

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

**TÜRK EKONOMİ BANKASI A.Ş.
AND ITS SUBSIDIARIES**

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AT 30 SEPTEMBER 2022 WITH
AUDITOR'S REVIEW REPORT**

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

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 September 2022 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 nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank Management is responsible for the preparation and fair presentation of the accompanying 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 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 September 2022, and of the results of their operations and their cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in interim report included in section seven of the accompanying 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:

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated interim financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Yaman Polat
Partner

İstanbul, 3 November 2022

**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 NINE-MONTH PERIOD AS OF 30 SEPTEMBER 2022**

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

- General Information about the 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 Notes 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 financial statements for the nine-month period, related disclosures and notes 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 in compliance with the financial records of the Parent Bank, and unless stated otherwise, presented in **thousands of Turkish Lira**.

Dr. Akın Akbaygil	Nicolas de Baudinet de Courcelles	Ayşe Aşardağ	Ümit Leblebici	M. Aşkın Dolaştır	Kamer Kızıl
Chairman of the Board of Directors	Chairman of the Audit Committee	Vice Chairman of the Audit Committee	Chief Executive Officer	Assistant General Manager Responsible of Financial Reporting	Director Responsible of Financial Reporting

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title : Aslıhan Kaya / External Reporting Senior Manager
Telephone Number : (0216) 635 24 51
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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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 (“The Bank” or “TEB”), 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 (if any), and the Group the Parent Bank’s Belongs to

As of 30 September 2022 and 31 December 2021, the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholder’s Name	30 September 2022		31 December 2021	
	Paid-in Capital	%	Paid-in Capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	2,204,390	100.00	2,204,390	100.00

As of 30 September 2022, 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 ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

(**) Bade Sipahioğlu Işık, Assistant General Manager Responsible from Human Resources Group, resigned from her position effective from 30 September 2022.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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 BNPP Yatırımlar Holding A.Ş. 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 September 2022, the Parent Bank has 453 local branches and 4 foreign branches (31 December 2021: 451 local branches, 4 foreign branches). As of 30 September 2022, the number of employees of the Group is 8,921 (31 December 2021: 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 Parent Bank, except for the non-financial subsidiary, 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.

TEB ARF Teknoloji A.Ş., a non-financial subsidiary owned 100% and by the Parent Bank, was registered in the Trade Registry Gazette on 16 July 2020. The Parent Bank presents TEB ARF Teknoloji A.Ş. in the subsidiaries 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
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- VI. Consolidated Statement of Cash Flows

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2022

(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 30.09.2022			Audited Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		29,293,151	56,490,645	85,783,796	20,145,808	45,387,952	65,533,760
1.1 Cash and Cash Equivalents		16,397,817	50,318,073	66,715,890	7,338,386	40,091,185	47,429,571
1.1.1 Cash and Balances with Central Bank	(I-1)	6,399,125	38,141,779	44,540,904	5,718,495	30,072,800	35,791,295
1.1.2 Banks	(I-4)	729,299	12,204,692	12,933,991	1,619,218	10,045,520	11,664,738
1.1.3 Receivables from Money Markets		9,276,245	-	9,276,245	3,245	-	3,245
1.1.4 Expected Loss Provisions (-)		6,852	28,398	35,250	2,572	27,135	29,707
1.2 Financial Assets at Fair Value Through Profit or Loss		2,239,348	522,344	2,761,692	2,001,648	792,140	2,793,788
1.2.1 Government Debt Securities	(I-2)	2,168,312	235,086	2,403,398	1,942,260	549,168	2,491,428
1.2.2 Equity Securities		71,036	222,582	293,618	59,388	135,326	194,714
1.2.3 Other Financial Assets		-	64,676	64,676	-	107,646	107,646
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	4,878,443	4,801,527	9,679,970	3,002,601	4,173,355	7,175,956
1.3.1 Government Debt Securities		4,830,517	4,801,527	9,632,044	2,989,351	4,173,355	7,162,706
1.3.2 Equity Securities		47,926	-	47,926	13,250	-	13,250
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		5,777,543	848,701	6,626,244	7,803,173	331,272	8,134,445
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	4,940,320	625,765	5,566,085	6,006,577	325,399	6,331,976
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	837,223	222,936	1,060,159	1,796,596	5,873	1,802,469
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		135,153,525	49,217,710	184,371,235	88,788,499	39,222,999	128,011,498
2.1 Loans	(I-6)	109,407,845	37,719,283	147,127,128	78,529,502	29,376,248	107,905,750
2.2 Lease Receivables	(I-11)	-	-	-	-	-	-
2.3 Factoring Receivables	(I-15)	3,179,194	3,159,697	6,338,891	2,142,281	2,494,644	4,636,925
2.4 Other Financial Assets Measured at Amortized Cost	(I-7)	26,026,243	9,151,548	35,177,791	11,379,873	8,171,827	19,551,700
2.4.1 Government Debt Securities		26,026,243	9,151,548	35,177,791	11,379,873	8,171,827	19,551,700
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		3,459,757	812,818	4,272,575	3,263,157	819,720	4,082,877
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-14)	83,402	-	83,402	65,933	-	65,933
3.1 Held for Sale Purpose		83,402	-	83,402	65,933	-	65,933
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		55	-	55	55	-	55
4.1 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 Associates		5	-	5	5	-	5
V. TANGIBLE ASSETS (Net)		965,292	-	965,292	934,431	25	934,456
VI. INTANGIBLE ASSETS (Net)		764,054	-	764,054	611,252	-	611,252
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		342,930	-	342,930	190,128	-	190,128
VII. INVESTMENT PROPERTIES (Net)	(I-13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		23,790	-	23,790	138,894	-	138,894
IX. DEFERRED TAX ASSET		1,140,524	-	1,140,524	147,376	-	147,376
X. OTHER ASSETS (Net)		6,506,176	1,170,441	7,676,617	2,636,070	774,824	3,410,894
TOTAL ASSETS		173,929,969	106,878,796	280,808,765	113,468,318	85,385,800	198,854,118

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2022

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

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Section 5 Note	Reviewed Current Period 30.09.2022			Audited Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-1)	105,500,685	92,010,829	197,511,514	55,350,689	76,232,284	131,582,973
II. FUNDS BORROWED	(II-3)	3,269,421	15,880,884	19,150,305	2,368,497	17,430,679	19,799,176
III. MONEY MARKET FUNDS		398,643	7,121,469	7,520,112	3,923,853	5,001,962	8,925,815
IV. SECURITIES ISSUED (Net)	(II-3)	-	-	-	1,194,525	-	1,194,525
4.1 Bills		-	-	-	1,194,525	-	1,194,525
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		3,530,937	622,822	4,153,759	4,321,769	168,019	4,489,788
7.1 Derivative Financial Liabilities at Fair Value Through Profit Loss	(II-2)	3,457,989	622,822	4,080,811	3,995,359	163,818	4,159,177
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	72,948	-	72,948	326,410	4,201	330,611
VIII. FACTORING LIABILITIES	(II-11)	411	11,504	11,915	1,809	19,468	21,277
IX. LEASE LIABILITIES (Net)	(II-5)	616,556	23,635	640,191	539,737	37,923	577,660
X. PROVISIONS	(II-7)	1,438,143	427,151	1,865,294	954,915	321,520	1,276,435
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Provision for Employee Rights		1,052,679	59,561	1,112,240	738,641	55,663	794,304
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		385,464	367,590	753,054	216,274	265,857	482,131
XI. CURRENT TAX LIABILITY	(II-8)	1,174,988	-	1,174,988	272,117	-	272,117
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		-	9,229,291	9,229,291	-	7,239,036	7,239,036
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	9,229,291	9,229,291	-	7,239,036	7,239,036
XV. OTHER LIABILITIES	(II-4)	11,201,560	5,069,046	16,270,606	6,462,341	2,956,705	9,419,046
XVI. SHAREHOLDERS' EQUITY	(II-9)	23,374,565	(93,775)	23,280,790	14,232,260	(175,990)	14,056,270
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	391,226	-	391,226
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	388,661	-	388,661
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit or Loss		(34,330)	-	(34,330)	(59,373)	-	(59,373)
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit or Loss		869,052	(93,775)	775,277	269,030	(175,990)	93,040
16.5 Profit Reserves		11,310,414	-	11,310,414	9,336,062	-	9,336,062
16.5.1 Legal Reserves		649,424	-	649,424	550,906	-	550,906
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		10,773,450	-	10,773,450	8,478,674	-	8,478,674
16.5.4 Other Profit Reserves		(112,460)	-	(112,460)	306,482	-	306,482
16.6 Profit or Loss		8,613,015	-	8,613,015	2,072,708	-	2,072,708
16.6.1 Prior Periods' Profit or Loss		98,356	-	98,356	-	-	-
16.6.2 Current Periods' Profit or Loss		8,514,659	-	8,514,659	2,072,708	-	2,072,708
16.7 Minority Shares	(II-10)	20,798	-	20,798	18,217	-	18,217
TOTAL LIABILITIES		150,505,909	130,302,856	280,808,765	89,622,512	109,231,606	198,854,118

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED OFF-BALANCE SHEET ITEMS FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2022

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

II. CONSOLIDATED OFF-BALANCE SHEET ITEMS

	Section 5 Note	Reviewed Current Period 30.09.2022			Audited Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET LIABILITIES (I+II+III)		182,126,077	201,383,923	383,510,000	116,129,741	166,079,544	282,209,285
I. GUARANTEES AND WARRANTIES	(III-1)	11,982,021	36,764,629	48,746,650	8,470,096	30,062,181	38,532,277
1.1 Letters of Guarantee		8,149,532	18,348,656	26,498,188	7,056,943	14,037,146	21,094,089
1.1.1 Guarantees Subject to State Tender Law		165,548	200,354	365,902	133,980	147,510	281,490
1.1.2 Guarantees Given for Foreign Trade Operations		592,660	797,164	1,389,824	395,162	612,824	1,007,986
1.1.3 Other Letters of Guarantee		7,391,324	17,351,138	24,742,462	6,527,801	13,276,812	19,804,613
1.2 Bank Acceptances		-	53,753	53,753	-	33,680	33,680
1.2.1 Import Letter of Acceptance		-	53,753	53,753	-	33,680	33,680
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	13,989,525	13,989,525	-	10,343,834	10,343,834
1.3.1 Documentary Letters of Credit		-	2,543,925	2,543,925	-	4,046,781	4,046,781
1.3.2 Other Letters of Credit		-	11,445,600	11,445,600	-	6,297,053	6,297,053
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		2,253,620	4,095,418	6,349,038	1,384,153	4,279,755	5,663,908
1.9 Other Collaterals		1,578,869	277,277	1,856,146	29,000	1,367,766	1,396,766
II. COMMITMENTS	(III-1)	35,322,787	8,257,140	43,579,927	24,869,317	8,633,167	33,502,484
2.1 Irrevocable Commitments		35,322,787	8,257,140	43,579,927	24,869,317	8,633,167	33,502,484
2.1.1 Asset Purchase Commitments		1,913,346	7,738,157	9,651,503	3,543,805	7,707,411	11,251,216
2.1.2 Deposit Purchase and Sale Commitments		-	228,983	228,983	-	-	-
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		10,636,808	62,039	10,698,847	7,121,357	52,502	7,173,859
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2,774,498	-	2,774,498	2,135,381	-	2,135,381
2.1.8 Tax and Fund Liabilities from Export Commitments		101,798	-	101,798	51,363	-	51,363
2.1.9 Commitments for Credit Card Limits		19,888,647	-	19,888,647	12,007,806	-	12,007,806
2.1.10 Commitments for Credit Cards and Banking Services Promotions		2,819	-	2,819	5,797	-	5,797
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		4,871	227,961	232,832	3,808	873,254	877,062
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		134,821,269	156,362,154	291,183,423	82,790,328	127,384,196	210,174,524
3.1 Derivative Financial Instruments for Hedging Purposes		9,565,300	13,880,894	23,446,194	21,649,500	7,806,018	29,455,518
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		9,565,300	13,880,894	23,446,194	21,649,500	7,806,018	29,455,518
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		125,255,969	142,481,260	267,737,229	61,140,828	119,578,178	180,719,006
3.2.1 Forward Foreign Currency Buy-Sell Transactions		17,734,705	22,312,611	40,047,316	11,386,300	15,523,785	26,910,085
3.2.1.1 Forward Foreign Currency Transactions-Buy		15,914,238	4,650,167	20,564,405	9,169,995	4,268,100	13,438,095
3.2.1.2 Forward Foreign Currency Transactions-Sell		1,820,467	17,662,444	19,482,911	2,216,305	11,255,685	13,471,990
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		90,586,818	91,175,887	181,762,705	47,269,862	90,288,974	137,558,836
3.2.2.1 Foreign Currency Swap-Buy		1,672,926	57,511,474	59,184,400	1,451,736	55,792,484	57,244,220
3.2.2.2 Foreign Currency Swap-Sell		43,462,892	16,284,375	59,747,267	30,279,126	26,837,944	57,117,070
3.2.2.3 Interest Rate Swaps-Buy		22,725,500	8,690,019	31,415,519	7,769,500	3,829,273	11,598,773
3.2.2.4 Interest Rate Swaps-Sell		22,725,500	8,690,019	31,415,519	7,769,500	3,829,273	11,598,773
3.2.3 Foreign Currency, Interest Rate and Securities Options		13,857,479	24,528,315	38,385,794	2,116,848	11,241,994	13,358,842
3.2.3.1 Foreign Currency Options-Buy		10,459,273	5,472,761	15,932,034	1,630,468	2,022,308	3,652,776
3.2.3.2 Foreign Currency Options-Sell		3,398,206	11,876,354	15,274,560	486,380	3,144,606	3,630,986
3.2.3.3 Interest Rate Options-Buy		-	3,589,600	3,589,600	-	3,037,540	3,037,540
3.2.3.4 Interest Rate Options-Sell		-	3,589,600	3,589,600	-	3,037,540	3,037,540
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		3,076,967	2,688,017	5,764,984	367,818	439,173	806,991
3.2.4.1 Foreign Currency Futures-Buy		3,076,967	-	3,076,967	329,039	113,632	442,671
3.2.4.2 Foreign Currency Futures-Sell		-	2,688,017	2,688,017	38,779	325,541	364,320
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		-	1,776,430	1,776,430	-	2,084,252	2,084,252
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		220,025,276	102,647,818	322,673,094	191,502,856	77,886,471	269,389,327
IV. ITEMS HELD IN CUSTODY		48,327,535	16,984,943	65,312,478	43,658,517	11,330,004	54,988,521
4.1 Customer Fund and Portfolio Balances		11,564,645	-	11,564,645	7,112,025	-	7,112,025
4.2 Investment Securities Held In Custody		7,138,624	15,371,840	22,510,464	14,741,218	8,458,577	23,199,795
4.3 Cheques Received for Collection		28,652,876	793,984	29,446,860	20,823,940	2,178,366	23,002,306
4.4 Commercial Notes Received for Collection		888,884	125,027	1,013,911	591,700	132,493	724,193
4.5 Other Assets Received for Collection		125	694,092	694,217	125	560,568	560,693
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		82,381	-	82,381	389,509	-	389,509
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		169,670,465	85,005,605	254,676,070	147,068,982	66,228,730	213,297,712
5.1 Marketable Securities		136,574	957,854	1,094,428	122,836	673,062	795,898
5.2 Guarantee Notes		62,460,273	58,388,898	120,849,171	54,425,408	45,321,890	99,747,298
5.3 Commodity		153,824	432,738	586,562	226,267	-	226,267
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		89,022,508	18,782,366	107,804,874	78,588,982	15,290,955	93,879,937
5.6 Other Pledged Items		17,897,286	6,443,749	24,341,035	13,705,489	4,942,823	18,648,312
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		2,027,276	657,270	2,684,546	775,357	327,737	1,103,094
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		402,151,353	304,031,741	706,183,094	307,632,597	243,966,015	551,598,612

