140	14,411
1.2 Financial Assets at Fair Value Through Profit or Loss		1,106,185	605,798	1,711,983	511,089	1,119,802	1,630,891
1.2.1 Government Debt Securities	(I-2)	1,053,226	438,704	1,491,930	463,550	984,266	1,447,816
1.2.2 Equity Securities		52,959	91,939	144,898	47,539	75,378	122,917
1.2.3 Other Financial Assets		-	75,155	75,155	-	60,158	60,158
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	5,352,237	3,163,845	8,516,082	5,628,391	3,022,986	8,651,377
1.3.1 Government Debt Securities		5,339,548	3,163,845	8,503,393	5,617,510	3,022,986	8,640,496
1.3.2 Equity Securities		12,689	-	12,689	10,881	-	10,881
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		2,000,735	185,229	2,185,964	2,586,912	263,215	2,850,127
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	1,211,404	185,229	1,396,633	1,936,770	263,215	2,199,985
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	789,331	-	789,331	650,142	-	650,142
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		82,260,450	20,762,798	103,023,248	76,191,309	15,213,133	91,404,442
2.1 Loans	(I-6)	74,452,572	18,078,177	92,530,749	69,567,055	13,365,035	82,932,090
2.2 Lease Receivables	(I-11)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(I-7)	10,988,154	3,136,366	14,124,520	10,197,854	2,325,087	12,522,941
2.4.1 Government Debt Securities		10,988,154	3,136,366	14,124,520	10,197,854	2,325,087	12,522,941
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		3,180,276	451,745	3,632,021	3,573,600	476,989	4,050,589
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-14)	102,665	-	102,665	112,859	-	112,859
3.1 Held for Sale Purpose		102,665	-	102,665	112,859	-	112,859
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		116,041	-	116,041	116,041	-	116,041
4.1 Investments in Associates (Net)	(I-8)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(I-9)	116,036	-	116,036	116,036	-	116,036
4.2.1 Unconsolidated Financial Subsidiaries		115,986	-	115,986	115,986	-	115,986
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
4.3 Joint Ventures (Net)	(I-10)	5	-	5	5	-	5
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
V. PROPERTY AND EQUIPMENT (Net)		779,466	-	779,466	836,192	-	836,192
VI. INTANGIBLE ASSETS (Net)		543,722	-	543,722	564,803	-	564,803
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		122,598	-	122,598	143,679	-	143,679
VII. INVESTMENT PROPERTIES (Net)	(I-13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		2,144	-	2,144	19,678	-	19,678
IX. DEFERRED TAX ASSET		572,104	-	572,104	632,912	-	632,912
X. OTHER ASSETS (Net)		2,673,686	377,062	3,050,748	1,965,145	289,641	2,254,786
TOTAL ASSETS		100,788,597	48,896,595	149,685,192	100,684,080	39,363,962	140,048,042

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

TÜRK EKONOMİ BANKASI A.Ş.

**UNCONSOLIDATED BALANCE SHEET FOR THE INTERIM PERIOD
AS OF 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES		Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020			
		Section 5 Note	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(II-1)	57,678,146	44,434,004	102,112,150	49,618,540	44,154,938	93,773,478
II.	FUNDS BORROWED	(II-3)	591,131	10,384,658	10,975,789	412,907	9,334,699	9,747,606
III.	MONEY MARKET FUNDS		4,000,205	1,837,025	5,837,230	3,830,785	2,717,468	6,548,253
IV.	SECURITIES ISSUED (Net)	(II-3)	2,598,866	-	2,598,866	4,810,637	-	4,810,637
4.1	Bills		2,598,866	-	2,598,866	4,766,623	-	4,766,623
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	44,014	-	44,014
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		1,724,815	138,787	1,863,602	3,135,153	208,026	3,343,179
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	1,394,199	132,585	1,526,784	2,151,316	193,125	2,344,441
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	330,616	6,202	336,818	983,837	14,901	998,738
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(II-5)	510,680	32,963	543,643	547,035	51,922	598,957
X.	PROVISIONS	(II-7)	671,023	247,725	918,748	746,323	226,726	973,049
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		460,763	35,332	496,095	475,253	29,963	505,216
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		210,260	212,393	422,653	271,070	196,763	467,833
XI.	CURRENT TAX LIABILITY	(II-8)	242,758	-	242,758	321,406	-	321,406
XII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Held From Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS		-	4,904,543	4,904,543	-	4,194,951	4,194,951
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	4,904,543	4,904,543	-	4,194,951	4,194,951
XV.	OTHER LIABILITIES	(II-4)	6,485,181	535,123	7,020,304	4,070,593	256,082	4,326,675
XVI.	SHAREHOLDERS' EQUITY	(II-9)	12,713,899	(46,340)	12,667,559	11,360,851	49,000	11,409,851
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		389,769	-	389,769	390,297	-	390,297
16.2.1	Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		387,204	-	387,204	387,732	-	387,732
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		70,781	-	70,781	279,006	-	279,006
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		(65,582)	(46,340)	(111,922)	(363,792)	49,000	(314,792)
16.5	Profit Reserves		9,070,764	-	9,070,764	7,664,139	-	7,664,139
16.5.1	Legal Reserves		510,951	-	510,951	452,086	-	452,086
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		8,253,331	-	8,253,331	7,020,021	-	7,020,021
16.5.4	Other Profit Reserves		306,482	-	306,482	192,032	-	192,032
16.6	Profit or Loss		1,043,777	-	1,043,777	1,186,811	-	1,186,811
16.6.1	Prior Periods' Profit / Loss		-	-	-	9,497	-	9,497
16.6.2	Current Periods' Profit / Loss		1,043,777	-	1,043,777	1,177,314	-	1,177,314
TOTAL LIABILITIES			87,216,704	62,468,488	149,685,192	78,854,230	61,193,812	140,048,042

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Section 5 Note	Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		75,479,528	89,434,176	164,913,704	82,223,013	89,376,868	171,599,881
I. GUARANTEES AND WARRANTIES	(III-1)	7,609,809	22,450,663	30,060,472	7,481,426	16,764,598	24,246,024
1.1 Letters of Guarantee		6,463,487	9,019,421	15,482,908	6,052,327	8,131,845	14,184,172
1.1.1 Guarantees Subject to State Tender Law		98,294	98,463	196,757	80,715	89,820	170,535
1.1.2 Guarantees Given for Foreign Trade Operations		375,985	387,280	763,265	344,482	545,346	889,828
1.1.3 Other Letters of Guarantee		5,989,208	8,533,678	14,522,886	5,627,130	7,496,679	13,123,809
1.2 Bank Acceptances		-	12,263	12,263	-	16,573	16,573
1.2.1 Import Letter of Acceptance		-	12,263	12,263	-	16,573	16,573
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	9,043,537	9,043,537	-	5,025,525	5,025,525
1.3.1 Documentary Letters of Credit		-	4,960,472	4,960,472	-	3,656,589	3,656,589
1.3.2 Other Letters of Credit		-	4,083,065	4,083,065	-	1,368,936	1,368,936
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		1,144,375	2,906,756	4,051,131	1,428,395	2,548,277	3,976,672
1.9 Other Collaterals		1,947	1,468,686	1,470,633	704	1,042,378	1,043,082
II. COMMITMENTS	(III-1)	20,806,651	5,329,193	26,135,844	17,188,967	2,831,971	20,020,938
2.1 Irrevocable Commitments		20,806,651	5,329,193	26,135,844	17,188,967	2,831,971	20,020,938
2.1.1 Asset Purchase Commitments		894,659	2,766,648	3,661,307	916,964	2,114,054	3,031,018
2.1.2 Deposit Purchase and Sale Commitments		-	166,244	166,244	-	94,524	94,524
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		6,611,150	268,745	6,879,895	5,498,822	237,748	5,736,570
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	1,429,622	1,429,622	-	-	-
2.1.7 Commitments for Cheque Payments		2,122,459	-	2,122,459	1,741,408	-	1,741,408
2.1.8 Tax and Fund Liabilities from Export Commitments		49,434	-	49,434	47,494	-	47,494
2.1.9 Commitments for Credit Card Limits		11,122,804	-	11,122,804	8,978,512	-	8,978,512
2.1.10 Commitments for Credit Cards and Banking Services Promotions		6,145	-	6,145	5,767	-	5,767
2.1.11 Receivables from Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	697,934	697,934	-	385,645	385,645
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		47,063,068	61,654,320	108,717,388	57,552,620	69,780,299	127,332,919
3.1 Derivative Financial Instruments for Hedging Purposes		13,349,500	5,228,756	18,578,256	14,112,081	9,895,360	24,007,441
3.1.1 Fair Value Hedge		-	-	-	1,991,418	4,258,649	6,250,067
3.1.2 Cash Flow Hedge		13,349,500	5,228,756	18,578,256	12,120,663	5,636,711	17,757,374
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		33,713,568	56,425,564	90,139,132	43,440,539	59,884,939	103,325,478
3.2.1 Forward Foreign Currency Buy/Sell Transactions		6,189,806	8,947,794	15,137,600	6,698,057	10,100,110	16,798,167
3.2.1.1 Forward Foreign Currency Transactions-Buy		4,076,563	3,577,730	7,654,293	4,420,031	4,234,382	8,654,413
3.2.1.2 Forward Foreign Currency Transactions-Sell		2,113,243	5,370,064	7,483,307	2,278,026	5,865,728	8,143,754
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		24,856,301	39,515,714	64,372,015	35,101,585	43,210,657	78,312,242
3.2.2.1 Foreign Currency Swap-Buy		1,295,443	22,291,980	23,587,423	1,723,908	25,735,907	27,459,815
3.2.2.2 Foreign Currency Swap-Sell		15,581,858	10,561,050	26,142,908	20,517,677	10,825,732	31,343,409
3.2.2.3 Interest Rate Swaps-buy		3,989,500	3,331,342	7,320,842	6,430,000	3,324,509	9,754,509
3.2.2.4 Interest Rate Swaps-Sell		3,989,500	3,331,342	7,320,842	6,430,000	3,324,509	9,754,509
3.2.3 Foreign Currency, Interest Rate and Securities Options		2,558,878	5,095,699	7,654,577	1,050,757	3,069,974	4,120,731
3.2.3.1 Foreign Currency Options-Buy		1,714,651	2,179,676	3,894,327	729,259	1,370,067	2,099,326
3.2.3.2 Foreign Currency Options-Sell		844,227	2,916,023	3,760,250	321,498	1,699,907	2,021,405
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		108,583	207,066	315,649	590,140	543,771	1,133,911
3.2.4.1 Foreign Currency Futures-Buy		12,597	194,666	207,263	2,957	541,030	543,987
3.2.4.2 Foreign Currency Futures-Sell		95,986	12,400	108,386	587,183	2,741	589,924
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	2,659,291	2,659,291	-	2,960,427	2,960,427
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		177,098,346	50,250,845	227,349,191	169,031,491	42,921,176	211,952,667
IV. ITEMS HELD IN CUSTODY		31,309,052	6,989,691	38,298,743	26,642,365	5,778,751	32,421,116
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held In Custody		13,932,303	5,197,315	19,129,618	14,096,812	4,231,162	18,327,974
4.3 Cheques Received for Collection		16,328,605	1,247,027	17,575,632	11,666,295	953,460	12,619,755
4.4 Commercial Notes Received for Collection		740,911	92,722	833,633	532,953	81,589	614,542
4.5 Other assets Received for Collection		125	452,627	452,752	125	512,540	512,665
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		307,108	-	307,108	346,180	-	346,180
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		144,817,060	43,007,503	187,824,563	139,190,758	36,757,375	175,948,133
5.1 Marketable Securities		418,979	340,551	759,530	306,697	459,121	765,818
5.2 Guarantee Notes		52,890,864	28,419,343	81,310,207	50,158,510	24,390,412	74,548,922
5.3 Commodity		167,940	130,360	298,300	142,587	108,608	251,195
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		77,629,295	10,155,409	87,784,704	77,965,304	8,026,196	85,991,500
5.6 Other Pledged Items		13,709,982	3,961,840	17,671,822	10,617,660	3,773,038	14,390,698
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		972,234	253,651	1,225,885	3,198,368	385,050	3,583,418
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		252,577,874	139,685,021	392,262,895	251,254,504	132,298,044	383,552,548

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD
ENDED 1 JANUARY – 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Section 5 Note	Reviewed	Reviewed	Reviewed	Reviewed
			Current Period 01.01-30.09.2021	Prior Period 01.01-30.09.2020	Current Period 01.07-30.09.2021	Prior Period 01.07-30.09.2020
I.	INTEREST INCOME	(IV-1)	11,153,940	8,112,634	4,063,782	2,780,355
1.1	Interest Income on Loans		8,350,418	6,440,357	3,113,635	2,039,474
1.2	Interest Income on Reserve Requirements		306,441	38,026	128,611	22,658
1.3	Interest Income on Banks		118,559	103,429	29,472	45,997
1.4	Interest Income on Money Market Transactions		113,537	47,639	18,313	31,946
1.5	Interest Income on Securities Portfolio		2,207,490	1,475,943	764,391	637,211
1.5.1	Financial Assets at Fair Value Through Profit or Loss		153,095	146,590	43,297	51,751
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		551,359	583,318	184,630	235,536
1.5.3	Financial Assets Measured at Amortized Cost		1,503,036	746,035	536,464	349,924
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		57,495	7,240	9,360	3,069
II.	INTEREST EXPENSE (-)	(IV-2)	6,393,510	3,496,698	2,410,498	1,202,362
2.1	Interest Expense on Deposits		5,345,201	2,418,288	2,063,607	848,637
2.2	Interest Expense on Funds Borrowed		429,972	361,859	150,758	123,668
2.3	Interest Expense on Money Market Transactions		156,698	199,247	46,249	48,590
2.4	Interest Expense on Securities Issued		341,435	333,886	120,144	152,914
2.5	Interest Expense on Leases		77,141	73,931	26,789	24,206
2.6	Other Interest Expenses		43,063	109,487	2,951	4,347
III.	NET INTEREST INCOME (I - II)		4,760,430	4,615,936	1,653,284	1,577,993
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		999,119	892,779	365,922	260,832
4.1	Fees and Commissions Received		1,726,700	1,321,440	660,893	404,811
4.1.1	Non-cash Loans		227,238	190,375	80,343	65,065
4.1.2	Other	(IV-9)	1,499,462	1,131,065	580,550	339,746
4.2	Fees and Commissions Paid (-)		727,581	428,661	294,971	143,979
4.2.1	Non-cash Loans		5,548	5,021	1,831	1,666
4.2.2	Other	(IV-9)	722,033	423,640	293,140	142,313
V.	DIVIDEND INCOME		5,963	31,218	247	205
VI.	TRADING INCOME / LOSS (Net)	(IV-3)	(1,951,597)	(1,108,340)	(612,477)	(494,246)
6.1	Securities Trading Gains / Losses		69,713	(39,616)	(4,830)	(29,758)
6.2	Gains / Losses on Derivative Financial Instruments		(1,993,338)	(890,122)	(689,078)	(359,972)
6.3	Foreign Exchange Gains / Losses		(27,972)	(178,602)	81,431	(104,516)
VII.	OTHER OPERATING INCOME	(IV-4)	154,694	89,336	51,832	32,115
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)		3,968,609	4,520,929	1,458,808	1,376,899
IX.	EXPECTED CREDIT LOSS (-)	(IV-5)	(235,982)	535,250	(108,819)	39,017
X.	OTHER PROVISION EXPENSES (-)	(IV-5)	2,322	(23,739)	(432)	1
XI.	PERSONNEL EXPENSE (-)		1,324,322	1,188,386	438,841	398,818
XII.	OTHER OPERATING EXPENSES (-)	(IV-6)	1,536,148	1,337,604	531,801	466,241
XIII.	NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)		1,341,799	1,483,428	597,417	472,822
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	INCOME/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		1,341,799	1,483,428	597,417	472,822
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-7)	298,022	331,757	152,047	85,651
18.1	Current Tax Provision		286,380	20,623	134,156	(306,362)
18.2	Deferred Tax Income Effect (+)		1,535,681	701,919	427,416	463,902
18.3	Deferred Tax Expense Effect (-)		(1,524,039)	(390,785)	(409,525)	(71,889)
XIX.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)		1,043,777	1,151,671	445,370	387,171
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from Non-current Assets Held for Sale		-	-	-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses from Non-current Assets Held for Sale		-	-	-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Expenses for Other Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(IV-7)	-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET INCOME/LOSS (XIX+XXIV)	(IV-8)	1,043,777	1,151,671	445,370	387,171
	Earnings per Share		0.4735	0.5224	0.2020	0.1756

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY – 30 SEPTEMBER 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed Current Period 01.01-30.09.2021	Reviewed Prior Period 01.01-30.09.2020
I. CURRENT PERIOD INCOME/LOSS	1,043,777	1,151,671
II. OTHER COMPREHENSIVE INCOME	213,931	356,834
2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss	11,061	6,616
2.1.1 Gains (losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2 Gains (losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on Remeasurements of Defined Benefit Plans	11,681	7,757
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	1,808	416
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	(2,428)	(1,557)
2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss	202,870	350,218
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(86,461)	(281,652)
2.2.3 Income (loss) related with Cash Flow Hedges	336,069	716,382
2.2.4 Income (loss) related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified through Other Profit or Loss	-	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	(46,738)	(84,512)
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,257,708	1,508,505

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD FROM 1 JANUARY – 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss					Total Shareholders' Equity	
Reviewed	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)		Current Period Profit or (Loss)
Period-End Balance 30.09.2020														
I. Prior Period End Balance	2,204,390	2,565	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	9,720,574
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	2,565	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	9,720,574
IV. Total Comprehensive Income	-	-	-	-	-	6,205	411	-	(219,689)	569,907	-	-	1,151,671	1,508,505
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	9,394	-	-	-	-	-	1,060,960	(1,070,354)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,060,960	(1,070,354)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 30.09.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,732	275,516	47,527	5,154	-	(202,268)	(316,844)	7,664,139	9,497	1,151,671	11,229,079
Current Period – 01.01-30.09.2021														
I. Prior Period End Balance	2,204,390	2,565	-	387,732	275,516	(1,744)	5,234	-	(88,087)	(226,705)	7,664,139	1,186,811	-	11,409,851
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2,204,390	2,565	-	387,732	275,516	(1,744)	5,234	-	(88,087)	(226,705)	7,664,139	1,186,811	-	11,409,851
IV. Total Comprehensive Income	-	-	-	-	-	9,346	1,715	-	(66,536)	269,406	-	-	1,043,777	1,257,708
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	(528)	(220,221)	-	-	-	-	-	230,246	(9,497)	-	-
XI. Profit Distribution	-	-	-	-	935	-	-	-	-	-	1,176,379	(1,177,314)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	935	-	-	-	-	-	1,176,379	(1,177,314)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 30.09.2021 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,204	56,230	7,602	6,949	-	(154,623)	42,701	9,070,764	-	1,043,777	12,667,559

1. Increase/decrease from tangible assets accumulated revaluation reserve.

2. Accumulated gains / losses on remeasurements of defined benefit plans.

3. Other (Other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss).

4. Foreign currency translation differences.

5. Accumulated revaluation and / or classification gains / losses of financial assets at fair value through other comprehensive income.

