

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

**TÜRK EKONOMİ BANKASI A.Ş.
AND IT'S SUBSIDIARIES**

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

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Türk Ekonomi Bankası A.Ş.

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at 30 June 2021 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows for the six-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 consolidated 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 consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements (ISRE) 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 the 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 consolidated interim financial information does not present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 30 June 2021, and of the results of their operations and their cash flows for the six-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 consolidated interim financial information provided in the Management's interim report included in section seven of the accompanying consolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed consolidated 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 consolidated interim financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying consolidated 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 consolidated interim financial statements and IFRS.

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

Yaman Polat
Partner

Istanbul, 30 July 2021

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

**CONSOLIDATED INTERIM FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

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The consolidated interim financial report for the six-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 Parent Bank
- Consolidated Interim Financial Statements of the Parent Bank
- Explanations on the Accounting Policies Applied in The Related Period
- Information on Financial Structure and Risk Management of the Group which is under Consolidation
- Disclosures and Footnotes on Consolidated Interim Financial Statements
- Auditor’s Review Report
- Interim Activity Report

The subsidiaries, associates and jointly controlled entities, financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	Associates	Jointly Controlled Entities
1	TEB Yatırım Menkul Değerler A.Ş.	-	-
2	TEB Faktoring A.Ş.	-	-
3	TEB Portföy Yönetimi A.Ş.	-	-

The accompanying consolidated interim financial statements for the six-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 the Parent 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 Kıdıl 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: Ashlhan Kaya / External Reporting Senior Manager

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

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

SECTION ONE

GENERAL INFORMATION

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

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “The 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 Parent Bank’s Capital Structure, Shareholders of the Parent Bank who are in Charge of the Management and/or Auditing of the Parent Bank Directly or Indirectly, Changes in These Matters and the Group the Parent Bank’s Belongs to

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

Name of shareholders	30 June 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 June 2021, the Parent 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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 Parent 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. Akin Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	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
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 Dolacı	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Kubilay Güler(**)	Assistant General Manager Responsible from Banking Operations and Support Services	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 Fixed Income	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 Group	University

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

(**) Kubilay Güler, Assistant General Manager Responsible from Banking Operations and Support Services Group, has been retired as of 30 June 2021.

Orhan Hatipoğlu has been appointed as an Assistant General Manager responsible for Banking Operations and Support Services Group, starting from 19 July 2021.

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

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

IV. Information on the Parent 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 BNP Paribas Fortis NV/SA whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNP Yatırımlar Holding are controlled by BNP Paribas SA.

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

The Parent 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 Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 30 June 2021, the Parent Bank has 451 local branches and 4 foreign branches (31 December 2020: 451 local branches, 4 foreign branches). As of 30 June 2021, the number of employees of the Group is 8,921 (31 December 2020: 9,129).

VI. Differences between the Communiqué on Preparation of Consolidated 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 Parent 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 Parent Bank, was registered in the Trade Registry Gazette on 16 July 2020. The Parent 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 Parent Bank and its Subsidiaries

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet
- II. Consolidated Statement of Off-Balance Sheet Items
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- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Section 5 Note	Reviewed Current Period 30.06.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		11,768,631	25,905,008	37,673,639	20,312,342	23,955,693	44,268,035
1.1 Cash and Cash Equivalents		3,719,128	22,107,908	25,827,036	11,584,929	19,549,690	31,134,619
1.1.1 Cash and Balances with Central Bank	(I-1)	3,563,599	17,786,102	21,349,701	3,431,921	13,519,382	16,951,303
1.1.2 Banks	(I-4)	97,330	4,346,239	4,443,569	1,974,393	6,042,448	8,016,841
1.1.3 Money Markets		60,032	-	60,032	6,180,886	-	6,180,886
1.1.4 Expected Loss Provision (-)		1,833	24,433	26,266	2,271	12,140	14,411
1.2 Financial Assets at Fair Value Through Profit or Loss		858,248	451,993	1,310,241	511,090	1,119,802	1,630,892
1.2.1 Government Debt Securities	(I-2)	805,288	282,834	1,088,122	463,550	984,266	1,447,816
1.2.2 Equity Securities		52,960	94,181	147,141	47,540	75,378	122,918
1.2.3 Other Financial Assets		-	74,978	74,978	-	60,158	60,158
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	5,210,995	3,153,585	8,364,580	5,629,411	3,022,986	8,652,397
1.3.1 Government Debt Securities		5,198,306	3,153,585	8,351,891	5,618,530	3,022,986	8,641,516
1.3.2 Equity Securities		12,689	-	12,689	10,881	-	10,881
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		1,980,260	191,522	2,171,782	2,586,912	263,215	2,850,127
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	1,206,870	191,522	1,398,392	1,936,770	263,215	2,199,985
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	773,390	-	773,390	650,142	-	650,142
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		78,226,067	20,761,803	98,987,870	77,577,144	16,143,819	93,720,963
2.1 Loans	(I-6)	69,305,635	16,902,515	86,208,150	69,418,968	13,342,867	82,761,835
2.2 Lease Receivables	(I-11)	-	-	-	-	-	-
2.3 Factoring Receivables	(I-15)	1,723,626	1,265,235	2,988,861	1,548,931	955,007	2,503,938
2.4 Other Financial Assets Measured at Amortized Cost	(I-7)	10,522,820	3,112,680	13,635,500	10,197,854	2,325,087	12,522,941
2.4.1 Government Debt Securities		10,522,820	3,112,680	13,635,500	10,197,854	2,325,087	12,522,941
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		3,326,014	518,627	3,844,641	3,588,609	479,142	4,067,751
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-14)	105,669	-	105,669	112,859	-	112,859
3.1 Held for Sale Purpose		105,669	-	105,669	112,859	-	112,859
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		55	-	55	55	-	55
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)	50	-	50	50	-	50
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
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)		837,703	50	837,753	845,976	91	846,067
VI. INTANGIBLE ASSETS(Net)		551,249	-	551,249	572,547	-	572,547
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		130,125	-	130,125	151,423	-	151,423
VII. INVESTMENT PROPERTIES(Net)	(I-13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		13,999	-	13,999	19,678	-	19,678
IX. DEFERRED TAX ASSET		633,442	-	633,442	651,589	-	651,589
X. OTHER ASSETS(Net)		2,526,103	353,696	2,879,799	2,232,039	305,935	2,537,974
TOTAL ASSETS		94,662,918	47,020,557	141,683,475	102,324,229	40,405,538	142,729,767

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

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES		Reviewed Current Period 30.06.2021			Audited Prior Period 31.12.2020			
		Section 5 Note	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(II-1)	50,973,211	43,748,155	94,721,366	49,589,731	44,152,172	93,741,903
II.	FUNDS BORROWED	(II-3)	1,715,582	12,424,549	14,140,131	1,562,891	10,348,393	11,911,284
III.	MONEY MARKET FUNDS		500	2,744,578	2,745,078	4,016,659	2,717,468	6,734,127
IV.	SECURITIES ISSUED (Net)	(II-3)	2,549,606	-	2,549,606	4,810,637	-	4,810,637
4.1	Bills		2,513,424	-	2,513,424	4,766,623	-	4,766,623
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		36,182	-	36,182	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		1,894,175	161,696	2,055,871	3,135,153	208,026	3,343,179
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	1,603,309	152,432	1,755,741	2,151,316	193,125	2,344,441
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	290,866	9,264	300,130	983,837	14,901	998,738
VIII.	FACTORING LIABILITIES	(II-11)	97	12,865	12,962	91	8,888	8,979
IX.	LEASE LIABILITIES (Net)	(II-5)	573,009	41,741	614,750	552,899	51,975	604,874
X.	PROVISIONS	(II-7)	680,267	255,411	935,678	778,091	226,726	1,004,817
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		461,999	40,678	502,677	505,168	29,963	535,131
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		218,268	214,733	433,001	272,923	196,763	469,686
XI.	CURRENT TAX LIABILITY	(II-8)	346,884	-	346,884	343,527	-	343,527
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		-	4,799,260	4,799,260	-	4,194,951	4,194,951
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	4,799,260	4,799,260	-	4,194,951	4,194,951
XV.	OTHER LIABILITIES	(II-4)	5,763,178	489,007	6,252,185	4,079,335	262,481	4,341,816
XVI.	SHAREHOLDERS' EQUITY	(II-9)	12,543,926	(34,222)	12,509,704	11,640,673	49,000	11,689,673
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		391,226	-	391,226	391,754	-	391,754
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		388,661	-	388,661	389,189	-	389,189
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		65,289	-	65,289	276,629	-	276,629
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		(127,620)	(34,222)	(161,842)	(363,855)	49,000	(314,855)
16.5	Profit Reserves		9,336,062	-	9,336,062	7,843,996	-	7,843,996
16.5.1	Legal Reserves		550,906	-	550,906	490,587	-	490,587
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		8,478,674	-	8,478,674	7,161,377	-	7,161,377
16.5.4	Other Profit Reserves		306,482	-	306,482	192,032	-	192,032
16.6	Profit or Loss		661,096	-	661,096	1,272,252	-	1,272,252
16.6.1	Prior Periods' Profit / Loss		-	-	-	9,497	-	9,497
16.6.2	Current Periods' Profit / Loss		661,096	-	661,096	1,262,755	-	1,262,755
16.7	Minority Shares	(II-10)	13,483	-	13,483	15,507	-	15,507
TOTAL LIABILITIES			77,040,435	64,643,040	141,683,475	80,509,687	62,220,080	142,729,767

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

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED OFF-BALANCE SHEET AS OF 30 JUNE 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

	Section 5 Note	Reviewed Current Period 30.06.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		78,719,142	86,029,444	164,748,586	82,225,686	89,376,868	171,602,554
I. GUARANTEES AND WARRANTIES	(III-I)	7,317,229	21,247,259	28,564,488	7,480,648	16,764,598	24,245,246
1.1 Letters of Guarantee		6,169,769	9,133,411	15,303,180	6,051,549	8,131,845	14,183,394
1.1.1 Guarantees Subject to State Tender Law		88,812	96,426	185,238	80,715	89,820	170,535
1.1.2 Guarantees Given for Foreign Trade Operations		326,688	373,095	699,783	344,482	545,346	889,828
1.1.3 Other Letters of Guarantee		5,754,269	8,663,890	14,418,159	5,626,352	7,496,679	13,123,031
1.2 Bank Acceptances		-	11,388	11,388	-	16,573	16,573
1.2.1 Import Letter of Acceptance		-	11,388	11,388	-	16,573	16,573
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	7,533,492	7,533,492	-	5,025,525	5,025,525
1.3.1 Documentary Letters of Credit		-	4,677,750	4,677,750	-	3,656,589	3,656,589
1.3.2 Other Letters of Credit		-	2,855,742	2,855,742	-	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		1,147,460	3,008,704	4,156,164	1,428,395	2,548,277	3,976,672
1.9 Other Collaterals		-	1,560,264	1,560,264	704	1,042,378	1,043,082
II. COMMITMENTS	(III-I)	20,008,156	4,022,574	24,030,730	17,192,418	2,831,971	20,024,389
2.1 Irrevocable Commitments		20,008,156	4,022,574	24,030,730	17,192,418	2,831,971	20,024,389
2.1.1 Asset Purchase Commitments		1,338,355	2,894,297	4,232,652	916,964	2,114,054	3,031,018
2.1.2 Deposit Purchase and Sale Commitments		-	471,075	471,075	-	94,524	94,524
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		6,118,733	268,527	6,387,260	5,498,822	237,748	5,736,570
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2,154,057	-	2,154,057	1,741,408	-	1,741,408
2.1.8 Tax and Fund Liabilities from Export Commitments		46,384	-	46,384	47,494	-	47,494
2.1.9 Commitments for Credit Card Limits		10,340,715	-	10,340,715	8,978,512	-	8,978,512
2.1.10 Commitments for Credit Cards and Banking Services Promotions		6,212	-	6,212	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		3,700	388,675	392,375	3,451	385,645	389,096
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		51,393,757	60,759,611	112,153,368	57,552,620	69,780,299	127,332,919
3.1 Derivative Financial Instruments for Hedging Purposes		15,451,500	5,179,262	20,630,762	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		15,451,500	5,179,262	20,630,762	12,120,663	5,636,711	17,757,374
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		35,942,257	55,580,349	91,522,606	43,440,539	59,884,939	103,325,478
3.2.1 Forward Foreign Currency Buy/Sell Transactions		4,804,846	8,664,649	13,469,495	6,698,057	10,100,110	16,798,167
3.2.1.1 Forward Foreign Currency Transactions-Buy		3,200,077	3,586,906	6,786,983	4,420,031	4,234,382	8,654,413
3.2.1.2 Forward Foreign Currency Transactions-Sell		1,604,769	5,077,743	6,682,512	2,278,026	5,865,728	8,143,754
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		29,394,220	38,197,090	67,591,310	35,101,585	43,210,657	78,312,242
3.2.2.1 Foreign Currency Swap-Buy		1,277,502	23,088,968	24,366,470	1,723,908	25,735,907	27,459,815
3.2.2.2 Foreign Currency Swap-Sell		19,865,718	8,366,536	28,232,254	20,517,677	10,825,732	31,343,409
3.2.2.3 Interest Rate Swaps-Buy		4,125,500	3,370,793	7,496,293	6,430,000	3,324,509	9,754,509
3.2.2.4 Interest Rate Swaps-Sell		4,125,500	3,370,793	7,496,293	6,430,000	3,324,509	9,754,509
3.2.3 Foreign Currency, Interest Rate and Securities Options		1,680,109	4,716,091	6,396,200	1,050,757	3,069,974	4,120,731
3.2.3.1 Foreign Currency Options-Buy		1,212,559	2,059,390	3,271,949	729,259	1,370,067	2,099,326
3.2.3.2 Foreign Currency Options-Sell		467,550	2,656,701	3,124,251	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		63,082	160,163	223,245	590,140	543,771	1,133,911
3.2.4.1 Foreign Currency Futures-Buy		57,685	103,955	161,640	2,957	541,030	543,987
3.2.4.2 Foreign Currency Futures-Sell		5,397	56,208	61,605	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		-	3,842,356	3,842,356	-	2,960,427	2,960,427
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		179,203,364	50,008,907	229,212,271	176,730,851	44,287,540	221,018,391
IV. ITEMS HELD IN CUSTODY		35,510,378	6,421,024	41,931,402	33,848,445	5,782,810	39,631,255
4.1 Customer Fund and Portfolio Balances		5,972,869	-	5,972,869	4,218,738	-	4,218,738
4.2 Investment Securities Held in Custody		12,800,328	4,439,674	17,240,002	15,992,767	4,231,162	20,223,929
4.3 Cheques Received for Collection		15,780,510	1,353,319	17,133,829	12,745,727	957,162	13,702,889
4.4 Commercial Notes Received for Collection		693,412	129,236	822,648	544,908	81,946	626,854
4.5 Other assets Received for Collection		125	498,795	498,920	125	512,540	512,665
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		263,134	-	263,134	346,180	-	346,180
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		142,374,531	43,295,515	185,670,046	139,684,038	38,119,680	177,803,718
5.1 Marketable Securities		356,712	259,832	616,544	306,697	459,121	765,818
5.2 Guarantee Notes		52,272,507	29,329,933	81,602,440	50,620,121	25,752,717	76,372,838
5.3 Commodity		72,725	90,367	163,092	142,587	108,608	251,195
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		76,606,838	9,911,316	86,518,154	77,966,304	8,026,196	85,992,500
5.6 Other Pledged Items		13,065,749	3,704,067	16,769,816	10,648,329	3,773,038	14,421,367
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		1,318,455	292,368	1,610,823	3,198,368	385,050	3,583,418
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		257,922,506	136,038,351	393,960,857	258,956,537	133,664,408	392,620,945