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2022

(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 Current Period 01.01-30.09.2022	Reviewed Prior Period 01.01-30.09.2021	Reviewed Current Period 01.07-30.09.2022	Reviewed Prior Period 01.07-30.09.2021
I.	INTEREST INCOME	(IV-1)	25,045,899	11,469,772	10,870,207	4,188,842
1.1	Interest Income on Loans		16,067,334	8,365,853	6,539,132	3,118,475
1.2	Interest Income on Reserve Requirements		106,992	306,441	-	128,611
1.3	Interest Income on Banks		152,927	121,000	70,562	28,362
1.4	Interest Income on Money Market Transactions		235,286	117,295	161,519	21,698
1.5	Interest Income on Securities Portfolio		7,773,300	2,207,557	3,810,865	764,413
1.5.1	Financial Assets at Fair Value Through Profit or Loss		282,971	153,095	107,152	43,297
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		1,166,099	551,426	491,804	184,652
1.5.3	Financial Assets Measured at Amortized Cost		6,324,230	1,503,036	3,211,909	536,464
1.6	Financial Lease Interest Income		-	-	-	-
1.7	Other Interest Income		710,060	351,626	288,129	127,283
II.	INTEREST EXPENSES (-)	(IV-2)	10,724,850	6,560,049	4,439,740	2,478,296
2.1	Interest Expense on Deposits		8,911,730	5,343,714	3,786,503	2,063,528
2.2	Interest Expense on Funds Borrowed		1,131,918	592,075	471,594	216,426
2.3	Interest Expense on Money Market Transactions		177,438	162,117	45,349	48,438
2.4	Interest Expense on Securities Issued		228,955	341,435	58,935	120,144
2.5	Interest Expense on Leases		119,626	77,645	45,564	26,809
2.6	Other Interest Expenses		155,183	43,063	31,795	2,951
III.	NET INTEREST INCOME/EXPENSE (I - II)		14,321,049	4,909,723	6,430,467	1,710,546
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,791,491	1,147,265	654,058	433,179
4.1	Fees and Commissions Received		3,209,763	1,897,566	1,244,652	735,865
4.1.1	Non-cash Loans		408,113	227,221	151,737	80,339
4.1.2	Other	(IV-9)	2,801,650	1,670,345	1,092,915	655,526
4.2	Fees and Commissions Paid (-)		1,418,272	750,301	590,594	302,686
4.2.1	Non-cash Loans		7,842	6,611	2,945	2,175
4.2.2	Other	(IV-9)	1,410,430	743,690	587,649	300,511
V.	DIVIDEND INCOME		6,986	3,030	629	247
VI.	TRADING PROFIT / LOSS (Net)	(IV-3)	709,422	(1,949,669)	199,614	(612,852)
6.1	Securities Trading Gains / Losses		(96,692)	69,716	(79,515)	(4,828)
6.2	Gains / Losses on Derivative Financial Instruments		(2,981,824)	(1,993,338)	(1,304,256)	(689,078)
6.3	Foreign Exchange Gains / Losses		3,787,938	(26,047)	1,583,385	81,054
VII.	OTHER OPERATING INCOME	(IV-4)	166,566	147,411	50,773	50,541
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII)		16,995,514	4,257,760	7,335,541	1,581,661
IX.	EXPECTED CREDIT LOSS (-)	(IV-5)	720,388	(225,925)	369,224	(103,892)
X.	OTHER PROVISION EXPENSES (-)	(IV-5)	(101)	2,322	778	(432)
XI.	PERSONNEL EXPENSE (-)		2,706,678	1,402,955	1,107,473	467,039
XII.	OTHER OPERATING EXPENSES (-)	(IV-6)	2,376,526	1,578,031	925,252	548,194
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		11,192,023	1,500,377	4,932,814	670,752
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	PROFIT/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		11,192,023	1,500,377	4,932,814	670,752
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-7)	2,668,088	336,137	1,222,703	170,796
18.1	Current Tax Provision		3,886,321	336,019	797,463	155,880
18.2	Deferred Tax Expense Effect (+)		2,323,193	1,524,157	1,159,385	424,645
18.3	Deferred Tax Income Effect (-)		(3,541,426)	(1,524,039)	(734,145)	(409,729)
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		8,523,935	1,164,240	3,710,111	499,956
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 (XX-XXI)		-	-	-	-
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)	8,523,935	1,164,240	3,710,111	499,956
25.1	Group's Profit / Loss		8,514,659	1,159,062	3,706,256	497,966
25.2	Minority Interest Profit / Loss (-)		9,276	5,178	3,855	1,990
	Earnings/Loss per Share		3.8626	0.5258	1.6813	0.2259

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY – 30 SEPTEMBER 2022

(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 01.01-30.09.2022	Reviewed Prior Period 01.01-30.09.2021
I. CURRENT PERIOD PROFIT/LOSS	8,523,935	1,164,240
II. OTHER COMPREHENSIVE INCOME	707,390	213,881
2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss	25,066	11,061
2.1.1 Increases/Decreases on Revaluation of Property, Plant and Equipment	-	-
2.1.2 Increases/Decreases on Revaluation of Intangible Assets	-	-
2.1.3 Gains/Losses on Remeasurement of Defined Benefit Plans	17,899	11,681
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	4,255	1,808
2.1.5 Taxes on Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	2,912	(2,428)
2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss	682,324	202,820
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expenses from Financial Assets at Fair Value through Other Comprehensive Income	923,968	(86,524)
2.2.3 Income/Losses related with Cash Flow Hedges	(13,647)	336,069
2.2.4 Income/Losses 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 on Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	(227,997)	(46,725)
III. TOTAL COMPREHENSIVE INCOME (I+II)	9,231,325	1,378,121

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD FROM 1 JANUARY – 30 SEPTEMBER 2022

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not to be 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 / (Loss)	Current Period Profit or Loss	Total Equity Except from Minority Shares	Minority Shares	Total Shareholders' Equity	
Prior Period – 01.01-30.09.2021																	
I.	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
II.	Adjustments According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New 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	-	-	-	-	-	9,344	1,717	-	(66,562)	269,406	-	1,159,062	-	1,372,967	5,154	1,378,121
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 30.09.2021 (III+IV+V+VI+VII+VIII+IX+X+XI)																	
		2,204,390	2,565	-	388,661	56,230	5,224	6,950	-	(154,713)	42,702	9,336,062	-	1,159,062	13,047,133	15,478	13,062,611
Current Period – 01.01-30.09.2022																	
I.	Prior Period End Balance	2,204,390	2,565	-	388,661	56,230	(123,085)	7,482	-	(199,759)	292,799	9,336,062	2,072,708	-	14,038,053	18,217	14,056,270
II.	Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	2,204,390	2,565	-	388,661	56,230	(123,085)	7,482	-	(199,759)	292,799	9,336,062	2,072,708	-	14,038,053	18,217	14,056,270
IV.	Total Comprehensive Income	-	-	-	-	-	21,114	3,929	-	704,132	(21,895)	-	8,514,659	-	9,221,939	9,386	9,231,325
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	-	-	-	-	-	-	-	-	-	1,974,352	(1,974,352)	-	-	-	(6,805)	(6,805)
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,805)	(6,805)
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	1,974,352	(1,974,352)	-	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance 30.09.2022 (III+IV+V+VI+VII+VIII+IX+X+XI)																	
		2,204,390	2,565	-	388,661	56,230	(101,971)	11,411	-	504,373	270,904	11,310,414	98,356	8,514,659	23,259,992	20,798	23,280,790

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 financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2022

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Current Period 01.01-30.09.2022	Reviewed Prior Period 01.01-30.09.2021
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	12,713,038	2,738,900
1.1.1 Interest Received	16,781,578	10,637,740
1.1.2 Interest Paid	(9,288,051)	(6,287,245)
1.1.3 Dividend Received	516	3,030
1.1.4 Fees and Commissions Received	2,989,361	1,843,502
1.1.5 Other Income	5,347,432	217,127
1.1.6 Collections from Previously Written off Loans	1,026,858	826,348
1.1.7 Payments to Personnel and Service Suppliers	(2,627,987)	(1,373,764)
1.1.8 Taxes Paid	(3,361,789)	(159,060)
1.1.9 Others	1,845,120	(2,968,778)
1.2 Changes in Operating Assets and Liabilities	8,702,924	(6,831,918)
1.2.1 Net Decrease / (Increase) in Financial Asset at Fair Value through Profit or Loss	42,593	(85,467)
1.2.2 Net (Increase) in due from Banks	(53,410)	(34,927)
1.2.3 Net (Increase) in Loans	(33,735,326)	(9,278,666)
1.2.4 Net (Increase) in Other Assets	(8,495,687)	(4,707,029)
1.2.5 Net (Decrease) in Bank Deposits	(612,908)	(5,513,546)
1.2.6 Net Increase in Other Deposits	45,131,675	7,064,295
1.2.7 Net Increase / (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	-	-
1.2.8 Net (Decrease) / Increase in Funds Borrowed	(763,452)	2,220,707
1.2.9 Net Increase / (Decrease) in Matured Payables	-	-
1.2.10 Net Increase in Other Liabilities	7,189,439	3,502,715
I. Net Cash Provided from Banking Operations	21,415,962	(4,093,018)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities	(8,119,841)	(83,573)
2.1 Purchase of Entities under Common Control, Associates and Subsidiaries (Joint Vent.)	-	-
2.2 Sale of Entities Under Common Control, Associates and Subsidiaries (Joint Vent.)	-	-
2.3 Purchase of Tangible Assets	(79,692)	(78,864)
2.4 Sale of Tangible Assets	4,893	3,452
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income	(1,867,612)	(3,056,216)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income	2,189,774	3,363,287
2.7 Purchase of Financial Assets Measured at Amortized Cost	(10,034,394)	(2,032,496)
2.8 Sale of Financial Assets Measured at Amortized Cost	1,887,932	1,758,847
2.9 Other	(220,742)	(41,583)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities	(1,430,559)	(2,381,012)
3.1 Cash Obtained from Funds Borrowed and Securities Issued	6,129,589	7,327,941
3.2 Cash Outflow from Repayment of Funds Borrowed and Securities Issued	(7,297,590)	(9,510,077)
3.3 Equity Instruments Issued	-	-
3.4 Dividends Paid	(6,805)	(5,183)
3.5 Payments for Financial Leases	(255,753)	(193,693)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	2,982,636	913,173
V. Net Increase in Cash and Cash Equivalents	14,848,198	(5,644,430)
VI. Cash and Cash Equivalents at Beginning of the Period	31,414,865	24,235,224
VII. Cash and Cash Equivalents at End of the Period	46,263,063	18,590,794

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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 notes 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 Parent 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 Parent 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 audited regularly and, when necessary, suitable corrections are made, and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

A new type of coronavirus (COVID-19), first emerging in China, has been classified as a pandemic affecting countries globally by the World Health Organization on 11 March 2020. The COVID-19 outbreak, especially in countries that are over-exposed to the pandemic, causes disruptions in operations and adversely affects economic conditions both regionally and globally.

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 consolidated financial statements at 30 September 2022, the Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements.

The tension between Russia and Ukraine since January 2022 turned into a crisis and a hot conflict. The Parent Bank does not carry out any activity in the two subject countries. Considering the geographies in which the Parent Bank operates, the crisis is not expected to have a direct impact on the Parent Bank's operations. However, since the course of the crisis is uncertain as of the report date, developments that may occur on a global scale, and the effects of these developments on the global and regional economy, on the Bank's operations are closely monitored and taken into account with the best estimation approach in the preparation of the 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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:

The amendments to TAS/IFRS, effective from 1 January 2022, do not have a significant impact on the Parent Bank's accounting policies, financial position and performance. The amendments to TAS and IFRS, 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.