6. Other (Cash flow hedge gains / losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD FROM 1 JANUARY – 30 SEPTEMBER 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. STATEMENT OF CASH FLOWS

	Reviewed Current Period 01.01-30.09.2021	Reviewed Prior Period 01.01-30.09.2020
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	2,701,934	3,598,452
1.1.1 Interest received	10,322,380	7,926,035
1.1.2 Interest paid	(6,149,733)	(3,336,516)
1.1.3 Dividend received	5,963	31,218
1.1.4 Fees and commissions received	1,672,636	926,721
1.1.5 Other income	224,407	89,636
1.1.6 Collections from previously written off loans	826,348	1,129,629
1.1.7 Payments to personnel and service suppliers	(1,296,379)	(1,164,586)
1.1.8 Taxes paid	(119,407)	(342,411)
1.1.9 Others	(2,784,281)	(1,661,274)
1.2 Changes in operating assets and liabilities	(6,755,396)	2,492,163
1.2.1 Net (increase) in financial asset at fair value through profit or loss	(85,467)	(987,079)
1.2.2 Net (increase)/decrease in due from banks and other financial institutions	(35,401)	786
1.2.3 Net (increase) in loans	(7,917,208)	(7,643,236)
1.2.4 Net (increase) in other assets	(4,841,486)	(2,204,538)
1.2.5 Net (decrease)/ increase in bank deposits	(5,368,693)	5,665,559
1.2.6 Net increase in other deposits	7,043,728	5,251,441
1.2.7 Net increase / (decrease) in financial liabilities at fair value through profit or loss	-	-
1.2.8 Net increase in funds borrowed	1,180,084	957,590
1.2.9 Net increase / (decrease) in matured payables	-	-
1.2.10 Net increase in other liabilities	3,269,047	1,451,640
I. Net cash provided from banking operations	(4,053,462)	6,090,615
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(77,622)	(11,549,310)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-	(50)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-	-
2.3 Cash paid for purchase of tangible assets	(76,766)	(99,530)
2.4 Cash obtained from sale of tangible assets	2,839	3,856
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(3,053,430)	(6,314,808)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	3,363,288	1,672,232
2.7 Cash paid for purchase of financial assets measured at amortized cost	(2,032,496)	(7,592,934)
2.8 Cash obtained from sale of financial assets measured at amortized cost	1,758,847	807,184
2.9 Others	(39,904)	(25,260)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	(2,372,687)	3,155,014
3.1 Cash obtained from funds borrowed and securities issued	7,327,941	14,631,331
3.2 Cash used for repayment of funds borrowed and securities issued	(9,510,077)	(11,295,590)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	-
3.5 Payments for financial leases	(190,551)	(180,727)
3.6 Others	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	913,173	1,079,772
V. Net increase in cash and cash equivalents	(5,590,598)	(1,223,909)
VI. Cash and cash equivalents at beginning of the period	24,074,539	18,186,538
VII. Cash and cash equivalents at end of the period	18,483,941	16,962,629

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

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards (“TAS”) and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The unconsolidated financial statements are prepared within the scope of the Regulation on Accounting Applications for Banks and Safeguarding of Documents related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Financial Reporting Standards “TFRS” put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned regulations. The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of unconsolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

A new type of coronavirus (COVID-19), first emerging in China, has been classified as a pandemic affecting countries globally by the World Health Organization on 11 March 2020. COVID-19 has impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and it still maintains uncertainty about the future stands. While many countries announce economic and financial programs in order to limit the damage caused by the virus, Turkey also set regulatory fiscal and monetary actions in motion to support the companies and households in such difficult conditions. Additional regulatory measures are continued to be announced to tackle adverse impacts on companies and certain sectors.

The effects of this global pandemic on the Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the interim financial statements as of 30 September 2021, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 30 September 2021, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

b. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements:

The accounting policies and valuation principles used in the preparation of the financial statements are subject to the regulations, communiqués, annotations and circulars issued by BRSA on accounting and financial reporting principles and the TFRS (“BRSA Accounting and Financial Reporting Legislation”) which has been put into force by the POA on issues not regulated by the BRSA determined according to the principles.

The amendments to TAS/TFRS, effective from 1 January 2021, do not have a significant impact on the Bank's accounting policies, financial position and performance. The amendments to TAS and TFRS, which have been published but not yet entered into force as of the finalization date of the financial statements, will not have a significant impact on the Bank's accounting policies, financial position and performance.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Basis of Presentation (continued)

b. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements: (continued)

In addition, Benchmark Rate Reform – Phase 2, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting implementations. The impact of the changes on the Bank's financials has been evaluated and it has been concluded that there is no need that requires early application. On the other hand, the process for the Benchmark Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank continues to work within the scope of adaptation to the related changes.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained between Notes II and XXV.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Asset-Liability Management and Treasury Group using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Bank's foreign currency asset and liability balances are valued with the Bank's exchange buying rate at the reporting date and recognized as “Foreign exchange gains/losses” within statement of income.

The Bank's hedging activities for the currency risk due to foreign currency available for sale equity instruments are described under the currency risk section; and the Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under interest rate risk section.

The Bank's Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the balance sheet structure.

III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures

In accordance with “TAS 27”, investments in associates, subsidiaries and joint ventures are accounted with cost values and are reflected on the financial statements after deducting the provision for impairment, if any.

The dividends received from investments in associates, subsidiaries and joint ventures are reflected to income statements at the date of the right to receive dividend.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative transactions mainly consist of foreign currency swaps and interest rate swaps, cross currency swaps, currency options and forward foreign currency purchase and sale contracts.

Pursuant to "TFRS 9 Financial Instruments" ("TFRS 9"), derivative financial instruments of the Bank are classified as "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income".

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IV. Explanations on Forward and Option Contracts and Derivative Instruments (continued)

The portion of derivative financial assets at fair value through profit or loss

Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over contract amounts. Derivative transactions are valued at their fair values in the periods following their recording. Derivative financial instruments are initially recognized at fair value and attributable transaction costs are recognized in profit or loss on the date they are incurred. In the periods following the recording of derivative transactions, according to whether the fair value is positive or negative, the fair value difference of derivative financial assets at fair value through profit and loss or the fair value difference of derivative financial liabilities at fair value through profit or loss are shown in the balance sheet. Differences in fair value as a result of the valuation are reflected in the profit or loss statement from derivative financial transactions.

Derivative financial instruments are booked under off-balance sheet items. Derivative financial instruments where the underlying asset is money or commodity, are booked based on the amounts to be received / paid at the maturity date. Derivative financial instruments based on interest rate are booked with the principal amount on which the interest rate is calculated.

All derivative financial instruments are valued using the fair value method. The fair value of derivative financial instruments traded in organized markets is their price in the organized market. Within the scope of TFRS 13 Fair Value Measurement standard; The Bank considers that (i) the fair value of the asset or liability (or similar asset or liability) does not reflect fair value if the volume or level of activity of that asset or liability (or similar asset or liability) is significantly reduced relative to normal market volume, (ii) a transaction price or a quoted price and/or (iii) a material adjustment is required to make the price of a similar asset comparable to the subject asset, or (iv) the price is no longer valid, it adjusts the transaction price or quoted price and reflects this adjustment in the fair value measurement. In this context, the Bank determines the point in the range that best reflects the fair value in the current market conditions.

For the valuation of forward foreign currency purchase/sale contracts, swap money transactions, swap interest transactions and cross currency swap transactions using the fair value method, it is essential to determine the cash flows first. Cash movements related to variable interest rates in these products are determined by the current interest rates at the valuation date. The valuation is made by discounting these cash flows to the valuation date with the current interest rates and by converting the foreign currency ones into Turkish Lira at current rates.

Derivative transactions based on interest are valued according to the fair value method as well as the effective interest rate method. While the sum of the valuation amount made for such derivative transactions is shown in a single valuation account in the balance sheet, the amount calculated according to the effective interest method on the income/expense side and the difference amounts calculated according to the fair value method are shown in separate accounts.

The fair value method of option trading contracts are measured using the Black and Scholes model. Premiums of options are accrued on the starting date of maturity. The premium amount calculated on each valuation date constitutes the valuation amount. The premium amount to be paid, calculated within the scope of this model, is recorded as income and the premium amount to be collected as an expense, and the valuation is performed.

Explanations on derivatives for hedging purposes

TFRS 9 provides the option of deferring the adoption of hedge accounting of TFRS 9 and continuing with TAS 39 "Hedging accounting" in the choice of accounting policy. In this context, the Bank continues to apply TAS 39 standard for hedge accounting.

The Bank applies fair value hedge and cash flow hedge accounting. Hedging accounting is applied to prevent the fluctuations that may arise in the income statement in the short term as a result of the differences in the assets and resources in the balance sheet that are subject to interest rate risk and the valuation methods of derivative instruments that protect them from risk.

Some of the Bank's fixed-rate foreign currency securities and Turkish Lira loans can be subject to fair value hedge accounting. The fair value risk of the related fixed rate financial assets is hedged with currency swaps and cross currency swaps. The difference in the fair values of derivative transactions for fair value hedging purposes is followed in the "Profit/Loss from Derivative Financial Transactions" account. For fixed rate loans, the change in the fair value of the hedged item is shown together with the related asset in the statement of financial position as long as the hedge is effective.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Explanations on Forward and Option Contracts and Derivative Instruments (continued)

The portion of derivative financial assets at fair value through other comprehensive income

The Bank also hedges its cash flow risk arising from its financial debts with interest rate swaps and cross currency swaps. In cash flow hedge accounting, the effective part of the fair value change of the hedging instrument is recognized in the “Accumulated other comprehensive income or expense to be reclassified to profit or loss” account under equity, and the ineffective part is recognized in the statement of profit or loss. In periods when the cash flows related to the hedged item affect the profit or loss, the profit/loss of the related hedging instrument is also subtracted from the equity and reflected in the profit or loss statement.

The assessment that derivative transactions used for hedging purposes can effectively offset changes in the fair value of the hedged item is measured regularly and the measurement results are documented. In cases where the hedge does not meet the hedge accounting requirements, hedge accounting is discontinued.

While the Bank accounts the changes in the fair values of the hedged items in the “Other Interest Income” and “Other Interest Expense” accounts, the fair value changes of the hedging instruments corresponding to the same period are accounted for in the “Profit/Loss from Derivative Financial Transactions” account.

However, the differences between the fair values of the hedged items at the starting date of the hedge accounting and their book values are amortized in line with the maturities of the said items and accounted for in the “Other Interest Income” and “Other Interest Expense” accounts.

V. Explanations on Interest Income and Expenses

Interest is recorded according to the effective interest rate method (rate equalizing future cash flows of financial assets or liabilities to net present value) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. In applying the effective interest method, the Bank identifies fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognised in profit or loss. In those cases, such fees are accounted as revenue or expense when the financial instrument is initially recognised in the financial statements.

When applying the effective interest method, the Bank amortizes the fees, transaction costs and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the financial instrument.

If there is an unpaid interest accrual prior to the acquisition of an interest-bearing security; subsequently collected interest is divided into pre-acquisition and post-acquisition periods and only the post-acquisition portion is reflected in the financial statements as interest income. If the expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the change is reflected in the carrying value of the asset and the related income statement item and amortized over the estimated life of the financial instrument.

Interest income and expenses are recorded on accrual basis. As the interest income and expense is accrued, all tax liabilities are fulfilled.

Accrued but not collected interests and discounts of loans, those classified as non-performing (Stage 3) are not reversed and included in interest income.

The interest amount representing the time value of the future collections of the non-performing loans is recognized under interest income and fully provisioned. The income effect arising from the discount of the estimates of expected collection as getting closer to the estimated date of collection, is recorded under interest income.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. Explanations on Fees and Commission Income and Expenses

Fees and commissions other than integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted in accordance with the TFRS 15 Revenue from Contracts with Customers Standard.

Income on banking services which are not related to periodic services are recorded as income when they are collected. In order to classify the fees and commissions collected from customers as income on banking services or as other non-interest income, they shouldn't be related with a credit transaction.

All type of fees and commissions collected from customers regarding cash loans are deferred in commissions on cash loans account and are recognized as income over the period of the loan by discounting with effective interest rate.

The Bank receives commissions on the basis of collections from insurance companies regarding the insurance transactions it carries out as an insurance agency, and records these commissions as income on an accrual basis.

The commissions related with non-cash loans or periodic banking services, are deferred and recorded as income over the period according to the cut-off principle. Credit fee and commission expenses which are paid to other companies and institutions regarding financial liabilities and which create operational costs are discounted by effective interest rate and are recorded as expenses in the relevant period according to the cut-off principle.

VII. Explanations on Financial Assets

The Bank classifies and recognizes its financial assets as “Financial Assets at Fair Value through Profit or Loss”, “Financial Assets Measured at Fair Value through Other Comprehensive Income” or “Financial Assets Measured at Amortized Cost”. The financial assets are recognized or derecognized in accordance with the “Recognition and Derecognition” principles defined in Section 3 related to the classification and measurement of financial instruments of the "TFRS 9 Financial Instruments" standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the first measurement of financial assets other than “Financial Assets at Fair Value Through Profit or Loss”, transaction costs are added to the fair value or deducted from the fair value.

The Bank recognizes a financial asset in the financial statement when, and only when, the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the settlement date. When the Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to hold to collect and hold & sell the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit / loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

As of 30 September 2021, the Bank has reviewed the valuation of financial assets at fair value through other comprehensive income due to the negative effects of the COVID-19 outbreak and there is no change that would require an adjustment in the fair value measurement as of the reporting date.

Accounting policies for derivative financial instruments at fair value through profit or loss are explained in note III Chapter IV.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VII. Explanations on Financial Assets (continued)

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

The Bank may elect at initial recognition to irrevocably designate an equity investment at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends continue to be recognized in profit or loss in the financial statements.

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

As of 30 September 2021, the Bank has reviewed the valuation of equity instruments at fair value through other comprehensive income due to the adverse effects of the COVID-19 outbreak and there is no change that would require any adjustment in the fair value measurement as of the reporting date.

Financial Assets Measured at Amortized Cost

Financial investments measured at amortized cost:

A financial asset is classified as a financial asset measured at amortized cost when the Bank's policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial asset measured at amortized cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at "Amortized cost" by using the "Effective interest (IRR) rate method". Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Loans:

Loans are financial assets with fixed or determinable payment terms which are not traded on an active market and measured at amortized cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortized cost by using the "Effective interest (IRR) rate method".

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VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

- Time value of money
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

The Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is divided into “three categories” depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12 month expected credit losses.

In accordance with the BRSA's decision dated 27 March 2020 and numbered 8970, the Bank continued to classify its loans which delays between 30 and 90 days, effective from 17 March 2020 until 31 December 2020 as Stage 1. The relevant decision was extended until 30 June 2021, based on the BRSA's Decision dated 8 December 2020 and numbered 9312, and then until 30 September 2021, also based on the BRSA's decision dated 17 June 2021 and numbered 9624. It was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 31 days and for loans that do not exceed 90 days, BRSA decided to continue the in the same way as of 1 October 2021. Within the scope of the related decision, the Bank provides a 12 month expected loan loss provision for the loans which have delays between 30 and 90 days and continue to be classified in the Stage 1.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Following criteria have been taken into account in classification a financial asset as Stage 2:

- Loans having past due more than 30 days and less than 90 days
- Restructuring loans
- Concordatum events
- Significant deterioration in probability of default

In the case of the occurrence of any of the first three items above, it is classified under Stage 2 loans regardless of the comparison between probability of default.

Significant deterioration in probability of default is considered as significant increase in credit risk and the financial asset is classified under Stage 2 loans. In this regard, it is assumed that the probability of default deteriorates, if the probability of default exceeds the thresholds defined by the Bank's internal rating based credit rating models.

The BRSA has changed the default definition from 90 days to 180 days, to be valid until 31 December 2020, with the first decision taken on 17 March 2020. Based on the BRSA's decision dated 8 December 2020 and numbered 9312, this period was extended until 30 June 2021, and again until 30 September 2021, based on the BRSA's decision dated 17 June 2021 and numbered 9624 and with the BRSA's decision dated 16 September 2021, the practice of increasing the default period definition from 90 days to 180 days and in spite the 90 days default period, the practice of classification under Stage 2 was terminated by 30 September 2021. However, based on the same decision of the BRSA, as of October 1, 2021, the decision will continue for loans which default date is more than 91 days and not exceeding 180 days. After the BRSA decision, the Bank regularly reviews the default probabilities of loans that have a delay of more than 90 days, less than 180 days and continue to be followed in Stage 2, and makes any necessary updates. The effects of these updates are reflected in the financial statements.

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VIII. Explanations on Impairment of Financial Assets (continued)

Stage 2: (continued)

For customers with corporate and SME loans that are not subject to individual assessment, an increased provision for expected loss or a simulated Stage 3 expected credit loss provision has been set, based on how many times the customer has been overdue for more than 90 days in total in June 2020 and after. In other segments, expected credit loss provision was made at Stage 3 level.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount. For the related financial assets, the probability of default is taken into account as 100%.

Expected Credit Loss Calculation

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3 stage impairment model based on the change in credit quality. The Bank uses two different calculations considering 12 month and lifetime probability of default of the financial instruments.

If there is a significant increase in credit risk between the origination date and the reporting date of the loan, the lifetime probability of default is used and if there is no significant increase in credit risk the 12 month probability of default is used.