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

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD
ENDED 30 JUNE 2021

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Section 5 Note	Reviewed	Reviewed	Reviewed	Reviewed
			Current Period 01.01-30.06.2021	Prior Period 01.01-30.06.2020	Current Period 01.04-30.06.2021	Prior Period 01.04-30.06.2020
I.	INTEREST INCOME	(IV-1)	7,284,223	5,423,900	3,745,461	2,690,987
1.1	Interest Income on Loans		5,247,378	4,400,897	2,765,091	2,128,487
1.2	Interest Income on Reserve Requirements		177,830	15,368	105,267	11,762
1.3	Interest Income on Banks		95,931	58,407	53,882	34,383
1.4	Interest Income on Money Market Transactions		95,597	16,078	45,776	10,738
1.5	Interest Income on Securities Portfolio		1,443,144	838,784	672,334	458,823
1.5.1	Financial Assets at Fair Value Through Profit or Loss		109,798	94,839	61,061	36,276
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		366,774	347,834	175,605	196,080
1.5.3	Financial Assets Measured at Amortised Cost		966,572	396,111	435,668	226,467
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		224,343	94,366	103,111	46,794
II.	INTEREST EXPENSE (-)	(IV-2)	4,085,046	2,338,594	2,140,535	1,135,876
2.1	Interest Expense on Deposits		3,280,186	1,568,680	1,772,581	731,789
2.2	Interest Expense on Funds Borrowed		378,942	282,466	206,866	140,365
2.3	Interest Expense on Money Market Transactions		113,679	151,447	19,700	96,745
2.4	Interest Expense on Securities Issued		221,291	180,972	110,855	104,194
2.5	Interest Expense on Leases		50,836	49,889	25,895	23,376
2.6	Other Interest Expenses		40,112	105,140	4,638	39,407
III.	NET INTEREST INCOME (I - II)		3,199,177	3,085,306	1,604,926	1,555,111
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		714,086	710,139	361,734	266,182
4.1	Fees and Commissions Received		1,161,701	1,000,978	592,451	391,047
4.1.1	Non-cash Loans		146,882	125,296	72,985	62,070
4.1.2	Other		1,014,819	875,682	519,466	328,977
4.2	Fees and Commissions Paid (-)		447,615	290,839	230,717	124,865
4.2.1	Non-cash Loans		4,436	3,572	2,191	1,778
4.2.2	Other		443,179	287,267	228,526	123,087
V.	DIVIDEND INCOME		2,783	3,235	375	3,063
VI.	TRADING INCOME / LOSS (Net)	(IV-3)	(1,336,817)	(612,382)	(806,526)	(242,864)
6.1	Securities Trading Gains / Losses		74,544	(9,858)	59,071	95,488
6.2	Gains / Losses on Derivative Financial Instruments		(1,304,260)	(530,150)	(958,592)	45,133
6.3	Foreign Exchange Gains / Losses		(107,101)	(72,374)	92,995	(383,485)
VII.	OTHER OPERATING INCOME	(IV-4)	99,234	55,805	35,834	31,139
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)		2,678,463	3,242,103	1,196,343	1,612,631
IX.	EXPECTED CREDIT LOSS (-)	(IV-5)	(122,198)	496,138	(146,755)	234,047
X.	OTHER PROVISION EXPENSES (-)	(IV-5)	2,754	(23,740)	1,379	4,272
XI.	PERSONNEL EXPENSE (-)		935,947	831,573	482,021	422,573
XII.	OTHER OPERATING EXPENSES (-)	(IV-6)	1,032,335	890,712	509,896	431,882
XIII.	NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)		829,625	1,047,420	349,802	519,857
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)		829,625	1,047,420	349,802	519,857
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-7)	165,341	260,684	63,481	124,677
18.1	Current Tax Provision		180,139	340,251	164,647	271,087
18.2	Deferred Tax Income Effect(+)		1,099,512	237,136	541,658	21,892
18.3	Deferred Tax Expense Effect(-)		(1,114,310)	(316,703)	(642,824)	(168,302)
XIX.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)		664,284	786,736	286,321	395,180
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)	664,284	786,736	286,321	395,180
25.1	Group's Profit / Loss		661,096	784,462	284,721	394,096
25.2	Minority Interest Profit / Loss (-)		3,188	2,274	1,600	1,084
	Earnings per Share		0.2999	0.3559	0.1292	0.1788

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

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

	Reviewed Current Period 01.01-30.06.2021	Reviewed Prior Period 01.01-30.06.2020
I. CURRENT PERIOD INCOME/LOSS	664,284	786,736
II. OTHER COMPREHENSIVE INCOME	160,930	429,055
2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss	7,946	4,548
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 Remeasurement of Defined Benefit Plans	7,788	5,171
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	(1,650)	(1,039)
2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss	152,984	424,507
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	(132,988)	54,193
2.2.3 Income (loss) related with Cash Flow Hedges	317,267	480,824
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	(31,295)	(110,510)
III. TOTAL COMPREHENSIVE INCOME (I+II)	825,214	1,215,791

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

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 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								
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)	Total Equity Except from Minority Shares	Minority Shares	Total Shareholder s' Equity
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 30.06.2020																
I. Prior Period - 01.01-30.06.2020																
II. Prior Period End Balance	2,204,390	2,565	-	389,189	266,122	39,999	4,743	-	17,357	(886,750)	6,728,424	1,134,463	-	9,900,502	9,406	9,909,908
III. 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	-	389,189	266,122	39,999	4,743	-	17,357	(886,750)	6,728,424	1,134,463	-	9,900,502	9,406	9,909,908
IV. Total Comprehensive Income	-	-	-	-	-	4,137	411	-	42,245	382,236	-	-	784,462	1,213,491	2,300	1,215,791
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	-	-	-	-	-	1,115,572	(1,124,966)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,115,572	(1,124,966)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 30.06.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	389,189	275,516	44,136	5,154	-	59,602	(504,514)	7,843,996	9,497	784,462	11,113,993	11,706	11,125,699
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 30.06.2021																
I. Current Period - 01.01-30.06.2021																
II. Prior Period End Balance	2,204,390	2,565	-	389,189	275,516	(4,120)	5,233	-	(88,151)	(226,704)	7,843,996	1,272,252	-	11,674,166	15,507	11,689,673
III. 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	-	389,189	275,516	(4,120)	5,233	-	(88,151)	(226,704)	7,843,996	1,272,252	-	11,674,166	15,507	11,689,673
IV. Total Comprehensive Income	-	-	-	-	-	6,231	1,715	-	(101,364)	254,377	-	-	661,096	822,055	3,159	825,214
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	-	-	-	-	-	1,261,820	(1,262,755)	-	-	(5,183)	(5,183)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,183)	(5,183)
11.2 Transfers to Reserves	-	-	-	-	935	-	-	-	-	-	1,261,820	(1,262,755)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 30.06.2021 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	388,661	56,230	2,111	6,948	-	(189,515)	27,673	9,336,062	-	661,096	12,496,221	13,483	12,509,704

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 consolidated financial statements.

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Current Period 01.01-30.06.2021	Reviewed Prior Period 01.01-30.06.2020
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	2,168,894	2,395,870
1.1.1 Interest received	6,802,859	5,320,540
1.1.2 Interest paid	(3,947,029)	(2,285,436)
1.1.3 Dividend received	2,783	3,235
1.1.4 Fees and commissions received	1,121,717	633,301
1.1.5 Other income	173,778	14,314
1.1.6 Collections from previously written off loans	581,767	538,544
1.1.7 Payments to personnel and service suppliers	(916,161)	(831,573)
1.1.8 Taxes paid	(143,560)	(121,679)
1.1.9 Others	(1,507,260)	(875,376)
1.2 Changes in operating assets and liabilities	(8,686,622)	676,125
1.2.1 Net Decrease / (Increase) in EVs at Fair Value Through Profit/Loss	326,412	(455,295)
1.2.2 Net (Increase) in Due From Banks and Other Financial Institutions	(26,094)	(73,443)
1.2.3 Net (Increase) in Loans	(2,376,129)	(8,809,025)
1.2.4 Net (Increase) / Decrease in Other Assets	(3,204,812)	2,939,589
1.2.5 Net (Decrease) / Increase in Bank Deposits	(8,734,648)	8,437,979
1.2.6 Net Increase / (Decrease) in Other Deposits	415,428	(1,275,229)
1.2.7 Net Increase/(Decrease) in FCs at Fair Value Through Profit/Loss	-	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed	2,165,526	(908,932)
1.2.9 Net Increase in Matured Payables	-	-
1.2.10 Net Increase in Other Payables	2,747,695	820,481
I. Net cash provided from banking operations	(6,517,728)	3,071,995
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	282,218	(11,871,917)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-	-
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	(35,428)	(22,457)
2.4 Cash obtained from sale of tangible assets	2,606	580
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(2,609,245)	(6,430,810)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	3,151,847	1,275,188
2.7 Cash paid for purchase of financial assets measured at amortised cost	(1,638,693)	(7,501,602)
2.8 Cash obtained from sale of financial assets measured at amortised cost	1,431,698	807,184
2.9 Others	(20,567)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	(2,346,270)	5,115,540
3.1 Cash obtained from funds borrowed and securities issued	4,778,157	13,844,629
3.2 Cash used for repayment of funds borrowed and securities issued	(6,989,682)	(8,603,267)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(5,183)	-
3.5 Payments for financial leases	(129,562)	(125,822)
3.6 Others	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	731,754	703,487
V. Net increase in cash and cash equivalents	(7,850,026)	(2,980,895)
VI. Cash and cash equivalents at beginning of the period	24,235,224	16,352,454
VII. Cash and cash equivalents at end of the period	16,385,198	13,371,559

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

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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 consolidated 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 consolidated 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 consolidated 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 an 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. 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 Group's financial statements are regularly monitored by the Risk Management as well as The Parent Bank's Management. While preparing the interim financial statements as of 30 June 2021, The Group 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 June 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 Parent 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 Parent Bank's accounting policies, financial position and performance.

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(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 Parent 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's 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.

c. Different accounting policies applied in the preparation of the consolidated financial statements:

In cases where the accounting policies used by the subsidiaries differ from those of the Parent Bank, the differences are harmonized in the financial statements by considering the materiality criterion.

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

The Group 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 Parent Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

Group 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 Group, risk bearing short term 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 of the Parent Bank 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 of the Parent Bank allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

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

The Parent 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 Parent 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 Parent 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 Parent Bank's balance sheet structure.

III. Information about the Parent Bank and its Consolidated Subsidiaries

The Parent Bank, with no difference in practice between TAS and TFRS, and also the subsidiaries are consolidated by using line-by-line consolidation method. Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, TEB Faktoring A.Ş. (TEB Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (TEB Portföy) are included in the accompanying consolidated financial statements by line-by-line consolidation method. The Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

The accompanying consolidated financial statements are prepared in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated 8 November 2006 numbered 26340.

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

III. Information about the Parent Bank and its Consolidated Subsidiaries (continued)

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

Explanations on Consolidation Method and Scope

The commercial names of the entities included in consolidation and the locations of the head offices of these institutions:

<u>Commercial Name</u>	<u>Head Office</u>
TEB Faktoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

Line-by-line consolidation method is used for all the financial institutions included in the consolidation.

It has been publicly announced that the decision regarding the liquidation of “Stichting TEB Diversified Payment Rights” and “TEB Diversified Payment Rights S.A.” has been taken on 19 July 2019. “TEB Diversified Payment Rights S.A.” liquidation was completed on 23 July 2019. Bank has been notified that the liquidation of “Stichting TEB Diversified Payment Rights S.A.” was completed on 7 April 2020.

The financial statements of subsidiaries were prepared as of 30 June 2021, 31 December 2020.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Parent 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 Parent 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”.

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 Parent Bank determines the point in the range that best reflects the fair value in the current market conditions.

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(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 profit or loss (continued)

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 to defer the adoption of hedge accounting of TFRS 9 and continue with TAS 39 "Hedging accounting" in the choice of accounting policy. In this context, the Parent Bank continues to apply TAS 39 standard for hedge accounting.

The Parent 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 Parent 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.

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

The Parent 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 Parent 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.

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NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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 Parent 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 rediscounts 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.

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 Parent 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 expense in relevant period according to the cut-off principle.

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VII. Explanations on Financial Assets

The Group 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 “IFRS 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 case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value.

The Parent Bank recognizes a financial asset in the financial statement when, and only when, the Parent 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 Parent 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 June 2021, the Parent 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.

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 Group may elect at initial recognition to irrevocably designate an equity investments 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.

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VII. Explanations on Financial Assets (continued)

Financial Assets at Fair Value through Other Comprehensive Income (continued)

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 June 2021, the Parent 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 Amortised Cost

Financial investments measured at amortised cost:

A financial asset is classified as a financial asset measured at amortized cost when the Parent 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 amortised 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 amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised 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 Parent 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 Parent Bank continues to classify the exposures with a delay between 30 and 90 days, effective from 17 March 2020 until 31 December 2020 as Stage 1. The validity period of 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, based on the BRSA's decision dated 17 June 2021 and numbered 9624. Within the scope of the related decision, the Parent 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 criterias 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 been 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. After the BRSA decision, the Bank regularly reviews the default probabilities of the loans which have past due more than 90 days, less than 180 days and classified as Stage 2, and makes any necessary adjustments. The effects of these adjustments are reflected in the financial statements.