In addition, Benchmark Rate Reform – Phase 2, which brings changes in IFRS 9, TAS 39, IFRS 7, IFRS 4 and IFRS 16, effective from 1 January 2021 was published in December 2020. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The impact of the changes on the Bank's financials has been evaluated and did not have a significant impact. On the other hand, the Benchmark Interest Rate Reform process continues for some indicators and the Bank continues to work within the scope of adaptation to the changes. In this context, a working group was established within the scope of evaluating the impact of the interest rate reform on the financial statements and harmonization with the reform. As a result of the evaluations, it is expected that the effect of the relevant change on the financial statements will be limited.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 Financial Reporting in Hyperinflationary Economies (“TAS 29”) for entities adopting Turkish Financial Reporting Standards (“IFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply IFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. Therefore, no inflation adjustment has been made as per TAS 29 in the financial statements as of 30 September 2022.

The accounting policies and valuation principles for the current period are explained in Note II and Note XXV below.

c. Different accounting policies applied while preparing 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.

The 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

III. Information about the Parent Bank and its Consolidated Subsidiaries

The Parent Bank, with no difference in practice between TAS/IFRS, and 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.

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 IFRS.

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.

The financial statements of subsidiaries were prepared as of 30 September 2022, 31 December 2021 and 30 September 2021.

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 “IFRS 9 Financial Instruments” (“IFRS 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, the part of derivative financial assets at fair value through profit or loss or the part of derivative financial liabilities at fair value through profit or loss are shown in the balance sheet, depending on whether the fair value is positive or negative. 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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)

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on 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) has significantly decreased in its volume or level of activity relative to normal market volume, (ii) when a transaction price or quoted price does not reflect fair value and/or (iii) when a material adjustment is required so that the price of a similar asset is comparable to the subject asset, or (iv) when the price is no longer valid, it adjusts the transaction price or the 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.

The cash flows of forward, currency swap, interest rate swap, and cross currency swap transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate 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.

Black and Scholes Model is used to measure the fair value of options. Options premiums are accrued on the start date of maturity. The valuation amount is composed of premiums valued at each valuation date. Premium to be paid calculated within this model is recorded as income, and the premium to be collected as expense.

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 case where the hedge does not meet the hedge accounting requirements, hedge accounting is discontinued.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

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

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.

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 Parent 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 recognized in profit or loss. In those cases, such fees are accounted as revenue or expense when the financial instrument is initially recognized 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 “TFRS 9 Financial Instruments” standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the 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.

Accounting policies for derivative financial instruments at fair value through profit or loss are explained in note III Section 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 investment at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends continue to be recognized in profit or loss in the financial statements.

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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. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the “Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss”.

In addition, the Parent Bank's securities portfolio includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and consumer price (“CPI”) indexed government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted for using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. As stated in the CPI-Indexed Bonds Investor's Guide of the Undersecretariat of Treasury, the reference indices used in calculating the actual coupon payment amounts of these securities are based on the CPI of two months ago. The Parent bank determines the estimated inflation rate in parallel with this. The estimated inflation rate, taking into account the Central Bank of the Republic of Turkey and the Parent Bank's expectations, is updated during the year when deemed necessary. In this context, as of 30 September 2022, the valuation of the said assets was based on an annual inflation forecast of 80%. At the end of the year, the actual inflation rate is used.

Financial Assets Measured at Amortized Cost

Financial investments measured at amortized cost:

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

Loans:

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

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VIII. Explanations on Impairment of Financial Assets

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

Measurement of the expected credit losses reflects:

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

The 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 are 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.

Stage 2:

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

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

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

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

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. For the related financial assets, the probability of default is taken into account as 100%.

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VIII. Explanations on Impairment of Financial Assets (continued)

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 12 months and lifetime probability of default of the financial instruments.

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

There are 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 behavioral scores are used for the retail portfolios. It is determined significant increase in credit risk by comparing the credit ratings/behavioral 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.

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.

Period (*)	2022				2023				2024				2025			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
GDP	7.34	7.66	3.62	0.50	0.62	0.75	2.70	7.17	3.64	4.46	4.20	1.74	4.00	3.50	3.90	4.50

(*) Represents 3-month periods

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

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 behavioral scores. PDs and LGDs used in the ECL calculation are point in time (“PIT”) based on key portfolios and consider both current conditions and expected cyclical changes. Two types of probability of default are calculated.

- 12 Month PD: as the estimated probability of default occurring within the next 12 months

- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument

Internal rating systems are used to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer's financial information and the answers to the qualitative question set. Behavioral score cards used in the retail portfolio include the behavioral data of the customer and the product in the Bank, the demographic information of the customer and the behavioral 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.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

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 behavioral 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 “Favorable” and the weighted average of the results of this scenario 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.

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.

“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.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

Qualitative assessments: (continued)

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 Parent 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.

Securities purchased under repurchase agreements (“reverse repo”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 30 September 2022, the Group has TL 1,100,455 reverse repo transaction (31 December 2021: None).

As of 30 September 2022, the Group does not have any marketable securities lending transaction (31 December 2021: None).

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

Non-current assets held for sale consists of tangible assets acquired for impairment and accounted in financial statements convenient with “IFRS 5 Assets Held for Sale and Discontinued Operations”. An asset (or disposal group) classified as held for sale in accordance with IFRS 5 is measured at the lower of its carrying amount and fair value less costs to sell. For an asset to be held for sale, the asset (or disposal group) must be available for immediate sale under the conditions common and customary for the sale of such assets, and the sale must be highly probable. In order to have a high probability of sale; A plan for the sale of the asset must have been made by an appropriate level of management and an active program of identification of buyers and completion of the plan must have been initiated. In addition, the asset must be actively marketed at a price consistent with its fair value.

As of 30 September 2022, assets held for sale and discontinued operations of the Group are TL 83,402 (31 December 2021: TL 65,933). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 3,833 (31 December 2021: TL 2,288) has been reserved as provision for impairment losses.

As of 30 September 2022, the Group has no discontinued operations.

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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 Note 1 of Section 1, under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Gazette 12 February 2011 dated and numbered as 27844 the merger of two banks was realized by terminating the legal entity of Fortis Bank A.Ş. and transferring all its rights, receivables (assets and liabilities) to the Parent Bank as a whole.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.

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 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.

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XIII. Explanations on Tangible 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 into 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 is 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 Parent 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.

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 Group 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 Parent 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.

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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 September 2022, the Pension Fund has 1,354 employees and 1,298 pensioners (31 December 2021: 1,414 employees and 1,238 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”.

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XVII. Explanations on Liabilities Regarding Employee Benefits (continued)

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 2021. Since the Parent 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.

XVIII. Explanations on Taxation

Corporate Tax

Corporate tax applied at the rate of 20% for corporate earnings in Turkey, pursuant to the regulation introduced by the Law No. 7316 on the “Law on the Collection of Public Claims and Amendments to Certain Laws” is applied as 25% to be applied to corporate earnings for the 2021 taxation period and 23% to be applied to corporate earnings for the 2022 taxation period, pursuant to the regulation introduced by the Law No. 7394 on “The Law on the Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law and Amendments to Some Laws and Decrees” this rate has been determined as 25% to be applied to the corporate earnings of banks, companies under the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation period as of 2022.

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter, the amounts thus calculated and paid are offset from the final tax computed over the earnings of the year. With the Tax Procedure Law No. 7338 published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th period provisional tax return to be implemented in 2022 was abolished. In the new application, a total of 3 temporary tax returns will be submitted in quarterly periods for the first 9 months of the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are taken into account in the Tax Statement according to Article 22 of the Prevention of Double Taxation Treaty signed between Northern Cyprus and the Turkish Republic.

50% portion of the gains derived from the sale of immovable (as of 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 last 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.

However, with the “Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law” numbered 7352 published in the Official Gazette dated 29 January 2022 and numbered 31734, temporary article 33 was added to the Tax Procedure Law numbered 213 and regardless of whether the conditions for the inflation adjustment within the scope of article 298 are met in the 2021 and 2022 accounting periods (for those designated as special accounting periods, as of the accounting periods ending in 2022 and 2023), including the provisional tax periods, and in the provisional tax periods of the 2023 accounting period, that, financial statements will not be adjusted for inflation, it is stated that the financial statements as of 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, that the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account, the previous year's profit determined in this way will not be subject to tax, and the previous year's loss will not be considered as a loss.

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XVIII. Explanations on Taxation (continued)

Deferred Tax Asset / Liability

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.

In the scope of TAS 12 Income Taxes standard, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. As of 30 September 2022, the deferred tax is calculated over 25% accordance with the tax legislation in effect.

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.

XX. Explanations on Issued Equity Securities

There are no share issued in the year 2022.

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.

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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 regard 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 Parent 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, jewelers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women’s banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

When determining the short, medium and long-term pricing strategy, Asset-Liability Management and the Treasury Group also manage the maturity mismatch, by adopting a principle foreseeing to work with a positive balance sheet margin. Spot and forward TL and foreign exchange purchase-sale transactions, treasury bill, government bond, and Eurobond purchase-sale transactions, and derivative product purchase/sale transactions are carried out under defined authorizations. The 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	-	-	-	19,601	(12,615)	6,986
Profit Before Tax	876,190	2,333,684	817,811	7,176,953	(12,615)	11,192,023
Tax Provision (-)	-	-	-	2,668,088	-	2,668,088
Net Profit for the Period	876,190	2,333,684	817,811	4,508,865	(12,615)	8,523,935

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	45,635,843	70,920,137	32,422,295	132,300,328	(469,893)	280,808,710
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	130,194	(130,139)	55
Total Assets	45,635,843	70,920,137	32,422,295	132,430,522	(600,032)	280,808,765

Segment Liabilities	129,563,887	51,208,820	22,318,236	54,907,641	(470,609)	257,527,975
Shareholders' Equity	-	-	-	23,410,213	(129,423)	23,280,790
Total Liabilities	129,563,887	51,208,820	22,318,236	78,317,854	(600,032)	280,808,765

Prior Period (30.09.2021)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	9,302	(6,272)	3,030
Profit before Tax	473,770	569,931	218,912	244,036	(6,272)	1,500,377
Tax Provision (-)	-	-	-	336,137	-	336,137
Net Profit for the Period	473,770	569,931	218,912	(92,101)	(6,272)	1,164,240

Prior Period (31.12.2021)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	37,486,577	47,375,661	23,996,403	90,620,966	(625,544)	198,854,063
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	130,194	(130,139)	55
Total Assets	37,486,577	47,375,661	23,996,403	90,751,160	(755,683)	198,854,118

Segment Liabilities	85,251,945	37,099,365	14,272,783	48,800,020	(626,265)	184,797,848
Shareholders' Equity	-	-	-	14,185,688	(129,418)	14,056,270
Total Liabilities	85,251,945	37,099,365	14,272,783	62,985,708	(755,683)	198,854,118

XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 28 March 2022 of the Parent Bank, TL 1,912,898 that constitutes the 2021 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 95,645 as Legal Reserves, TL 1,56 (full TL) as profit distributed to the holders of the founder jouissance certificates.

XXV. Reclassifications

In order to comply with the financial statement presentation dated 30 September 2022, some reclassifications have been made on the income statement and cash flow statement dated 30 September 2021. The relevant classification has no effect on the Parent Bank's performance.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Consolidated Shareholders' Equity

Equity amount and capital adequacy standard ratio has been calculated within the framework of "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to these, the BRSA's regulations dated 8 December 2020 and numbered 9312, dated 1 July 2021 and numbered 9645, dated 21 December 2021 and numbered 9996, 28 April 2022 and numbered 10188 and 23 June 2022 and numbered 10248. According to the latest regulation changes;

In the calculation of the amount subject to credit risk, the Central Bank's foreign currency buying rates as of 31 December 2021 were used in accordance with the BRSA Board decision dated 28 April 2022 and numbered 10188, while calculating the valued amounts in foreign currency.

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

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

In accordance with the BRSA Board decision dated 21 December 2021 and numbered 9996, in case of the net valuation differences of the financial assets included in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of the decision date are negative, these differences have been calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756 and have not been taken into account in the amount of equity to be used for the capital adequacy ratio.

In accordance with the BRSA Board Decision dated 28 April 2022 and numbered 10188, two hundred percent risk weight has been applied to commercial TL cash loans to be extended as of 1 May 2022 (excluding loans exempted as per the decision).

With the BRSA Board Decision of 23 June 2022 and numbered 10248, five hundred percent risk weight has been applied to commercial cash loans in TL and FC that will be extended to non-residents, excluding banks and financial institutions, after the date of the said Decision.

In addition, some regulations have been introduced regarding the use of loan by companies subject to independent auditing.

In this context, if companies fail to notify the bank of their documents in accordance with the board's decision or give information contrary to the statement, new cash trade loans in TL should not be extended to the relevant companies and a 500% risk weight should be applied to all cash trade loans extended on or after 30 June 2022.