There are three loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

While the Bank uses the internal credit ratings for commercial portfolios, the internal behavioural scores is used for the retail portfolios. It is determined significant increase in credit risk by comparing the credit ratings/behavioural scores at the origination date and reporting date for both portfolios.

Default Definition: Debts having past due more than 90 days; in addition, the fact that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

In addition, due to COVID-19, the "more than 90 days delay" condition, which was used in the definition of default for the classification of loans, began to be applied as "more than 180 days delay" in accordance with the BRSA decision as of 17 March 2020. This implementation will be valid until 30 September 2021. Consistent with the subjected change, provision has been provided in accordance with the Bank's risk policies.

As of 30 September 2021, considering the possible effects of COVID-19 the data obtained with the principle of best effort were reflected to the estimates and assumptions used in the calculation of expected credit losses with the best estimation method. In light of the related information, the Bank has reconsidered its macroeconomic expectations in the expected credit loss calculation. The Bank has also provided additional provisions through individual assessment for customers which may be considered as highly effected.

The Bank considers different scenarios in the calculation of expected credit losses by evaluating current economic conditions and expert opinions. Accordingly, the macroeconomic value estimates taken into account in the expected loss provision calculation are presented below.

	2021				2022				2023				2024				2025			
Period(*)	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
GDP	7.0	21.3	6.4	5.7	4.6	3.8	2.8	2.8	3.4	4.1	4.2	4.2	4.1	4.0	4.1	4.0	3.9	3.9	4.1	4.3

(*) Represents 3-month periods.

The Bank does not have any financial asset as purchased or originated as credit-impaired.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

Probability of Default (PD): PD represents the likelihood of default over a specified time period. Based on the historical data, 1-year PD of a customer is calculated for each portfolio on the basis of credit ratings and behavioural scores. PDs and LGDs used in the ECL calculation are point in time (“PIT”) based on key portfolios and consider both current conditions and expected cyclical changes. Two types of probability of default are calculated.

- 12 Month PD: as the estimated probability of default occurring within the next 12 months
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument

Internal rating systems are used to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer's financial information and the answers to the qualitative question set. Behavioural score cards used in the retail portfolio include the behavioural data of the customer and the product in the Bank, the demographic information of the customer and the behavioural data of the customer in the sector. The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

Loss Given Default (LGD): If a loan defaults, it represents the economic loss incurred on the loan. It is expressed as a percentage.

The Bank calculates the recovery rates for each portfolio in a way that include the collateral types and several risk elements based on historical data, and it is ensured that the time value of money is included into the calculation by discounting of these recoveries to the reporting date. The collaterals in the calculation are taken into account by considering the credit conversion factors. The collaterals included in “Communique on Credit Risk Mitigation Techniques” is taken into account with their rules in the communique. The remaining part is considered as unsecured portfolio and loss given default rate determined for this portfolio is applied.

Exposure at Default (EAD): The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. The expected default amount is calculated by discounting the principal and interest repayments for cash loans and income accruals by effective interest method while it refers to the value calculated through using credit conversion factors for non-cash loans and commitments. It shows the risk of the borrower at the date of default.

Effective interest rate: the discount factor which reflects the time value of money.

Lifetime ECL is calculated by taking into account the period during which the Bank will be exposed to credit risk. The maturity information defined for all cash and non-cash loans is used in the calculation of the expected credit loss along with their maturity and payment plans. The maturity refers to the contractual life of a financial instruments unless there is the legal right to call it earlier. The maturity analysis and credit risk mitigation processes such as cancellation/revision of the limits have been developed for the definition of behavioural maturity for loans that do not have maturity information and revolving loans.

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as “Base”, “Adverse” and “Favourable” and the weighted average of the results of this scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product. The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

Expected Credit Loss Calculation of Stage 1 Loans: It is calculated by considering 12 month (1 year) PDs for the financial assets measured at amortized cost, which do not reflect a significant increase in credit risk. Therefore, it is a part of the lifetime expected credit losses. Such expected 12 month PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In the case of the current default rate is below a defined threshold without comparison with the origination date, the related loans are classified under Stage 1 loans by considering their credit qualities. Treasury Bills, Government Bonds, and CBRT balances are classified under Stage 1 loans. In addition, the institutions related to risk group of the Parent Bank and other banks' placements are classified under Stage 1 loans.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

Expected Credit Loss Calculation of Stage 2 Loans: It is calculated by considering lifetime PDs for the loans which has shown a significant increase in credit risk since origination. Such expected lifetime PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In determining of the significant increase in credit risk, qualitative and quantitative assessments are performed.

Qualitative assessments:

The loans with a delay on repayment more than 30 days are classified under Stage 2 loans. In addition, the restructured loans are classified under this stage. Also all the customers declaring concordatum are classified under this stage.

The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

In accordance with the BRSA's decision dated 17 March 2020 and numbered 8948, the Bank continued to classify its loans which delay between 90 and 180 days, effective from 17 March 2020 until 31 December 2020, as Stage 2. The relevant decision was extended until 30 June 2021, based on the BRSA's decision dated 8 December 2020 and numbered 9312, and then until 30 September 2021, also based on the BRSA's decision dated 17 June 2021 and numbered 9624. It was terminated pursuant to the decision of the Board of Directors of BRSA dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue the in the same way as of 1 October 2021 within the scope of the related decision.

The customers of which have corporate and SME exposures and not subject to individual assessment, after June 2020. The Bank provided additional expected loan loss provision provided based on the how many times past due days over 90 days or simulated stage 3 expected loan loss provision .In other segments, Stage 3 expected loan loss provision has been provided.

Quantitative assessments:

“Significant increase in credit risk” is quantitatively based on the comparison the risk of default at the reporting date with the risk of default at the date of initial recognition. Where the change is above the defined threshold it is considered as significant increase in the credit risk, meaning that the credit is classified under Stage 2 loans.

In the case of the internal credit rating of the loan is above a defined threshold “high risk portfolio” without comparison with the origination date, the related loans are classified under Stage 2 loans.

Expected Credit Loss Calculation of Stage 3 Loans: Lifetime expected credit losses are booked for the loans considered as impaired. When calculating the provisions by discounting the individual cash flow expectations for financial instruments which are above a defined threshold, loss given default rates are taken into account in case of default for financial instruments which are below the defined threshold.

IX. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has legally enforceable rights to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously.

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets carried at amortized costs, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income according to the classification of marketable securities subject to repurchase agreement, and are valued according to the measurement rules of the relevant category. Funds obtained through repurchase agreements are booked in a separate liability account, namely funds provided under repurchase agreements under money market balances. Income and expenses arisen from these transactions are booked in “Interest Income on Marketable Securities Portfolio” and “Interest Expense on Money Market Borrowings” in income statement.

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X. Explanations on Sales and Repurchase Agreements and Lending of Securities (continued)

Securities purchased under repurchase agreements (“reverse repo”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 30 September 2021, the Group does not have reverse repo transaction (31 December 2020: TL 3,679,810).

As of 30 September 2021, the Bank does not have any marketable securities lending transaction (31 December 2020: None).

XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets

Assets held for sale consist of tangible assets acquired due to non-performing loans and are accounted for in accordance with the provisions of “TFRS 5 Non-current Assets Held for Sale and Discontinued Operations” in the financial statements. An asset (or a group of assets to be disposed) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

As of 30 September 2021, assets held for sale and discontinued operations of the Bank are TL 102,665 (31 December 2020: TL 112,859). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 2,726 (31 December 2020: TL 5,330) has been reserved as provision for impairment losses.

As of 30 September 2021, the Bank has no discontinued operations.

XII. Explanations on Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree’s identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

As explained in footnote 1 of Section 1, under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Newspaper 12 February 2011 dated and numbered as 27844, all rights, receivables, (assets and liabilities) of Fortis Bank A.Ş. would be transferred to the Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 Business Combination, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. In this context, the Bank has measured the identifiable assets acquired and the identifiable liabilities acquired in the date of the merger of Fortis Bank A.Ş. at fair value and presented in the financial statements as related items. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder’s equity section. The amount of TL 421,124 which is the difference between TL 2,385,482 the fair value of transferred amount and TL 1,964,348 the identifiable net asset value is accounted as goodwill in the financial statements of the Bank and the equity impact is shown under other shareholder’s equity section.

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XII. Explanations on Goodwill and Other Intangible Assets (continued)

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Bank comprise mainly software. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Software used are mainly developed within the Bank by the Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

XIII. Explanations on Tangible Fixed Assets

Tangible assets of the Bank are accounted for at their restated cost until 31 December 2004 and afterwards, the acquisition cost and any other cost incurred to prepare the asset ready for use are reflected, less reserve for impairment, if any.

Depreciation rates are defined according to the economic life of the relevant assets.

Depreciation is calculated using the straight line method, without taking residual values in to consideration, based on the number of months that the asset is used. No amendment has been made to the depreciation method in the current period. The economic useful lives of the tangible fixed assets are as follows:

Buildings	50 years
Furniture, Fixtures and Office Equipment and Others	5-15 years

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other maintenance costs are expensed. Leasehold improvements amount are subject to depreciation during leasing period. This period is taken into consideration maximum five years. For the branches, this period is considered as three years in parallel with the Bank's business plans.

The Bank employs independent appraisers in determining the current fair values of its real estate's when there is any indication of impairment in value of real estates.

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XIV. Explanations on Leasing Transactions

“IFRS 16 Leases” was promulgated in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information and faithful representation. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements. The Bank has started to apply the related standard for the first time on 1 January 2019 by reflecting the application effects to the equity accounts.

Lease obligations under the contract in the amount of liabilities on the balance sheet equal to the sum of all cash payments and offset with the form shown gross interest expense arising from the contract. The right of use arising from the leasing transactions, at the date of commencement, the present value of the lease payments which have not been paid at that date is measured and measured. In this measurement, if the interest can be easily determined, the implied interest rate in the lease is used. If this ratio is not easily determined, the Bank's alternative borrowing interest rate announced by the Asset and Liability Management Department is used.

On 5 June 2020, POA made amendments to IFRS 16 “Leases” by publishing Concessions Granted in Rent Payments Related to COVID-19 - “Amendments to IFRS 16 Leases”. With this change, tenants are exempted from evaluating whether the concessions granted due to COVID-19 in rent payments have been changed or not. The related change did not have a significant impact on the financial position or performance of the Bank.

With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Tangible Assets” (right of use assets) as an asset (tenure) and under “Lease Payables” as a liability.

XV. Explanations on Provisions and Contingent Liabilities

Provisions are provided for liabilities of uncertain timing or amount arising from past events have the probability to result in an expense or loss in the future and when it can be measured reliably.

Provisions are determined by using the Bank’s best expectation of expenses in fulfilling the obligation as of the balance sheet date, and discounted to present value if material. Provisions and contingent liabilities, excluding specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards (TAS 37) regarding Provisions, Contingent Liabilities and Contingent Assets.

XVI. Explanations on Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

Contingent assets are disclosed in the financial statements’ notes where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. In case it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

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XVII.Explanations on Liabilities Regarding Employee Benefits

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 Employee Benefits.

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

Employees transferred to the Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Fortis Bank A.Ş Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No. 506. Technical financial statements of the Pension Fund are reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 30 September 2021, the Pension Fund has 1,428 employees and 1,236 pensioners (31 December 2020: 1,505 employees and 1,191 pensioners).

Provisional Article 23 (1) of Banking Law No: 5411 (the “Banking Law”) published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the “SSI”) within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court’s ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the “TGNA”) initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers’ resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers’ resolution dated 24 February 2014 issued in the Official Gazette No:28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers’ resolution dated 8 April 2013 issued in the Official Gazette No:28636 on 3 May 2013. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, “Council of Ministers” is authorized to determine the date of transfer to the Social Security Institution has been replaced with “President”.

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2020. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Bank.

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XVIII. Explanations on Taxation

Corporate tax

According to Article 32 of the Corporate Tax Law No. 5520 announced in the Official Gazette dated 21 June 2006, the corporate tax rate in Turkey is 20%. However, with the “Law on Amendments to Some Tax Laws and Some Other Laws” numbered 7061 published in the Official Gazette dated 5 December 2017, this rate was applied as 22% for 3 years between 2018-2020. The Corporate Tax rate with the Provisional Article 13 added to the Corporate Tax Law no. It will be applied as 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021.

In accordance with the tax legislation, provisional tax is calculated and paid on quarterly earnings, and the paid amounts are deducted from the tax calculated on annual earnings. On the other hand, the earnings obtained in foreign branches are taken into account in the Corporate Tax Declaration by being exempted within the scope of Article 22 of the Double Taxation Prevention Agreement signed between Turkey and the Turkish Republic of Northern Cyprus on the prevention of double taxation.

50% portion of the gains derived from the sale of immovable (from 5 December 2017) which have been acquired due to loans under follow-up from the Bank and 75% portion of participation shares, founder's shares, dividend shares and preemption rights is tax exempt. 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the immovable properties held for at least two years are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for five years.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one instalment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred Tax Asset/Liability

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As stated in the explanations regarding the Corporate Tax, the rates to be applied to the corporate earnings of the 2021 and 2022 taxation periods are determined as 25% and 23%, respectively. In the scope of TAS 12 Income Taxes standard, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. As of 30 September 2021, the Bank evaluated its assets and liabilities according to their maturities, and deferred tax calculations were made according to 25%, 23% or 20% corresponding to the relevant maturities.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax asset is calculated over temporary differences arisen from expected credit loss provision in line with TFRS 9 principles from 1 January 2018.

Deferred tax income balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XIX. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

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XX. Explanations on Issued Equity Securities

There are no shares issued in 2021.

XXI. Explanations on Bill Guarantees and Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XXII. Explanations on Government Incentives

There is no government incentive utilized by the Bank.

XXIII. Explanations on Reporting According to Segmentation

The operating segments of the Bank include retail and private banking, SME banking, corporate banking, treasury and asset-liability management.

Retail and private banking lines of the Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Bank also provides account products like Marifetli, Fırsat and CEPTETEB along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In regards to investment needs for customers, retail and private banking offers brokerage services for treasury bill transactions, government bonds, Eurobonds, foreign exchange purchases/sales, a wide-range of investment funds, private pension funds and equity securities transactions. It also provides practical account, credit deposit account, automatic bill/regular payment options, safe-deposit boxes and insurance services beside credit and debit cards offering advantages in shopping and banking transactions. These products and services are provided to customers through widespread physical branches and ATM network and also via a 24/7 call centre, internet and mobile banking.

Corporate banking provides financial solutions and banking services to large-scale local firms, holdings and their group companies, and multinational companies operating in Turkey. In addition to the bank deposit services provided to corporate customers, corporate banking also develops tailored solutions and products for standard cash and non-cash loans, investment loans, cash management services in line with customer needs and demands and foreign trade financing. Foreign exchange purchase and sale transactions, corporate financing services, derivative products and solutions to manage foreign exchange and interest rate risk and commodity financing are other services provided by the Bank. The Bank provides these services and products for its corporate customers via teams, located in its corporate branches and Head Office, who are specialized in foreign trade, cash management, structured finance and multinational companies. It also benefits from the global business network and expertise of BNP Paribas Group.

SME banking provides small and medium-sized enterprises with financial solutions and exclusive services for non-financial matters. The Bank, which specifically designed its services for different segments in the field of SME Banking, has developed solutions that are tailored to the needs of these segments. In addition to solutions developed for small and medium-sized enterprises, solutions were developed for agricultural producers, jewellers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women’s banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

When determining the short, medium and long-term pricing strategy, Asset-Liability Management and the Treasury Group also manage the maturity mismatch, by adopting a principle foreseeing to work with a positive balance sheet margin. Spot and forward TL and foreign exchange purchase-sale transactions, treasury bill, government bond, and Eurobond purchase-sale transactions, and derivative product purchase/sale transactions are carried out under defined authorizations. The Bank also carries out activities related to providing medium and long-term funding, enabling funding at a price below the price reflecting the country risk price, diversifying funding resources, and creating an international investor base in this field.

The Financial Markets Group provides structured financial solutions to hedge foreign exchange/interest rate risks of customers and provides the most appropriate price for the market instruments offered to customers by monitoring market conditions.

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XXIII. Explanations on Reporting According to Segmentation (continued)

The details of the income statement and the balance sheet which the Bank operates as a business lane:

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	5,963	5,963
Profit / (Loss) Before Tax	359,757	448,561	218,912	314,569	1,341,799
Tax Provision (-)	-	-	-	298,022	298,022
Net Profit for the Period	359,757	448,561	218,912	16,547	1,043,777

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	34,822,416	33,341,734	20,209,040	61,195,961	149,569,151
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
Total Assets	34,822,416	33,341,734	20,209,040	61,312,002	149,685,192
Segment Liabilities	69,125,163	22,752,512	10,000,809	35,139,149	137,017,633
Shareholders' Equity	-	-	-	12,667,559	12,667,559
Total Liabilities	69,125,163	22,752,512	10,000,809	47,806,708	149,685,192

Prior Period (30.09.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	31,218	31,218
Profit / (Loss) Before Tax	323,599	264,121	63,185	832,523	1,483,428
Tax Provision (-)	-	-	-	331,757	331,757
Net Profit for the Period	323,599	264,121	63,185	500,766	1,151,671

Prior Period (31.12.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	29,454,535	30,864,545	17,917,969	61,694,952	139,932,001
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
Total Assets	29,454,535	30,864,545	17,917,969	61,810,993	140,048,042
Segment Liabilities	57,220,832	28,190,237	8,208,073	35,019,049	128,638,191
Shareholders' Equity	-	-	-	11,409,851	11,409,851
Total Liabilities	57,220,832	28,190,237	8,208,073	46,428,900	140,048,042

XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2021 of the Bank, TL 1,117,314 that constitutes the 2020 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 58,866 as Legal Reserves, TL 935 as Special Reserves, TL 0.96 (full TL) as profit distributed to the holders of the founder jouissance certificates.

XXV. Reclassifications

In order to comply with the financial statement presentation dated 30 September 2021, some reclassifications have been made on the income statement and cash flow statement dated 30 September 2020 and the balance sheet dated 31 December 2020. The relevant classification has no effect on the Bank's performance.