For customers with corporate and SME loans that are not subject to individual evaluation, 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.

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VIII. Explanations on Impairment of Financial Assets (continued)

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 Parent Bank uses two different calculations considering 12month 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 is mainly three loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

While the Parent 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 Parent Bank's risk policies.

As of 30 June 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 Parent Bank considers different scenarios in the calculation of expected credit loss 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	5.46	12.54	(0.01)	0.01	0.21	6.33	4.16	3.44	3.75	3.96	4.06	4.06	4.06	4.06	3.96	3.85	3.85	3.85	4.06	4.27

(*) Represents 3-month periods

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

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VII. 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.

- 12Month 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 Parent 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 Parent 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 Parent Bank periodically reviews the parameters included in the calculation and updates them when necessary.

Based on the BRSA's Decision dated 17 March 2020 and numbered 8948, the Parent Bank continues to classify the exposures with a past due between 90 and 180 days, effective from 17 March 2020 until 31 December 2020, as Stage 2. Based on the BRSA's Decision dated 8 December 2020 and numbered 9312, the validity 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.

The customers of which have corporate and SME exposures and not subject to individual assessment, after 30 June 2020.the Bank provided

- i. additional expected loan loss provision provided based on the how many times past due days over 90 days or
- ii. 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 June 2021, the Bank has TL 60,032 reverse repo transaction (31 December 2020: TL 3,679,810).

As of 30 June 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 June 2021, assets held for sale and discontinued operations of the Bank are TL 124,745 (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, 2,900 (31 December 2020: TL 5,330) has been reserved as provision for impairment losses.

As of 30 June 2021 the Group 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 Parent 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 1,964,358, the identifiable net asset value is accounted as goodwill in the financial statements 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 Parent 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 Group 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's used are mainly developed within the Parent Bank by the Parent 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 Group 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 Parent 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 the 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 Parent 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” 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 Group'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.

XVII. Explanations on Liabilities Regarding Employee Benefits

In accordance with existing social legislation in Turkey, the Parent 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 Parent 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 Parent Bank following the business combination defined in “General Information” of the Parent Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası 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 June 2021, the Pension Fund has 1,456 employees and 1,217 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 Parent 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 Parent 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 pre-emption 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 Liability/Asset

The Group 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 June 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 is no share issued in the year 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 Group.

XXIII. Explanations on Reporting According to Segmentation

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

Retail and private banking lines of the Parent 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 Parent 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 center, 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 Parent 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 Parent 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 Parent 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 Parent 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 Group operates as a business lane:

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	9,055	(6,272)	2,783
Profit Before Tax	103,468	391,539	110,186	230,704	(6,272)	829,625
Tax Provision (-)	-	-	-	165,341	-	165,341
Net Profit for the Period	103,468	391,539	110,186	65,363	(6,272)	664,284

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	32,937,772	34,273,578	18,460,820	56,465,467	(454,217)	141,683,420
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	126,652	(126,597)	55
Total Assets	32,937,772	34,273,578	18,460,820	56,592,119	(580,814)	141,683,475
Segment Liabilities	64,525,853	23,890,890	9,163,782	32,048,007	(454,761)	129,173,771
Shareholders' Equity	-	-	-	12,635,757	(126,053)	12,509,704
Total Liabilities	64,525,853	23,890,890	9,163,782	44,683,764	(580,814)	141,683,475

Prior Period (30.06.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	31,985	(28,750)	3,235
Profit before Tax	274,900	260,415	(8,437)	549,292	(28,750)	1,047,420
Tax Provision (-)	-	-	-	260,684	-	260,684
Net Profit For The Period	274,900	260,415	(8,437)	288,608	(28,750)	786,736

Prior Period (31.12.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	29,758,990	33,737,144	17,917,969	61,694,952	(379,343)	142,729,712
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	126,652	(126,597)	55
Total Assets	29,758,990	33,737,144	17,917,969	61,821,604	(505,940)	142,729,767
Segment Liabilities	57,562,522	30,630,337	8,208,073	35,019,049	(379,887)	131,040,094
Shareholders' Equity	-	-	-	11,815,726	(126,053)	11,689,673
Total Liabilities	57,562,522	30,630,337	8,208,073	46,834,775	(505,940)	142,729,767

XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2021 of the Parent Bank, TL 1,177,314 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 presentation of the financial statements dated 30 June 2021, some classifications were made on the statement of income and statement of cash flows dated 30 June 2020. The related classification has no effect on the performance of the Parent Bank.

In order to comply with the Parent Bank's financial position as of 30 June 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 Parent Bank's statement of financial position.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. Explanations Related to Components of Consolidated 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.

On the other hand, in accordance with the board decision dated June 8 December 2020 and numbered 9312 which expired as of 30 June 2021, the Parent Bank has started to take into account the negative net valuation differences of the securities held in the portfolio “fair value difference reflected in other comprehensive income” in the amount of equity to be used for the capital adequacy ratio.

The Bank’s current period equity amount calculated as of 30 June 2021 is TL 17,785,748 (31 December 2020: 16,717,321 TL), and the consolidated capital adequacy standard ratio is 17.87% (31 December 2020: 18.25). The consolidated 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 Consolidated Shareholders' Equity (continued)

Information related to the components of Consolidated Shareholders' Equity:

	Current Period	Prior Period
	30.06.2020	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	9,663,052	8,472,235
Gains Recognized in Equity as per TAS	4,078	63,530
Profit	661,096	1,272,252
Current Period Profit	661,096	1,262,755
Prior Period Profit	-	9,497
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	527
Minority interest	395	530
Common Equity Tier 1 Capital Before Deductions	12,735,838	12,216,291
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	189,514	23,436
Leasehold Improvements on Operational Leases	31,689	38,571
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	118,642	139,502
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 4 th 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	760,969	622,633
Common Equity Tier 1 Capital	11,974,869	11,593,658

(*) The negative valuation differences of the securities held by the Bank in the portfolio of securities reflected in other comprehensive income are taken into account for the current period in the amount of equity to be used for capital adequacy, but they are not taken into account in the calculation of 31 December 2020 as a result of the BRSA decision.

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

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

	Current Period 30.06.2020	Prior Period 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)	-	-
Third Parties Share in the Additional Tier 1 Capital	85	114
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	85	114
Additional Tier 1 Capital before deductions	85	114
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	85	114
Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)	11,974,954	11,593,772
TIER 2 CAPITAL		
Debt instruments and premiums approved by BRSA	4,734,254	4,137,063
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier 2 Capital	113	151
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	113	151
Provisions (Amounts stated in the first paragraph of the Article 8 of the Regulation on the Bank Capital)	1,082,194	990,921
Tier 2 Capital Before Deductions	5,816,561	5,128,135
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	5,816,561	5,128,135
Total Capital (The sum of Tier 1 and Tier 2 Capital)	17,791,515	16,721,907

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

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

	Current Period 30.06.2021	Prior Period 31.12.2020
The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	3,405	1,046
Net Book Value 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	2,362	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 I Capital, Tier II 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 I and Tier II 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 I Capital and Tier II 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	17,785,748	16,717,321
Total Risk Weighted Assets	99,515,070	91,603,777
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.03	12.66
Tier I Capital Adequacy Ratio (%)	12.03	12.66
Capital Adequacy Ratio (%)	17.87	18.25
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(%)	3.53	4.15
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	221,856	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)	633,442	651,589
Limits related to provisions considered in Tier 2 Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,981,031	2,000,390
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	1,082,194	990,921
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 Consolidated 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	11,974,869	11,425,440	11,593,658	11,563,600	11,278,641
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	11,886,295	11,336,866	11,416,511	11,386,453	11,101,494
Tier 1 Capital	11,974,954	11,425,536	11,593,772	11,563,674	11,278,711
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	11,886,380	11,336,962	11,416,625	11,386,527	11,101,564
Capital	17,785,748	16,926,550	16,717,321	16,717,156	15,858,763
Capital where the transition impact of TFRS 9 has not been applied (c)	17,697,174	16,837,976	16,540,174	16,540,009	15,681,616
TOTAL RISK WEIGHTED ASSETS					
Total Risk Weighted Assets	99,515,070	95,123,030	91,603,777	88,968,214	89,255,953
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.03	12.01	12.66	13.00	12.64
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.94	11.92	12.46	12.80	12.44
Tier 1 Capital Adequacy Ratio (%)	12.03	12.01	12.66	13.00	12.64
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.94	11.92	12.46	12.80	12.44
Capital Adequacy Ratio (%)	17.87	17.79	18.25	18.79	17.77
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	17.78	17.70	18.06	18.59	17.57
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	193,379,229	185,131,548	186,259,132	182,140,647	167,749,013
Leverage Ratio	6.19%	6.07%	6.16%	6.25%	6.69%
FTA not Applied Leverage Ratio (d)	6.15%	6.02%	6.06%	6.15%	6.58%

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.
ç: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.
d: 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	12,509,704
Hedging Funds (effective portion)	(27,673)
Deductions Made Under Regulation	(595,738)
Transition Impact of TFRS 9 (Temporary 5th Article)	88,574
Accumulated revaluation and / or classification on gains / losses of financial assets with fair value through comprehensive income	2
Common Equity Tier 1 Capital	11,974,869
Additional Tier 1 Capital	85
Tier 1 Capital	11,974,954
General Provisions (Stage 1 and 2)	1,082,194
Bank's Borrowing Instruments	4,734,254
Deductions Made Under Regulation	(5,767)
Share of Third Parties in Capital	113
Total Equity	17,785,748

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

Information related to debt instruments included in equity calculation:

All of the debt securities included in the equity calculation are issued by the Parent 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 instrument	Turkey	Turkey	Turkey	Turkey
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at consolidated /unconsolidated/ 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)	1,814.0	1,024.7	614.8	1,280.8
Par value of instrument(TL Currency in mil)	1,814.0	1,024.7	614.8	1,280.8
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	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	Stable	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 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.

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II. Explanations Related to the Consolidated Currency Risk

Foreign currency risk indicates the probability of loss that the Group 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 Group are taken into consideration and risk is calculated by using the standard method.

The Board of Directors of the Parent Bank sets limits for the positions, which are followed up daily. Any possible changes in the foreign currency transactions in the Parent Bank’s positions are also monitored.

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

Asset Liability Management and Treasury Department of the Parent 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 Parent Bank’s Asset-Liability Committee on a weekly basis.

As of 30 June 2021, the Group’s balance sheet short position is TL 17,514,966 (31 December 2020: TL 21,600,540 short position) off-balance sheet long position is TL 17,084,140 (31 December 2020: TL 21,041,159 long position) and as a result net foreign currency short position is net TL 430,826 (31 December 2020: net TL 559,381 short position).

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

	23.06.2021	24.06.2021	25.06.2021	28.06.2021	29.06.2021	30.06.2021
USD	8.5869	8.673	8.6882	8.6805	8.6879	8.6381
EURO	10.2700	10.3581	10.3928	10.3506	10.3308	10.2465

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

	Monthly Average Foreign Exchange Rate
USD	8.5827
EURO	10.3473

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II. Explanations Related to the Consolidated Currency Risk (continued)

Information on the foreign currency risk of the Group:

The table below shows the Group’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 Group also monitors the delta-adjusted position of the option transactions. As of 30 June 2021, the Parent Bank has net USD long position TL 60,901 and net EUR short position TL 17,647.

Current Period	EURO	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	8,338,359	7,674,430	1,770,590	17,783,379
Banks ⁽²⁾	1,547,440	578,237	2,198,852	4,324,529
Financial Assets at Fair Value Through Profit or Loss	44,629	407,364	-	451,993
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,247,547	1,880,129	25,909	3,153,585
Loans ⁽³⁾	12,160,733	3,479,754	925,944	16,566,431
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-to-Maturity Investments ⁽⁴⁾	1,847,258	1,264,722	-	3,111,980
Derivative Financial Assets for Hedging Purposes ⁽⁵⁾	-	-	-	-
Tangible Assets	50	-	-	50
Intangible Assets	-	-	-	-
Other Assets ⁽⁶⁾	1,462,946	101,827	65,598	1,630,371
Total Assets	26,648,962	15,386,463	4,986,893	47,022,318
Liabilities				
Bank Deposits	54	-	15	69
Foreign Currency Deposits ⁽⁷⁾	13,366,596	22,593,623	7,787,867	43,748,086
Money Market Borrowings	2,744,578	-	-	2,744,578
Funds Provided From Other Financial Institutions	11,363,985	5,787,162	72,662	17,223,809
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	9,264	-	-	9,264
Other Liabilities ⁽⁸⁾	385,158	400,817	25,503	811,478
Total Liabilities	27,869,635	28,781,602	7,886,047	64,537,284
Net Balance Sheet Position	(1,220,673)	(13,395,139)	(2,899,154)	(17,514,966)
Net Off-Balance Sheet Position	1,296,993	13,110,382	2,676,765	17,084,140
Financial Derivative Assets ⁽⁹⁾	10,592,586	24,849,626	4,926,812	40,369,024
Financial Derivative Liabilities ⁽⁹⁾	9,295,593	11,739,244	2,250,047	23,284,884
Non-Cash Loans ⁽¹⁰⁾	9,248,635	9,859,604	2,139,020	21,247,259
Prior Period				
Total Assets	22,191,983	13,680,795	4,522,259	40,395,037
Total Liabilities	25,621,853	28,701,864	7,671,860	61,995,577
Net Balance Sheet Position	(3,429,870)	(15,021,069)	(3,149,601)	(21,600,540)
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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 2,723 (31 December 2020: TL 2,561).

⁽²⁾ The banks include TL 21,710 (31 December 2020: TL 9,579) of expected credit loss provisions.

⁽³⁾ Loans include foreign currency indexed loan accounts amounting to TL 179,263 (31 December 2020: TL 233,707). As of 30 June 2021, there is no foreign currency indexed factoring receivables (31 December 2020: None). Includes expected loss provisions balance amounting to TL 515,347 (31 December 2020: TL 476,466).

⁽⁴⁾ Financial assets at amortized cost includes expected credit loss amounting to TL 700 (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 177,502 (31 December 2020: TL 213,071) income accruals from derivative financial instruments is deducted from other assets. In the Other Assets row TL 1,265,235 factoring receivables and TL 2,580 factoring receivables include expected loss provision.