The Group's current period equity amount calculated as of 30 September 2022 is TL 33,616,648 (31 December 2021: TL 21,866,488), and the consolidated capital adequacy standard ratio is 17.35% (31 December 2021: 17.77%). 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 30.09.2022	Prior Period 31.12.2021
Common Equity Tier 1 Capital		
Paid-in capital to be entitled for compensation after all creditors	2,404,652	2,404,652
Share issued premiums	2,565	2,565
Reserves	11,446,463	9,538,286
Gains recognized in equity as per Turkish Accounting Standards (TAS)	763,369	4,611
Profit	8,613,015	2,072,708
Net Profit for the Period	8,514,659	2,072,708
Prior Years’ Profit	98,356	-
Bonus shares from associates, subsidiaries and joint ventures not accounted in current period’s profit	-	-
Minority interest	757	750
Common Equity Tier 1 Capital Before Deductions	23,230,821	14,023,572
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	21	122
Leasehold improvements on operational leases	34,689	37,252
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	324,649	175,884
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	-
Net amount of defined-benefit plan assets	-	-
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier 1 Capital	780,483	634,382
Total Common Equity Tier 1 Capital	22,450,338	13,389,190

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

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

	Current Period 30.09.2022	Prior Period 31.12.2021
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 (in the scope of Temporary Article 4)	-	-
Third Parties Share in the Additional Tier 1 Capital	162	161
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	162	161
Additional Tier 1 Capital before Deductions	162	161
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 I 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 I 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	162	161
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	22,450,500	13,389,351
TIER 2 CAPITAL		
Debt instruments and premiums approved by BRSA	8,976,534	7,140,542
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier 2 Capital	216	214
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	216	214
Provisions (Amounts stated in the first paragraph of the Article 8 of the Regulation on the Bank Capital)	2,217,192	1,363,914
Tier 2 Capital Before Deductions	11,193,942	8,504,670
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	11,193,942	8,504,670
Total Capital (The sum of Tier 1 and Tier 2 Capital)	33,644,442	21,894,021

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

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

	Current Period 30.09.2022	Prior Period 31.12.2021
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	368	3,823
Net book values of immovables exceeding the equity and of assets acquired against overdue receivables and held for sale as per the article 57 of the banking law but retained more than five years	-	-
Other items to be defined by the BRSA	27,426	23,710
Items to be deducted from the Sum of Tier I and Tier II Capital (“Capital”) During the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier 1 and Tier 2 Capital)	33,616,648	21,866,488
Total Risk Weighted Amounts	193,715,656	123,079,834
CAPITAL ADEQUACY RATIOS		
Consolidated Common Equity Tier 1 Capital Adequacy Ratio (%)	11.59	10.88
Consolidated Tier 1 Capital Adequacy Ratio (%)	11.59	10.88
Consolidated Capital Adequacy Ratio (%)	17.35	17.77
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 (%)	3.08	2.34
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	357,835	301,971
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)	1,140,524	147,376
Limits Related to Provisions Considered in Tier 2 Calculation		
General provisions for standard based receivables ((before ten thousand twenty five limitation)	2,720,016	2,123,337
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (*)	2,217,192	1,363,914
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

(*) 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 Consolidated Shareholders' Equity: (continued)

	T	T-1	T-2	T-3	T-4
CAPITAL ITEMS					
Common Equity Tier 1 Capital	22,450,338	18,686,937	15,501,595	13,389,190	12,513,356
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	22,450,338	18,686,937	15,501,595	13,300,616	12,424,782
Tier 1 Capital	22,450,500	18,687,073	15,501,737	13,389,351	12,513,449
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	22,450,500	18,687,073	15,501,737	13,300,777	12,424,875
Capital	33,616,648	29,266,071	24,778,703	21,866,488	18,477,772
Capital where the transition impact of TFRS 9 has not been applied (c)	33,616,648	29,266,071	24,778,703	21,777,914	18,389,198
TOTAL RISK WEIGHTED ASSETS					
Total Risk Weighted Amounts	193,715,656	191,018,451	144,685,433	123,079,834	110,426,564
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.59	9.78	10.71	10.88	11.33
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	11.59	9.78	10.71	10.81	11.25
Tier 1 Capital Adequacy Ratio (%)	11.59	9.78	10.71	10.88	11.33
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	11.59	9.78	10.71	10.81	11.25
Capital Adequacy Ratio (%)	17.35	15.32	17.13	17.77	16.73
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	17.35	15.32	17.13	17.69	16.65
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	372,756,816	351,012,779	304,876,720	267,761,081	208,552,980
Leverage Ratio	5.96%	5.23%	5.04%	4.93%	6.00%
FTA not Applied Leverage Ratio (e)	5.96%	5.23%	5.04%	4.89%	5.96%

(*) As of 31 December 2021, the implementation of the temporary article 5 has ended and the effects of the prior periods are shown in the table above.

Basic information for the TFRS 9 transition process

- a: Common equity Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.
- b: Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.
- c: Total capital if Temporary Article 5 of the Regulation on equities of banks has not applied.
- d: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.
- e: The leverage ratio calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

Explanations on reconciliation of Capital items to balance sheet:

	Current Period	Prior Period
Total capital per balance sheet	23,280,790	14,056,270
Hedging funds (effective portion)	(270,904)	(292,799)
Deductions Made Under Regulation	(809,982)	(662,491)
Transition Impact of TFRS 9 (Temporary 5 th Article)	-	88,574
Accumulated revaluation and/or classification on gains/losses of financial assets at fair value through other comprehensive income	250,434	199,636
Common equity Tier 1 Capital	22,450,338	13,389,190
Additional Tier 1 Capital	162	161
Tier 1 Capital	22,450,500	13,389,351
General provisions (Stage 1 and 2)	2,217,192	1,363,914
Bank's borrowing instruments	8,976,534	7,140,542
Deductions made under regulation	(27,794)	(27,533)
Shares of third parties in the contribution capital	216	214
Total Equity	33,616,648	21,866,488

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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 instruments included in 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 debt instrument	Turkey	Turkey	Turkey	Turkey
Consideration in Equity Calculation				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated/consolidated/consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing instrument	Borrowing instrument	Borrowing instrument	Borrowing instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	3,861.35	1,794.80	1,076.88	2,243.50
Par value of debt instrument (TL Currency in mil)	3,861.35	1,794.80	1,076.88	2,243.50
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
Accounting classification of the debt instrument	-	-	-	-
Interest / dividend payments				
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
Convertibility of equity shares				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	-	-

(*) Under Article 8/2 in subsection (h) 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 September 2022, the Group’s balance sheet short position is TL 23,511,189 (31 December 2021: TL 24,005,711 short position) off-balance sheet long position is TL 21,110,019 (31 December 2021: TL 23,747,791 long position) and as a result net foreign currency short position is net TL 2,401,170 (31 December 2021: net TL 257,920 short position).

The announced current foreign exchange buying rates of the Parent Bank at 30 September 2022 and the previous five working days in full TL are as follows:

	23.09.2022	26.09.2022	27.09.2022	28.09.2022	29.09.2022	30.09.2022
USD	18.3002	18.3352	18.3752	18.4123	18.4321	18.3874
EURO	17.8116	17.7118	17.6457	17.6942	17.9326	17.9480

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 30 September 2022 are as follows:

	Monthly Average Foreign Exchange Rate
USD	18.1937
EURO	18.0365

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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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 September 2022, there is a net long position of TL 690,509 in USD and a net short position of TL 225,968 in EUR.

Current Period	EURO	USD	Other FC	Total
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey ⁽¹⁾	12,827,727	20,488,175	4,819,421	38,135,323
Banks ⁽²⁾	3,470,980	4,546,848	4,164,922	12,182,750
Financial Assets at Fair Value Through Profit or Loss	6,834	515,510	-	522,344
Receivables from Money Markets	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,531,989	3,224,690	44,848	4,801,527
Loans ⁽³⁾	27,605,376	7,795,831	1,593,003	36,994,210
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost ⁽⁴⁾	3,292,159	5,857,330	-	9,149,489
Derivative Financial Assets for Hedging Purposes ⁽⁵⁾	134,183	88,753	-	222,936
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽⁶⁾	3,687,144	540,896	79,296	4,307,336
Total Assets	52,556,392	43,058,033	10,701,490	106,315,915
Liabilities				
Bank Deposits	252,899	204,312	44,783	501,994
Foreign Currency Deposits ⁽⁷⁾	25,229,269	52,947,204	13,332,362	91,508,835
Money Market Borrowings	7,121,469	-	-	7,121,469
Funds Provided from Other Financial Institutions	13,087,407	11,956,826	65,942	25,110,175
Securities Issued	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities ⁽⁸⁾	2,740,491	2,427,238	416,902	5,584,631
Total Liabilities	48,431,535	67,535,580	13,859,989	129,827,104
Net Balance Sheet Position	4,124,857	(24,477,547)	(3,158,499)	(23,511,189)
Net Off-Balance Sheet Position	(4,326,597)	22,597,024	2,839,592	21,110,019
Financial Derivative Assets ⁽⁹⁾	23,827,733	63,137,143	5,640,289	92,605,165
Financial Derivative Liabilities ⁽⁹⁾	28,154,330	40,540,119	2,800,697	71,495,146
Non-Cash Loans ⁽¹⁰⁾	15,067,322	18,184,861	3,512,446	36,764,629
Prior Period				
Total Assets	39,909,506	36,902,089	8,434,790	85,246,385
Total Liabilities	47,988,927	49,686,785	11,576,384	109,252,096
Net Balance Sheet Position	(8,079,421)	(12,784,696)	(3,141,594)	(24,005,711)
Net Off-Balance Sheet Position	7,665,448	13,045,910	3,036,433	23,747,791
Financial Derivative Assets ⁽⁹⁾	30,271,685	44,317,120	4,830,894	79,419,699
Financial Derivative Liabilities ⁽⁹⁾	22,606,237	31,271,210	1,794,461	55,671,908
Non-Cash Loans ⁽¹⁰⁾	13,567,563	13,803,567	2,691,051	30,062,181

⁽¹⁾ Cash balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 6,456 (31 December 2021: TL 4,982).

⁽²⁾ The banks include TL 21,942 of expected credit loss provisions (31 December 2021: TL 22,153).

⁽³⁾ Loans include foreign currency indexed loan accounts amounting to TL 81,437 (31 December 2021: TL 173,195). Includes expected loss provisions balance amounting to TL 806,510 (31 December 2021: TL 814,077).

⁽⁴⁾ Financial Assets at Amortized Cost includes expected credit loss amounting to TL 2,059 (31 December 2021: TL 1,839).

⁽⁵⁾ There is no income accruals from derivative financial instruments are deducted from derivative financial assets held for risk management. (31 December 2021: None)

⁽⁶⁾ TL 644,318 (31 December 2021: TL 312,610) income accruals from derivative financial instruments are deducted from other assets. In the Other Assets row TL 3,159,697 factoring receivables and TL 4,249 factoring receivables include expected loss provision.

⁽⁷⁾ Precious metal accounts amounting to TL 9,086,449 (31 December 2021: TL 7,954,654) are included in the foreign currency deposits.

⁽⁸⁾ TL 569,527 (31 December 2021: TL 155,500) expense accruals from derivative financial instruments are deducted from other liabilities.

⁽⁹⁾ Forward asset and marketable securities purchase-sale commitments of TL 3,763,217 (31 December 2021: TL 3,118,150) are added to derivative financial assets and TL 3,974,940 (31 December 2021: TL 4,589,261) 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 Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey ⁽²⁾	-	-	-	-	-	44,533,161	44,533,161
Banks ⁽³⁾	4,581,780	-	-	-	-	8,326,004	12,907,784
Financial Assets at Fair Value Through Profit and Loss	298,732	926,698	890,806	232,600	54,563	358,293	2,761,692
Receivables from Money Markets ⁽⁴⁾	9,276,245	-	-	-	-	(1,300)	9,274,945
Financial Assets at Fair Value Through Other Comprehensive Income	665,524	2,059,220	3,022,890	3,884,410	-	47,926	9,679,970
Loans Given ⁽⁵⁾	37,953,973	18,601,159	58,793,178	27,716,389	1,164,910	(1,321,528)	142,908,081
Financial Assets Measured at Amortized Cost ⁽⁶⁾	908,986	13,201,219	4,533,092	11,344,624	5,189,870	(7,915)	35,169,876
Other Assets ⁽⁷⁾	2,707,150	2,746,839	2,753,432	1,835,747	496,201	13,033,887	23,573,256
Total Assets	56,392,390	37,535,135	69,993,398	45,013,770	6,905,544	64,968,528	280,808,765
Liabilities							
Bank Deposits	2,166,808	-	-	-	-	677,733	2,844,541
Other Deposits	82,106,958	34,647,568	6,161,191	3,544	-	71,747,712	194,666,973
Money Market Borrowings	3,357,452	2,575,838	1,586,822	-	-	-	7,520,112
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	3,454,757	14,395,714	6,502,431	-	4,026,694	-	28,379,596
Other Liabilities	71,054	77,243	2,150,549	591,852	99,917	44,406,928	47,397,543
Total Liabilities	91,157,029	51,696,363	16,400,993	595,396	4,126,611	116,832,373	280,808,765
Balance Sheet Long Position	-	-	53,592,405	44,418,374	2,778,933	-	100,789,712
Balance Sheet Short Position	(34,764,639)	(14,161,228)	-	-	-	(51,863,845)	(100,789,712)
Off-Balance Sheet Long Position	4,419,778	8,243,123	-	-	252,304	-	12,915,205
Off-Balance Sheet Short Position	-	-	(6,576,599)	(5,110,166)	-	-	(11,686,765)
Total Position	(30,344,861)	(5,918,105)	47,015,806	39,308,208	3,031,237	(51,863,845)	1,228,440

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

(2) Cash balances (Cash, Effective Deposit, Money in transit, Cheques Purchased) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 7,743.

(3) The banks include TL 26,207 of expected loss provisions.

(4) Money market placements include balance of expected loss provisions amounting to TL 1,300.

(5) The revolving loans amounting to TL 14,521,083 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 4,219,047.

(6) Financial assets at amortized cost include losses amounting to TL 7,915.

(7) Includes factoring receivables amounting to TL 6,338,891 and factoring receivables expected loss provisions amounting to TL 45,613.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 965,292, intangible assets amounting to TL 764,054, assets held for resale amounting to TL 83,402, 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 23,280,790.