In order to comply with the Bank's financial position as of 30 September 2021 prepared in accordance with the Uniform Chart of Accounts published on 1 January 2021, a reclassification was performed for the collateral amounts given over the derivative transactions made with foreign banks between cash and cash equivalents and other assets lines as of 31 December 2020 amounting to TL 1,332,737. The effects of this classification on the cash flow statement have also been updated. Collaterals in foreign non-bank institutions are continued to be recorded under other assets line. These mentioned classifications did not have any impact on the asset size and performance of the Bank's statement of financial position.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders’ Equity

Equity amount and capital adequacy standard ratio within the framework of the “Regulation on the Equity of Banks” and the “Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks” and in addition to these, the BRSA's numbered 9312 dated 8 December 2020, numbered 3984 dated 16 April 2020 and numbered 9624 dated 17 June 2021 regulations. According to the latest regulation changes;

In the calculation of the amount subject to credit risk; while calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the reporting date is used.

Within the scope of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks published in the Official Gazette dated 23 October 2015 and numbered 29511, for the receivables of banks from the Central Government of the Republic of Turkey and issued in FC, 0% risk weight was applied in the calculation of the amount subject to credit risk in accordance with the Standard Approach.

In accordance with BRSA Board Decision dated 1 July 2021 and numbered 9645, the risk weights of individual credit cards and consumer loans were changed. The risk weight for consumer loans extended after the decision taken, was applied as 100% instead of 75% for those with a remaining maturity of 1-12 months, and 150% instead of 75% for those with more than 1 year. Likewise, the risk weight for individual credit cards after the date of the decision; was applied as 100% instead of 75% for those with 1-6 months to maturity, and 150% instead of 75% for those with 6 months or more.

The Bank's current period equity amount calculated as of 30 September 2021 is TL 18,058,545 (31 December 2020: TL 16,429,056), and the capital adequacy standard ratio is 17.01% (31 December 2020: 18.51%). The Bank's capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation. Credit risk “standard approach” for banking accounts, market risk “standard method” for trading accounts, counterparty credit risk “fair value valuation method” for derivatives and repo transactions, credit valuation adjustment capital load “standard method” for over-the-counter derivative transactions method and operational risk were calculated using the “basic indicator method”.

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to the Components of Shareholders' Equity:

	Current Period	Prior Period
	30.09.2021	31.12.2020
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	2,404,652
Share Premium	2,565	2,565
Reserves	9,402,003	8,293,298
Gains Recognized in Equity as per TAS	4,078	63,530
Profit	1,043,777	1,186,811
Current Period Profit	1,043,777	1,177,314
Prior Period Profit	-	9,497
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	-	527
Common Equity Tier 1 Capital Before Deductions	12,857,075	11,951,383
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	-
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	154,623	23,436
Leasehold Improvements on Operational Leases	27,670	38,025
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	111,507	131,757
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	-
Net amount of defined-benefit plan assets	-	-
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier 1 Capital	714,924	614,342
Total Common Equity Tier 1 Capital	12,142,151	11,337,041

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I. Explanations Related to Components of Shareholders' Equity (continued)

Information related to the Components of Shareholders' Equity: (continued)

	Current Period	Prior Period
	30.09.2021	31.12.2020
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier 1 Capital before deductions	-	-
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment on its own Tier 1 Capital	-	-
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier 1 Capital which are compatible with the article 7 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
Items to be deducted from Tier 1 Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	-	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	12,142,151	11,337,041
TIER 2 CAPITAL		
Debt instruments and premiums approved by BRSA	4,781,328	4,137,063
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	1,166,721	959,538
Tier 2 Capital Before Deductions	5,948,049	5,096,601
Deductions From Tier 2 Capital		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Total Tier 2 Capital	5,948,049	5,096,601
Total Capital (The sum of Tier 1 and Tier 2 Capital)	18,090,200	16,433,642

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to the Components of Shareholders’ Equity: (continued)

	Current Period 30.09.2021	Prior Period 31.12.2020
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	3,667	1,046
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	-
Other items to be defined by the BRSA	27,988	3,540
Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	18,058,545	16,429,056
Total Risk Weighted Assets	106,164,148	88,762,236
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.44	12.77
Tier 1 Capital Adequacy Ratio (%)	11.44	12.77
Capital Adequacy Ratio (%)	17.01	18.51
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.51	2.50
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.01	-
c) Systemic significant bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets(%)	2.93	4.27
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	217,826	182,843
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	572,104	632,912
Limits related to provisions considered in Tier 2 Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,815,938	1,996,558
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	1,166,721	959,538
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	88,574	177,147

(*) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to the Components of Shareholders’ Equity: (continued)

	T	T-1	T-2	T-3	T-4
CAPITAL ITEMS					
Common Equity Tier 1 Capital	12,142,151	11,656,238	11,131,604	11,337,041	11,343,942
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	12,053,577	11,567,664	11,043,030	11,159,894	11,166,795
Tier 1 Capital	12,142,151	11,656,238	11,131,604	11,337,041	11,343,942
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	12,053,577	11,567,664	11,043,030	11,159,894	11,166,795
Capital	18,058,545	17,430,245	16,602,890	16,429,056	16,472,605
Capital where the transition impact of TFRS 9 has not been applied (c)	17,969,971	17,341,671	16,514,316	16,251,909	16,295,458
TOTAL RISK WEIGHTED ASSETS					
Total Risk Weighted Assets	106,164,148	96,152,637	92,314,341	88,762,236	86,658,046
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.44	12.12	12.06	12.77	13.09
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	11.35	12.03	11.96	12.57	12.89
Tier 1 Capital Adequacy Ratio (%)	11.44	12.12	12.06	12.77	13.09
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	11.35	12.03	11.96	12.57	12.89
Capital Adequacy Ratio (%)	17.01	18.13	17.99	18.51	19.01
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	16.93	18.04	17.89	18.31	18.80
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	204,766,755	190,468,375	183,350,920	183,587,494	179,856,846
Leverage Ratio	5.93%	6.12%	5.97%	6.11%	6.20%
FTA not Applied Leverage Ratio (e)	5.89%	6.07%	5.92%	6.01%	6.11%

Basic information for the TFRS 9 transition process

a: Common equity Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.

b: Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.

c: Total capital if Temporary Article 5 of the Regulation on equities of banks has not applied.

d: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

e: The leverage ratio calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

Explanations on Reconciliation of Capital Items to Balance Sheet:

Total Capital per Balance Sheet	12,667,559
Hedging Funds (effective portion)	(42,701)
Deductions Made Under Regulation	(571,281)
Transition Impact of TFRS 9 (Temporary 5 th Article)	88,574
Common Equity Tier 1 Capital	12,142,151
Additional Tier 1 Capital	-
Tier 1 Capital	12,142,151
General Provisions (Stage 1 and 2)	1,166,721
Bank's Borrowing Instruments	4,781,328
Deductions Made Under Regulation	(31,655)
Total Equity	18,058,545

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to debt instruments included in equity calculation :

All of the debt instruments included in equity calculation are issued by the Bank.

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS0700889081	XS0808626013	XS0780562665	XS0947781315
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated/consolidated/consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,858.7	1,025.5	615.3	1,281.9
Par value of debt instrument (TL Currency in mil)	1,858.7	1,025.5	615.3	1,281.9
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	5.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated (Demand / Time)	Time	Time	Time	Time
Original maturity date	5.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	5.11.2023	22.07.2024	14.05.2024	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	6mEuribor+7.10%	6mEuribor+7.10%	6mEuribor+5.10%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
Convertible or non-convertible				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed(*)	-	-	-	-

(*) Under Article 8/2 in subsection (ğ) mechanism of write-down or conversion to common shares are stated.

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations Related to Currency 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 Board of Directors of the Bank sets limits for the positions, which are followed up daily. Any possible changes in the foreign currency transactions in the Bank’s positions are also monitored.

As an element of the Bank’s risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

Asset Liability Management and Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank’s Asset-Liability Committee on a weekly basis.

As of 30 September 2021, the Bank’s balance sheet short position is TL 13,527,011 (31 December 2020: TL 21,615,848 short position) off-balance sheet long position is TL 13,261,548 (31 December 2020: TL 21,041,159 long position) and as a result net foreign currency short position is TL 265,463 (31 December 2020: net TL 574,689 short position).

The announced current foreign exchange buying rates of the Parent Bank at 30 September 2021 and the previous five working days in full TL are as follows:

	23.09.2021	24.09.2021	27.09.2021	28.09.2021	29.09.2021	30.09.2021
USD	8.7121	8.8257	8.8071	8.8513	8.8433	8.8510
EUR	10.2333	10.3340	10.3052	10.3374	10.2786	10.2548

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 30 September 2021 are as follows:

	Monthly Average Foreign Exchange Buying Rate
USD	8.5087
EUR	10.0247

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

The table below shows the Bank’s distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Bank also monitors the delta-adjusted position of the option transactions. As of 30 September 2021, the Bank has net USD long position TL 427,626 and net EUR long position TL 17,846.

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	9,473,354	8,029,399	1,661,759	19,164,512
Banks ⁽²⁾	723,436	2,095,316	1,818,599	4,637,351
Financial Assets at Fair Value Through Profit or Loss	21,661	584,137	-	605,798
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,252,560	1,885,377	25,908	3,163,845
Loans ⁽³⁾	12,459,747	4,337,719	972,181	17,769,647
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost ⁽⁴⁾	1,857,614	1,278,046	-	3,135,660
Derivative Financial Assets for Hedging Purposes ⁽⁵⁾	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽⁶⁾	325,952	58,150	5,809	389,911
Total Assets	26,114,324	18,268,144	4,484,256	48,866,724
Liabilities				
Bank Deposits	80	-	13	93
Foreign Currency Deposits ⁽⁷⁾	14,527,622	22,284,123	7,622,166	44,433,911
Money Market Borrowings	1,837,025	-	-	1,837,025
Funds Provided From Other Financial Institutions	9,803,871	5,485,330	-	15,289,201
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	6,202	-	-	6,202
Other Liabilities ⁽⁸⁾	401,773	358,778	66,752	827,303
Total Liabilities	26,576,573	28,128,231	7,688,931	62,393,735
Net Balance Sheet Position	(462,249)	(9,860,087)	(3,204,675)	(13,527,011)
Net Off-Balance Sheet Position	556,467	9,540,884	3,164,197	13,261,548
Financial Derivative Assets ⁽⁹⁾	12,361,036	21,545,193	4,935,029	38,841,258
Financial Derivative Liabilities ⁽⁹⁾	11,804,569	12,004,309	1,770,832	25,579,710
Non-Cash Loans ⁽¹⁰⁾	10,312,219	10,159,552	1,978,892	22,450,663
Prior Period				
Total Assets	21,277,098	13,617,682	4,458,681	39,353,461
Total Liabilities	24,717,839	28,642,995	7,608,475	60,969,309
Net Balance Sheet Position	(3,440,741)	(15,025,313)	(3,149,794)	(21,615,848)
Net Off-Balance Sheet Position	3,506,359	14,570,186	2,964,614	21,041,159
Financial Derivative Assets ⁽⁹⁾	15,993,374	25,685,642	4,743,380	46,422,396
Financial Derivative Liabilities ⁽⁹⁾	12,487,015	11,115,456	1,778,766	25,381,237
Non-Cash Loans ⁽¹⁰⁾	8,000,422	7,226,322	1,537,854	16,764,598

⁽¹⁾ Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 2,898 (31 December 2020 : TL 2,561).

⁽²⁾ The banks include TL 15,127 (31 December 2020 : TL 9,579) of expected credit loss provisions.

⁽³⁾ Loans include foreign currency indexed loan accounts amounting to TL 142,509 (31 December 2020: TL 233,707). Includes expected loss provisions balance amounting to TL 451,039 (31 December 2020: TL 476,466).

⁽⁴⁾ Financial assets at amortized cost includes expected credit loss amounting to TL 706 (31 December 2020 : TL 523).

⁽⁵⁾ There is no income accruals from derivative financial instruments is deducted from derivative financial assets held for risk management. (31 December 2020: TL 31,137)

⁽⁶⁾ TL 172,380 (31 December 2020: TL 213,071) income accruals from derivative financial instruments is deducted from other assets.

⁽⁷⁾ Precious metal accounts amounting to TL 5,499,754 (31 December 2020: TL 6,002,054) are included in the foreign currency deposits.

⁽⁸⁾ TL 121,093 (31 December 2020: TL 175,503) expense accruals from derivative financial instruments are deducted from other liabilities.

⁽⁹⁾ Forward asset and marketable securities purchase-sale commitments of TL 1,332,263 (31 December 2020: TL 951,630) are added to derivative financial assets and TL 1,434,385 (31 December 2020: TL 1,071,704) has been added to derivative financial assets.

⁽¹⁰⁾ There is no effect on the net off-balance sheet position.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank’s position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Liquidity Risk and Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

The Bank carries interest rate risk within legal and internal limits and manages interest rate risk in line with the bank's risk appetite.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Current Period							
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	15,131,578	-	-	-	-	9,209,212	24,340,790
Banks ⁽³⁾	2,523,367	-	-	-	-	2,216,868	4,740,235
Financial Assets at Fair Value Through Profit or Loss	321,770	299,169	182,311	581,411	109,235	218,087	1,711,983
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1,678,934	310,583	2,910,712	3,603,164	-	12,689	8,516,082
Loans ⁽⁴⁾	25,037,937	9,780,205	30,137,989	23,277,369	1,271,800	(603,394)	88,901,906
Financial Assets Measured at Amortized Cost ⁽⁵⁾	1,223,730	8,576,785	1,696,518	2,587,413	40,074	(3,178)	14,121,342
Other Assets	4,265	96,171	657,649	699,243	163,087	5,732,439	7,352,854
Total Assets	45,921,581	19,062,913	35,585,179	30,748,600	1,584,196	16,782,723	149,685,192
Liabilities							
Bank Deposits	2,777,252	-	-	-	-	36,008	2,813,260
Other Deposits	54,485,074	8,034,084	293,358	428	-	36,485,946	99,298,890
Money Market Borrowings	5,837,230	-	-	-	-	-	5,837,230
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,541,571	1,057,295	-	-	-	-	2,598,866
Funds Provided From Other Financial Institutions	4,409,889	6,515,654	3,016,468	-	1,938,321	-	15,880,332
Other Liabilities	-	291,362	596,629	707,241	28,201	21,633,181	23,256,614
Total Liabilities	69,051,016	15,898,395	3,906,455	707,669	1,966,522	58,155,135	149,685,192
Balance Sheet Long Position	-	3,164,518	31,678,724	30,040,931	-	-	64,884,173
Balance Sheet Short Position	(23,129,435)	-	-	-	(382,326)	(41,372,412)	(64,884,173)
Off-Balance Sheet Long Position	3,203,054	5,922,688	-	-	-	-	9,125,742
Off-Balance Sheet Short Position	-	-	(5,949,394)	(2,611,570)	(367,696)	-	(8,928,660)
Total Position	(19,926,381)	9,087,206	25,729,330	27,429,361	(750,022)	(41,372,412)	197,082

⁽¹⁾ The expected loss provisions are presented under the “Non-Interest Bearing” column.

⁽²⁾ Cash balances (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and the Central Bank of Turkey include balances of expected losses amounting to TL 3,967.

⁽³⁾ The banks include TL 16,255 of expected loss provisions.

⁽⁴⁾ The revolving loans amounting to TL 11,226,651 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,628,843.

⁽⁵⁾ Financial assets at amortized cost include losses amounting to TL 3,178.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 779,466, intangible assets amounting to TL 543,722, subsidiaries amounting to TL 116,036, and entities under common control (joint vent.) amounting to TL 5, assets held for sale amounting to TL 102,665, while other liabilities line includes the shareholders’ equity of TL 12,667,559.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. Explanations Related to Interest Rate Risk (continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates): (continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Prior Period							
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	11,452,134	-	-	-	-	5,495,853	16,947,987
Banks ⁽³⁾	4,732,084	-	-	-	-	3,113,416	7,845,500
Financial Assets at Fair Value Through Profit or Loss	297,525	91,886	760,926	201,958	95,521	183,075	1,630,891
Money Market Placements ⁽⁴⁾	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income	805,587	113,055	2,319,571	4,656,078	746,205	10,881	8,651,377
Loans ⁽⁵⁾	11,310,285	6,681,908	25,261,054	32,741,342	3,435,619	(545,889)	78,884,319
Financial Assets Measured at Amortized Cost ⁽⁶⁾	1,012,657	825,220	9,171,693	1,472,121	41,250	(2,818)	12,520,123
Other Assets	338,380	535,384	266,647	672,721	299,267	5,274,999	7,387,398
Total Assets	36,129,538	8,247,453	37,779,891	39,744,220	4,617,862	13,529,078	140,048,042
Liabilities							
Bank Deposits	7,424,601	-	-	-	-	43,796	7,468,397
Other Deposits	47,493,350	5,865,710	235,318	367	-	32,710,336	86,305,081
Money Market Borrowings	6,548,253	-	-	-	-	-	6,548,253
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	2,160,640	-	2,649,997	-	-	-	4,810,637
Funds Provided From Other Financial Institutions	758,398	594,518	8,303,532	91,158	4,194,951	-	13,942,557
Other Liabilities	227,987	28,532	383,341	1,309,066	244,413	18,779,778	20,973,117
Total Liabilities	64,613,229	6,488,760	11,572,188	1,400,591	4,439,364	51,533,910	140,048,042
Balance Sheet Long Position	-	1,758,693	26,207,703	38,343,629	178,498	-	66,488,523
Balance Sheet Short Position	(28,483,691)	-	-	-	-	(38,004,832)	(66,488,523)
Off-Balance Sheet Long Position	3,031,120	3,816,103	-	-	-	-	6,847,223
Off-Balance Sheet Short Position	-	-	(796,816)	(5,154,568)	(487,360)	-	(6,438,744)
Total Position	(25,452,571)	5,574,796	25,410,887	33,189,061	(308,862)	(38,004,832)	408,479

⁽¹⁾ The expected loss provisions are presented under the “Non-Interest Bearing” column.

⁽²⁾ Cash balances (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and the Central Bank of Turkey include balances of expected losses amounting to TL 3,316.

⁽³⁾ Banks include balance of expected loss provisions amounting to TL 10,656.

⁽⁴⁾ Money market placements include balance of expected loss provisions amounting to TL 439.

⁽⁵⁾ The revolving loans amounting to TL 6,201,511 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 4,047,771.