⁽⁷⁾ Precious metal accounts amounting to TL 5,729,588 (31 December 2020: TL 6,002,054) are included in the foreign currency deposits.

⁽⁸⁾ TL 139,978 (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 1,203,196 (31 December 2020: TL 951,630) are added to derivative financial assets and TL 1,691,101 (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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III. Explanations Related to Consolidated Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent 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 Group.

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

The Group 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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	13,958,746	-	-	-	-	7,387,520	21,346,266
Banks ⁽³⁾	2,435,612	-	-	-	-	1,985,129	4,420,741
Financial Assets at Fair Value Through Profit or Loss	146,760	197,219	271,817	385,897	86,430	222,118	1,310,241
Money Market Placements ⁽⁴⁾	60,032	-	-	-	-	(3)	60,029
Financial Assets at Fair Value Through Other Comprehensive Income	759,043	120,905	3,592,926	3,819,358	59,659	12,689	8,364,580
Loans ⁽⁵⁾	11,772,216	6,164,658	28,349,240	33,434,316	3,373,998	(705,587)	82,388,841
Financial Assets Measured at Amortized Cost ⁽⁶⁾	440,763	511,565	9,480,829	3,161,053	41,290	(3,068)	13,632,432
Other Assets ⁽⁷⁾	1,168,625	1,154,032	1,392,518	752,528	152,749	5,539,893	10,160,345
Total Assets	30,741,797	8,148,379	43,087,330	41,553,152	3,714,126	14,438,691	141,683,475
Liabilities							
Bank Deposits	2,686,556	-	-	-	-	35,586	2,722,142
Other Deposits	51,978,774	5,350,190	284,011	-	-	34,386,249	91,999,224
Money Market Borrowings	2,745,078	-	-	-	-	-	2,745,078
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	61,113	2,488,493	-	-	-	-	2,549,606
Funds Provided From Other Financial Institutions	5,299,391	2,544,786	6,858,198	57,886	4,179,130	-	18,939,391
Other Liabilities	2,871	140,559	702,880	812,037	34,113	21,035,574	22,728,034
Total Liabilities	62,773,783	10,524,028	7,845,089	869,923	4,213,243	55,457,409	141,683,475
Balance Sheet Long Position	-	-	35,242,241	40,683,229	-	-	75,925,470
Balance Sheet Short Position	(32,031,986)	(2,375,649)	-	-	(499,117)	(41,018,718)	(75,925,470)
Off-Balance Sheet Long Position	2,002,130	-	-	2,401,764	-	-	4,403,894
Off-Balance Sheet Short Position	-	(1,766,550)	(2,137,047)	-	(364,902)	-	(4,268,499)
Total Position	(30,029,856)	(4,142,199)	33,105,194	43,084,993	(864,019)	(41,018,718)	135,395

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

⁽²⁾ Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 3,435.

⁽³⁾ The banks include TL 22,828 of expected loss provisions.

⁽⁴⁾ Money market placements include balance of expected loss provisions amounting to TL 3.

⁽⁵⁾ The revolving loans amounting to TL 9,496,214 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,819,309.

⁽⁶⁾ Financial assets at amortized cost include losses amounting to TL 3,068.

⁽⁷⁾ Includes factoring receivables amounting to TL 2,988,861 and factoring receivables expected loss provisions amounting to TL 22,264.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 837,753, intangible assets amounting to TL 551,249, assets held for resale amounting to TL 105,669, subsidiaries amounting to TL 50 entities under common control (joint vent.) amounting to TL 5 and the other liabilities line includes the shareholders’ equity of TL 12,509,704.

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III. Explanations Related to Consolidated 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, Foreign Currency Cash, 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⁾	4,796,899	-	-	-	-	3,209,286	8,006,185
Financial Assets at Fair Value Through Profit or Loss	297,525	91,886	760,926	201,959	95,521	183,075	1,630,892
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	4,657,098	746,205	10,881	8,652,397
Loans and receivables ⁽⁵⁾	11,140,029	6,681,908	25,261,054	32,741,342	3,435,619	(545,888)	78,714,064
Financial Assets at Amortised Cost ⁽⁶⁾	1,012,657	825,220	9,171,693	1,472,121	41,250	(2,818)	12,520,123
Other Assets ⁽⁷⁾	1,678,659	1,506,874	696,926	672,721	299,267	5,223,225	10,077,672
Total Assets	37,364,376	9,218,943	38,210,170	39,745,241	4,617,862	13,573,175	142,729,767
Liabilities							
Bank Deposits	7,424,601	-	-	-	-	43,796	7,468,397
Other Deposits	47,468,264	5,865,710	235,318	367	-	32,703,847	86,273,506
Money Market Borrowings	6,734,127	-	-	-	-	-	6,734,127
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	2,160,640	-	2,649,997	-	-	-	4,810,637
Funds Provided From Other Financial Institutions	1,827,122	1,289,465	8,703,539	91,158	4,194,951	-	16,106,235
Other Liabilities	227,987	28,532	383,341	1,309,066	244,413	19,143,526	21,336,865
Total Liabilities	65,842,741	7,183,707	11,972,195	1,400,591	4,439,364	51,891,169	142,729,767
Balance Sheet Long Position	-	2,035,236	26,237,975	38,344,650	178,498	-	66,796,359
Balance Sheet Short Position	(28,478,365)	-	-	-	-	(38,317,994)	(66,796,359)
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	(25,447,245)	5,851,339	25,441,159	33,190,082	(308,862)	(38,317,994)	408,479

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

(2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic 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.

(7) Includes factoring receivables amounting to TL 503,938 and factoring receivables expected loss provisions amounting to TL 17,162.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 846,067, intangible assets amounting to TL 572,547, assets held for resale amounting to TL 112,859, subsidiaries amounting to TL 50 entities under common control (joint vent.) amounting to TL 5 and the other liabilities line includes the shareholders’ equity of TL 11,689,673.

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III. Explanations Related to Consolidated 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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	13.50
Banks	(0.58)	-	(0.20)	19.10
Financial Assets at Fair Value Through Profit or Loss	3.38	4.35	-	18.23
Money Market Placements	-	-	-	19.32
Financial Assets at Fair Value Through Other Comprehensive Income	6.16	3.62	-	12.73
Loans (*)	2.60	3.32	5.44	17.51
Financial Assets Measured at Amortized Cost	3.00	2.42	-	22.21
Liabilities				
Bank Deposits	-	-	-	16.91
Other Deposits	0.03	0.44	-	17.28
Money Market Borrowings	1.35	-	-	20.00
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	19.00
Funds Provided From Other Financial Institutions	1.86	4.72	-	17.75

(*) Includes factoring receivable.

	EUR %	USD %	YEN %	TL %
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.25)	0.21	(0.26)	17.79
Financial Assets at Fair Value Through Profit or 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(*)	2.65	3.79	5.37	14.43
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	-	-	17.06
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	9.54
Funds Provided From Other Financial Institutions	1.93	4.88	-	11.62

(*) Includes factoring receivable.

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

Equity securities which are not publicly traded in the Parent 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 Parent Bank does not have any shares traded on Borsa Istanbul.

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V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio

- a) Information on liquidity risk management, such as the Parent Bank's risk capacity, responsibilities and the structure of liquidity risk management, Parent 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 Parent 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 Parent 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 Parent Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Parent 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 Parent Bank's funding strategy including policies on funding types and variety of maturities:

While the Parent 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 Parent 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 Parent 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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V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)

e) Information on liquidity risk mitigation techniques:

The Parent 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 Parent 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 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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V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio:

	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
Current Period – 30 June 2021				
High Quality Liquid Assets				
1 High Quality Liquid Assets			37,421,002	17,947,753
Cash Outflows				
2 Real Person and Retail Deposits	66,028,767	31,437,851	5,837,218	3,143,785
3 Stable Deposits	15,313,172	-	765,659	-
4 Less Stable Deposits	50,715,595	31,437,851	5,071,559	3,143,785
5 Unsecured Debts Other than Real Person and Retail Deposits	33,711,597	16,728,390	19,646,545	9,174,012
6 Operational Deposits	688,145	253,801	172,036	63,450
7 Non-operational Deposits	26,155,055	12,392,866	12,638,724	5,028,839
8 Other Unsecured Funding	6,868,397	4,081,723	6,835,785	4,081,723
9 Secured Funding	-	-	7,982	-
10 Other Cash Outflows	1,700,847	3,146,689	1,700,847	3,146,689
11 Outflows Related to Derivative Exposures and Other Collateral Requirements	1,700,847	3,146,689	1,700,847	3,146,689
12	-	-	-	-
13 Outflows Related to Restructured Financial Instruments	-	-	-	-
14 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
15 Other Revocable Off-Balance Sheet	37,210,133	13,901,497	2,956,332	1,376,270
16 Total Cash Outflows			30,148,924	16,840,756
Cash Inflows				
17 Secured Liabilities	-	-	-	-
18 Unsecured Liabilities	13,586,046	5,392,334	9,742,818	4,989,700
19 Other Cash Inflows	758,749	11,525,151	758,749	11,525,151
20 Total Cash Inflows	14,344,795	16,917,485	10,501,567	16,514,851
			Upper Limit Applied Values	
21 Total High Quality Liquid Assets			37,421,002	17,947,753
22 Total Net Cash Outflows			19,647,357	4,210,189
23 Liquidity Coverage Ratio (%)			190.46	426.29

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

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

Liquidity Coverage Ratio: (continued)

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			36,616,220	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	33,093,749	14,777,629	17,888,232	7,359,701
6 Operational Deposits	787,661	293,937	196,915	73,484
7 Non-operational Deposits	28,302,592	12,070,372	13,715,146	4,872,897
8 Other Unsecured Funding	4,003,496	2,413,320	3,976,171	2,413,320
9 Secured Funding	-	-	120,457	-
10 Other Cash Outflows	1,665,525	2,927,065	1,665,525	2,927,065
11 Outflows Related to Derivative Exposures and	1,665,525	2,927,065	1,665,525	2,927,065
12 Other Collateral Requirements	-	-	-	-
13 Outflows Related to Restructured Financial Instrumen	-	-	-	-
14 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
15 Other Revocable Off-Balance Sheet	34,907,829	12,938,807	2,830,475	1,288,863
16 Total Cash Outflows			27,980,628	14,767,130
Cash Inflows				
17 Secured Liabilities	-	-	-	-
18 Unsecured Liabilities	12,262,838	5,715,266	9,531,260	5,304,699
19 Other Cash Inflows	966,659	9,003,399	966,659	9,003,399
20 Total Cash Inflows	13,229,497	14,718,665	10,497,919	14,308,098
			Upper Limit Applied Values	
21 Total High Quality Liquid Assets			36,616,220	15,499,469
22 Total Net Cash Outflows			17,482,709	3,691,783
23 Liquidity Coverage Ratio (%)			209.44	419.84

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

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 of the Parent Bank. 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.

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

Consolidated Liquidity Coverage Ratios for the last three months are presented below:

	Current Period	
	TL+FC	FC
April 2021	199.21%	379.79%
May 2021	185.14%	422.48%
June 2021	198.45%	462.40%
	Prior Period	
	TL+FC	FC
October 2020	191.54%	351.74%
November 2020	219.37%	487.73%
December 2020	256.32%	519.02%

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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	7,390,955	13,958,746	-	-	-	-	(3,435)	21,346,266
Banks ⁽³⁾	2,871,527	1,572,042	-	-	-	-	(22,828)	4,420,741
Financial Assets at Fair Value Through Profit and Loss	-	24,523	626	352,866	501,441	208,666	222,119	1,310,241
Money Market Placements	-	60,032	-	-	-	-	(3)	60,029
Financial Assets Measured at Other Comprehensive Income	12,689	409,976	65,245	3,422,756	4,330,112	123,802	-	8,364,580
Loans ⁽⁴⁾	-	10,709,140	6,163,261	28,782,542	34,065,487	3,373,998	(705,587)	82,388,841
Financial Assets Measured at Amortised Cost ⁽⁵⁾	-	213,845	170,592	1,412,981	11,488,928	349,154	(3,068)	13,632,432
Other Assets ⁽⁶⁾	-	1,989,243	1,320,251	1,574,684	813,148	152,749	4,310,270	10,160,345
Total Assets	10,275,171	28,937,547	7,719,975	35,545,829	51,199,116	4,208,369	3,797,468	141,683,475
Liabilities								
Bank Deposits	35,586	2,686,556	-	-	-	-	-	2,722,142
Other Deposits	34,386,249	51,978,774	5,350,190	284,011	-	-	-	91,999,224
Funds Provided From Other Financial Institutions	-	5,275,183	2,451,948	6,247,640	165,360	4,799,260	-	18,939,391
Money Market Borrowings	-	2,745,078	-	-	-	-	-	2,745,078
Securities Issued	-	61,113	2,488,493	-	-	-	-	2,549,606
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	43,459	6,503,063	459,670	823,823	1,204,169	255,242	13,438,608	22,728,034
Total Liabilities	34,465,294	69,249,767	10,750,301	7,355,474	1,369,529	5,054,502	13,438,608	141,683,475
Liquidity Gap	(24,190,123)	(40,312,220)	(3,030,326)	28,190,355	49,829,587	(846,133)	(9,641,140)	-
Net Off-Balance Sheet Position	-	(57,634)	(134,734)	252,412	3,536	64,954	-	128,534
Financial Derivative Assets	-	17,545,198	11,560,499	10,854,212	15,323,365	857,677	-	56,140,951
Financial Derivative Liabilities	-	17,602,832	11,695,233	10,601,800	15,319,829	792,723	-	56,012,417
Non-Cash Loans	7,419,530	1,874,850	4,084,326	9,182,618	6,003,164	-	-	28,564,488
Prior Period								
Total Assets	7,953,511	35,595,503	9,025,132	30,273,292	49,907,055	5,235,185	4,740,089	142,729,767
Total Liabilities	32,759,066	70,645,813	7,408,453	12,761,820	1,761,901	4,712,459	12,680,255	142,729,767
Liquidity Gap	(24,805,555)	(35,050,310)	1,616,679	17,511,472	48,145,154	522,726	(7,940,166)	-
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	6,917,238	1,354,463	2,719,244	6,823,344	6,430,957	-	-	24,245,246

(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 and cash equivalents include cash balances (cash in hand, cash in the safe deposit box, purchased checks) and the Central Bank of Turkey's outstanding loss provisions amounting to TL 3,435.