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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 Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey ⁽²⁾	22,959,105	-	-	-	-	12,826,030	35,785,135
Banks ⁽³⁾	6,570,849	-	-	-	-	5,070,342	11,641,191
Financial Assets at Fair Value Through Profit or Loss	252,946	718,169	619,019	805,159	96,136	302,359	2,793,788
Receivables from Money Markets	3,245	-	-	-	-	-	3,245
Financial Assets at Fair Value Through Other Comprehensive Income	502,497	476,140	1,672,179	4,511,890	-	13,250	7,175,956
Loans Given ⁽⁴⁾	30,670,723	11,835,077	35,018,104	25,756,608	1,293,973	(714,613)	103,859,872
Financial Assets Measured at Amortized Cost ⁽⁵⁾	663,358	576,192	10,699,178	7,571,596	41,376	(4,399)	19,547,301
Other Assets ⁽⁶⁾	1,984,619	1,978,611	2,356,779	1,702,037	285,616	9,739,968	18,047,630
Total Assets	63,607,342	15,584,189	50,365,259	40,347,290	1,717,101	27,232,937	198,854,118
Liabilities							
Bank Deposits	1,962,166	-	-	-	-	37,570	1,999,736
Other Deposits	60,627,208	10,374,268	272,254	1,378	-	58,308,129	129,583,237
Money Market Borrowings	4,763,155	2,575,838	1,586,822	-	-	-	8,925,815
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,049,232	145,293	-	-	-	-	1,194,525
Funds Provided from Other Financial Institutions	5,336,362	13,262,496	5,581,808	-	2,857,546	-	27,038,212
Other Liabilities	147,226	538,774	177,900	1,318,413	51,968	27,878,312	30,112,593
Total Liabilities	73,885,349	26,896,669	7,618,784	1,319,791	2,909,514	86,224,011	198,854,118
Balance Sheet Long Position	-	-	42,746,475	39,027,499	-	-	81,773,974
Balance Sheet Short Position	(10,278,007)	(11,312,480)	-	-	(1,192,413)	(58,991,074)	(81,773,974)
Off-Balance Sheet Long Position	5,039,168	11,003,202	-	-	-	-	16,042,370
Off-Balance Sheet Short Position	-	-	(12,243,494)	(2,104,686)	(233,696)	-	(14,581,876)
Total Position	(5,238,839)	(309,278)	30,502,981	36,922,813	(1,426,109)	(58,991,074)	1,460,494

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

⁽²⁾ Cash balances (Cash, Effective Deposit, Money in transit, Cheques Purchased) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 6,160

⁽³⁾ Banks include balance of expected loss provisions amounting to TL 23,547.

⁽⁴⁾ The revolving loans amounting to TL 13,983,435 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 4,045,878.

⁽⁵⁾ Financial assets at amortized cost include balance of expected loss provisions of TL 4,399.

⁽⁶⁾ Includes factoring receivables amounting to TL 2,503,938 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 934,456, intangible assets amounting to TL 611,252, assets held for resale amounting to TL 65,933, 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 14,056,270.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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III. Explanations Related to Consolidated Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
Current Period				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey	-	-	-	-
Banks	0.58	3.00	-	13.46
Financial Assets at Fair Value Through Profit and Loss	7.22	9.47	-	15.69
Receivables from Money Markets	-	-	-	12.78
Financial Assets at Fair Value Through Other Comprehensive Income	2.70	4.00	-	46.52
Loans Given (*)	3.85	7.08	5.65	23.95
Financial Assets Measured at Amortized Cost	3.16	5.25	-	51.14
Liabilities				
Bank Deposits	-	-	-	6.60
Other Deposits	0.44	2.34	-	17.32
Money Market Borrowings	1.78	-	-	23.33
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	18.41
Funds Provided from Other Financial Institutions	3.30	6.09	-	20.00

(*) Includes factoring receivable.

	EURO %	USD %	YEN %	TL %
Prior Period				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey	-	-	-	8.50
Banks	(0.70)	0.05	-	14.13
Financial Assets at Fair Value Through Profit and Loss	3.36	5.24	-	20.14
Receivables from Money Markets	-	-	-	16.85
Financial Assets at Fair Value Through Other Comprehensive Income	2.70	3.84	-	17.48
Loans Given (*)	1.86	3.37	5.45	20.09
Financial Assets Measured at Amortized Cost	3.16	5.46	-	27.53
Liabilities				
Bank Deposits	-	-	-	10.37
Other Deposits	0.11	0.32	-	17.41
Money Market Borrowings	1.04	-	-	14.08
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	16.59
Funds Provided from Other Financial Institutions	1.73	4.84	-	18.18

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

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

e) Information on liquidity risk mitigation techniques used:

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 analyze how liquidity squeeze affects bank liquidity. Cash inflows and outflows which may arise in cases of stress event are analyzed 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 analyzed. 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 Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio:

	Rate of Percentage to Be Taken into Account not Implemented Total		Rate of Percentage to Be Taken into Account Implemented Total	
	Value (*)		Value (*)	
Current Period – 30 September 2022	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
1 High quality liquid assets			83,168,076	44,141,888
Cash Outflows				
2 Real person deposit and retail deposits	129,050,011	64,393,350	11,800,020	6,439,335
3 Stable deposits	22,368,450	-	1,131,864	-
4 Less stable deposits	106,681,561	64,393,350	10,668,156	6,439,335
5 Unsecured debts other than real person deposits and retail deposits	64,969,451	34,669,491	35,029,854	15,544,976
6 Operational deposits	2,101,043	985,857	525,261	246,464
7 Non-operational deposits	56,327,985	32,480,386	28,874,423	14,332,670
8 Other unsecured funding	6,540,423	1,203,248	5,630,170	965,842
9 Secured borrowings			397,718	-
10 Other cash outflows	1,619,925	8,115,579	1,619,925	8,115,579
11 Derivative and collateral obligations	1,619,925	8,115,579	1,619,925	8,115,579
12 Payables from structured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14 Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable off- balance sheet obligations	75,979,155	32,933,671	6,765,004	3,675,338
16 Total Cash Outflows			55,612,521	33,775,228
Total Cash Outflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	23,940,268	10,837,167	17,304,065	9,695,518
19 Other cash inflows	619,936	21,010,177	619,936	21,010,177
20 Total Cash Inflows	24,560,204	31,847,344	17,924,001	30,705,695
			Values to Which the Upper Limit is Applied	
21 Total High Quality Liquid Assets Inventory			83,168,076	44,141,888
22 Total Net Cash Outflows			37,688,520	8,443,807
23 Liquidity Coverage Ratio (%)			220.67	522.77

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

Liquidity Coverage Ratio: (continued)

	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
Prior Period – 31 December 2021				
High Quality Liquid Assets				
1 High quality liquid assets			46,888,056	29,282,626
Cash Outflows				
2 Real person deposit and retail deposits	81,720,904	42,598,230	7,319,601	4,259,823
3 Stable deposits	17,049,779	-	852,489	-
4 Less stable deposits	64,671,125	42,598,230	6,467,112	4,259,823
5 Unsecured debts other than real person deposits and retail deposits	44,985,951	23,081,623	25,444,605	12,624,562
6 Operational deposits	1,256,434	554,315	314,109	138,579
7 Non-operational deposits	34,324,870	16,803,402	15,771,063	6,762,239
8 Other unsecured funding	9,404,647	5,723,906	9,359,433	5,723,744
9 Secured borrowings	-	-	70,908	-
10 Other cash outflows	1,286,330	4,867,615	1,286,330	4,867,615
11 Derivative and collateral obligations	1,286,330	4,867,615	1,286,330	4,867,615
12 Payables from structured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14 Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable off- balance sheet obligations	44,459,083	17,681,444	3,597,807	1,766,808
16 Total Cash Outflows	-	-	37,719,251	23,518,808
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	17,210,930	9,936,422	13,214,393	9,147,184
19 Other cash inflows	561,220	12,279,927	561,220	12,279,927
20 Total Cash Inflows	17,772,150	22,216,349	13,775,613	21,427,111
			Values to Which the Upper Limit is Applied	
21 Total High Quality Liquid Assets Inventory			46,888,056	29,282,626
22 Total Net Cash Outflows			23,943,638	5,879,702
23 Liquidity Coverage Ratio (%)			195.83	498.03

(*) 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 and 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 effect more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

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

Liquidity management of subsidiaries are managed by individual legal entities. Although liquidity coverage ratio is reported on a basis, there is no centralized liquidity management system. Finally, there is no significant cash inflow and cash outflow item related to the liquidity profile of the Parent Bank, which is included in the liquidity coverage ratio calculation but is not included in the public disclosure template in the second paragraph of the relevant communiqué.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

Liquidity Coverage Ratio: (continued)

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

	Current Period	
	TL+FC	FC
July 2022	202.20%	537.78%
August 2022	243.24%	529.52%
September 2022	218.81%	485.56%
	Prior Period	
	TL+FC	FC
July 2021	177.83%	495.95%
August 2021	193.93%	479.05%
September 2021	187.15%	530.60%

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 Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey ⁽²⁾	15,044,909	29,495,995	-	-	-	-	(7,743)	44,533,161
Banks ⁽³⁾	9,830,056	3,103,935	-	-	-	-	(26,207)	12,907,784
Financial Assets at Fair Value Through Profit and Loss	-	6,235	316,537	890,806	1,079,639	110,181	358,294	2,761,692
Money Market Placements ⁽⁴⁾	-	9,276,245	-	-	-	-	(1,300)	9,274,945
Financial Assets at Fair Value Through Other Comprehensive Income	47,926	44,808	106	1,104,920	6,578,270	1,903,940	-	9,679,970
Loans Given ⁽⁵⁾	-	35,551,755	18,604,559	58,813,999	30,094,386	1,164,910	(1,321,528)	142,908,081
Financial Assets Measured at Amortized Cost ⁽⁶⁾	-	908,986	-	11,529,886	14,322,562	8,416,357	(7,915)	35,169,876
Other Assets ⁽⁷⁾	-	4,873,858	3,284,377	3,653,462	2,057,410	673,333	9,030,816	23,573,256
Total Assets	24,922,891	83,261,817	22,205,579	75,993,073	54,132,267	12,268,721	8,024,417	280,808,765
Liabilities								
Bank Deposits	677,733	2,166,808	-	-	-	-	-	2,844,541
Other Deposits	71,747,712	82,106,958	34,647,568	6,161,191	3,544	-	-	194,666,973
Funds Provided from Other Financial Institutions	-	2,295,604	10,433,495	6,401,837	19,369	9,229,291	-	28,379,596
Money Market Placements	-	3,357,452	2,575,838	1,586,822	-	-	-	7,520,112
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	85,092	17,151,163	1,251,756	2,479,906	1,224,269	441,921	24,763,436	47,397,543
Total Liabilities	72,510,537	107,077,985	48,908,657	16,629,756	1,247,182	9,671,212	24,763,436	280,808,765
Liquidity Gap	(47,587,646)	(23,816,168)	(26,703,078)	59,363,317	52,885,085	2,597,509	(16,739,019)	-
Net Off-Balance Sheet Position	-	239,931	426,456	1,375,600	1,254,356	301,938	-	3,598,281
Financial Derivative Assets	-	52,305,527	37,248,283	32,729,370	21,567,238	3,540,434	-	147,390,852
Financial Derivative Liabilities	-	52,065,596	36,821,827	31,353,770	20,312,882	3,238,496	-	143,792,571
Non-Cash Loans	11,345,059	2,386,907	7,504,975	17,109,165	10,400,544	-	-	48,746,650
Prior Period								
Total Assets	19,173,943	62,306,680	16,749,379	42,672,945	51,725,459	2,353,091	3,872,621	198,854,118
Total Liabilities	58,549,584	81,385,158	22,774,278	11,462,945	1,853,657	7,520,200	15,308,296	198,854,118
Liquidity Gap	(39,375,641)	(19,078,478)	(6,024,899)	31,210,000	49,871,802	(5,167,109)	(11,435,675)	-
Net Off-Balance Sheet Position	-	1,157,348	180,560	1,768,166	231,463	180,567	-	3,518,104
Financial Derivative Assets	-	29,886,074	29,745,541	26,100,385	18,145,761	2,968,553	-	106,846,314
Financial Derivative Liabilities	-	28,728,726	29,564,981	24,332,219	17,914,298	2,787,986	-	103,328,210
Non-Cash Loans	10,181,182	2,203,512	5,450,781	13,364,312	7,332,490	-	-	38,532,277

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

⁽²⁾ Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey 's outstanding loss provisions amounting to TL 7,743.

⁽³⁾ The banks include TL 26,207 of expected loss provisions.

⁽⁴⁾ Receivables from Money Markets includes the balance of expected loss provisions amounting to TL 1,300.

⁽⁵⁾ The revolving loans amounting to TL 14,521,083 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 4,219,047.

⁽⁶⁾ Financial Assets at Amortized Cost include provision for expected losses amounting to TL 7,915.

⁽⁷⁾ TL 6,338,891 factoring receivables and TL 45,613 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 (*)	272,115,220	184,154,597
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 Communiqué 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 Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	1,170,472	612,168
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	2,614,088	854,257
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	89,260,505	66,388,072
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(3,912,275)	(2,064,182)
7 Total risk amount	361,248,010	249,944,912

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

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

- 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)	265,551,377	180,241,636
2 (Assets deducted from core capital)	(698,565)	(608,185)
3 Total risk amount for assets on the balance sheet	264,852,812	179,633,451
Derivative financial instruments and credit derivatives		
4 Renewal cost of derivative financial instruments and loan derivatives	3,350,133	2,456,964
5 Potential credit risk amount of derivative financial instruments and loan derivatives	1,170,472	612,168
6 Total risk amount of derivative financial instruments and loan derivatives	4,520,605	3,069,132
Financing transactions with securities or goods warranties		
7 Risk amount of financial transactions with securities or goods warranties (Excluding those in the balance sheet)	2,614,088	854,257
8 Risk amount arising from intermediated transactions	-	-
9 Total risk amount of financing transactions with securities or goods warranties	2,614,088	854,257
Off-the-balance sheet transactions		
10 Gross nominal amount of the off-balance sheet transactions	89,260,505	66,388,072
11 (Adjustment amount arising from multiplying by the credit conversion rate)	-	-
12 Total risk amount for off-balance sheet transactions	89,260,505	66,388,072
Capital and total risk		
13 Tier 1 capital	20,663,558	12,903,197
14 Total risk amount	361,248,010	249,944,912
Leverage ratio		
15 Leverage ratio	5.72%	5.16%

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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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 no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of Internal Rating Based Approach (“IRB”) have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Bank.