⁽⁶⁾ Financial assets at amortized cost include balance of expected loss provisions of TL 2,818.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 836,192, intangible assets amounting to TL 564,803, subsidiaries amounting to TL 116,036, and entities under common control (joint vent.) amounting to TL 5, assets held for sale amounting to TL 112,859, while other liabilities line includes the shareholders’ equity of TL 11,409,851.

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. Explanations Related to Interest Rate Risk (continued)**Average interest rates applied to monetary financial instruments:**

	EUR %	USD %	YEN %	TL %
End of Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	13.50
Banks	(0.58)	0.19	(0.27)	19.50
Financial Assets at Fair Value Through Profit and Loss	3.28	4.37	-	18.56
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.42	3.62	-	12.99
Loans	2.83	2.92	5.45	18.02
Financial Assets Measured at Amortized Cost	3.00	6.16	-	23.87
Liabilities				
Bank Deposits	-	-	-	15.66
Other Deposits	0.02	0.23	-	17.25
Money Market Borrowings	1.75	-	-	18.00
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	19.09
Funds Provided From Other Financial Institutions	2.05	4.87	-	15.41
End of Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.29)	0.21	(0.26)	17.88
Financial Assets at Fair Value Through Profit and Loss	2.60	2.65	-	10.12
Money Market Placements	-	-	-	17.98
Financial Assets at Fair Value Through Other Comprehensive Income	2.91	3.86	-	12.91
Loans	2.79	3.81	5.37	14.33
Financial Assets Measured at Amortized Cost	2.04	3.51	-	8.26
Liabilities				
Bank Deposits	-	-	-	10.65
Other Deposits	0.04	1.25	-	15.12
Money Market Borrowings	0.88	-	-	17.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	9.54
Funds Provided From Other Financial Institutions	2.09	4.91	-	10.69

IV. Explanations Related to Equity Share Position Risk in Banking Accounts

Equity securities which are not publicly traded in the Bank’s financial statements are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determined properly.

The Bank does not have any shares traded in Borsa Istanbul.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. Explanations Related to Liquidity Risk and Liquidity Coverage Ratio

- a) Information on liquidity risk management, such as the Bank's risk capacity, responsibilities and the structure of liquidity risk management, Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Asset-Liability Management and Treasury Group is responsible for following up the Bank's current liquidity position and for complying with liquidity limits approved by the Board of Directors. After evaluating the liquidity position, the Asset-Liability Management and Treasury Group use authorized products to provide sufficient liquidity based on liquidity position.

Responsibilities for liquidity management are described in the Liquidity Risk Policy which is reviewed and approved by the Board of Directors annually. The various responsibilities have been shared among the appropriate departments and committees as outlined in duty descriptions. While the Asset-Liability Management and Treasury Group alone is responsible for managing liquidity and for developing short-term liquidity estimates, the Asset-Liability Management and Treasury Group works with the Asset-Liability Management Committee to jointly developing/setting short-term liquidity strategies and middle and long term liquidity estimates. The Asset-Liability Management Committee is responsible for preparing middle and long term liquidity strategies.

The Risk Management Group monitors daily all set liquidity risk limits, and periodically reports internal and legal liquidity rates and changes to the Risk Committee Audit Committee and Board of Directors, in addition to providing daily reports to senior management. Information about the Bank's liquidity structure and policies is provided to the relevant business lines at an Assets-Liabilities Committee meeting which is held every couple of weeks and at a Market and Liquidity Risk Committee meeting which is held monthly.

- b) Information on the centralization degree of liquidity management and funding strategy, and on operations between Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Bank's liquidity risk and performs this role only for the bank. Liquidity gap values are monitored within the limits set by the Board of Directors, and for compliance with these limits, the necessary debt instruments are used, while considering price and maturity structure. Our subsidiaries manage their own liquidity and we provide them borrowing facilities within market conditions and legal limits.

- c) Information about the Bank's funding strategy including policies on funding types and variety of maturities:

While the Bank tries to diversify its funding resources, it also tries to extend its payment terms. Customer deposits are the bank's main funding resource. Our main strategy for deposit management is to be inclusive while extending the average maturity. In addition to borrowings from money markets and collecting deposit, the Bank uses instruments such as long-term syndicated loans, securities issued in TL and foreign currency to diversify funding resources.

- d) Information on liquidity management based on currency which consists of a minimum of 5% of the Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the Liquidity Coverage Ratio is calculated daily for total TL and Foreign Currency. The Asset-Liability Management and Treasury Group is responsible for taking the necessary steps to keep ratios within the limits determined by the Board of Directors. Trend of these ratios are monitored on a monthly basis by the Market and Liquidity Risk Committee which includes the General Manager, Assistant General Manager responsible from Financial Affairs Group, Group Risk Chief Officer, and the Assistant General Manager in charge of the Asset-Liability Management and Treasury Group. Furthermore, senior management is periodically informed about the relevant ratios.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

e) Information on liquidity risk mitigation techniques:

The Bank's main liquidity management strategy is to diversify funding resources and extend the maturity structure. The Parent Bank's balance sheet liquidity risk is periodically measured by Assets-Liabilities management and closely monitored with the Treasury. In accordance with market expectations, the Assets-Liabilities Management and Treasury Group carries out the actions necessary to minimize risk.

Within this framework, the Bank's liquidity risk is attempted to manage efficiently by long-term structural changes (such as diversifying funding sources, extending maturity structure etc.) and short and mid-term money market and derivative transactions.

In the short term, liquidity risk is minimized with FX swaps, interbank borrowings and repurchase agreements, while cross currency swap and interest rate swap transactions are used to minimize these risks in the long term.

f) Explanation on the usage of the stress test:

The aim of the liquidity stress test is to analyse how liquidity squeeze affects bank liquidity. Cash inflows and outflows which may arise in cases of stress event are analysed based on products with different maturities. Stress events which may arise as a result of the liquidity squeeze, both in the Parent Bank and in the whole banking system, in cases of stress event are analysed. Also, situations where the two scenarios might coincide are considered. The analysis addresses how much of the net cash outflows of different maturities would be covered by the current liquid stock during all relevant stress events.

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

- Whether the liquidity problem is specific to the Parent bank or applies to the whole banking system and
- Whether there is a permanent or temporary problem.

Profitability has second degree importance in extraordinary liquidity conditions. In cases of cash shortage or cash withdrawal, the branches are responsible for informing the Asset-Liability Management and Treasury Group about withdrawn liabilities. The Asset-Liability Management and Treasury Group takes the necessary actions to cover the cash outflow which may occur in the accounts and informs the Asset-Liability Committee of any related delays.

In a liquidity crisis, the Asset-Liability Management and Treasury Group, the Asset-Liability Committee, the Liquidity Risk Committee, senior management, and the Board of Directors are responsible for solving the liquidity problem. It is predicted that, in a liquidity crisis, in order to create additional liquidity, written actions (considering the cost) must be taken within current market conditions.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio:

Current Period – 30 September 2021		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
High Quality Liquid Assets					
1	High Quality Liquid Assets			41,477,060	21,913,521
Cash Outflows					
2	Real Person and Retail Deposits	70,214,096	31,988,636	6,177,142	3,198,864
3	Stable Deposits	16,885,351	-	844,268	-
4	Less Stable Deposits	53,328,745	31,988,636	5,332,874	3,198,864
5	Unsecured Debts Other than Real Person and Retail Deposits	36,884,611	16,614,998	21,402,452	9,423,947
6	Operational Deposits	157,504	-	39,376	-
7	Non-Operational Deposits	29,397,709	12,066,256	14,070,723	4,875,205
8	Other Unsecured Funding	7,329,398	4,548,742	7,292,353	4,548,742
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	1,772,974	3,140,855	1,772,974	3,140,855
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	1,772,974	3,140,855	1,772,974	3,140,855
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	38,587,885	14,083,422	2,992,882	1,409,292
16	Total Cash Outflows			32,345,450	17,172,958
Cash Inflows					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	12,675,518	6,233,270	9,366,644	5,680,992
19	Other cash Inflows	239,694	11,701,836	239,694	11,701,836
20	Total Cash Inflows	12,915,212	17,935,106	9,606,338	17,382,828
Values to which the upper limit is applied					
21	Total High Quality Liquid Assets			41,477,060	21,913,521
22	Total Net Cash Outflows			22,739,112	4,293,240
23	Liquidity Coverage Ratio (%)			182.40	510.42

(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

Prior Period – 31 December 2020		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
High Quality Liquid Assets					
1	High Quality Liquid Assets			36,582,088	15,499,469
Cash Outflows					
2	Real Person and Retail Deposits	61,582,931	31,915,012	5,475,939	3,191,501
3	Stable Deposits	13,647,077	-	682,354	-
4	Less Stable Deposits	47,935,854	31,915,012	4,793,585	3,191,501
5	Unsecured Debts Other than Real Person and Retail Deposits	32,361,702	14,472,515	17,661,127	7,275,184
6	Operational Deposits	117,835	-	29,459	-
7	Non-Operational Deposits	28,298,303	12,070,133	13,713,430	4,872,802
8	Other Unsecured Funding	3,945,564	2,402,382	3,918,238	2,402,382
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	1,665,525	2,927,065	1,665,525	2,927,065
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	1,665,525	2,927,065	1,665,525	2,927,065
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	34,747,936	12,938,807	2,767,596	1,288,863
16	Total Cash Outflows			27,570,187	14,682,613
Cash Inflows					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	11,815,328	5,566,219	9,247,037	5,177,146
19	Other cash Inflows	966,659	9,003,399	966,659	9,003,399
20	Total Cash Inflows	12,781,987	14,569,618	10,213,696	14,180,545
Values to which the upper limit is applied					
21	Total High Quality Liquid Assets			36,582,088	15,499,469
22	Total Net Cash Outflows			17,356,491	3,670,653
23	Liquidity Coverage Ratio (%)			210.77	422.25

(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)**Liquidity Coverage Ratio: (continued)**

The amount of high quality liquid assets, distribution of deposits based on segment, maturity types of borrowings and the share of revolving loans in loan portfolio can be considered as the most important factors affecting Liquidity Coverage Ratio.

High quality liquid assets in order of their priority consist of the time accounts, bond portfolio, reserve deposit, cash and effective deposit. Funding sources consists of corporate customer deposits, real person deposits, borrowings and SME deposit accounts which are weighted by ratios used in Liquidity Coverage Ratio reporting considering their maturity types. Due to amount differences between buy and sell transactions, derivative products effects more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

There are concentration limits on funding sources approved by Board of Directors. Diversification of funding base of deposits, funding from Group, borrowing, repo and other long term liabilities and funding limits by product type are monitored and reported.

Liquidity management of subsidiaries are managed by individual legal entities. Although Liquidity Coverage Ratio is reported on a basis, there is no centralized liquidity management system. Finally, there is no other significant cash inflow or outflow item which are not required by section two of communiqué.

The weeks with lowest and highest liquidity coverage ratio for the last three months calculated by using weekly simple arithmetic averages are presented below.

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest Week	166.97%	490.30%	170.05%	274.27%
	20.08.2021	20.08.2021	23.10.2020	16.10.2020
Highest Week	207.07%	535.02%	267.71%	491.66%
	16.07.2021	24.09.2021	18.12.2020	11.12.2020

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	9,213,179	15,131,578	-	-	-	-	(3,967)	24,340,790
Banks ⁽³⁾	3,103,146	1,653,344	-	-	-	-	(16,255)	4,740,235
Financial Assets at Fair Value Through Profit and Loss	-	294,245	3,853	282,325	804,238	109,235	218,087	1,711,983
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	12,689	1,440,835	310,583	2,550,262	4,135,011	66,702	-	8,516,082
Loans ⁽⁴⁾	-	23,957,529	9,780,205	30,846,069	23,649,697	1,271,800	(603,394)	88,901,906
Financial Assets Measured at Amortized Cost ⁽⁵⁾	-	-	292,150	1,744,160	11,728,167	360,043	(3,178)	14,121,342
Other Assets	-	1,019,886	223,811	785,059	740,595	163,087	4,420,416	7,352,854
Total Assets	12,329,014	43,497,417	10,610,602	36,207,875	41,057,708	1,970,867	4,011,709	149,685,192
Liabilities								
Bank Deposits	36,008	2,777,252	-	-	-	-	-	2,813,260
Other Deposits	36,485,946	54,485,074	8,034,084	293,358	428	-	-	99,298,890
Funds Provided From Other Financial Institutions	-	4,346,473	4,400,595	2,103,175	125,546	4,904,543	-	15,880,332
Money Market Placements	-	5,837,230	-	-	-	-	-	5,837,230
Securities Issued	-	1,541,571	1,057,295	-	-	-	-	2,598,866
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	7,293,108	396,371	699,242	1,045,773	235,813	13,586,307	23,256,614
Total Liabilities	36,521,954	76,280,708	13,888,345	3,095,775	1,171,747	5,140,356	13,586,307	149,685,192
Liquidity Gap	(24,192,940)	(32,783,291)	(3,277,743)	33,112,100	39,885,961	(3,169,489)	(9,574,598)	-
Net Off-Balance Sheet Position	-	178,360	(198,831)	509,598	28,412	70,297	-	587,836
Financial Derivative Assets	-	17,041,874	9,801,367	14,261,651	12,654,111	893,609	-	54,652,612
Financial Derivative Liabilities	-	16,863,514	10,000,198	13,752,053	12,625,699	823,312	-	54,064,776
Non-Cash Loans	7,906,207	2,507,241	5,047,637	9,916,405	4,682,982	-	-	30,060,472
Prior Period								
Total Assets	7,857,641	34,346,873	8,052,628	29,840,791	49,906,032	5,235,185	4,808,892	140,048,042
Total Liabilities	32,754,132	69,399,201	6,706,629	12,332,810	1,759,911	4,712,459	12,382,900	140,048,042
Liquidity Gap	(24,896,491)	(35,052,328)	1,345,999	17,507,981	48,146,121	522,726	(7,574,008)	-
Net Off-Balance Sheet Position	-	223,288	(240,996)	117,535	126,240	(3,144)	-	222,923
Financial Derivative Assets	-	18,691,080	19,520,863	9,383,245	11,983,043	4,199,690	-	63,777,921
Financial Derivative Liabilities	-	18,467,792	19,761,859	9,265,710	11,856,803	4,202,834	-	63,554,998
Non-Cash Loans	6,918,016	1,354,463	2,719,244	6,823,344	6,430,957	-	-	24,246,024

(1) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and loans under follow-up, are classified as under undistributed.

(2) Cash balances (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and the Central Bank of Turkey's outstanding loss provisions amounting to TL 3,967.

(3) The banks include TL 16,255 of expected loss provisions.

(4) Revolving loans amounting to TL 11,226,651 are shown in the “Up to 1 Month” maturity bracket. Includes expected loss provisions balance amounting to TL 3,628,843.

(5) Financial Assets Valued at Amortized Cost includes expected loss provisions balance amounting to TL 3,178.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. Explanations Related to Leverage Ratio

a) Information on issues that cause differences between current period and previous period leverage ratios:

The leverage ratio decreased due to the increase in total risks.

b) Leverage ratio:

Assets on the Balance Sheet	Current Period(*)	Prior Period(*)
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	145,206,869	134,762,915
2 (Assets Deducted from Core Capital)	(560,547)	(675,833)
3 Total Risk Amount for Assets on the Balance Sheet	144,646,322	134,087,082
Derivative Financial Instruments and Credit Derivatives		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	435,996	1,777,668
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	438,148	492,002
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	874,144	2,269,670
Financing Transactions With Securities Or Goods Warranties		
7 Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	681,153	900,450
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	681,153	900,450
Off-the-Balance Sheet Transactions		
10 Gross Nominal Amount of the Off-Balance Sheet Transactions	54,536,555	46,024,212
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	54,536,555	46,024,212
Capital and Total Risk		
13 Tier 1 Capital	11,930,003	11,154,878
14 Total Risk Amount	200,738,174	183,281,414
Leverage Ratio		
15 Leverage Ratio	5.94%	6.09%

(*) The amounts in the table are calculated by using the quarterly average amounts.

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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VII. Explanations Related to Risk Management

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette numbered 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of Internal Rating Based Approach (“IRB”) have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Bank.

Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum capital Requirement
	Current Period	Prior Period	Current Period
1 Credit Risk (Excluding Counterparty Credit Risk) (CCR)	92,219,237	74,646,643	7,377,539
2 Of which Standardized Approach (SA)	92,219,237	74,646,643	7,377,539
3 Of which Internal Rating-Based (IRB) Approach	-	-	-
4 Counterparty Credit risk	1,118,445	2,116,406	89,476
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,118,445	2,116,406	89,476
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity Investment in Funds - Look-Through Approach	-	-	-
9 Equity Investment in Funds - Mandate-Based Approach	-	-	-
10 Equity Investment in Funds - 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	2,317,548	2,451,650	185,404
17 Of which Standardized approach (SA)	2,317,548	2,451,650	185,404
18 Of which Internal model approaches (IMM)	-	-	-
19 Operational Risk	10,508,918	9,547,537	840,713
20 Of which Basic Indicator Approach	10,508,918	9,547,537	840,713
21 Of which Standard Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts Below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24 Floor Adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	106,164,148	88,762,236	8,493,132

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION FIVE**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Disclosures Related to the Assets****1. a) Information on Cash and Balances with the Central Bank of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	425,071	3,850,288	382,963	1,948,389
Balances with the Central Bank of Turkey	4,752,276	15,002,967	3,048,958	11,382,722
Other	-	314,155	-	188,271
Total	5,177,347	19,167,410	3,431,921	13,519,382

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	4,623,665	-	2,979,546	-
Unrestricted Time Deposit	-	4,633,593	-	4,626,036
Restricted Time Deposit	128,611	10,369,374	69,412	6,756,686
Total	4,752,276	15,002,967	3,048,958	11,382,722

Foreign currency unrestricted deposit amounting to TL 4,633,593 (31 December 2020: TL 4,626,036), Foreign currency restricted deposit amounting to TL 10,369,374 (31 December 2020: TL 6,756,686), TL unrestricted deposit amount is TL 4,623,665 (31 December 2020: TL 2,979,546), TL restricted amount is TL 128,611 (31 December 2020: TL 69,412) consists of required reserves.

2. Information on financial assets at fair value through profit and loss (net):

- a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2020: None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2020: None).