(3) The banks include TL 22,828 of expected loss provisions.

(4) Receivables from Money Markets includes expected loss provisions balance amounting to TL 3.

(5) Revolving loans amounting to TL 9,496,214 are shown in the “Up to 1 Month” maturity bracket. Includes expected loss provisions balance amounting to TL 3,819,309.

(6) Financial Assets Valued at Amortized Cost includes expected loss provisions balance amounting to TL 3,068.

(7) TL 2,988,861 factoring receivables and TL 22,264 factoring receivables include expected loss provision.

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VI. Explanations Related to Consolidated 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) Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:

	Current Period (**)	Prior Period (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	139,428,507	140,377,909
2 Difference between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	-	-
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	504,306	492,002
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	772,484	900,450
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	54,343,070	46,027,051
6 Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1,487,303)	(1,943,151)
7 Total Risk	193,561,064	185,854,261

(*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communique on Preparation of Consolidated Financial Statements of the Banks.

(**) The arithmetic average of the last 3 months in the related periods.

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VI. Explanations Related to Consolidated Leverage Ratio (continued)

c) Leverage Ratio:

	Current Period(*)	Prior Period(*)
Assets On the Balance Sheet		
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	137,356,580	137,340,711
2 (Assets Deducted from Core Capital)	(794,550)	(683,621)
3 Total Risk Amount for Assets on the Balance Sheet	136,562,030	136,657,090
Derivative Financial Instruments and Credit Derivatives		
4 Renewal Cost of Derivative Financial Instruments and Credit Derivatives	1,379,174	1,777,668
5 Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	504,306	492,002
6 Total Risk Amount of Derivative Financial Instruments and Credit Derivatives	1,883,480	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)	772,484	900,450
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	772,484	900,450
Off-Balance Sheet Transactions		
10 Gross Nominal Amount of the Off-balance Sheet Transactions	54,343,070	46,027,051
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-balance Sheet Transactions	54,343,070	46,027,051
Capital and Total Risk		
13 Tier 1 Capital	11,592,259	11,397,559
14 Total Risk Amount	193,561,064	185,854,261
Leverage Ratio		
15 Leverage Ratio	5.99%	6.13%

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

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VII. Explanations Related to Consolidated 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 have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Group.

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)	85,276,582	77,157,249	6,822,127
2 Of which Standardized Approach (SA)	85,276,582	77,157,249	6,822,127
3 Of which Internal Rating-based (IRB) Approach	-	-	-
4 Counterparty Credit Risk	1,298,946	2,116,406	103,916
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,298,946	2,116,406	103,916
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking accounts under market-based approach	-	-	-
8 Equity investments in funds – Look-through Approach	-	-	-
9 Equity investments in funds – Mandate-based Approach	-	-	-
10 Equity investments 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	1,996,411	2,435,660	159,713
17 Standardized Approach (SA)	1,996,411	2,435,660	159,713
18 Internal Model Approaches (IMM)	-	-	-
19 Operational Risk	10,943,131	9,894,462	875,450
20 Of which Basic Indicator Approach	10,943,131	9,894,462	875,450
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)	99,515,070	91,603,777	7,961,206

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VII. Explanations Related to Consolidated Risk Management (Continued)

Credit quality of assets

Current Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowances/ impairments	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	3,137,680	86,059,331	3,841,573	85,355,438
Debt Securities	-	21,987,391	3,068	21,984,323
Off-balance sheet exposures	-	52,595,218	303,304	52,291,914
Total	3,137,680	160,641,940	4,147,945	159,631,675

Prior Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowances/ impairments	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	3,520,150	81,745,623	4,064,933	81,200,840
Debt Securities	-	21,164,457	2,818	21,161,639
Off-balance sheet exposures	-	44,269,635	311,330	43,958,305
Total	3,520,150	147,179,715	4,379,081	146,320,784

Changes in stock of defaulted loans and debt securities

1 Defaulted loans and debt securities as of 31 December 2020	3,520,150
2 Loans and debt securities that have defaulted since the last reporting period	418,558
3 Returned to non-defaulted status	-
4 Amounts written off(*)	208,414
5 Other changes (**)	592,614
6 Defaulted loans and debt securities as of 30 June 2021 (1+2-3-4+5)	3,137,680

(*) The Group has written off TL 31,542 of its non-performing loans. In addition, the portion of the Group's non-performing loan portfolio amounting to TL 176,861 and a provision for TL 172,095 was sold in 2021 for a price of TL 19,245, and after the completion of the necessary procedures, the sales prices were collected and the said non-performing receivables were removed from the records

(**) Includes collections during the period.

1 Defaulted loans and debt securities as of 31 December 2019	4,178,852
2 Loans and debt securities that have defaulted since the last reporting period	1,460,100
3 Returned to non-defaulted status	-
4 Amounts written off(*)	541,732
5 Other changes (**)	1,577,070
6 Defaulted loans and debt securities as of 31 December 2021 (1+2-3-4+5)	3,520,150

(*) The Group has written off TL 117,263 of its non-performing loans. In addition, the portion of the Group's non-performing loan portfolio amounting to TL 424,469 and a provision for TL 410,516 was sold in 2020 for a price of TL 35,759, and after the completion of the necessary procedures, the sales prices were collected and the said non-performing receivables were removed from the records.

(**) Includes collections during the period.

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VII. Explanations Related to Consolidated Risk Management (Continued)

Credit risk mitigation techniques

	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
Current period							
Loans	70,811,938	9,549,601	8,221,817	4,836,468	3,682,950	-	-
Debt Securities	21,646,307	-	-	-	-	-	-
Total	92,458,245	9,549,601	8,221,817	4,836,468	3,682,950	-	-
Of which defaulted	3,033,753	46,218	34,277	3,675	122	-	-

	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
Prior period							
Loans	64,184,085	9,340,977	8,438,686	5,746,115	4,549,485	-	-
Debt Securities	19,866,035	-	-	-	-	-	-
Total	84,050,120	9,340,977	8,438,686	5,746,115	4,549,485	-	-
Of which defaulted	3,308,545	123,545	87,776	65,615	297	-	-

(*) Due to the BRSA communiqué dated 23/03/2020 and numbered 24049440-045, the arithmetic average of the CBRT buying rate of the last 252 working days has been used in credit risk calculations.

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VII. Explanations Related to Consolidated Risk Management (Continued)

Credit risk exposure and Credit Risk Mitigation (CRM) effects

Asset classes (Prior Period)	Credit conversion rate and credit amount before credit risk mitigation		Credit conversion rate and credit amount after credit risk mitigation		Risk weighted amounts and risk weighted amounts density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amounts	Risk weighted amounts density
Exposures to central governments or central banks	38,349,650	-	39,093,383	-	795,471	%2
Exposures to regional governments or local authorities	1,171,451	5,863	1,166,502	2,873	584,692	%50
Exposures to public sector entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to institutions	6,027,217	2,558,476	5,928,694	2,680,946	2,707,782	%31
Exposures to corporates	33,282,413	22,104,701	31,377,776	11,577,418	41,869,356	%97
Retail exposures	38,212,093	18,879,966	36,655,406	3,484,074	30,097,552	%75
Exposures secured by residential property	4,174,735	308,031	4,174,736	113,255	1,500,797	%35
Exposures secured by commercial real estate	6,630,561	1,340,336	6,422,059	570,513	4,881,485	%70
Past-due loans	1,031,296	269,284	1,031,172	90,360	1,032,210	%92
Higher-risk categories by the Agency Board	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
Other assets	5,504,404	4,415,417	5,504,397	3,109	1,590,798	%29
Investments in equities	216,439	-	216,439	-	216,439	%100
Total	134,600,259	49,882,074	131,570,564	18,522,548	85,276,582	%56

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VII. Explanations Related to Consolidated Risk Management (Continued)

Credit risk exposure and Credit Risk Mitigation (CRM) effects (continued)

Asset classes (Prior Period)	Credit conversion rate and credit amount before credit risk mitigation		Credit conversion rate and credit amount after credit risk mitigation		Risk weighted amounts and risk weighted amounts density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amounts	Risk weighted amounts density
Exposures to central governments or central banks	35,101,663	-	37,188,639	-	460,144	1%
Exposures to regional governments or local authorities	1,196,851	3,910	1,195,677	1,851	598,769	50%
Exposures to public sector entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to institutions	6,929,130	2,113,171	6,814,490	1,689,485	2,362,807	28%
Exposures to corporates	33,011,949	17,725,095	31,160,953	9,418,754	39,898,295	98%
Retail exposures	33,199,900	15,383,637	30,755,418	2,836,385	25,191,510	75%
Exposures secured by residential property	4,654,019	334,268	4,654,018	127,135	1,673,404	35%
Exposures secured by commercial real estate	5,703,402	1,117,896	5,450,919	462,159	3,971,642	67%
Past-due loans	1,212,736	226,565	1,212,440	65,240	1,128,824	88%
Higher-risk categories by the Agency Board	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
Other assets	3,717,515	2,723,763	3,717,505	2,889	1,704,597	46%
Investments in equities	167,257	-	167,257	-	167,257	100%
Total	124,894,422	39,628,305	122,317,316	14,603,898	77,157,249	56%

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VII. Explanations Related to Consolidated Risk Management (Continued)

Receivables by risk classes and risk weights

Asset Classes / Risk Weights (Current Period)	0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
Exposures to regional governments or local authorities	38,297,912	-	-	-	-	-	795,471	-	-	-	39,093,383
Exposures to regional governments or local authorities	-	-	-	-	1,169,366	-	9	-	-	-	1,169,375
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	5,368,871	-	3,214,094	-	26,104	571	-	-	8,609,640
Exposures to corporates	-	-	305,442	-	1,682,968	-	40,966,784	-	-	-	42,955,194
Retail exposures	-	-	4,126	-	19,154	40,116,200	-	-	-	-	40,139,480
Exposures secured by residential property	-	-	-	4,287,991	-	-	-	-	-	-	4,287,991
Exposures secured by commercial real estate	-	-	-	-	4,222,174	-	2,770,398	-	-	-	6,992,572
Past-due loans	-	-	-	-	335,204	-	629,768	156,560	-	-	1,121,532
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	216,439	-	-	-	216,439
Other assets	3,874,403	-	52,882	-	-	-	1,580,221	-	-	-	5,507,506
Total	42,172,315	-	5,731,321	4,287,991	10,642,960	40,116,200	46,985,194	157,131	-	-	150,093,112

(*) “The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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VII. Explanations Related to Consolidated Risk Management (Continued)

Receivables by risk classes and risk weights (continued)

Asset Classes / Risk Weights (Prior Period)	0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
Exposures to regional governments or local authorities	36,728,495	-	-	-	-	-	460,144	-	-	-	37,188,639
Exposures to regional governments or local authorities	-	-	-	-	1,197,519	-	9	-	-	-	1,197,528
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	6,348,462	-	2,124,798	-	30,714	1	-	-	8,503,975
Exposures to corporates	-	-	127,440	-	1,158,920	-	39,293,347	-	-	-	40,579,707
Retail exposures	-	-	1,121	-	6,904	33,583,778	-	-	-	-	33,591,803
Exposures secured by residential property	-	-	-	4,781,153	-	-	-	-	-	-	4,781,153
Exposures secured by commercial real estate	-	-	-	-	3,882,873	-	2,030,205	-	-	-	5,913,078
Past-due loans	-	-	-	-	408,750	-	757,892	111,038	-	-	1,277,680
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	167,257	-	-	-	167,257
Other assets	1,969,069	-	58,410	-	-	-	1,692,915	-	-	-	3,720,394
Total	38,697,564	-	6,535,433	4,781,153	8,779,764	33,583,778	44,432,483	111,039	-	-	136,921,214

(*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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VIII. Explanations Related to Consolidated Credit Risk

Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for Computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Assets
Standardized Approach - CCR (For Derivatives)	577,157	456,803		1.4	1,014,226	621,123
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					856,201	353,030
						974,153

(*) Effective Expected Positive Exposure

Prior Period	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for Computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Assets
Standardized Approach - CCR (For Derivatives)	1,452,674	498,722		1.4	1,923,504	1,229,934
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					1,047,631	420,982
						1,650,916

(*) Effective Expected Positive Exposure

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VIII. Explanations Related to Consolidated Credit Risk (Continued)

Credit valuation adjustment (CVA) capital charge

Current Period	Exposure at Default post-Credit	
	Risk Mitigation	Risk Weighted Assets
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	1,014,226	324,793
Total subject to the CVA capital charge	1,014,226	324,793

Prior Period	Exposure at Default post-Credit	
	Risk Mitigation	Risk Weighted Assets
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	1,923,504	465,490
Total subject to the CVA capital charge	1,923,504	465,490

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VIII. Explanations Related to Consolidated Credit Risk (Continued)

Counterparty credit risk by risk classes and risk weights

Risk Weight / Regulatory portfolio (Current Period)	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims from central governments and central banks	263,678	-	-	-	-	-	-	-	-	263,678
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	253,676	-	836,186	-	-	-	-	1,089,862
Corporates	-	-	3,913	-	3,645	-	487,343	-	-	494,901
Retail portfolios	-	-	20	-	4,407	17,559	-	-	-	21,986
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	263,678	-	257,609	-	844,238	17,559	487,343	-	-	1,870,427

(*) Total credit risk: The amount relevant for the capital requirements calculation after applying counterparty credit risk measurement techniques.

(**) Other assets: The amounts includes exposures reported to Central Counterparty Table but not included in Counterparty Credit Risk.

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VIII. Explanations Related to Consolidated Credit Risk (Continued)

Counterparty credit risk by risk classes and risk weights

Risk Weight / Regulatory portfolio (Prior Period)	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims from central governments and central banks	529,441	-	-	-	-	-	-	-	-	529,441
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	254,344	-	1,137,118	-	-	-	-	1,391,462
Corporates	-	-	6,359	-	17,753	-	1,006,996	-	-	1,031,108
Retail portfolios	-	-	-	-	-	19,124	-	-	-	19,124
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	529,441	-	260,703	-	1,154,871	19,124	1,006,996	-	-	2,971,135

(*) Total credit risk: The amount relevant for the capital requirements calculation after applying counterparty credit risk measurement techniques.

(**) Other assets: The amounts includes exposures reported to Central Counterparty Table but not included in Counterparty Credit Risk.