Overview of risk weighted amounts

	Risk Weighted Amounts		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk)	172,169,309	106,230,712	13,773,545
2 Of which standardized approach	172,169,309	106,230,712	13,773,545
3 Of which internal rating-based approach	-	-	-
4 Counterparty credit risk	5,206,035	2,882,445	416,483
5 Of which standardized approach for counterparty credit risk	5,206,035	2,882,445	416,483
6 Of which internal model method	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity investment in funds - look-through approach	-	-	-
9 Equity investment in funds - mandate-based approach	-	-	-
10 Equity investment in funds - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 Of which irb ratings-based approach	-	-	-
14 Of which irb supervisory formula approach	-	-	-
15 Of which sa/simplified supervisory formula approach	-	-	-
16 Market risk	4,537,707	3,023,546	363,017
17 Of which standardized approach	4,537,707	3,023,546	363,017
18 Of which internal model approaches	-	-	-
19 Operational risk	11,802,605	10,943,131	944,208
20 Of which basic indicator approach	11,802,605	10,943,131	944,208
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)	193,715,656	123,079,834	15,497,253

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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	682,082	9,047,156	480,825	6,992,493
Balances with the Central Bank of Turkey	5,717,043	28,692,625	5,237,670	22,851,875
Other	-	401,998	-	228,432
Total	6,399,125	38,141,779	5,718,495	30,072,800

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	4,913,673	-	5,130,440	-
Unrestricted Time Deposit	-	9,221,458	-	7,072,426
Restricted Time Deposit	803,370	19,471,167	107,230	15,779,449
Total	5,717,043	28,692,625	5,237,670	22,851,875

Foreign currency unrestricted deposit amounting to TL 9,221,458 (31 December 2021: TL 7,072,426), foreign currency restricted deposit amounting to TL 19,471,167 (31 December 2021: TL 15,779,449), unrestricted deposit balance amounting to TL 4,913,673 (31 December 2021: TL 5,130,440) and restricted deposit amounting to TL 803,370 (31 December 2021: TL 107,230) comprises of reserve deposits.

As of 30 September 2022, the applicable rates for required reserves established at the CBRT are between 3% and 8% in Turkish currency, depending on the maturity structure (31 December 2021 between 3% and 8%); in foreign currency, it is between 5% and 26% according to the maturity structure (31 December 2021: between 5% and 26%).

With the press release of the CBRT dated 23 April 2022, commercial cash loans of banks and financing companies in Turkish lira are subject to required reserves starting from the establishment date of 10 June 2022.

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

- a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2021: None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2021: None).

Net book value of unrestricted financial assets at fair value through profit and loss is TL 2,403,398 (31 December 2021: TL 2,491,428).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	2,168,312	235,086	1,942,260	549,168
Securities Representing Share in Capital	71,036	222,582	59,388	135,326
Other Financial Assets	-	64,676	-	107,646
Total	2,239,348	522,344	2,001,648	792,140

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1,006,770	25,907	739,292	23,542
Swap Transactions	3,564,836	251,208	5,160,990	258,119
Futures Transactions	-	-	-	-
Options	368,714	348,650	106,295	43,738
Other	-	-	-	-
Total	4,940,320	625,765	6,006,577	325,399

4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	472,015	20,585	1,532,763	1,247,634
Foreign	257,284	12,184,107	86,455	8,797,886
Foreign Head Offices and Branches	-	-	-	-
Total	729,299	12,204,692	1,619,218	10,045,520

A provision for expected loss of TL 26,207 (31 December 2021: TL 23,547) has been reserved 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	1,130,163	652,620	1,448,659	1,739,641
Other	-	-	-	-
Total	1,130,163	652,620	1,448,659	1,739,641

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	-	3,740,116	1,045,152	1,658,916
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	3,740,116	1,045,152	1,658,916

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 4,157,071 (31 December 2021: TL 1,283,588).

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

	Current Period	Prior Period
Debt Securities	9,632,044	7,162,706
Quoted at Stock Exchange	9,587,196	7,123,445
Unquoted at Stock Exchange	44,848	39,261
Share Certificates	47,926	13,250
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	47,926	13,250
Impairment Provision (-)	-	-
Total	9,679,970	7,175,956

An expected loss provision of TL 2,016 (31 December 2021: TL 1,668) is reserved for financial assets at fair value through other comprehensive income.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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 Parent Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	374,118	-	389,230
Loans Granted to Corporate Shareholders	-	374,118	-	389,230
Loans Granted to Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	176,739	-	116,057	-
Total	176,739	374,118	116,057	389,230

b) Information on the Standard Loans and loans under Close Monitoring and restructured loans under close monitoring:

Current Period:

Cash Loans	Standard Loans	Loans under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured	
			Loans with Revised Contract Terms	Refinance
Non-Specialized Loans	133,060,620	9,929,430	48,948	1,190,611
Working Capital Loans	12,908,519	1,803,935	-	829,655
Export Loans	29,406,386	186,029	-	3,129
Import Loans	-	-	-	-
Loans Given to Financial Sector	4,296,147	-	-	-
Consumer Loans	22,479,013	4,581,674	8,655	134,466
Credit Cards	11,485,707	1,473,607	34,634	-
Other	52,484,848	1,884,185	5,659	223,361
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	133,060,620	9,929,430	48,948	1,190,611

Prior Period:

Cash Loans	Standard Loans	Loans under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured	
			Loans with Revised Contract Terms	Refinance
Non-Specialized Loans	94,890,546	7,851,522	106,238	1,726,179
Working Capital Loans	8,292,445	938,278	68,954	1,191,876
Export Loans	15,734,234	150,052	-	4,939
Import Loans	-	-	-	-
Loans Given to Financial Sector	4,592,585	-	-	-
Consumer Loans	19,586,048	4,218,653	12,207	158,941
Credit Cards	7,079,515	1,069,945	17,629	-
Other	39,605,719	1,474,594	7,448	370,423
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	94,890,546	7,851,522	106,238	1,726,179

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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	722,317	-	428,726	-
Significant increase in Credit Risk	-	1,483,643	-	1,351,897
Total	722,317	1,483,643	428,726	1,351,897

Aging analysis for loans under close monitoring

30 September 2022	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	134,511	35,774	175,204	345,489
Consumer Loans	761,143	215,794	339,612	1,316,549
Credit Cards	184,765	106,352	65,313	356,430
Total	1,080,419	357,920	580,129	2,018,468
31 December 2021	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	109,242	147,629	367,804	624,675
Consumer Loans	724,640	271,266	356,435	1,352,341
Credit Cards	157,470	94,918	63,437	315,825
Total	991,352	513,813	787,676	2,292,841

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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	1,801,517	23,434,001	25,235,518
Housing Loans	12,763	3,739,502	3,752,265
Vehicle Loans	19,253	422,858	442,111
General Purpose Loans	1,769,501	19,271,641	21,041,142
Other	-	-	-
Consumer Loans –Indexed to FC	-	12,422	12,422
Housing Loans	-	12,422	12,422
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	13,006	13,006
Housing Loans	-	3,924	3,924
Vehicle Loans	-	168	168
General Purpose Loans	-	8,914	8,914
Other	-	-	-
Individual Credit Cards-TL	8,664,019	32,528	8,696,547
With Instalments	3,281,831	32,528	3,314,359
Without Instalments	5,382,188	-	5,382,188
Individual Credit Cards-FC	24,891	-	24,891
With Instalments	-	-	-
Without Instalments	24,891	-	24,891
Personnel Loans-TL	27,261	83,468	110,729
Housing Loans	-	354	354
Vehicle Loans	-	-	-
General Purpose Loans	27,261	83,114	110,375
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	59,754	24	59,778
With Instalments	25,631	24	25,655
Without Instalments	34,123	-	34,123
Personnel Credit Cards-FC	652	-	652
With Instalments	-	-	-
Without Instalments	652	-	652
Overdraft Accounts-TL (Real Persons) (*)	1,832,124	-	1,832,124
Overdraft Accounts-FC (Real Persons)	9	-	9
Total	12,410,227	23,575,449	35,985,676

(*) Overdraft accounts include personnel loans amounting to TL 5,580.

(**) Loans granted via branches abroad.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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:
(continued)

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	677,026	22,060,956	22,737,982
Housing Loans	1,018	4,162,567	4,163,585
Vehicle Loans	4,816	370,634	375,450
General Purpose Loans	671,192	17,527,755	18,198,947
Other	-	-	-
Consumer Loans –Indexed to FC	-	12,845	12,845
Housing Loans	-	12,845	12,845
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	21,592	21,592
Housing Loans	-	6,189	6,189
Vehicle Loans	-	830	830
General Purpose Loans	-	14,573	14,573
Other	-	-	-
Individual Credit Cards-TL	5,422,837	16,109	5,438,946
With Instalments	1,901,078	16,109	1,917,187
Without Instalments	3,521,759	-	3,521,759
Individual Credit Cards-FC	13,015	-	13,015
With Instalments	154	-	154
Without Instalments	12,861	-	12,861
Personnel Loans-TL	10,476	59,826	70,302
Housing Loans	-	249	249
Vehicle Loans	-	-	-
General Purpose Loans	10,476	59,577	70,053
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	40,726	52	40,778
With Instalments	14,548	52	14,600
Without Instalments	26,178	-	26,178
Personnel Credit Cards-FC	145	-	145
With Instalments	-	-	-
Without Instalments	145	-	145
Overdraft Accounts-TL(Real Persons) (*)	1,133,120	-	1,133,120
Overdraft Accounts-FC(Real Persons)	8	-	8
Total	7,297,353	22,171,380	29,468,733

(*) Overdraft accounts include personnel loans amounting to TL 4,832.

(**) Loans granted via branches abroad.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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	1,857,359	11,847,206	13,704,565
Business Loans	3,465	187,282	190,747
Vehicle Loans	263,559	2,939,420	3,202,979
General Purpose Loans	1,590,335	8,720,504	10,310,839
Other	-	-	-
Commercial Loans with Instalment - Indexed to FC	-	24,929	24,929
Business Loans	-	7,333	7,333
Vehicle Loans	-	-	-
General Purpose Loans	-	17,596	17,596
Other	-	-	-
Commercial Loans with Instalment - FC	1,206	-	1,206
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	1,206	-	1,206
Other	-	-	-
Corporate Credit Cards-TL	4,204,625	58	4,204,683
With Instalments	1,735,157	58	1,735,215
Without Instalments	2,469,468	-	2,469,468
Corporate Credit Cards-FC	7,397	-	7,397
With Instalments	-	-	-
Without Instalments	7,397	-	7,397
Overdraft Accounts-TL (Legal Entities)	1,146,496	-	1,146,496
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	7,217,083	11,872,193	19,089,276

Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Loans with Instalment -TL	1,147,802	10,429,698	11,577,500
Business Loans	1,170	176,736	177,906
Vehicle Loans	95,163	2,256,981	2,352,144
General Purpose Loans	1,051,469	7,995,981	9,047,450
Other	-	-	-
Commercial Loans with Instalment - Indexed to FC	-	109,730	109,730
Business Loans	-	7,579	7,579
Vehicle Loans	-	-	-
General Purpose Loans	-	102,151	102,151
Other	-	-	-
Commercial Loans with Instalment - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	2,670,477	191	2,670,668
With Instalments	1,101,764	191	1,101,955
Without Instalments	1,568,713	-	1,568,713
Corporate Credit Cards-FC	3,537	-	3,537
With Instalments	-	-	-
Without Instalments	3,537	-	3,537
Overdraft Accounts-TL (Legal Entities)	836,380	-	836,380
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	4,658,196	10,539,619	15,197,815

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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	143,550,453	103,893,581
Foreign Loans	679,156	680,904
Total	144,229,609	104,574,485

f) Loans granted to subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

g) Specific provisions related to loans or credit-impaired losses (Stage III):

	Current Period	Prior Period
Loans with Limited Collectability	176,403	275,137
Loans with Doubtful Collectability	351,143	256,267
Uncollectible Loans	1,485,541	1,733,851
Total	2,013,087	2,265,255

h) Information on non-performing loans (Net):

h.1) Information on non-performing loans and restructured loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period			
Gross Amounts before Provisions	53,141	42,814	33,463
Restructured Loans	53,141	42,814	33,463
Prior Period			
Gross Amounts before Provisions	72,529	14,239	42,007
Restructured Loans	72,529	14,239	42,007

h.2) Information on the movement of non-performing loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Prior Period End Balance	448,493	396,553	2,486,219
Additions during the Period (+)	1,157,132	11,343	25,436
Transfers from other categories of loans under non-performing (+)	-	983,850	706,916
Transfers to other categories of loans under non-performing (-)	983,850	706,916	-
Collections during the Period (-)	241,240	185,456	550,055
Write-offs (-)	49,353	-	323,326
Sold (-) (*)	13	1,918	225,353
Corporate and Commercial Loans	-	1,562	42,275
Retail Loans	-	10	130,182
Credit Cards	13	346	52,896
Other	(44,301)	11,449	(18,091)
Current Period End Balance	286,868	508,905	2,101,746
Provision (-)	176,403	351,143	1,485,541
Net Balance on the Balance Sheet	110,465	157,762	616,205

(*) Past due receivables amounting to TL 227,284 for which TL 222,965 of provision had been allocated, is sold for TL 50,107 during 2022. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

6. Information on loans: (continued)

h) Information on non-performing loans (Net) (continued) :

h.3) Information on non-performing loans arising from foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
30 September 2022			
Balance at the End of the Period	101,123	8,054	128,854
Provision Amount (-)	62,740	4,082	88,505
Net Balance on Balance Sheet	38,383	3,972	40,349
31 December 2021			
Balance at the End of the Period	90,621	19,011	181,764
Provision Amount (-)	77,359	12,802	131,304
Net Balance on Balance Sheet	13,262	6,209	50,460

h.4) Gross and net amounts of non-performing loans according 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)	286,868	508,905	2,101,746
Provision (-)	176,403	351,143	1,485,541
Loans to Real Persons and Legal Entities (Net)	110,465	157,762	616,205
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	448,493	396,553	2,486,219
Provision Amount (-)	275,137	256,267	1,733,851
Loans to Real Persons and Legal Entities (Net)	173,356	140,286	752,368
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
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)			
Interest Accruals, Rediscounts and Valuation Differences	194	553	15,410
Interest Accruals, Rediscounts and Valuation Differences	27,388	56,704	516,160
Provision Amount (-)	27,194	56,151	500,750
Prior Period (Net)	1,434	3,340	34,109
Interest Accruals, Rediscounts and Valuation Differences	45,534	52,087	573,512
Provision Amount (-)	44,100	48,747	539,403

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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 criteria. And the following write-off criteria 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 that show that the entire loan does not have the ability to recover, or that the monetary cost to be incurred due to lawsuits/prosecution to be filed is higher than the collection to be made, 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 from registered loans.