Net book value of unrestricted financial assets at fair value through profit and loss is TL1,491,930 (31 December 2020: TL 1,447,816).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	1,053,226	438,704	463,550	984,266
Securities Representing Share in Capital	52,959	91,939	47,539	75,378
Other Financial Assets	-	75,155	-	60,158
Total	1,106,185	605,798	511,089	1,119,802

3. Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	143,152	12,609	392,758	56,660
Swap Transactions	1,024,309	147,932	1,091,529	165,479
Futures Transactions	-	-	-	-
Options	43,943	24,688	36,244	9,939
Other	-	-	-	-
Total	1,211,404	185,229	1,520,531	232,078

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Explanations and Disclosures Related to the Assets (continued)

4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	518	442,795	1,851,274	801,236
Foreign Banks	103,494	4,209,683	56,939	5,146,707
Foreign Head Offices and Branches	-	-	-	-
Total	104,012	4,652,478	1,908,213	5,947,943

An expected loss provision of TL 16,255 (31 December 2020: TL 10,656) has been set aside for receivables from banks.

5. Information on financial assets at fair value through other comprehensive income:

a.1) Information on financial assets at fair value through other comprehensive income given as collateral / blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar				
Investment Securities	332,832	310,573	876,626	272,329
Other	-	-	-	-
Total	332,832	310,573	876,626	272,329

a.2) Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	-	1,075,221	869,642	2,567,087
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	1,075,221	869,642	2,567,087

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 6,797,456 (31 December 2020: TL 4,065,693).

b.1) Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	8,503,393	8,640,496
Quoted at Stock Exchange	8,477,486	8,617,330
Unquoted at Stock Exchange	25,907	23,166
Share Certificates	12,689	10,881
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	12,689	10,881
Impairment Provision (-)	-	-
Total	8,516,082	8,651,377

An expected loss provision of TL 1,958 (31 December 2020: TL 1,969) has been reserved for financial assets at fair value through other comprehensive income.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	268,028	-	438,193
Corporate Shareholders	-	268,028	-	438,193
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	150,653	-	153,482	-
Total	150,653	268,028	153,482	438,193

b) Information on the standard loans and loans under close monitoring and restructured loans under close monitoring:

Current Period:

Cash Loans	Loans under Close Monitoring			
	Standard Loans	Loans Not Subject to Restructuring	Restructured	
			Loans with Revised Contract Terms	Refinance
Non-specialized Loans	80,456,253	7,566,187	79,476	1,403,384
Working Capital Loans	5,985,335	762,370	50,432	868,850
Export Loans	11,588,302	115,295	-	4,312
Import Loans	-	-	-	-
Loans Given to Financial Sector	3,831,996	-	-	-
Consumer Loans	19,147,824	3,950,250	11,019	140,468
Credit Cards	6,069,334	965,035	10,902	-
Other	33,833,462	1,773,237	7,123	389,754
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	80,456,253	7,566,187	79,476	1,403,384

Prior Period:

Cash Loans	Loans under Close Monitoring			
	Standard Loans	Loans Not Subject to Restructuring	Restructured	
			Loans with Revised Contract Terms	Refinance
Non-specialized Loans	71,477,863	6,190,429	92,352	1,669,564
Working Capital Loans	5,389,404	835,979	54,422	796,995
Export Loans	9,300,529	62,917	-	89,456
Import Loans	-	-	-	-
Loans Given to Financial Sector	2,655,503	-	-	-
Consumer Loans	16,922,139	2,915,680	3,912	150,693
Credit Cards	4,540,033	655,741	22,188	-
Other	32,670,255	1,720,112	11,830	632,420
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	71,477,863	6,190,429	92,352	1,669,564

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Explanations and Disclosures Related to the Assets (continued)**6. Information on loans: (continued)**

- b) Information on the standard loans and loans under close monitoring and restructured loans under close monitoring: (continued)

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	379,622	-	393,446	-
Significant increase in Credit Risk	-	1,207,667	-	1,360,252
Total	379,622	1,207,667	393,446	1,360,252

Aging analysis for loans under close monitoring

30 September 2021 (*)	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Recievables				
Corporate Loans	171,624	94,670	317,059	583,353
Consumer Loans	751,187	249,726	306,397	1,307,310
Credit Cards	120,189	102,166	67,442	289,797
Total	1,043,000	446,562	690,898	2,180,460

(*) As of 30 September 2021, based on the BRSA's decision dated 17 June 2021 and numbered 9624, to be valid until 30 September 2021, the loans that are delayed between 91 and 180 days and continue to be classified as the second stage, total TL 487,711 (31 December 2020 : TL 626,606).

31 December 2020 (*)	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Recievables				
Corporate Loans	265,565	155,830	438,085	859,480
Consumer Loans	520,416	180,156	256,865	957,437
Credit Cards	77,892	77,145	56,408	211,445
Total	863,873	413,131	751,358	2,028,362

(*) As of 31 December 2020, based on the BRSA's decision dated 17 March 2020 and numbered 8948 and dated 8 December 2020 numbered 9312, the Bank continued to classify its loans amounting TL 626,606 with a delay between 91 and 180 days, effective from 17 March 2020 until 30 June 2021 in the Second Group.

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	627,339	21,576,233	22,203,572
Housing Loans	1,700	4,231,709	4,233,409
Vehicle Loans	5,699	437,810	443,509
General Purpose Loans	619,940	16,906,714	17,526,654
Other	-	-	-
Consumer Loans –Indexed to FC	-	14,576	14,576
Housing Loans	-	14,576	14,576
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	17,218	17,218
Housing Loans	-	4,803	4,803
Vehicle Loans	-	857	857
General Purpose Loans	-	11,558	11,558
Other	-	-	-
Individual Credit Cards-TL	4,727,402	10,364	4,737,766
With Instalments	1,548,918	10,364	1,559,282
Without Instalments	3,178,484	-	3,178,484
Individual Credit Cards-FC	10,830	-	10,830
With Instalments	-	-	-
Without Instalments	10,830	-	10,830
Personnel Loans-TL	8,241	100,912	109,153
Housing Loans	-	219	219
Vehicle Loans	-	-	-
General Purpose Loans	8,241	100,693	108,934
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	37,279	21	37,300
With Instalments	12,863	21	12,884
Without Instalments	24,416	-	24,416
Personnel Credit Cards-FC	287	-	287
With Instalments	-	-	-
Without Instalments	287	-	287
Overdraft Accounts-TL(Real Persons) (*)	905,037	-	905,037
Overdraft Accounts-FC(Real Persons)	5	-	5
Total	6,316,420	21,719,324	28,035,744

(*) Overdraft accounts include personnel loans amounting to TL 3,913.

(**) Loans granted via branches abroad.

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	450,376	18,715,717	19,166,093
Housing Loans	663	4,502,862	4,503,525
Vehicle Loans	6,877	451,829	458,706
General Purpose Loans	442,836	13,761,026	14,203,862
Other	-	-	-
Consumer Loans –Indexed to FC	-	15,510	15,510
Housing Loans	-	15,510	15,510
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	19,914	19,914
Housing Loans	-	5,349	5,349
Vehicle Loans	-	1,909	1,909
General Purpose Loans	-	12,656	12,656
Other	-	-	-
Individual Credit Cards-TL	3,497,240	21,003	3,518,243
With Instalments	1,160,176	21,003	1,181,179
Without Instalments	2,337,064	-	2,337,064
Individual Credit Cards-FC	4,898	-	4,898
With Instalments	-	-	-
Without Instalments	4,898	-	4,898
Personnel Loans-TL	10,001	107,618	117,619
Housing Loans	-	356	356
Vehicle Loans	-	-	-
General Purpose Loans	10,001	107,262	117,263
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	32,257	52	32,309
With Instalments	9,979	52	10,031
Without Instalments	22,278	-	22,278
Personnel Credit Cards-FC	32	-	32
With Instalments	-	-	-
Without Instalments	32	-	32
Overdraft Accounts-TL(Real Persons) (*)	673,283	-	673,283
Overdraft Accounts-FC(Real Persons)	5	-	5
Total	4,668,092	18,879,814	23,547,906

(*) Overdraft accounts include personnel loans amounting to TL 3,522.

(**) Loans granted via branches abroad.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

d) Information on commercial loans with instalments and corporate credit cards:

Current Period	Short Term	Medium and Long Term	Total
Commercial loans with instalment – TL	1,283,885	10,415,263	11,699,148
Business Loans	196	174,135	174,331
Vehicle Loans	86,908	2,116,471	2,203,379
General Purpose Loans	1,196,781	8,124,657	9,321,438
Other	-	-	-
Commercial loans with instalment - Indexed to FC	-	85,555	85,555
Business Loans	-	6,139	6,139
Vehicle Loans	-	288	288
General Purpose Loans	-	79,128	79,128
Other	-	-	-
Commercial loans with instalment – FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	2,255,989	307	2,256,296
With Instalments	840,666	307	840,973
Without Instalments	1,415,323	-	1,415,323
Corporate Credit Cards-FC	2,792	-	2,792
With Instalments	-	-	-
Without Instalments	2,792	-	2,792
Overdraft Accounts-TL(Legal Entities)	861,780	-	861,780
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	4,404,446	10,501,125	14,905,571

Prior Period	Short Term	Medium and Long Term	Total
Commercial loans with instalment – TL	2,173,068	8,946,399	11,119,467
Business Loans	257	163,797	164,054
Vehicle Loans	61,037	1,257,926	1,318,963
General Purpose Loans	2,111,774	7,524,676	9,636,450
Other	-	-	-
Commercial loans with instalment - Indexed to FC	-	148,076	148,076
Business Loans	-	6,192	6,192
Vehicle Loans	-	23,201	23,201
General Purpose Loans	-	118,683	118,683
Other	-	-	-
Commercial loans with instalment – FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	1,660,003	917	1,660,920
With Instalments	601,673	917	602,590
Without Instalments	1,058,330	-	1,058,330
Corporate Credit Cards-FC	1,560	-	1,560
With Instalments	-	-	-
Without Instalments	1,560	-	1,560
Overdraft Accounts-TL(Legal Entities)	741,420	-	741,420
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	4,576,051	9,095,392	13,671,443

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	88,948,173	78,937,391
Foreign Loans	557,127	492,817
Total	89,505,300	79,430,208

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	445,406	345,966
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	445,406	345,966

g) Specific or non-performing loan (Stage 3) provisions for loans:

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	144,157	104,606
Loans and Receivables with Doubtful Collectability	189,128	198,193
Uncollectible Loans and Receivables	1,708,269	1,991,274
Total	2,041,554	2,294,073

h) Information Non Performing Loans (Net):

h.1) Information on loans and other receivables included in loans under follow-up which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Gross Amounts before Provisions	29,254	13,797	57,169
Restructured Loans	29,254	13,797	57,169
Prior Period			
Gross Amounts before Provisions	22,018	24,809	52,292
Restructured Loans	22,018	24,809	52,292

h.2) Movement of loans under follow-up:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Prior Priod End balance	168,152	313,729	3,020,001
Additions (+)	649,526	11,629	20,245
Transfers from other Categories of Loans under Follow-up (+)	-	498,086	418,065
Transfers to other Categories of Loans under Follow-up (-)	498,086	418,065	-
Collections (-)	88,416	102,445	603,892
Write-Offs (-)	-	-	56,623
Sold Portfolio (-)(*)	43	770	265,269
Corporate and Commercial Loans	5	707	100,960
Retail Loans	-	7	106,876
Credit Cards	38	56	57,433
Other	-	-	-
Other	(8,837)	6,493	(38,031)
Current Period End balance	222,296	308,657	2,494,496
Provision (-)	144,157	189,128	1,708,269
Net Balances on Balance Sheet	78,139	119,529	786,227

(*) Past due receivables amounting to TL 266,082 for which TL 259,522 of provision had been allocated, is sold for TL 31,595 during 2021. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

h) Information on loans under follow-up (Net) (continued) :

h.3) Information on foreign currency loans under follow-up:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
30 September 2021			
Period End Balance	10,272	11,323	217,424
Provision (-)	6,046	8,769	154,076
Net Balance on Balance Sheet	4,226	2,554	63,348
31 December 2020			
Period End Balance	13,274	82,483	206,622
Provision (-)	7,729	57,368	158,053
Net Balance on Balance Sheet	5,545	25,115	48,569

h.4) Information regarding gross and net amounts of loans under follow-up with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	222,296	308,657	2,494,496
Provision (-)	144,157	189,128	1,708,269
Loans to Real Persons and Legal Entities (Net)	78,139	119,529	786,227
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	168,152	313,729	3,020,001
Provision (-)	104,606	198,193	1,991,274
Loans to Real Persons and Legal Entities (Net)	63,546	115,536	1,028,727
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

h.5) Information on interest accruals, discounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)			
Interest Accruals, Discounts and Valuation Differences	22,578	45,568	562,062
Provision (-)	20,321	42,968	523,249
Prior Period (Net)	1,649	2,775	46,489
Interest Accruals, Discounts and Valuation Differences	20,070	39,689	637,348
Provision (-)	18,421	36,914	590,859

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

i) Explanations on write-off policy:

Group 5 - Loans classified as Bad Debt, with at least one reporting period remaining in this group, and provided with life-long expected credit loss provision due to the debtor's default, constitute the bank's loans to be written-off. Write-off is an accounting practice and does not result in giving up the right on the receivable. Loans which are written-off do not affect the legal follow-up of the Parent Bank. Indicators are utilized concerning the absence of reasonable expectations regarding the recovery of loans. The write-off is examined on an incident basis with predefined criterias. And the following write-off criterias are considered:

- Limited possibility of recovery: Loans with low collateralization rates, limited collateral capability, limited assets that provide foreclosure collection opportunities, loans with higher collection costs and lower collection expectations are evaluated,
- Financial indicators: Financial indicators regarding the inability to recover the entire loan are evaluated,
- Long-term follow-up: Loans which do not have reasonable collection expectations, among the loans that have been in legal follow-up for a long time, are evaluated,

The following applications regarding the loans which is under follow-up and written-off cannot be different form registered loans.

- a) The methods applied for legal collection of loans from debtors,
- b) Decisions regarding the inclusion to the non-performing loans sale,
- c) Decisions to waive the receivables by waiving the loans.

The amount written-off by the Parent Bank within the scope of TFRS 9 during the financial period is TL 56,623 (31 December 2020: TL 97,496) and its effect on NPL ratio is 0.06% (31 December 2020: 0.12%). The follow-up conversion rate is 3.27% (31 December 2020: 4.22%) with the current period non-performing loans after write-offs, while the calculated rate including the loans written-off during the year is 3.33% (31 December 2020: 4.34%).

7. Information on financial assets measured at amortized cost:

a) a.1) Financial assets measured at amortized cost subject to repo transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	4,066,773	1,420,190	2,971,137	1,153,219
Total	4,066,773	1,420,190	2,971,137	1,153,219

a.2) Information on financial assets measured at amortized cost and given as collateral / blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	5,999,893	185,565	6,698,645	1,171,868
Other	-	-	-	-
Total	5,999,893	185,565	6,698,645	1,171,868

Unrestricted financial assets measured at amortized cost are TL 2,452,099 (31 December 2020: TL 528,072).

a.3) Information on government debt securities measured at amortized cost:

	Current Period	Prior Period
Government Bonds	14,124,520	12,522,941
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	14,124,520	12,522,941

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I. Explanations and Disclosures Related to the Assets (continued)**7. Information on financial assets measured at amortized cost: (continued)**

a.4) Information on financial assets valued at amortized cost:

	Current Period	Prior Period
Debt securities	14,124,520	12,522,941
Quoted on a Stock Exchange	14,124,520	12,522,941
Unquoted	-	-
Impairment Provision (-)	-	-
Total	14,124,520	12,522,941

An expected loss provision of TL 3,178 (31 December 2020: TL 2,818) is reserved for financial assets valued at amortized cost.

a.5) Movement of financial assets measured at amortized cost:

	Current Period	Prior Period
Beginning Balance	12,522,941	4,906,618
Foreign Currency Differences on Monetary Assets	231,456	377,092
Purchases During the Year (*)	3,128,970	8,062,415
Disposals Through Sales and Redemptions	(1,758,847)	(823,184)
Impairment Provision (-)	-	-
Closing Balance	14,124,520	12,522,941

(*) This line includes discount amounts.

8. Information on associates (Net):

- a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks’ Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2020: None).
- a.2) Information on the unconsolidated associates: None (31 December 2020: None).
- a.3) Explanations of consolidated associates: None (31 December 2020: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2020: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2020: None).

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I. Explanations and Disclosures Related to the Assets (continued)

9. Information on subsidiaries (Net):

a) Information on shareholders’ equity of significant subsidiaries:

Subsidiaries do not use internal capital adequacy assessment approach.

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	50,000	28,794	6,860
Reserves	129,871	47,846	6,674
Net income for the period and prior period income	45,816	184,581	20,835
Income/ Loss recognized under equity in accordance with TAS	-	-	(172)
Leasehold Improvements on Operational Leases (-)	116	247	253
Goodwill and intangible asset and the related deferred tax liability (-)	3,272	4,389	523
Total Common Equity Tier 1 Capital	222,299	256,585	33,421
Provision	4,804	-	-
Total Equity	227,103	256,585	33,421

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subsection to the reasonable justifications of non-consolidate and minimum capital requirement: None (31 December 2020: None).

c) Information on the unconsolidated subsidiaries: None (31 December 2020: None).

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

	Address (City/ Country)	The Bank’s share percentage-If different voting percentage (%)	Other shareholders’ share percentage (%)
1	TEB Faktoring A.Ş.	Istanbul/Turkey 100.00	-
2	TEB Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey 96.62	3.38
3	TEB Portföy Yönetimi A.Ş.	Istanbul/Turkey 25.60	29.14

Information on the consolidated subsidiaries with the order as presented in the table above:

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	3,912,782	225,687	3,956	295,045	-	34,778	18,307	-
2	424,541	261,221	6,649	65,239	-	80,516	51,800	-
3	43,289	34,198	2,767	4,969	67	11,440	8,300	-

(*) These figures are shown per BRSA financial statements as of 30 September 2020.

d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	115,986	115,986
Movements during the period	-	-
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the End of the Period	115,986	115,986
Capital commitments	-	-
Share percentage at the End of the Period (%)	-	-

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I. Explanations and Disclosures Related to the Assets (continued)

9. Information on subsidiaries (Net): (continued)

d) Information on the consolidated subsidiaries: (continued)

d.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	72,569	72,569
Total	115,986	115,986

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2020: None).

e) Information on unconsolidated non-financial subsidiaries:

TEB ARF Teknoloji A.Ş. was established by the Bank with a paid-in capital of TL 50,000 and 100% ownership; It was registered in the Trade Registry Gazette on 16 July 2020.