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VIII. Explanations Related to Consolidated Credit Risk (Continued)

Composition of collateral for counterparty credit risk exposure

	Collateral used in derivative transactions				Collateral used in other transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Current Period						
Cash – domestic currency	-	1,029	-	-	-	-
Cash – other currencies	-	18,393	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	312	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	19,734	-	-	-	-

	Collateral used in derivative transactions				Collateral used in other transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Prior Period						
Cash – domestic currency	-	1,220	-	-	-	-
Cash – other currencies	-	3,711	-	-	-	-
Domestic sovereign debt	-	1,055	-	-	-	-
Other sovereign debt	-	21,906	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	27,892	-	-	-	-

Credit Derivatives

None. (31 December 2020: None)

Exposures to central counterparties

None. (31 December 2020: None)

IX. Securization Disclosures

Since the Parent Bank does not hold securitization position, the notes to be presented according to the “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” have not been presented.

X. Explanations Related to Consolidated Market Risk

	Risk Weighted Amounts Current Period	Risk Weighted Amounts Prior Period
Outright products		
Interest rate risk (general and specific)	832,509	1,561,156
Equity risk (general and specific)	-	-
Foreign exchange risk	128,963	232,944
Commodity risk	954,614	588,523
Options		
Simplified approach	-	-
Delta-plus method	80,325	53,037
Scenario approach	-	-
Securization	-	-
Total	1,996,411	2,435,660

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 on a semi-annually basis according to Communiqué have not been presented as standard approach is used for the calculation of market risk by the Bank as of 30 June 2021.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Consolidated Assets

1. a) Information on Cash and Balances with the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	398,934	3,471,064	382,963	1,948,389
Balances with the Central Bank of Turkey	3,164,665	13,853,486	3,048,958	11,382,722
Other	-	461,552	-	188,271
Total	3,563,599	17,786,102	3,431,921	13,519,382

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3,059,405	-	2,979,546	-
Unrestricted Time Deposit	-	4,600,981	-	4,626,036
Restricted Time Deposit	105,260	9,252,505	69,412	6,756,686
Total	3,164,665	13,853,486	3,048,958	11,382,722

Foreign currency unrestricted deposit amounting to TL 4,600,981 (31 December 2020: TL 4,626,036), Foreign currency restricted deposit amounting to TL 9,252,505 (31 December 2020: TL 6,756,686), TL unrestricted deposit amount is TL 3,059,405 (31 December 2020: TL 2,979,546), TL restricted amount is, TL 105,260 (31 December 2020: TL 69,412) consists of required reserves.

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

a.1) Information on financial assets at fair value through profit or loss given as collateral / blocked: None (31 December 2020: None).

a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2020: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 1,088,122 (31 December 2020: TL 1,447,816).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	805,288	282,834	463,550	984,266
Securities Representing Share in Capital	52,960	94,181	47,540	75,378
Other Financial Assets	-	74,978	-	60,158
Total	858,248	451,993	511,090	1,119,802

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	151,387	27,764	392,758	56,660
Swap Transactions	1,016,454	137,668	1,091,529	165,479
Futures Transactions	-	-	-	-
Options	39,029	26,090	36,244	9,939
Other	-	-	-	-
Total	1,206,870	191,522	1,520,531	232,078

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

4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	31,337	396	1,917,454	801,216
Foreign Banks	65,993	4,345,843	56,939	5,241,232
Foreign Head Offices and Branches	-	-	-	-
Total	97,330	4,346,239	1,974,393	6,042,448

An expected loss provision of TL 22,828 (December 31, 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	700,952	309,104	876,626	272,329
Other	-	-	-	-
Total	700,952	309,104	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	-	2,032,893	869,642	2,567,087
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	2,032,893	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 5,321,631 (31 December 2020: TL 4,066,713).

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

	Current Period	Prior Period
Debt Securities	8,351,891	8,641,516
Quoted on a Stock Exchange	8,325,983	8,618,350
Unquoted	25,908	23,166
Equity Securities	12,689	10,881
Quoted on a Stock Exchange	-	-
Unquoted	12,689	10,881
Impairment Provision (-)	-	-
Total	8,364,580	8,652,397

An expected loss provision of TL 1,934 (31 December 2020: TL 1,969) has been reserved for financial assets at fair value through other comprehensive income.

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I. Explanations and Disclosures Related to the Consolidated 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	-	564,669	-	438,193
Corporate Shareholders	-	564,669	-	438,193
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	147,186	-	153,482	-
Total	147,186	564,669	153,482	438,193

b) Information on the standard loans, 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	Loans with Revised Contract Terms	Restructuring Refinance
Non-specialized loans	74,020,435	7,252,366	85,875	1,735,752
Working Capital Loans	5,925,956	841,673	53,551	1,058,161
Export Loans	9,384,095	128,221	-	5,584
Import Loans	-	-	-	-
Loans Given to Financial Sector	3,197,525	77,541	-	-
Consumer Loans	18,428,342	3,375,973	11,251	141,049
Credit Cards	5,260,817	879,114	14,060	-
Other	31,823,700	1,949,844	7,013	530,958
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	74,020,435	7,252,366	85,875	1,735,752

Prior Period:

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Restructuring Refinance
Non-specialized loans	71,307,608	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	32,500,000	1,720,112	11,830	632,420
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	71,307,608	6,190,429	92,352	1,669,564

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I. Explanations and Disclosures Related to the Consolidated 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 Loss	392,209	-	393,446	-
Significant increase in Credit Risk	-	1,339,876	-	1,360,252
Total	392,209	1,339,876	393,446	1,360,252

Aging analysis for loans under close monitoring

30 June 2021 (*)	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	206,862	103,249	320,173	630,284
Consumer Loans	644,374	209,055	259,930	1,113,359
Credit Cards	96,603	84,124	64,525	245,252
Total	947,839	396,428	644,628	1,988,895

(*) As of 30 June 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 744,618 (December 31, 2020) : TL 626,606).

31 December 2020 (*)	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	265,923	157,612	440,170	863,705
Consumer Loans	520,416	180,156	256,865	957,437
Credit Cards	77,892	77,145	56,408	211,445
Total	864,231	414,913	753,443	2,032,587

(*) 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

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I. Explanations and Disclosures Related to the Consolidated 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	572,851	20,439,698	21,012,549
Housing Loans	2,081	4,180,059	4,182,140
Vehicle Loans	8,043	486,441	494,484
General Purpose Loans	562,727	15,773,198	16,335,925
Other	-	-	-
Consumer Loans –Indexed to FC	-	15,138	15,138
Housing Loans	-	15,138	15,138
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	19,347	19,347
Housing Loans	-	5,399	5,399
Vehicle Loans	-	1,287	1,287
General Purpose Loans	-	12,661	12,661
Other	-	-	-
Individual Credit Cards-TL	4,071,080	13,343	4,084,423
With Instalments	1,229,231	13,343	1,242,574
Without Instalments	2,841,849	-	2,841,849
Individual Credit Cards-FC	9,567	-	9,567
With Instalments	-	-	-
Without Instalments	9,567	-	9,567
Personnel Loans-TL	7,973	101,952	109,925
Housing Loans	-	246	246
Vehicle Loans	-	-	-
General Purpose Loans	7,973	101,706	109,679
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	33,488	30	33,518
With Instalments	10,437	30	10,467
Without Instalments	23,051	-	23,051
Personnel Credit Cards-FC	122	-	122
With Instalments	-	-	-
Without Instalments	122	-	122
Overdraft Accounts-TL(Real Persons) (*)	799,651	-	799,651
Overdraft Accounts-FC(Real Persons)	5	-	5
Total	5,494,737	20,589,508	26,084,245

(*) Overdraft accounts include personnel loans amounting to TL 3,621.

(**) Loans granted via branches abroad.

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I. Explanations and Disclosures Related to the Consolidated 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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I. Explanations and Disclosures Related to the Consolidated 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	1,308,935	9,755,350	11,064,285
Business Loans	90	166,069	166,159
Vehicle Loans	73,278	1,787,183	1,860,461
General Purpose Loans	1,235,567	7,802,098	9,037,665
Other	-	-	-
Commercial Loans with Instalment - Indexed to FC	-	99,552	99,552
Business Loans	-	6,064	6,064
Vehicle Loans	-	584	584
General Purpose Loans	-	92,904	92,904
Other	-	-	-
Commercial Loans with Instalment - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	2,023,811	516	2,024,327
With Instalments	720,658	516	721,174
Without Instalments	1,303,153	-	1,303,153
Corporate Credit Cards-FC	2,034	-	2,034
With Instalments	-	-	-
Without Instalments	2,034	-	2,034
Overdraft Accounts-TL(Legal Entities)	853,520	-	853,520
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	4,188,300	9,855,418	14,043,718

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 Consolidated Assets (continued)

6. Information on loans: (continued)

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	82,527,634	78,767,136
Foreign Loans	566,794	492,817
Total	83,094,428	79,259,953

f) Loans granted to subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

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

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	111,855	104,606
Loans and Receivables with Doubtful Collectability	182,732	198,193
Uncollectible Loans and Receivables	1,792,637	1,991,274
Total	2,087,224	2,294,073

h) Information on loans under follow-up (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	25,656	13,668	62,527
Restructured Loans	25,656	13,668	62,527
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 Period End Balance	168,152	313,729	3,020,001
Additions (+)	389,038	7,315	14,961
Transfers from Other Categories of Loans under Follow-up (+)	-	315,468	281,020
Transfers to Other Categories of Loans under Follow-up (-)	315,468	281,020	-
Collections (-)	54,054	62,872	445,596
Write-offs (-)	-	-	31,542
Sold Portfolio (-)(*)	32	745	176,084
Corporate and Commercial Loans	5	691	70,992
Retail Loans	-	3	65,850
Credit Cards	27	51	39,242
Other	-	-	-
Other	(16)	4,180	(32,713)
Current Period End Balance	187,620	296,055	2,630,047
Provision (-)	111,855	182,732	1,792,637
Net Balances on Balance Sheet	75,765	113,323	837,410

(*) Past due receivables amounting to TL 176,861 for which TL 172,095 of provision had been allocated, is sold for TL 19,245 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 Consolidated Assets (continued)

6. Information on loans: (continued)

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

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	Uncollectable Loans and Receivables
30 June 2021			
Current Period End Balance	13,608	13,878	250,387
Provision (-)	9,476	7,755	189,145
Net Balance on Balance Sheet	4,132	6,123	61,242
31 December 2020			
Prior 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)	187,620	296,055	2,630,047
Provision (-)	111,855	182,732	1,792,637
Loans to Real Persons and Legal Entities (Net)	75,765	113,323	837,410
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, rediscounts 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)	2,362	2,182	41,623
Interest Accruals, Rediscounts and Valuation Differences	21,058	45,994	568,823
Provision (-)	18,696	43,812	527,200
Prior Period (Net)	1,649	2,775	46,489
Interest Accruals, Rediscounts 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 Consolidated 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:

- The methods applied for legal collection of loans from debtors,
- Decisions regarding the inclusion to the non-performing loans sale,
- 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 31,542 (31 December 2020: TL 97,496) and its effect on NPL ratio is 0.03% (31 December 2020: 0.12%). The follow-up conversion rate is 3.61% (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 3.64%(31 December 2020: 4.34%).

7. Information on financial assets measured at amortized cost:

a) a.1) Information on financial assets measured at amortized cost and subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	-	1,626,665	2,971,137	1,153,219
Total	-	1,626,665	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	6,883,394	184,939	6,698,645	1,171,868
Other	-	-	-	-
Total	6,883,394	184,939	6,698,645	1,171,868

Unrestricted financial assets measured at amortized cost are TL 4,940,502 (31 December 2020: TL 528,072).

a.3) Information on held-to-maturity investments given as collateral or blocked:

	Current Period	Prior Period
Government Bonds	13,635,500	12,522,941
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	13,635,500	12,522,941

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

7. Information on financial assets measured at amortized cost: (continued)

a.4) Information on financial assets measured at amortized cost and subject to repurchase agreements:

	Current Period	Prior Period
Debt Securities	13,635,500	12,522,941
Quoted on a Stock Exchange	13,635,500	12,522,941
Unquoted	-	-
Impairment Provision(-)	-	-
Total	13,635,500	12,522,941

An expected loss provision of TL 3,068 (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	202,427	377,092
Purchases during the Year (*)	2,341,830	8,062,415
Disposals Through Sales and Redemptions	(1,431,698)	(823,184)
Impairment Provision (-)	-	-
Closing Balance	13,635,500	12,522,941

(*) This line includes discount amounts.

8. Information on associates (Net):

- a.1) Information on consolidated 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 on the 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 Consolidated Assets (continued)

9. Information on subsidiaries (Net):

- a) Information on shareholders’ equity of significant subsidiaries:

	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	32,763	147,444	16,439
Income/ Loss recognized under equity in accordance with TAS	-	-	(183)
Leasehold Improvements on Operational Leases (-)	133	(27)	48
Goodwill and intangible asset and the related deferred tax liability (-)	3,227	4,340	528
Total Common Equity Tier 1 Capital	209,274	219,771	29,214
General Provision	3,832	-	-
Total Equity	213,106	219,771	29,214

The Parent Bank has no capital requirements arising from its subsidiaries included in the Consolidated Capital Adequacy Standard Ratio.

- b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection 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 financial subsidiaries:
- d.1) Information on the consolidated financial subsidiaries:

Title	Address (City/Country)	Group’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	100.00	-
3 TEB Portföy Yönetimi A.Ş.	Istanbul/Turkey	54.74	45.26

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	3,084,593	212,634	3,252	176,685	-	21,725	13,082	-
2	399,462	224,084	7,063	42,272	-	43,379	32,880	-
3	39,215	29,790	2,264	3,324	45	7,044	5,024	-

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

- d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	126,597	124,918
Movements during the Period	-	1,679
Purchases	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	1,679
Provision for impairment	-	-
Balance at the End of the Period	126,597	126,597
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

d) Information on the consolidated financial subsidiaries

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies/TEB Faktoring A.Ş.	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	83,180	83,180
Total	126,597	126,597

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

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. Information 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 Parent 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	125,517	42,841	28,490	125,652	(106,470)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated parent bank’s financial statements.

The Parent 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.

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	773,390	-	650,142	-
Foreign Net Investment Hedge	-	-	-	-
Total	773,390	-	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 June 2021, there is no hedge accounting for fair value hedges.