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

The amount written-off by the Parent Bank within the scope of TFRS 9 during the financial period is TL 323,326 (31 December 2021: TL 57,671) and its effect on NPL ratio is 0.21% (31 December 2021: 0.06%). The follow-up conversion rate is 1.97% (31 December 2021: 3.08%) with the current period non-performing loans after write-offs, while the calculated rate including the loans written-off during the year is 2.18% (31 December 2021: 3.14%).

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	3,033	8,287,308	2,592,783	5,020,254
Total	3,033	8,287,308	2,592,783	5,020,254

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	12,172,291	812,251	3,025,653	2,970,779
Other	-	-	-	-
Total	12,172,291	812,251	3,025,653	2,970,779

Unrestricted financial assets measured at amortized cost are TL 13,902,908 (31 December 2021: TL 5,942,231).

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

	Current Period	Prior Period
Government Bonds	35,177,791	19,551,700
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	35,177,791	19,551,700

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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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	35,177,791	19,551,700
Quoted on a Stock Exchange	35,177,791	19,551,700
Unquoted	-	-
Impairment Provision (-)	-	-
Total	35,177,791	19,551,700

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

	Current Period	Prior Period
Value at the Beginning of the Period	19,551,700	12,522,941
Exchange Currency Differences in Monetary Assets	2,108,206	841,915
Purchases During the Year (*)	15,405,817	8,203,718
Disposal Through Sales and Redemption	(1,887,932)	(2,016,874)
Impairment Provision (-)	-	-
End of the Period Total	35,177,791	19,551,700

(*) 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 2021: None).
- a.2) Information on the unconsolidated associates: None (31 December 2021: None).
- a.3) Explanations on the consolidated associates: None (31 December 2021: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2021: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2021: 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	10,000
Legal reserves	182,895	46,263	3,097
Net profit for the current period and prior period profit	145,956	283,293	32,894
Gain/ loss recognized under equity in accordance with TAS	-	-	(39)
Leasehold improvements on operational leases (-)	684	258	1,199
Goodwill and intangible asset and the related deferred tax liability (-)	4,641	7,744	1384
Total Common Equity Tier 1 Capital	373,526	350,348	43,369
Provisions	6,037	-	-
Equity	379,563	350,348	43,369

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 2021: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2021: 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.	İstanbul/Turkey	100.00	-
2 TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100.00	-
3 TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	54.74	45.26

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

	Total Asset	Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss (*)	Fair Value
1	6,527,113	378,851	8,164	662,111	-	134,918	34,778	-
2	965,592	358,350	8,034	136,423	-	78,689	80,516	-
3	62,567	45,952	6,568	5,800	67	20,495	11,440	-

(*) These figures are shown per BRSA financial statements as of 30 September 2021.

- d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	130,139	126,597
Movements During the Period	-	3,542
Purchases	-	-
Bonus Shares Obtained	-	-
Profit from Current Year Income	-	-
Sales	-	-
Revaluation Increase / (Decrease)	-	3,542
Provision for Impairment	-	-
Balance at the End of the Period	130,139	130,139
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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

d) Information on the consolidated financial subsidiaries: (continued)

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	86,722	86,722
Total	130,139	130,139

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 2021: 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	179,875	64,452	43,138	381,99	(336,034)

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 2021: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	837,223	222,936	1,796,596	5,873
Foreign Net Investment Hedge	-	-	-	-
Total	837,223	222,936	1,796,596	5,873

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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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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 (continued)

According to cash flow hedges terminated by the Parent Bank, as of 30 September 2022 accumulated valuation differences amounted TL 52,503 (31 December 2021: TL 60,244) is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

13. Information on investment properties: None (31 December 2021: None).

14. Information on held for sale fixed assets and discontinued operations:

	Current Period	Prior Period
Beginning of Period Cost	65,933	112,859
Beginning of Period Accumulated Depreciation (-)	-	-
Net Book Value	65,933	112,859
Opening Balance	65,933	112,859
Acquired	95,385	116,792
Disposed (-)	76,370	166,760
Impairment (-)	1,546	(3,042)
Depreciation Value (-)	-	-
Period End Cost	83,402	65,933
Period End Accumulated Depreciation (-)	-	-
Closing Net Book Value	83,402	65,933

As of 30 September 2022, the Bank has no assets related to discontinued operations (31 December 2021: None).

15. Information on Group’s factoring receivables:

a) Maturity analysis explanation:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term (*)	3,174,746	3,159,697	2,138,839	2,494,644
Mid and Long-Term	4,448	-	3,442	-
Stage 1 Provision (-)	2,236	34	1,540	115
Stage 2 Provision (-)	3,767	-	3,975	9
Stage 3 Provision (-)	35,360	4,216	23,281	3,680
Total	3,137,831	3,155,447	2,113,485	2,490,840

(*) Includes factoring receivables amounting to TL 45,706 (31 December 2021: TL 28,051).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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	6 Months-1 Year	1 Year and over	Accumulated Deposits	Total
Saving Deposits	7,993,096	-	13,806,798	36,927,136	1,968,063	53,857	1,661,025	-	62,409,975
Foreign Currency Deposits	44,270,009	-	12,496,760	25,324,694	170,655	47,975	112,293	-	82,422,386
Residents in Turkey	42,196,683	-	12,030,551	24,289,633	156,728	44,225	105,533	-	78,823,353
Residents Abroad	2,073,326	-	466,209	1,035,061	13,927	3,750	6,760	-	3,599,033
Public Sector Deposits	909,974	-	372,885	690,434	-	-	-	-	1,973,293
Commercial Deposits	9,278,680	-	8,123,788	13,637,437	1,921,607	181	2,198,020	-	35,159,713
Other Institutions Deposits	562,370	-	98,976	2,865,347	88,021	31	412	-	3,615,157
Precious Metals Deposits	8,733,583	-	21,942	278,678	37,670	12,969	1,607	-	9,086,449
Bank Deposits	677,733	-	2,166,808	-	-	-	-	-	2,844,541
Central Bank of Turkey	501,534	-	-	-	-	-	-	-	501,534
Domestic Banks	12	-	-	-	-	-	-	-	12
Foreign Banks	176,187	-	2,166,808	-	-	-	-	-	2,342,995
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	72,425,445	-	37,087,957	79,723,726	4,186,016	115,013	3,973,357	-	197,511,514

Currency-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the current accounting period reported. As of 30 September 2022, TL deposit amount includes TL 37,629,587 (31 December 2021: TL 1,034,667) deposits within this scope.

a.2) Prior Period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulated Deposits	Total
Saving Deposits	4,278,511	-	14,264,883	11,870,281	96,810	13,847	26,937	-	30,551,269
Foreign Currency Deposits	39,648,035	-	10,242,404	18,190,816	82,942	42,412	70,690	-	68,277,299
Residents in Turkey	37,424,416	-	9,783,843	17,651,543	69,065	31,523	63,345	-	65,023,735
Residents Abroad	2,223,619	-	458,561	539,273	13,877	10,889	7,345	-	3,253,564
Public Sector Deposits	623,121	-	12,318	181,742	-	-	-	-	817,181
Commercial Deposits	5,708,716	-	6,349,627	8,270,253	98,577	47	74,049	-	20,501,269
Other Institutions Deposits	249,537	-	43,734	1,044,713	143,065	89	427	-	1,481,565
Precious Metals Deposits	7,800,209	-	31,527	87,947	12,525	20,060	2,386	-	7,954,654
Bank Deposits	37,570	-	1,962,166	-	-	-	-	-	1,999,736
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1	-	-	-	-	-	-	-	1
Foreign Banks	37,569	-	1,962,166	-	-	-	-	-	1,999,735
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	58,345,699	-	32,906,659	39,645,752	433,919	76,455	174,489	-	131,582,973

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	
Saving Deposits	25,732,080	15,675,439		34,215,900	14,553,028
Foreign Currency Saving Deposits	12,076,396	10,609,693		35,368,113	27,744,894
Other Deposits in the Form of Saving Deposits	2,828,860	2,368,105		4,996,978	4,756,372
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-		-	-
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-		-	-
Total	40,637,336	28,653,237		74,580,991	47,054,294

(*) Pursuant to the “Regulation Amending the Regulation on the Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund” published in the Official Gazette dated 27 August 2022 and numbered 31936, all deposits and participation funds, excluding those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions, started to be insured. In this context, commercial deposits covered by insurance amount to TL 4,655,953 and the relevant amount is not included in the Note.

(**) 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	1,147,851	956,353
Deposits of Controlling Shareholders and Their Close Families	4,224,928	2,749,556
Deposits of Chairman and Members of the Board of Directors and Their Close Families	96,410	81,965
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-	-
Saving Deposits in Banks Established in Turkey exclusively for Off-shore Banking Activities	-	-

2. Information on derivative financial liabilities:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	323,341	141,436	1,360,622	19,529
Swap Transactions	2,900,656	141,565	2,503,569	104,698
Futures Transactions	-	-	-	124
Options	233,992	339,821	131,168	39,467
Other	-	-	-	-
Total	3,457,989	622,822	3,995,359	163,818

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	3,220,230	62,988	2,234,687	66,852
From Foreign Banks, Institutions and Funds	49,191	15,817,896	133,810	17,363,827
Total	3,269,421	15,880,884	2,368,497	17,430,679

As of 30 September 2022, the Group has borrowings from its related parties amounting to TL 3,286,015 (31 December 2021: TL 8,606,953).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3,177,886	4,834,610	2,194,000	9,153,798
Medium and Long-Term	91,535	11,046,274	174,497	8,276,881
Total	3,269,421	15,880,884	2,368,497	17,430,679

c) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	-	-	1,194,525	-
Treasury Bills	-	-	-	-
Total	-	-	1,194,525	-

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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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 16,270,606 (31 December 2021: TL 9,419,046) 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 2020, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Liabilities from Leasing” as a liability. As of 30 September 2022, the banks have leasing liability amounting to TL 640,191 (31 December 2021: TL 577,660).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	72,948	-	326,410	4,201
Foreign Net Investment Hedge	-	-	-	-
Total	72,948	-	326,410	4,201

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.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences as of 30 September 2022 amounted TL 52,503 (31 December 2021: TL 60,244) is recorded under equity. These accumulated differences are transferred into income statement by considering maturity date of hedged items.

7. Information on provisions:

- a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2021: None).
- b) The specific provisions provided for unindemnified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	147,596	67,930
Stage 2	315,012	233,196
Stage 3	122,484	44,434
Total	585,092	345,560

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

As of 30 September 2022, TL 56,078 (31 December 2021: TL 17,454) unused vacation provision, TL 578,529 (31 December 2021: TL 499,936) employee termination benefit provision, TL 472,626 (31 December 2021: TL 276,914) bonus provision, TL 3,120 (31 December 2021: None) health expense provision and TL 1,887 (31 December 2021: None) other expense provision is presented under “Provision for Employee Benefits” in financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

7. Information on provisions: (continued)

d) Information on other provisions:

	Current Period	Prior Period
Provision for Non-cash Loans	585,092	345,560
Provision for Legal Cases	117,905	83,179
Provision for Promotions of Credit Cards and Banking Services	9,246	17,562
Other	40,811	35,830
Total	753,054	482,131

8. Explanations on taxes payable:

a) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	816,248	13,357
Taxation on Securities	64,037	48,920
Property Tax	3,428	2,875
Banking Insurance Transaction Tax	150,406	87,846
Foreign Exchange Transaction Tax	10,633	31,498
Value Added Tax Payable	7,237	16,774
Other (*)	66,948	42,606
Total	1,118,937	243,876

(*) Others include income taxes deducted from wages amounting to TL 54,072 (31 December 2021: TL 27,243) and stamp taxes payable amounting to TL 5,703 (31 December 2021: TL 2,077).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	24,035	12,192
Social Security Premiums-Employer	26,623	13,305
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	2,000	1,023
Unemployment Insurance-Employer	3,393	1,721
Other	-	-
Total	56,051	28,241

c) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 30 September 2022 (31 December 2021: None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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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 Parent Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Parent 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	754,807	(250,434)	(22,120)	(177,639)
Foreign Exchange Difference	-	-	-	-
Total	754,807	(250,434)	(22,120)	(177,639)

10. **Information on minority interest:** As of 30 September 2022, part of the group equity that belongs to minority shares is TL 20,798 (31 December 2021: TL 18,217).