10. Explanations on entities under common control (joint ventures):

a) Information on entities under common control (joint ventures):

Entities under common control (joint ventures)	Share of the Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	143,071	42,240	28,121	197,007	(163,152)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated the Bank’s financial statements:

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş, it is presented as joint venture in financial statements however, it is carried by cost value since necessary requirements for consolidation is not met.

11. Information on financial lease receivables (Net): None (31 December 2020: None).

12. Positive differences related to derivative financial assets for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	416,239	31,137
Cash Flow Hedge	789,331	-	650,142	-
Foreign Net Investment Hedge	-	-	-	-
Total	789,331	-	1,066,381	31,137

In case the fair value hedge accounting is terminated, any adjustment made to the book value of the hedged financial instrument determined by using the effective interest method within the scope of fair value hedge accounting is amortized through profit or loss until the maturity of the financial instrument. Regarding the fair value hedge accounting transactions that the Bank terminated due to maturity, there is TL 6,210 in the income statement. As of 30 September 2021, there is no hedge accounting for fair value hedges.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted TL 17,493 (31 December 2020: TL 18,266) is recorded under equity as of 30 September 2021 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

13. Information on investment properties: None (31 December 2020: None).

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. Explanations and Disclosures Related to the Assets (continued)**14. Information on non-current assets held for sale and discontinued operations:**

	Current Period	Prior Period
Beginning of Period Cost	112,859	131,362
Beginning of Period Accumulated Depreciation (-)	-	-
Net Book Value	112,859	131,362
Opening Balance	112,859	131,362
Acquired	98,233	137,125
Disposed(-)	111,031	160,897
Impairment (-)	(2,604)	(5,269)
Depreciation Value (-)	-	-
Period End Cost	102,665	112,859
Period End Accumulated Depreciation (-)	-	-
Closing Net Book Value	102,665	112,859

As of 30 September 2021, the Bank has no assets related to discontinued operations (31 December 2020: None).

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	7 Day Call		Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
	Demand	Accounts							
Saving Deposits	4,055,298	-	17,419,946	13,228,317	101,833	11,415	33,732	-	34,850,541
Foreign Currency Deposits	21,742,995	-	6,356,402	10,581,708	142,173	51,702	59,177	-	38,934,157
Residents in Turkey	19,782,018	-	6,074,018	10,215,734	125,054	43,684	52,989	-	36,293,497
Residents Abroad	1,960,977	-	282,384	365,974	17,119	8,018	6,188	-	2,640,660
Public Sector Deposits	620,449	-	163,831	111,170	-	-	-	-	895,450
Commercial Deposits	4,436,093	-	6,467,960	6,972,802	189,806	6,550	83,497	-	18,156,708
Other Institutions Deposits	242,497	-	63,072	655,031	1,075	86	519	-	962,280
Precious Metals Deposits	5,388,614	-	22,178	62,691	9,294	15,148	1,829	-	5,499,754
Bank Deposits	36,008	-	2,777,252	-	-	-	-	-	2,813,260
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3	-	350,180	-	-	-	-	-	350,183
Foreign Banks	36,005	-	2,417,967	-	-	-	-	-	2,453,972
Special Financial Institutions	-	-	9,105	-	-	-	-	-	9,105
Other	-	-	-	-	-	-	-	-	-
Total	36,521,954	-	33,270,641	31,611,719	444,181	84,901	178,754	-	102,112,150

a.2) Prior period:

	7 Day Call		Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
	Demand	Accounts							
Saving Deposits	3,343,473	-	13,247,327	9,248,027	174,061	15,303	31,868	-	26,060,059
Foreign Currency Deposits	18,427,496	-	7,600,065	11,882,963	97,381	92,277	52,616	-	38,152,798
Residents in Turkey	17,203,160	-	7,316,504	11,506,796	67,244	42,090	36,070	-	36,171,864
Residents Abroad	1,224,336	-	283,561	376,167	30,137	50,187	16,546	-	1,980,934
Public Sector Deposits	431,997	-	59,843	136,651	8,020	-	-	-	636,511
Commercial Deposits	4,493,650	-	3,953,410	5,879,776	158,781	1,448	13,824	-	14,500,889
Other Institutions Deposits	206,580	-	145,091	539,426	61,442	63	168	-	952,770
Precious Metals Deposits	5,807,140	-	31,022	94,004	15,788	50,503	3,597	-	6,002,054
Bank Deposits	43,796	-	7,424,601	-	-	-	-	-	7,468,397
Central Bank of Turkey	31	-	-	-	-	-	-	-	31
Domestic Banks	8	-	-	-	-	-	-	-	8
Foreign Banks	43,757	-	7,424,601	-	-	-	-	-	7,468,358
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	32,754,132	-	32,461,359	27,780,847	515,473	159,594	102,073	-	93,773,478

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the Guarantee of Insurance (*)		Exceeding the Limit of Insurance (*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	14,383,632	14,783,424	10,768,265	10,931,481
Foreign Currency Saving Deposits	6,724,105	7,067,339	14,689,526	14,081,460
Other Deposits in the Form of Saving Deposits	2,556,526	2,567,019	3,060,073	2,854,708
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	23,664,263	24,417,782	28,517,864	27,867,649

(*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts.

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations and Disclosures Related to the Liabilities (continued)

b) Information on saving deposits under the guarantee of saving deposit insurance: (continued)

b.1) Saving deposits exceeding the limit of insurance: (continued)

ii) Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Foreign Branches' Deposits and Other Accounts	659,274	639,161
Deposits of Controlling Shareholders and Their Close Families	1,171,739	1,130,777
Deposits of Chairman and Members of the Board of Directors and Their Close Families	67,149	66,845
Deposits Obtained Through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	91,659	23,886	71,044	6,778
Swap Transactions	1,278,714	86,680	1,977,574	179,821
Futures Transactions	-	119	-	-
Options	23,826	21,900	18,600	6,526
Other	-	-	-	-
Total	1,394,199	132,585	2,067,218	193,125

3. Information on funds borrowed and debt securities issued:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	591,131	39,901	412,907	34,552
From Foreign Banks, Institutions and Funds	-	10,344,757	-	9,300,147
Total	591,131	10,384,658	412,907	9,334,699

As of 30 September 2021, the Bank has borrowings from its related parties amounting to TL 4,086,514 (31 December 2020: TL 3,915,889).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	484,832	5,044,987	412,907	4,859,037
Medium and long-term	106,299	5,339,671	-	4,475,662
Total	591,131	10,384,658	412,907	9,334,699

c) Information on Debt Securities Issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2,598,866	-	4,766,623	-
Treasury Bills	-	-	44,014	-
Total	2,598,866	-	4,810,637	-

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations and Disclosures Related to the Liabilities (continued)**4. Other external funding payables which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:**

Other external funding payables amounting to TL 7,020,304 (31 December 2020: TL 4,326,675) do not exceed 10% of the total balance sheet.

5. Explanations on financial lease obligations (Net):

With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Liabilities from Leasing” as a liability. As of 30 September 2021, the banks has leasing liability amounting to TL 543,643 (31 December 2020: TL 598,957)

6. Negative differences related to derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	84,098	-
Cash Flow Hedge	330,616	6,202	983,837	14,901
Foreign Net Investment Hedge	-	-	-	-
Total	330,616	6,202	1,067,935	14,901

In case the fair value hedge accounting is terminated, any adjustment made to the book value of the hedged financial instrument determined by using the effective interest method within the scope of fair value hedge accounting is amortized through profit or loss until the maturity of the financial instrument. Regarding the fair value hedge accounting transactions that the Bank terminated due to maturity, there is TL 6,210 in the income statement. As of 30 September 2021, there is no hedge accounting for fair value hedges.

According to cash flow hedges terminated by the Bank, accumulated valuation differences as of 30 September 2021 amounted TL 17,493 (31 December 2020: TL 18,266) is recorded under equity. These accumulated differences are transferred into income statement by considering maturity date of hedged items.

7. Information on provisions:

- a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2020: None).
- b) The specific provisions provided for unindemnified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	52,080	58,241
Stage 2	151,085	165,265
Stage 3	90,122	87,824
Total	293,287	311,330

- c) Liabilities on unused vacation, bonus, health and employee termination benefits :

As of 30 September 2021, TL 28,220 (31 December 2020: TL 13,581) unused vacation provision, TL 314,407 (31 December 2020: TL 286,464) employee termination benefit provision, TL 150,168 (31 December 2020: TL 168,071) bonus provision for the bank employee, and TL 3,300 (31 December 2020: TL 37,100) other expense provision are presented under “Reserve for Employee Benefit” in financial statements.

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations and Disclosures Related to the Liabilities (continued)**7. Information on provisions: (continued)**

d) Information on other provisions :

	Current Period	Prior Period
Provision for Non-Cash Loans	293,287	311,330
Provision for Legal Cases	67,421	91,772
Provision for Promotions of Credit Cards and Banking Services	16,728	11,935
Other	45,217	52,796
Total	422,653	467,833

8. Explanations on taxes payable:

a) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	57,622	158,727
Taxation on Securities	46,575	45,038
Property Tax	1,241	1,223
Banking Insurance Transaction Tax (BITT)	71,932	50,699
Foreign Exchange Transaction Tax	4,141	4,556
Value Added Tax Payable	2,170	6,365
Other (*)	31,109	28,268
Total	214,790	294,876

(*) Others include income taxes deducted from wages amounting to TL 27,634 (31 December 2020: TL 24,127) and stamp taxes payable amounting to TL 1,877 (31 December 2020: TL 1,761).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	12,051	11,386
Social Security Premiums-Employer	13,196	12,575
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	1,022	966
Unemployment Insurance-Employer	1,699	1,603
Other	-	-
Total	27,968	26,530

c) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 30 September 2021 (31 December 2020: None).

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations and Disclosures Related to the Liabilities (continued)**9. Information on Shareholders’ Equity:**

a) Presentation of Paid-in Capital:

	Current Period	Prior Period
Common Stock	2,204,390	2,204,390
Preferred Stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

c) Information on share capital increases, their sources and other information on increased capital shares in current period: None.

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank’s equity due to the uncertainty of these indicators:

The income diversified with various business line and related channels/products/sectors, supported with different projects result a sustainable and relatively non-volatile profitability. Besides, interest rate, currency rate and liquidity risk under control are testing with various simulation and these test prevents the risks of effect. The profitability of the Bank is followed up and estimated by the Bank’s Planning and Performance Management in short and long term. It is also reported to Asset-Liability Committee and other related organs. As result, current and future negative effect on equity is not occurred and expected.

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(113,050)	(41,573)	(149,256)	61,169
Foreign Exchange Difference	-	-	-	-
Total	(113,050)	(41,573)	(149,256)	61,169

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. Explanations and Disclosures Related to the Off-Balance Sheet Items**1. Information on off-balance sheet liabilities:**

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	11,122,804	8,978,512
Loan Granting Commitments	6,879,895	5,736,570
Asset Purchase and Sale Commitments	3,661,307	3,031,018
Payment Commitments for Cheques	2,122,459	1,741,408
Required Reserve Payment Commitments	1,429,622	-
Time Deposit Purchase and Sale Commitments	166,244	94,524
Tax and Fund Liabilities from Export Commitments	49,434	47,494
Commitments for Promotions Related with Credit Cards and Banking Activities	6,145	5,767
Other Irrevocable Commitments	697,934	385,645
Total	26,135,844	20,020,938

b) Possible losses and commitments related to off-balance sheet items:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period	Prior Period
Letters of Credit	9,043,537	5,025,525
Bank Acceptances	12,263	16,573
Other Commitments	4,051,131	3,976,672
Other Contingencies	1,470,633	1,043,082
Total	14,577,564	10,061,852

b.2) Performance guarantees, provisional guarantees, sureties and similar transactions:

	Current Period	Prior Period
Guarantee Letters	10,532,862	9,864,566
Advance Guarantee Letters	2,574,461	2,244,080
Guarantee Letters Given for Customs	532,540	481,964
Temporary Guarantee Letters	377,932	332,396
Other Guarantee Letters	1,465,113	1,261,166
Total	15,482,908	14,184,172

c) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	1,466,344	1,262,302
With Maturity of One Year or Less Than One Year	244,510	94,973
With Maturity of More Than One Year	1,221,834	1,167,329
Other Non-Cash Loans	28,594,128	22,983,722
Total	30,060,472	24,246,024

Third stage expected loss provision of TL 90,122 (31 December 2020: TL 87,824) has been set aside for non-cash loans amounting to TL 310,270 (31 December 2020: TL 263,951), which are not compensated and not cashed in off-balance sheet accounts. In addition, TL 52,080 (31 December 2020: TL 58,241) Stage 1, TL 151,085 (31 December 2020: TL 165,265) Stage 2 TFRS 9 expected loss provision has been made.

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Explanations and Disclosures Related to the Statement of Income**1. Explanations on Interest Income**

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income on loans (*)				
Short term loans	3,737,027	180,369	2,403,805	173,538
Medium and long term loans	4,162,049	181,346	3,544,665	181,569
Interest on loans under follow-up	89,627	-	136,780	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	7,988,703	361,715	6,085,250	355,107

(*) Includes fees and commissions obtained from cash loans amounting to TL 161,606 (30 September 2020: TL 112,724).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	109,778	230	93,411	446
Foreign banks	5,646	2,905	2,372	7,200
Branches and head office abroad	-	-	-	-
Total	115,424	3,135	95,783	7,646

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	123,135	29,960	111,915	34,675
Financial Assets at Fair Value Through Other Comprehensive Income	486,306	65,053	520,394	62,924
Financial Assets Measured at Amortized Cost	1,423,435	79,601	683,051	62,984
Total	2,032,876	174,614	1,315,360	160,583

d) Information on interest income received from affiliates and subsidiaries:

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	43,939	12,318

2. Explanations on Interest Expense

a) Information on interest expense on funds borrowed (*):

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	42,478	754	21,735	3,419
Foreign banks	-	386,740	-	336,705
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	42,478	387,494	21,735	340,124

(*) Includes fees and commission expenses of cash loans amounting to TL 24,030 (30 September 2020: TL 7,876).

b) Information on interest expense on associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	1,487	1,213

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Explanations and Disclosures Related to the Statement of Income (continued)

2. Explanations on Interest Expense (continued)

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on securities issued	341,435	-	333,886	-
Total	341,435	-	333,886	-

d) Distribution of interest expenses on deposits based on maturity of deposits:

Account Name	Current Period							Total
	Demand Deposits	Time Deposits						
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	
TL								
Bank Deposits	-	424,224	-	-	-	-	-	424,224
Saving Deposits	-	1,783,816	1,430,563	12,666	1,324	3,681	-	3,232,050
Public Sector Deposits	-	5,624	25,067	431	-	-	-	31,122
Commercial Deposits	-	586,146	805,940	23,699	1,039	2,473	-	1,419,297
Other Deposits	-	7,924	125,859	32,469	7	25	-	166,284
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	2,807,734	2,387,429	69,265	2,370	6,179	-	5,272,977
FC								
Foreign Currency Deposits	-	4,773	66,300	239	91	772	-	72,175
Bank Deposits	-	21	-	-	-	10	-	31
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	3	-	12	2	-	18
Total	-	4,795	66,303	239	103	784	-	72,224
Grand Total	-	2,812,529	2,453,732	69,504	2,473	6,963	-	5,345,201

Account Name	Prior Period							Total
	Demand Deposits	Time Deposits						
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	
TL								
Bank Deposits	-	81,218	-	-	-	-	-	81,218
Saving Deposits	-	797,567	571,538	9,744	4,256	14,040	-	1,397,145
Public Sector Deposits	-	1,298	11,399	529	-	-	-	13,226
Commercial Deposits	-	331,154	385,472	13,507	211	4,621	-	734,965
Other Deposits	-	5,239	91,064	3,218	6	34	-	99,561
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	1,216,476	1,059,473	26,998	4,473	18,695	-	2,326,115
FC								
Foreign Currency Deposits	9	17,237	65,351	1,114	487	801	-	84,999
Bank Deposits	-	276	-	-	-	5	-	281
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	238	2,430	469	2,199	1,557	-	6,893
Total	9	17,751	67,781	1,583	2,686	2,363	-	92,173
Grand Total	9	1,234,227	1,127,254	28,581	7,159	21,058	-	2,418,288

3. Information on trading gain / loss:

	Current Period	Prior Period
Gains	45,358,091	43,785,288
Gains on capital market operations	213,189	242,662
Gains on derivative financial instruments ⁽¹⁾	12,212,329	13,215,567
Foreign exchange gains	32,932,573	30,327,059
Losses (-)	47,309,688	44,893,628
Losses on capital market operations	143,476	282,278
Losses on derivative financial instruments ⁽¹⁾	14,205,667	14,105,689
Foreign exchange losses	32,960,545	30,505,661

⁽¹⁾ Includes exchange rate fluctuations of hedging transactions net profit of TL 502,291 (30 September 2020: TL 979,814 profit), derivative financial instruments exchange rate changes in profit / loss accounts amounting to TL 155,494 (30 September 2020: TL 236,595 profit) net exchange loss.

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Explanations and Disclosures Related to the Statement of Income (continued)**4. Information on other operating income:**

Other operating income of the Bank mainly consists of all transaction costs collected from clients and disposal of assets.

5. Provision expenses of banks for loans and other receivables:

Allowance for Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	(235,982)	535,250
12-Month Expected Credit Losses (Stage 1)	(25,629)	(27,202)
Significant Increase in Credit Risk (Stage 2)	(244,719)	183,540
Credit-Impaired (Stage 3)	34,366	378,912
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	2,322	(23,739)
Total	(233,660)	511,511

6. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ⁽¹⁾	27,943	23,800
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	943
Depreciation expenses of fixed assets	193,311	180,873
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	59,877	56,136
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	(2,604)	3,065
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	939,627	775,110
Leasing Expenses on TFRS 16 Exceptions	28,509	24,566
Maintenance expenses	21,675	19,021
Advertisement expenses	56,238	26,999
Other expenses	833,205	704,524
Loss on sales of assets	4,903	2,881
Other ⁽²⁾	341,034	318,596
Total	1,564,091	1,361,404

⁽¹⁾ The provision for employment termination benefits is included in the personnel expenses item in the financial statements.