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

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

According to cash flow hedges terminated by the Parent Bank, as of 30 June 2021 accumulated valuation differences amounted TL 23,958 (31 December 2020: TL 18,266) is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

14. Information on held for sale fixed assets 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	70,461	137,125
Disposed (-)	80,081	160,897
Impairment (-)	(2,430)	(5,269)
Depreciation Value (-)	-	-
Period End Cost	105,669	112,859
Period End Accumulated Depreciation (-)	-	-
Closing Net Book Value	105,669	112,859

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

15. Information on Group’s factoring receivables:

a) Maturity analysis explanation:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term(*)	1,723,476	1,265,235	1,548,931	955,007
Mid and Long Term	150	-	-	-
Stage 1 Provision (-)	1,861	115	1,861	115
Stage 2 Provision (-)	1,856	-	1,856	-
Stage 3 Provision (-)	15,968	2,464	11,293	2,037
Total	1,703,941	1,262,656	1,533,921	952,855

(*) Includes factoring receivables amounting to TL 23,958 (31 December 2020: TL 18,268).

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II. Explanations and Disclosures Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	4,009,501	-	16,052,772	11,334,590	112,130	14,800	34,111	- 31,557,904
Foreign Currency Deposits	19,844,628	-	6,771,266	11,196,990	72,021	57,044	76,549	- 38,018,498
Residents in Turkey	18,174,234	-	6,483,896	10,783,640	51,910	48,936	69,456	- 35,612,072
Residents Abroad	1,670,394	-	287,370	413,350	20,111	8,108	7,093	- 2,406,426
Public Sector Deposits	542,506	-	103,195	227,463	-	-	-	- 873,164
Commercial Deposits	4,157,754	-	4,709,635	5,225,694	276,686	5,990	24,170	- 14,399,929
Other Institutions Deposits	251,284	-	57,579	683,238	427,529	96	415	- 1,420,141
Precious Metals Deposits	5,580,576	-	31,633	78,790	9,755	26,665	2,169	- 5,729,588
Bank Deposits	35,586	-	2,686,556	-	-	-	-	- 2,722,142
Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	4	-	50,026	-	-	-	-	- 50,030
Foreign Banks	35,582	-	2,542,781	-	-	-	-	- 2,578,363
Special Financial Institutions	-	-	93,749	-	-	-	-	- 93,749
Other	-	-	-	-	-	-	-	-
Total	34,421,835	-	30,412,636	28,746,765	898,121	104,595	137,414	- 94,721,366

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	3,343,473	-	13,247,327	9,248,027	174,061	15,303	31,868	- 26,060,059
Foreign Currency Deposits	18,424,730	-	7,600,065	11,882,963	97,381	92,277	52,616	- 38,150,032
Residents in Turkey	17,200,394	-	7,316,504	11,506,796	67,244	42,090	36,070	- 36,169,098
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	0	0	- 636,511
Commercial Deposits	4,489,927	-	3,928,324	5,879,776	158,781	1,448	13,824	- 14,472,080
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	32,747,643	-	32,436,273	27,780,847	515,473	159,594	102,073	- 93,741,903

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	17,627,054	14,783,424	13,522,797	10,931,481
Foreign Currency Saving Deposits	6,445,547	7,067,339	15,678,054	14,081,460
Other Deposits in the Form of Saving Deposits	2,203,267	2,567,019	2,936,605	2,854,708
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	26,275,868	24,417,782	32,137,456	27,867,649

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

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II. Explanations and Disclosures Related to the Consolidated 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) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	705,116	639,161
Deposits of Controlling Shareholders and Their Close Families	1,113,884	1,130,777
Deposits of Chairman and Members of the Board of Directors and Their Close Families	86,056	66,845
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 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	108,808	19,162	71,044	6,778
Swap Transactions	1,482,529	115,649	1,977,574	179,821
Futures Transactions	-	313	-	-
Options	11,972	17,308	18,600	6,526
Other	-	-	-	-
Total	1,603,309	152,432	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	1,632,245	49,418	1,338,253	34,399
From Foreign Banks, Institutions and Funds	83,337	12,375,131	224,638	10,313,994
Total	1,715,582	12,424,549	1,562,891	10,348,393

As of 30 June 2021 the Group has borrowings from its related parties amounting to TL 5,430,064 (31 December 2020: TL 5,013,477).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,656,807	6,599,603	1,562,891	5,872,731
Medium and Long-term	58,775	5,824,946	-	4,475,662
Total	1,715,582	12,424,549	1,562,891	10,348,393

c) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2,513,424	-	4,766,623	-
Treasury Bills	36,182	-	44,014	-
Total	2,549,606	-	4,810,637	-

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II. Explanations and Disclosures Related to the Consolidated 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 6,252,185 (31 December 2020: TL 4,341,816) 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 June 2021 the banks has leasing liability amounting to TL 614,750 (31 December 2020: TL 604,874).

6. Negative differences table of derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	84,098	-
Cash Flow Hedge	290,866	9,264	983,837	14,901
Foreign Net Investment Hedge	-	-	-	-
Total	290,866	9,264	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 June 2021, there is no hedge accounting for fair value hedges.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences as of 30 June 2021 amounted TL 18,213 (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:

- 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).
- The specific provisions provided for unidentified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	55,902	58,241
Stage 2	157,830	165,265
Stage 3	89,572	87,824
Total	303,304	311,330

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

As of 30 June 2021, TL 43,514 (31 December 2020: TL 15,249) unused vacation provision, TL 316,508 (31 December 2020: TL 297,059) employee termination benefit provision, TL 139,025 (31 December 2020: TL 185,723) bonus provision, and TL 3,630 (31 December 2020: TL 37,100) other expense provision are presented under “Reserve for Employee Benefit” in financial statements.

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7. Information on provisions:

d) Information on other provisions:

	Current Period	Prior Period
Provision for Non-cash Loans	303,304	311,330
Provision for Legal Cases	69,263	93,625
Provision for Promotions of Credit Cards and Banking Services	14,588	11,935
Other	45,846	52,796
Total	433,001	469,686

8. Explanations on taxes payable:

a) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	168,625	171,984
Taxation on Securities	36,306	45,038
Property Tax	1,203	1,223
Banking Insurance Transaction Tax (BITT)	72,554	53,917
Foreign Exchange Transaction Tax	3,468	4,556
Value Added Tax Payable	2,525	6,695
Other (*)	32,442	32,586
Total	317,123	315,999

(*) Others include income taxes deducted from wages amounting to TL 26,645 (31 December 2020: TL 25,404) and stamp taxes payable amounting to TL 2,258 (31 December 2020: TL 1,784).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	12,817	11,813
Social Security Premiums-Employer	14,049	13,052
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	3	-
Pension Fund Membership Fees and Provisions-Employer	4	-
Unemployment Insurance-Employee	1,078	997
Unemployment Insurance-Employer	1,810	1,666
Other	-	-
Total	29,761	27,528

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

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II. Explanations and Disclosures Related to the Consolidated 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 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 and 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	(161,865)	(27,650)	(149,198)	61,169
Foreign Exchange Difference	-	-	(122)	-
Total	(161,865)	(27,650)	(149,320)	61,169

- 10. Information on minority interest:** As of 30 June 2021, part of the group equity that belongs to minority shares is TL 13,483 (31 December 2020: TL 15,507).

- 11. Information on factoring liabilities:** As of 30 June 2021 group has factoring debt of TL 12,962 (31 December 2020: TL 8,979).

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III. Explanations and Disclosures Related to the Consolidated 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	10,340,715	8,978,512
Loan Granting Commitments	6,387,260	5,736,570
Asset Purchase and Sale Commitments	4,232,652	3,031,018
Payment Commitments for Cheques	2,154,057	1,741,408
Time Deposit Purchase and Sale Commitments	471,075	94,524
Tax and Fund Liabilities from Export Commitments	46,384	47,494
Commitments for Promotions Related with Credit Cards and Banking Activities	6,212	5,767
Other Irrevocable Commitments	392,375	389,096
Total	24,030,730	20,024,389

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

The Group, 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	7,533,492	5,025,525
Bank Acceptances	11,388	16,573
Other Commitments	4,156,164	3,976,672
Other Contingencies	1,560,264	1,043,082
Total	13,261,308	10,061,852

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Guarantee Letters	10,348,018	9,864,566
Advance Guarantee Letters	2,620,260	2,244,080
Guarantee Letters Given for Customs	472,297	481,964
Temporary Guarantee Letters	434,836	332,396
Other Guarantee Letters	1,427,769	1,260,388
Total	15,303,180	14,183,394

c) Total amount of non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Achieving Cash Loans	1,430,200	1,262,302
With Maturity of One Year or Less Than One Year	312,121	94,973
With Maturity of More Than One Year	1,118,079	1,167,329
Other Non-Cash Loans	27,134,288	22,982,944
Total	28,564,488	24,245,246

Third stage expected loss provision of TL 89,572 (31 December 2020: TL 87,824) has been set aside for non-cash loans amounting to TL 318,852 (31 December 2020: TL 263,951) which are not compensated and not cashed in off-balance sheet accounts. In addition, TL 55,902 (31 December 2020: TL 58,241) Stage 1, TL 157,830 (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 CONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Explanations and Disclosures Related to the Consolidated 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	2,325,016	109,411	1,624,200	119,708
Medium and Long Term Loans	2,636,930	121,558	2,427,402	116,128
Interest on Loans under Follow-Up	54,463	-	113,459	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	5,016,409	230,969	4,165,061	235,836

(*) Includes fees and commissions obtained from cash loans amounting to TL 99,721 (30 June 2020: TL 147,157)

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic Banks	91,081	179	49,499	424
Foreign Banks	2,738	1,933	1,957	6,527
Branches and Head Office Abroad	-	-	-	-
Total	93,819	2,112	51,456	6,951

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Valued at Fair Value Through Profit or Loss	85,372	24,426	75,651	19,188
Financial Assets at Fair Value Through Other Comprehensive Income	326,189	40,585	305,474	42,360
Financial Assets at Amortized Cost	919,946	46,626	356,283	39,828
Total	1,331,507	111,637	737,408	101,376

d) Information on interest income on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

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 the Republic of Turkey	-	-	-	-
Domestic Banks	113,536	857	36,283	2,169
Foreign Banks	10,602	253,947	23,875	220,139
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions				
Total	124,138	254,804	60,158	222,308

(*) Includes fees and commission expenses related to cash loans amounting to TL 16,208 (30 June 2020: TL 5,241).

b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

TÜRK EKONOMİ BANKASI A.Ş.
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IV. Explanations and Disclosures Related to the Consolidated 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	221,291	-	180,972	-
Total	221,291	-	180,972	-

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

Account Name	Demand Deposit	Time Deposit					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Current Period:								
TL								
Bank Deposits	-	273,373	-	-	-	-	-	273,373
Saving Deposits	-	1,108,544	876,029	7,671	822	2,446	-	1,995,512
Public Sector Deposits	-	3,660	18,279	431	-	-	-	22,370
Commercial Deposits	-	331,944	471,810	16,249	791	1,179	-	821,973
Other Deposits	-	4,943	72,512	26,777	4	15	-	104,251
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	1,722,464	1,438,630	51,128	1,617	3,640	-	3,217,479
FC								
Foreign Currency Deposits	-	3,663	58,307	171	41	482	-	62,664
Bank Deposits	-	16	-	-	-	10	-	26
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	3	-	12	2	-	17
Total	-	3,679	58,310	171	53	494	-	62,707
Grand Total	-	1,726,143	1,496,940	51,299	1,670	4,134	-	3,280,186

Account Name	Demand Deposit	Time Deposit					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Prior Period:								
TL								
Bank Deposits	-	42,899	-	-	-	-	-	42,899
Saving Deposits	-	523,891	372,494	6,664	3,784	11,620	-	918,453
Public Sector Deposits	-	668	7,945	354	-	-	-	8,967
Commercial Deposits	-	245,955	221,334	2,347	137	3,817	-	473,590
Other Deposits	-	3,056	42,290	2,349	4	30	-	47,729
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	816,469	644,063	11,714	3,925	15,467	-	1,491,638
FC								
Foreign Currency Deposits	-	15,125	53,293	1,069	417	588	-	70,492
Bank Deposits	-	234	-	-	-	-	-	234
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	236	2,411	381	1,759	1,529	-	6,316
Total	-	15,595	55,704	1,450	2,176	2,117	-	77,042
Grand Total	-	832,064	699,767	13,164	6,101	17,584	-	1,568,680

TÜRK EKONOMİ BANKASI A.Ş.
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IV. Explanations and Disclosures Related to the Consolidated Statement of Income (continued)

3. Information on trading gain/loss:

	Current Period	Prior Period
Gains	35,473,234	26,242,102
Gains on capital market operations	196,470	188,934
Gains on derivative financial instruments ⁽¹⁾	10,296,858	8,991,527
Foreign exchange gains	24,979,906	17,061,641
Losses (-)	36,810,051	26,854,484
Losses on capital market operations	121,926	198,792
Losses on derivative financial instruments ⁽¹⁾	11,601,118	9,521,677
Foreign exchange losses	25,087,007	17,134,015

⁽¹⁾ Includes exchange rate fluctuations of hedging transactions net profit of TL 455,453 (30 June 2020: TL 550,643 profit), derivative financial instruments exchange rate changes in profit / loss accounts amounting to TL 152,667 (30 June 2020: TL 101,936 profit) net exchange loss.

4. Information on other operating income:

Other operating income of the Group 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	(122,198)	496,138
12 Month Expected Credit Losses (Stage 1)	(2,906)	(19,365)
Significant Increase in Credit Risk (Stage 2)	(103,111)	192,731
Credit-Impaired (Stage 3)	(16,181)	322,772
Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Others ⁽¹⁾	2,754	(23,740)
Total	(119,444)	472,398

⁽¹⁾ Includes reversal of provisions amounting to TL 4,303 (30 June 2020: TL 29,769).

6. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ⁽¹⁾	19,786	16,709
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	130,900	123,708
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Depreciation expenses of intangible assets	41,684	38,277
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	(2,430)	3,883
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	624,466	539,875
Rent expenses related to TFRS16 Exceptions	19,959	18,256
Maintenance expenses	15,853	13,164
Advertisement expenses	45,288	18,835
Other expenses	543,366	489,620
Loss on sales of assets	4,198	1,253
Other ⁽²⁾	233,517	183,716
Total	1,052,121	907,421

⁽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 105,984 (30 June 2020: TL 93,680) and other taxes and fees paid in the amount of TL 106,371 (30 June 2020: TL 75,326).

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

7. Information on tax provision for continued and discontinued operations:

- a) As of 30 June 2021, the current tax expense is TL 180,139 (30 June 2020: TL 340,251 expense) Deferred tax income is TL 14,798 (30 June 2020: TL 79,567 deferred tax income) and there is no current and deferred tax income/expense from discontinued operations (30 June 2020: None).
- b) Deferred tax income on temporary differences resulted from continued operations is TL 14,798 (30 June 2020: TL 79,567 deferred tax income).
- c) Tax reconciliation:

	Current Period	Prior Period
Profit Before Taxes	829,625	1,047,420
Additions	(152,706)	141,646
Nonallowable Expenses	18,808	23,658
The Effect of Different Tax Rates	(124,649)	88,650
Other	(46,865)	29,338
Deductions	(15,554)	(4,138)
Dividend Income	(2,189)	(1,007)
Other	(13,365)	(3,131)
Taxable Profit/Loss	661,365	1,184,928
Corporation Tax Rate	25%	22%
Calculated Tax	165,341	260,684
Prior Year Tax Correction	-	-
Tax Charge	165,341	260,684

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 June 2020: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (30 June 2020: None).
- c) Profit/loss attributable to minority interest:

	Current Period	Prior Period
Minority interest profit/loss	3,188	2,274

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

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 Interest Income</u>		
Interest Received from Factoring Transactions	176,208	90,195
Other	48,135	4,171
Total	224,343	94,366

	Current Period	Prior Period
<u>Other Fees and Commissions Received</u>		
Card Fee and Commissions	548,507	382,646
Insurance Commissions	123,852	163,681
Brokerage Commissions	80,527	73,406
Fund Management Fees	41,927	40,110
General Limit Revision Commissions	41,029	22,086
Transfer commissions	34,359	20,330
Settlement Expense Provision, Eft, Swift, Agency Commissions	18,718	15,555
Early Closing Commissions	7,540	60,678
Consultancy Commission	6,984	6,408
Periodic Service Commissions	-	28,237
Other	111,376	62,545
Total	1,014,819	875,682

<u>Other Fees and Commissions Given</u>		
Credit Cards Commissions and Fees	318,421	191,317
Commission and Fees Paid to Correspondent Banks	35,315	28,916
Settlement Expense Provision, Eft, Swift, Agency Commissions	21,186	14,437
Other	68,257	52,597
Total	443,179	287,267

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V. Explanations and Disclosures Related to Risk Group of the Parent 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 June 2020.

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of Period	-	-	161,422	438,193	810,094	89,477
Balance at End of Period	-	-	177,806	564,669	1,037,761	128,830
Interest and Commission Income	-	-	908	1,608	16,611	158

Direct and indirect shareholders of the Group balance above includes TL 177,806 and other entities included in the risk group balance above includes TL 117,519 placement in “Banks”.

b) Prior Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of period	-	-	19,196	182,856	393,152	101,145
Balance at End of Period	-	-	161,422	438,193	810,094	89,477
Interest and Commission Income	-	-	3,927	1,034	7,562	409

Direct and indirect shareholders of the Group balance above includes TL 161,422 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 Parent 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	-	-	5,596,710	3,313,150	1,281,302	648,747
Balance at End of Period	-	-	4,537,378	5,596,710	1,595,040	1,281,302
Interest on Deposits	-	-	227,461	34,157	36,979	14,542

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 Parent 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 or Loss					
Beginning of Period	-	-	18,396,561	29,930,097	284,453	913,846
End of Period	-	-	15,756,611	18,396,561	647,244	284,453
Total Profit/Loss	-	-	(417,740)	(462,425)	(4,890)	(17,614)
Hedging Transactions Purposes						
Beginning of Period	-	-	10,139,721	17,648,505	-	-
End of Period	-	-	9,467,735	10,139,721	-	-
Total Profit/Loss	-	-	353,357	394,078	-	-

d) As of 30 June 2021, the total amount of remuneration and fees provided for the senior management of the Group is TL 42,799 (30 June 2020: TL 36,211).

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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 consolidated financial statements of the Group have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 30 July 2021 is presented preceding the consolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors

None.

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SECTION SEVEN (*)

INFORMATION ON INTERIM ACTIVITY REPORT

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

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

Chairman of Board of Director’s Message

Esteemed stakeholders,

Economies started to recover in the second quarter, after the easing of quarantine conditions and the acceleration of vaccination. The global economic activity continued its growth momentum with the expansionary monetary policies of the Central Banks. Since vaccination rate differs among countries, developed countries are expected to recover faster than developing countries. The World Bank’s Global Economic Prospects Report, published in June, predicts that the global economy will grow by 5.6% in 2021.

In the second quarter, the rapid spread of new mutations of Covid-19 and the concerns that vaccines might be insufficient to overcome the emergence of mutations increased uncertainty caused volatility in financial markets. Turkish Lira depreciated against the dollar, reaching an all-time high of 8.77. Inflation exceeded 5% in the US and pulled the interest rate expectations to an earlier date. FED’s projections show that two interest rate hikes could arrive by the end of 2023. FED did not change the interest rate and kept close to zero at the June meeting but gave the first signal for tapering. The European Central Bank (ECB) also projects inflation in the Eurozone to continue rising in the second half of the year, but ECB believes inflationary pressures would be transitory.

In the first quarter of 2021, the Turkish economy showed a strong growth performance and recorded a 7% growth. Household consumption expenditures and investments contributed to most of the growth. Despite quarantine conditions, growth is expected to rise double-digits in the second quarter due to high base effects. Foreign demand maintained its strength and, exports continued to rise, given the rapid growth of Europe, Turkey’s major trading partner. According to the leading data of the Ministry of Commerce, total exports were 105 billion dollars and, imports were 126 billion dollars in the January-June period. The foreign trade deficit decreased by 11.4% y/y to 21.1 billion dollars. Improvement in the current account balance is expected in the second half of the year, given the increase in vaccination rate and the contribution of tourism revenues.

Supply constraints and increases in food and energy prices caused inflation to rise to 17.5% as of June. Due to the deterioration in expectations and upside risks in the inflation outlook, the Central Bank of the Republic of Turkey (CBRT) kept the policy rate unchanged at 19%. Central banks of developing countries started to increase interest rates as global inflation entered an increasing trend.

In the second half of 2021, we will follow the course of the epidemic and the effects of vaccination studies. The emergence of new mutations causes the epidemic measures to be taken and delays the recovery in the employment market. However, strong growth performance is predicted to be achieved in 2021 despite the restrictions

Yours respectfully,
Yavuz Canevi

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

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

CEO’s Message

Since the very first appearance of the Covid-19 pandemic in Turkey, TEB has been prioritizing both protecting its employees’ and customers’ health and continuing to contribute to the national economy and to social wellbeing. Striving to fulfill its obligations towards all of its stakeholders, TEB once again conducted its operations in keeping with its “good and exemplary bank” approach of creating value for its stakeholders and making a socially-beneficial impact while contributing to the national economy and supporting sustainable growth.

As of 30 June 2021, TEB showed total assets of TL 141.7 billion and a net profit of TL 664.3 million. Loans, the most important indicator of the bank’s support for its customers and for economic activity, made up 61% of its total assets.

Giving the same importance to risk management and asset quality as it always does, TEB’s total lendings in the first half of the year amounted to TL 86.2 billion while its total deposits during the same period stood at TL 94.7 billion. Continuing to support solid growth with a strong capital structure and by ensuring the sustainable continuity of its profitability, TEB’s shareholders’ equity as of midyear 2021 was TL 12 billion while at 17.87%, its capital adequacy ratio was substantially above the 12% target which the bank had set for itself.

During the first half of 2021, TEB continued to achieve growth in retail lending while supporting customers suffering from disrupted cashflows by means of debt-servicing deferrals. A great deal of TEB’s business was conducted through digital channels during this period and 77% of the bank’s general-purpose loans disbursed digitally. Offering depositors and savers a range of alternative products, the bank also contributes to the fostering of saving habits and supports customers’ efforts to save through its TEB Marifetli Hesap product, a daily-accrual savings account that pays attractive rates while providing the flexibility of making deposits and withdrawals whenever one wishes. During the first half-year, 70% of new fixed-term deposit accounts and 63% of new Marifetli accounts were opened through the bank’s digital channels.

As of 1 May 2021, all of the customer-acquisition processes of the bank’s CEPTETEB digital banking platform had been fully digitalized. Prospective CEPTETEB customers who have an NFC (Near-Field Communication) capable mobile phone and ID card are now able to open an account with our bank in just a few minutes from wherever they may be by means of a video call using the CEPTETEB mobile app. In Q2 2021, the number of customers making active use of TEB’s multi-capable mobile banking resources to perform many different kinds of banking transactions approached two million and, on a Q2 2020/Q2 2021 basis, there was a 22% increase in the number of customers using only the bank’s mobile channels. Under the “Three Banks Single ATM” agreement which TEB has entered into with two other financial institutions in Turkey, CEPTETEB can be used to withdraw and deposit cash from all the partnering banks’ ATMs using QR codes.

In addition to CEPTETEB, TEB has also created CEPTETEB İŞTE, a mobile banking platform designed especially to address the needs of small- and medium-sized businesses (SME) while also continuing to develop its online corporate-banking capabilities in order to provide all of its customers with the very best digital banking experience. Other new functions such as “e-mail verification”, “digital account statements with advanced capabilities”, and “integration with the Turkish Central Bank’s FAST (Instant and Continuous Transfer System of Funds) system” have been added to mobile apps so as to give customers more convenient and securer access to information.

To help sustain production and employment among small- and medium-sized businesses, in the second quarter of 2021 TEB began offering them loans on terms of up to 36 months with a three-month grace period. The bank also introduced a variety of bank-charge and financial-product options with the aim of helping such businesses manage their banking costs more effectively. Recognizing that SMEs that are also exporters are vital to Turkey’s economy, the foreign-trade specialists of TEB’s SME banking unit continued to develop customized solutions to meet their trade-financing needs.

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

CEO’s Message (continued)

Jewelry-making for example is one of the engines of Turkey’s export trade. So for firms in this business line, TEB introduced a gold-based credit product aimed at meeting their needs for working capital. This product has terms of 24 months and comes with flexible repayment options. Continuing to digitalize the ways in which it provides working capital support to those involved in agriculture, a sector made even more crucial by the pandemic, TEB has entered into new collaborations and expanded its merchant partner network in order to provide holders of the TEB Harman credit card with up to five months’ interest-free deferments of their repayments for purchases of agricultural inputs.

Through its startup business banking unit, TEB also continued to strengthen Turkey’s entrepreneurial ecosystem and to transform innovative business ideas into economic value during the first half-year of 2021. TEB has been taking part in the Scientific and Technological Research Council of Turkey (TÜBİTAK) Individual Young Enterprise (BiGG) program as an accredited lender since 2015. The bank is continuing to accept applications for TÜBİTAK grants from entrepreneurs through TİM-TEB Startup Business Houses in the current round of the BiGG program. TİM-TEB Startup Business Houses have provided support to more than 1,200 entrepreneurs since their inception. They also serve as venues in which SMEs and tech companies can come together in order to keep abreast of technological developments and explore new business opportunities.

In the corporate banking business line, TEB is also continuing to grow strongly with the introduction of important improvements in business processes that enable it to provide such customers with better and faster service. During the first six months of 2021, there was a significant increase in the ratio of Turkish lira lendings to corporate customers to the bank’s total lendings while the total volume of export-oriented loans also grew.

TEB Cash Management unit introduced a new product called TEB Mobile Collections Platform addressing an issue that is of the utmost concern to the bank’s corporate and commercial customers. The Platform makes it possible for companies’ sales teams to process all collections by means of credit cards, cash, checks, notes, etc without the need for multiple devices such as POS units, laptops, and mobile phones. The platform also provides centralized collection monitoring and reporting capabilities in real time. Such innovative products and services are among the reasons why TEB Cash Management was the recipient of the “Best Cash Management Bank in Turkey” award from Asian Banking and Finance for the eighth time this year.

Yours respectfully,
Ümit Leblebici

TÜRK EKONOMİ BANKASI A.Ş.
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B. Shareholding Structure

As of 30 June 2021;

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	Deputy Chairman of the Board of Directors
Jean Paul Sabet	Deputy Chairman of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee
François Andre Jesualdo Benaroya	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 June 2021 the Board of Directors have accepted 97 resolutions and Audit Committee 32 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 Dolacı	Assistant General Manager, Financial Affairs
Bade Sıphaoğlu Işık	Assistant General Manager, Human Resources Group
Gökhan Özdi	Assistant General Manager, Corporate Loans Group
Osman Durmuş	Assistant General Manager, Retail and Micro SME Loans Group
Melis Coşan Baban	Secretary of the Board of Directors, Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Kubilay Güler	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 Loans
Ali Gökhan Cengiz	Assistant General Manager, SME Banking
Nimet Elif Kocaayan	Chief Risk Officer
Hakan Tıraşın	Head of Internal Audit
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

(*) Kubilay Güler, Deputy General Manager of our Bank's Banking Operations and Support Services Group, has left due to retirement, effective from 30 June 2021. Orhan Hatipoğlu has been appointed as Assistant General Manager responsible for Banking Operations and Support Services Group, effective from 19 July 2021.

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(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 June 2021:

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

Significant Events and Transaction in the Current Period:

Past due receivables amounting to TL 176,861 for which TL 172,095 of provision had been allocated, is sold for TL 19,245 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 June 2021 Consolidated Financial Statements	31 December 2020 Consolidated Financial Statements
Loans, Net	85,355	81,201
Loans(*)	86,059	81,746
Non-Performing Loans	3,138	3,520
Expected Loses	(3,842)	(4,065)
Total Assets	141,683	142,730
Deposits	94,721	93,742
Shareholder’s Equity	12,510	11,690
Net Income (Prior Period 30 June 2020)	664	787

(*) Includes factoring receivables.

Summary of Financial Results:

	30 June 2021 Consolidated Financial Statements	31 December 2020 Consolidated Financial Statements
Loans / Total Assets	60.24%	56.89%
Deposits / Total Assets	66.85%	65.68%
Return on Equity (Prior Period, 30 June 2020)	11.38%	15.58%
NPL Ratio	3.52%	4.13%
Capital Adequacy Ratio	17.87%	18.25%
Coverage Ratio	67.11%	65.55%

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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 second 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 b2	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 Parent Bank has donated TL 138,620 with 86 items to the several agencies and institutions during the period of 1 January 2021 – 30 June 2021.