⁽²⁾ Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 162,054 (30 September 2020: TL 141,954) and other taxes and fees paid in the amount of TL 151,437 (30 September 2020: TL 136,592).

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Explanations and Disclosures Related to the Statement of Income (continued)**7. Information on tax provision for continued and discontinued operations:**

- a) As of 30 September 2021, the current tax expense is TL 286,380 (30 September 2020: TL 20,623 expense). Deferred tax expense is TL 11,642 (30 September 2020: TL 311,134 deferred tax expense) and there is no current and deferred tax income/expense from discontinued operations (30 September 2020: None).
- b) Deferred tax expense on temporary differences resulted from continued operations is TL 11,642 (30 September 2020: TL 311,134 deferred tax expense).
- c) Tax reconciliation:

	Current Period	Prior Period
Profit Before Tax	1,341,799	1,483,428
Additions	26,493	60,635
Nonallowable Expenses	26,493	30,471
Other	-	30,164
Deductions	(176,205)	(36,078)
Dividend Income	(5,083)	(31,532)
Effect of Different Tax Rate	(110,800)	(4,546)
Other	(60,322)	-
Taxable Profit/(Loss)	1,192,087	1,507,985
Corporate Tax Rate	%25	%22
Calculated Tax	298,022	331,757
Prior Year Tax Correction	-	-
Tax charge	298,022	331,757

8. The explanations on net income/loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (30 September 2020: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (30 September 2020: None).
- c) Profit/ loss attributable to minority interest: None (30 September 2020: None).

9. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items:

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Card and POS Fees and Commissions	943,674	582,047
Insurance Commissions	189,581	127,395
General Limit Revision Commissions	60,212	38,857
Transfer Commissions	54,137	36,745
Fund Management Commissions	37,173	36,081
Settlement Expense Provision, Eft, Swift, Agency Commissions	33,887	31,047
Early Closing Commissions	15,306	72,204
Periodic Service Commissions	-	28,230
Other	165,492	178,459
Total	1,499,462	1,131,065
<u>Other fees and commissions paid</u>		
Credit Cards Commissions and Fees	561,925	295,468
Commission and Fees Paid to Correspondent Banks	31,766	26,529
Settlement Expense Provision, Eft, Swift, Agency Commissions	22,990	18,248
Other	105,352	83,395
Total	722,033	423,640

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

V. Explanations and Disclosures Related to Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

Balance sheet items of previous periods are presented as of 31 December 2020 and income/expense items of previous periods are presented as of 30 September 2020.

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans					
Balance at Beginning of Period	345,966	778	71,698	438,193	741,973	89,477
Balance at End of Period	445,406	1,215	84,400	268,028	831,856	117,379
Interest and Commission Income	43,939	25	2,779	2,416	40,446	220

Direct and indirect shareholders of the Bank balance above includes TL 84,400 and other entities included in the risk group balance above includes TL 62,466 placement in “Banks”.

b) Prior Period:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans					
Balance at Beginning of Period	277,729	716	15,616	182,856	248,301	101,145
Balance at End of Period	345,966	778	71,698	438,193	741,973	89,477
Interest and Commission Income	12,318	23	3,936	1,071	9,493	516

Direct and indirect shareholders of the Bank balance above includes TL 71,698 and other entities included in the risk group balance above includes TL 76,533 placement in “Banks”.

c) c.1) Information on related party deposits balances:

Related parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Balance at Beginning of Period	31,575	16,476	5,596,710	3,313,150	1,281,302	648,747
Balance at End of Period	11,008	31,575	3,626,605	5,596,710	1,274,573	1,281,302
Interest on Deposits	1,487	1,213	347,147	75,710	61,309	19,050

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Financial Assets at Fair Value Through Profit and Loss					
Beginning of Period	-	-	18,396,561	30,904,435	284,453	109,762
End of Period	-	-	19,001,693	18,396,561	429,979	284,453
Total Profit/loss	-	-	(357,801)	(887,704)	(25,451)	(31,938)
Hedging Transactions purposes						
Beginning of Period	-	-	10,139,721	17,648,505	-	-
End of Period	-	-	8,011,906	10,139,721	-	-
Total Profit/Loss	-	-	354,021	721,726	-	-

d) As of 30 September 2021, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 52,926 (30 September 2020: TL 44,896).

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. Explanations and Disclosures Related to Subsequent Events

None.

SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. Explanations on the Independent Auditor’s Review Report

The unconsolidated financial statements of the Bank were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 27 October 2021 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.

SECTION SEVEN (*)

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim Period Reports Included Chairman Of The Board of Directors and CEO’s of the Bank Assessments For The Interim Activities

A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities

Chairman of Board of Director’s Message

Esteemed stakeholders,

In the third quarter of 2021, global manufacturing activity maintained its strength; the global service sector entered a rapid recovery period, with the acceleration of vaccination. However, in this period, the mutations of Covid-19 increased uncertainties about the economic outlook. Deterioration in climate conditions in major agricultural commodity-exporting countries adversely affected global food prices, and food prices increased worldwide due to the increase in transportation costs. Due to high uncertainties and supply-side constraints, The International Monetary Fund (IMF) decreased its 2021 global economic growth forecast from 6% to 5.9%

In the US, the increase in inflation continued in the third quarter of the year, and consumer inflation stood at 5.4%. The US Federal Reserve (FED) maintained its accommodative stance in the third quarter. FED stated that inflation might increase in the short term due to the openings in the services sector and supply constraints, but FED expects stabilization in the longer term. In the September meeting, FED Chairman Powell signalled they might start to decrease in the asset purchase program soon and that they might end their asset purchases in mid-2022. The US 10-year bond yield rose to 1.5% in September, driven by inflation concerns and increasing expectations for the rate hike in the next year.

The rise in global food and energy prices also affected Turkey’s economy. The annual inflation, 17.5% in June, rose to 19.6% in September. However, citing transitory effects on CPI inflation, the Central Bank of Turkey (CBRT) decreased the policy rate to 18% in September.

In the January-September period, Turkey’s exports increased by 36% and imports by 23.7%, improving the trade balance. Tourism and transportation revenues contributed positively to the current account balance in the third quarter of the year. The annual current account deficit decreased to USD23bn as of August, thanks to the strong export performance and tourism revenues. Preliminary indicators for the fourth quarter indicate robust manufacturing activity and a high capacity utilization rate. At the end of the August, industrial production increased by 13.8% per year.

In the Medium Term Program (MTP), covering 2022-2024, Turkey is expected to grow 9% in 2021. The budget deficit/GDP ratio forecast is at 3.5% and, the annual inflation forecast is at 16.2% for this year. In its latest report, the IMF increased its growth forecast for the Turkish economy from 5.8% to 9%.

The emergence of further new variants of Covid-19 increases the concerns and uncertainties related to the pandemic. In the upcoming period, the course of the vaccination rate and the policies of the developed countries’ central banks will be the determining factors in growth.

Yours respectfully,
Yavuz Canevi

(*) Amounts in section seven expressed in full Turkish Lira (“TL”) amount unless otherwise stated.

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities (continued)

CEO’s Message

Conducting its operations in line with its goal of fulfilling its responsibilities towards all of its stakeholders, in keeping with its “Good and Exemplary Bank” attitude Türk Ekonomi Bankası (TEB) continues to engage in efforts which create added value for stakeholders and which have a positive impact on society while also contributing to the national economy and supporting sustainable growth.

According to the bank’s Q3 2021 financial results, as of 30 September 2021 TEB’s total assets were worth TL 149.7 billion while its net profit weighed in at TL 1,043.8 million. Loans, the most important indicator of TEB’s support both for its customers and for the national economy, made up 60% of the bank’s total assets in the third quarter.

Giving importance to risk management and asset quality as it always does, TEB’s total lendings reached TL 89.5 billion in Q3 2021 while the bank’s total deposits amounted to TL 102.1 billion in value. Continuing to register solid growth with a strong capital structure while sustainably maintaining its profitability during the first nine months of the year, TEB’s shareholders’ equity was TL 12.7 billion as of 30 September 2021 while the bank’s 17.01% capital adequacy ratio was well above the targeted 12% figure.

In the third quarter TEB signed a new cooperation agreement worth USD 50 million with the European Bank for Reconstruction and Development (EBRD) This agreement is intended to ensure the continuity of foreign trade while also continuing to provide for the needs of firms in the conduct of their foreign trade operations.

Known for supplying depositors and savers with alternative products, TEB supports its customers in their efforts to save while also promoting saving habits with its Marifetli Hesap, an account which earns interest on a daily basis and which thus provides the flexibility of making deposits and withdrawals at any time. With the addition of newly opened accounts, the total volume of TEB’s Marifetli Hesap increased by 32% in the first nine months of 2021.

The growth in TEB’s consumer loans also continued in the third quarter of the year. Offering its customers with alternative repayment plans along with three-month deferrals, TEB has realized most of these solutions through its digital channels. During this period, TEB extended 85% of its consumer loans through digital channels.

To help support businesses in areas suffering from disastrous forest fires and floods, in the third quarter of the year TEB granted three-month interest-free deferments on such customers’ installment current commercial loan, KMH (overdraft account), and credit card repayments. In addition, TEB also takes part in the Small and Medium Enterprises Development Organization (KOSGEB) Emergency Support Loan Program, in which banks supply the principal and KOSGEB covers the interest on loans. Within the program, companies demonstrating that they have been affected by forest fires or floods are given access to up to TL 250 thousand in credit with an initial grace period of 12 months and 36-month repayment terms in equal quarterly installments.

Since the introduction of “Remote Customer Acquisition” procedures at the beginning of May this year, one out of three of TEB’s newly-acquired customers have been signed up within a matter of minutes by means of video calls through the bank’s CEPTETEB mobile app. The number of TEB customers making active use of the bank’s digital banking channels surpassed 2 million in the third quarter of 2021 while the number of customers making use only of its mobile banking channel increased by 23% as compared to the same period of the previous year.

Making another addition to the lineup of innovative products that are made available to TEB’s private banking customers, TEB Private Banking introduced TEB Private Infinite Card Limited Edition, a new and distinctive credit card equipped with a variety of select domestic and international features. Black in design and fashioned from metal, TEB Private Infinite Card Limited Edition is also distinguished by the opportunities that it provides its users with. The exclusive practices and successful services provided by TEB Private Banking to its customers have made it the recipient of numerous awards and

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities (continued)

CEO’s Message (continued)

recognitions from various organizations in the business of international finance. TEB Private Banking once again earned the “Best Private Banking” accolade in Global Finance magazine’s 2021 series of Private Banking Awards.

TEB received awards in three different categories as “Best Call Center”, “Best Use of Technology”, and “Best Customer Experience” at the Contact Center World 2021 Awards event. Awards organized by Contact Center World, a global association with more than 200,000 members worldwide in the field of contact center and customer engagement best practices. The customer experience-enhancing voice guidance, enhanced self-service functions, and speech recognition and analysis features of the TEB Call Center have earned the bank many awards. A recent addition to the roster of awards is a gold medal in the “Best Use of Technology” category for the Call Center’s TELEPATİ chatbot. TELEPATİ is a personal banking assistant equipped with an identity-verification capability that makes it possible for customers to take care of a great deal of their banking business quickly and conveniently.

During the third quarter of 2021 TEB once again continued to support production and employment in Turkey by standing by the small and medium-sized businesses (SME) that are the engines of the country’s economy. Following the relaxation of full lockdown rules, TEB offered customers loans on up to 36-month terms with an initial three-month grace period to help them meet their financial needs. The bank also provided a number of products with features specially designed for SME such as “KOBİ Dört Dörtlük” and “KOBİ PRATİK” while also forgoing normal charges on their day-to-day banking transactions.

TEB Startup Business Banking continues to support innovative, value-adding technology companies during their growth stages with both financing support and non-financial services. The number of ventures receiving support through the acceleration programs provided by TİM-TEB Startup Houses in seven cities to address the needs of techs has reached 1,300. TEB has also introduced a roster of fee and charge advantages that makes it possible for techs to take care of their day-to-day banking needs more practicably.

In line with the digital transformation products initiated by Global Trade Solutions in 2021, TEB launched the Export Value Acceptance Certificate (IBKB) that makes it possible for its exporter customers use the service through digital channels. Similarly in line with its goal of providing products, solutions, and services compatible with its customers’ digital transformation processes, TEB launched its Digital Supplier Financing System, which not only offers suppliers a range of cost-effective financing options but also gives buyers the benefit of uninterrupted procurements management. Through its online banking channel, TEB makes it possible for buyers and vendors to select and display invoices and to view credit limits and use with the additional advantage of incorporating such information into their own accounting systems. Among other things, this allows TEB customers to quickly convert their invoice-based future receivables into the cash they need now in order to continue their manufacturing and service-provision activities without interruption. In a recent addition to TEB’s online corporate banking services, exporter customers may also issue Export Value Acceptance Certificate (IBKB) through that channel and view those which have already been issued.

TEB Cash Management has introduced a service that enables its corporate customers to make payments through SWIFT SCORE (Standardized Corporate Environment). SWIFT SCORE is a closed messaging system that allows firms to interact with financial institutions and to issue payment orders. TEB customers who are members of this system can issue Turkish lira and FX payment orders using the MT101 or FileAct formats by sending them to a bank from their registered SWIFT address.

Yours respectfully,
Ümit Leblebici

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

B. Shareholding Structure

As of 30 September;

Name of Shareholders	TL 2,204,390,000.00 Paid in Capital	
	Share	Ratio
TEB Holding A.Ş.	1,212,414,500.002	55.0000%
BNPP Yatırımlar Holding A.Ş.	518,342,498.520	23.5141%
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879,148.835	21.2249%
BNP Paribas SA	5,253,352.000	0.2383%
Kocaeli Chamber of Commerce	500,500.643	0.0227%
Total	2,204,390.000	100.00%

C. Management And Corporate Governance Practices**The Chairman and the Members of Board of Directors**

Name	Title
Yavuz Canevi	Chairman of the Board of Directors
Dr. Akın Akbaygil	Member of the Board of Directors
François Andre Jesualdo Benaroya	Member of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee
Sandrine Ferdane	Member of the Board of Directors
Yvan L.A.M. De Cock	Member of the Board of Directors and Audit Committee
Sabri Davaz	Member of the Board of Directors and Audit Committee
Xavier Henri Jean Guilmineau	Member of the Board of Directors
Özden Odabaşı	Member of the Board of Directors
Hans Wilfried J. Broucke	Member of the Board of Directors
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee
Ümit Leblebici	Chief Executive Officer and the Executive Member

Information on Participation of Board Members and Committee Members into Respective Meetings

As of 30 September 2021, the Board of Directors have accepted 143 resolutions and Audit Committee 43 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

Executive Management

General Manager, Assistant General Managers and Their Responsibilities in the Bank

Name	Title
Ümit Leblebici	Chief Executive Officer and the Executive Member
Gökhan Mendi	Senior Assistant General Manager, Retail and Private Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager, Financial Affairs
Bade Sipahioğlu Işık	Assistant General Manager, Human Resources Group
Gökhan Özdil	Assistant General Manager, Corporate Credits Group
Osman Durmuş	Assistant General Manager, Retail and Micro SME Credits Group
Melis Coşan Baban	Secretary of the Board of Directors, Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Orhan Hatipoğlu	Assistant General Manager, Banking Operations and Support Services
Akil Özçay	Assistant General Manager, Fixed Income
Ömer Abidin Yenidoğan	Assistant General Manager, Corporate Investment Banking
Dr. Tuğrul Özbakan	Assistant General Manager, Treasury & ALM
Gülümser Özgün Henden	Assistant General Manager, Corporate Banking
Ali İhsan Arıdaşır	Assistant General Manager, SME Credits
Ali Gökhan Cengiz	Assistant General Manager, SME Banking
Nimet Elif Akpınar	Chief Risk Officer
Hakan Tıraşın	Head of Internal Audit
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

TÜRK EKONOMİ BANKASI A.Ş.**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

D. Significant Events and Transactions in the Current Period**Amendments to Main Contract in 1 January – 30 September 2021:**

There have been no changes to the main contract during the period of 1 January – 30 September 2021.

Significant Events and Transactions in the Current Period:

Past due receivables amounting to TL 266,082 for which TL 259,522 of provision had been allocated, is sold for TL 31,595 during 2021. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

Summary of Financial Results:

(million TL)	30 September 2021 Unconsolidated Financial Statements	31 December 2020 Unconsolidated Financial Statements
Loans, Net	88,901	78,884
Loans	89,505	79,430
Non-Performing Loans	3,025	3,502
Expected Losses	(3,629)	(4,048)
Total Assets	149,685	140,048
Deposits	102,112	93,773
Shareholder’s Equity	12,668	11,410
Net Income (Prior Period 30 September 2020)	1,044	1,152

Summary on Financial Ratios:

	30 September 2021 Unconsolidated Financial Statements	31 December 2020 Unconsolidated Financial Statements
Loans / Total Assets	59.39%	56.33%
Deposits / Total Assets	68.22%	66.96%
Return on Equity (Prior Period 30 September 2020)	11.98%	15.27%
NPL Ratio	3.27%	4.22%
Capital Adequacy Ratio	17.01%	18.51%
Coverage Ratio	67.48%	65.51%

TÜRK EKONOMİ BANKASI A.Ş.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

E. Credit Ratings Assigned By Rating Agencies and Information on Their Contents (*)

TEB maintained its position as one of the most highly rated banks in Turkey. As of the third quarter of 2021, TEB’s ratings were as follows:

Moody’s Investor Services:

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Bank Deposits	B2
Short Term FC Bank Deposits	NP
Long Term LC Bank Deposits	B1
Short Term LC Bank Deposits	NP
Outlook	Negative

Fitch Ratings:

Foreign Currency

Long-term	B+
Short-term	B
Outlook	Stable

Turkish Lira

Long-term	BB-
Short-term	B
Outlook	Stable
National	AA (tur)
Outlook	Stable
Viability Rating	b+

(*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

F. Donations

The Bank has donated TL 998,299 with 127 items to the several agencies and institutions during the period of 1 January 2021 – 30 September 2021.