11. **Information on factoring liabilities:** As of 30 September 2022, The Group has factoring debt of TL 11,915 (31 December 2021: TL 21,277).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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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	19,888,647	12,007,806
Used Guarantee Loan Allocation Commitments	10,698,847	7,173,859
Asset Purchase and Sale Commitments	9,651,503	11,251,216
Payment Commitments for Cheques	2,774,498	2,135,381
Time Deposit Purchase and Sale Commitments	228,983	-
Tax and Fund Liabilities from Export Commitments	101,798	51,363
Commitments for Promotions Related with Credit Cards and Banking Activities	2,819	5,797
Other Irrevocable Commitments	232,832	877,062
Total	43,579,927	33,502,484

- 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	13,989,525	10,343,834
Bank Acceptances	53,753	33,680
Other Commitments	6,349,038	5,663,908
Other Contingencies	1,856,146	1,396,766
Total	22,248,462	17,438,188

- b.2) Certain guarantees, tentative guarantees, sureties and similar transactions:

	Current Period	Prior Period
Guarantee Letters	15,615,790	13,828,475
Advance Guarantee Letters	5,960,077	3,937,404
Guarantee Letters Given for Customs	943,035	662,089
Temporary Guarantee Letters	918,746	616,871
Other Guarantee Letters	3,060,540	2,049,250
Total	26,498,188	21,094,089

- c) Total amount of non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Achieving Cash Loans	3,063,883	2,051,917
With Maturity of One Year or Less Than One Year	381,820	328,711
With Maturity of More Than One Year	2,682,063	1,723,206
Other Non-Cash Loans	45,682,767	36,480,360
Total	48,746,650	38,532,277

Third stage expected loss provision of TL 241,578 (31 December 2021: TL 240,978) has been set aside for non-cash loans amounting to TL 122,484 (31 December 2021: TL 44,434), which are not compensated and not cashed in off-balance sheet accounts. In addition, TL 147,596 (31 December 2021: TL 67,930) Stage 1, TL 315,012 (31 December 2021: TL 233,196) Stage 2 TFRS 9 expected loss provisions have been made.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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	8,475,538	628,383	3,752,462	180,369
Medium and Long-Term Loans	6,267,530	501,764	4,162,049	181,346
Interest on Loans under Follow-Up	192,250	1,869	89,627	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	14,935,318	1,132,016	8,004,138	361,715

(*) Includes fees and commissions obtained from cash loans amounting to TL 379,593 (30 September 2021: TL 161,606).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	84	-	-
Domestic Banks	122,795	432	116,215	230
Foreign Banks	5,748	23,868	5,646	(1,091)
Branches and Head Office Abroad	-	-	-	-
Total	128,543	24,384	121,861	(861)

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	247,141	35,830	123,135	29,960
Financial Assets at Fair Value Through Other				
Comprehensive Income	1,051,840	114,259	486,373	65,053
Financial Assets Measured at Amortized Cost	6,015,854	308,376	1,423,435	79,601
Total	7,314,835	458,465	2,032,943	174,614

As stated in Note VII of Section Three, the Parent Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include CPI-indexed bonds. These securities are valued and accounted for using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these securities are created according to the CPI of two months ago. The Parent Bank determines the estimated inflation rate in parallel with this. The estimated inflation rate used is updated during the year when deemed necessary. In this context, as of 30 September 2022, the valuation of the said assets was made according to the annual inflation forecast of 80.00%. In case the CPI forecast increases or decreases by 5%, the profit for the period before tax as of 30 September 2022 will increase by approximately TL 390 million (full TL) or decrease by the same amount.

d) Interest income on subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

2. Explanations on Interest Expense

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic Banks	386,290	3,370	192,794	1,420
Foreign Banks	21,060	721,198	17,291	380,570
Branches and Head Office Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	407,350	724,568	210,085	381,990

(*) Includes fees and commission expenses related to cash loans amounting to TL 18,828 (30 September 2021: TL 24,030).

b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interests on securities issued	228,955	-	341,435	-
Total	228,955	-	341,435	-

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

Account Name	Current Period:						Accumulated Deposits	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	-	162,496	-	-	-	-	-	162,496
Saving Deposits	3	1,844,597	2,932,399	120,926	4,908	69,001	-	4,971,834
Public Sector Deposits	-	7,487	62,052	-	-	-	-	69,539
Commercial Deposits	-	977,551	1,493,795	291,103	124	121,048	-	2,883,621
Other Deposits	-	19,713	235,937	26,883	5	37	-	282,575
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	3	3,011,844	4,724,183	438,912	5,037	190,086	-	8,370,065
FC								
Foreign Currency Deposits	-	30,988	504,563	3,402	105	324	-	539,382
Bank Deposits	-	942	-	-	-	56	-	998
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	1,137	148	-	-	-	1,285
Total	-	31,930	505,700	3,550	105	380	-	541,665
Grand Total	3	3,043,774	5,229,883	442,462	5,142	190,466	-	8,911,730

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

2. Explanations on Interest Expense (continued)

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

Prior Period:	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		
TL								
Bank Deposits	-	424,224	-	-	-	-	-	424,224
Saving Deposits	-	1,783,816	1,430,563	12,666	1,324	3,681	-	3,232,050
Public Sector Deposits	-	5,624	25,067	431	-	-	-	31,122
Commercial Deposits	-	584,659	805,940	23,699	1,039	2,473	-	1,417,810
Other Deposits	-	7,924	125,859	32,469	7	25	-	166,284
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	2,806,247	2,387,429	69,265	2,370	6,179	-	5,271,490
FC								
Foreign Currency Deposits	-	4,773	66,300	239	91	772	-	72,175
Bank Deposits	-	21	-	-	-	10	-	31
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	3	-	12	2	-	18
Total	-	4,795	66,303	239	103	784	-	72,224
Grand Total	-	2,811,042	2,453,732	69,504	2,473	6,963	-	5,343,714

3. Information on trading profit/loss:

	Current Period	Prior Period
Profit	140,599,596	45,363,461
Profit on Capital Market Operations	344,254	213,189
Profit on Derivative Financial Instruments ⁽¹⁾	30,603,593	12,212,329
Foreign Exchange Gains	109,651,749	32,937,943
Loss (-)	139,890,174	47,313,130
Loss on Capital Market Operations	440,946	143,473
Loss on Derivative Financial Instruments ⁽¹⁾	33,585,417	14,205,667
Foreign Exchange Loss	105,863,811	32,963,990

⁽¹⁾ Includes exchange rate fluctuations of hedging transactions net profit of TL 377,583 (30 September 2021: TL 502,291 profit), derivative financial instruments exchange rate changes in profit accounts amounting to TL 218,412 (30 September 2021: TL 155,494 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. Provisions for impairment of banks' loans and other receivables:

a) Provision for Expected Credit Losses and Other Provision Expenses:

	Current Period	Prior Period
Provisions for Expected Credit Losses	720,388	(225,925)
12 Month Expected Credit Losses (Stage 1)	355,922	(26,105)
Significant Increase in Credit Risk (Stage 2)	959	(243,270)
Credit-Impaired (Stage 3)	363,507	43,450
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other ⁽¹⁾	(101)	2,322
Total	720,287	(223,603)

⁽¹⁾ Includes provisions released amounting to TL 4,436 (30 September 2021: TL 4,428).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

6. Information on other operating expenses:

	Current Period	Prior Period
Provision for Employee Termination Benefits ⁽¹⁾	78,691	29,191
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	240,335	197,625
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Depreciation Expenses of Intangible Assets	69,827	61,739
Impairment for Investments Accounted with Equity Method	-	-
Impairment Expenses of Assets to be Disposed	1,546	(2,604)
Depreciation Expenses of Assets to be Disposed	-	-
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	1,462,981	956,498
Leasing Expenses on TFRS16 Exceptions	49,871	31,141
Maintenance Expenses	46,628	25,407
Advertisement Expenses	111,260	59,659
Other Expenses	1,255,222	840,291
Loss on Sales of Assets	3,618	4,940
Other ⁽²⁾	598,219	359,833
Total	2,455,217	1,607,222

⁽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 256,961 (30 September 2021: TL 162,054) and other taxes and fees paid-in the amount of TL 198,200 (30 September 2021: TL 151,437).

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

- a) As of 30 September 2022, the current tax expense is TL 3,886,321 (30 September 2021: TL 336,019) and net deferred tax income is TL 1,218,233 (30 September 2021: TL 118 net deferred tax income) and there is no current and deferred tax income/expense from discontinued operations (30 September 2021: None).
- b) Net deferred tax income on temporary differences resulted from continued operations is TL 1,218,233 (30 September 2021: TL 118 net deferred tax expense).
- c) Reconciliation of tax provision:

	Current Period	Prior Period
Profit before taxes	11,192,023	1,500,377
Additions	45,086	29,994
Non-allowable expenses	44,688	29,994
General provision of loans	398	-
Deductions	(564,178)	(185,822)
Dividend income	(5,250)	(2,165)
The effect of different tax rates	(493,269)	(110,800)
Other	(65,659)	(72,857)
Taxable Profit/(Loss)	10,672,931	1,344,549
Corporation tax rate	25%	25%
Calculated Tax	2,668,233	336,137
Prior year tax correction effect	(145)	-
Tax expense	2,668,088	336,137

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (30 September 2021: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (30 September 2021: None).
- Profit/loss attributable to minority interest:

	Current Period	Prior Period
Minority interest profit/loss	9,276	5,178

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
Other interest income		
Interest received from factoring transactions	659,691	294,131
Other	50,369	57,495
Total	710,060	351,626

	Current Period	Prior Period
Other fees and commissions received		
Card fee and commissions	1,720,577	943,674
Insurance commissions	243,583	189,581
Brokerage and consultancy commissions	203,055	103,040
Fund management commissions	138,336	67,271
Transfer commissions	125,903	54,137
General limit revision commissions	107,336	60,212
Settlement expense provision, eft, swift, agency commissions	50,278	29,288
Early closing commissions	25,734	15,306
Consultancy commission	10,130	51,505
Other	176,718	156,331
Total	2,801,650	1,670,345

Other fees and commissions given		
Credit cards commissions and fees	1,106,330	561,925
Commission and fees paid to correspondent banks	130,710	57,831
Settlement expense provision, eft, swift commissions	41,093	25,585
Other	132,297	98,349
Total	1,410,430	743,690

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

1. Volume of the Bank’s transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

Balance sheet items of previous periods are presented as of 31 December 2021 and income/expense items of previous periods are presented as of 30 September 2021.

a) Current Period:

Risk Group Involving The Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of the Period	-	-	238,949	389,230	1,775,528	129,424
Balance at End of the Period	-	-	1,081,287	374,118	2,150,301	259,160
Interest Received and Commission Income	-	-	1,792	2,509	99,392	330

Direct and indirect shareholders of the Group balance above includes TL 1,081,287 and other entities included in the risk group balance above includes TL 790,202 placement in “Banks”.

b) Prior Period:

Risk Group Involving The Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of the Period	-	-	161,422	438,193	810,094	89,477
Balance at End of the Period	-	-	238,949	389,230	1,775,528	129,424
Interest and Commission Income	-	-	2,779	2,416	40,446	220

Direct and indirect shareholders of the Group balance above includes TL 238,949 and other entities included in the risk group balance above includes TL 812,103 placement in “Banks”.

c) c.1) Information on deposits of the risk group of the Parent Bank:

Risk Group Involving The Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at Beginning of Period	-	-	4,577,873	5,596,710	1,263,224	1,281,302
Balance at End of Period	-	-	7,286,254	4,577,873	2,808,587	1,263,224
Interest Expense on Deposits	-	-	151,397	347,147	143,194	61,309

c.2) Information on forward and option contracts and similar transactions with the Parent Bank’s risk group:

Risk Group Involving The Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of the Period	-	-	36,494,649	18,396,561	729,855	284,453
End of the Period	-	-	46,401,722	36,494,649	457,721	729,855
Total Profit/loss	-	-	(1,143,165)	(357,801)	(18,298)	(25,451)
Hedging Transactions Purposes						
Beginning of the Period	-	-	9,575,676	10,139,721	-	-
End of the Period	-	-	14,853,576	9,575,676	-	-
Total Profit/Loss	-	-	1,314,111	354,021	-	-

d) As of 30 September 2022, the total amount of remuneration and fees provided for the senior management of the Group is TL 107,393 (30 September 2021: TL 57,596).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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VI. Explanations and Disclosures Related to Subsequent Events

As of 7 October 2022, Çiğdem Ünsal has been appointed as the Assistant General Manager responsible for the Human Resources Group.

The existing shares of TEB Finansman A.Ş. are 86% owned by BNP Paribas Personal Finance and 14% by TEB Holding A.Ş., in accordance with the agreement text signed with Türk Ekonomi Bankası A.Ş., dated 6 October 2022, All of TEB Finansman A.Ş.'s shares (100%), subject to the submission of applications/information to the relevant legal authorities and/or the completion of the necessary approvals, the validity of which is not limited to the BRSA, the Competition Authority and the ones listed, have been agreed to be taken over by Türk Ekonomi Bankası A.Ş. ("Planned Transaction").

Transaction that aforementioned above is within the scope of intra-group restructuring, and after the completion of the planned transaction, Türk Ekonomi Bankası A.Ş. will be the sole shareholder of TEB Finansman A.Ş.

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 3 November 2022 is presented preceding the consolidated financial statements.

II. Notes and Explanations Prepared by Independent Auditors

None.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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SECTION SEVEN (*)

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,

The global economy started the third quarter with a slowdown. The ongoing war between Russia and Ukraine negatively affects the global energy and food sector while increasing risks to growth. In the third quarter, there was a decline in new orders, so the global trade volume contracted. The International Monetary Fund (“IMF”) kept its global growth expectation for 2022 at 3.2% in its report, lowering its growth expectation for 2023 from 2.9% to 2.7%. The IMF stated that the risks regarding 2023 were to the downside and pointed out that the supply-side problems caused by China put pressure on growth.

Annual inflation in the US hit 8.2% as of September, whereas core inflation reached 6.6%. Despite the rate hikes by the US Federal Reserve (“FED”), inflation is expected to remain high. In its September meeting, the FED increased the policy rate by 75 basis points to the range of 3%-3.25%. The Fed has raised interest rates by 300 basis points since the beginning of the year. As the 2023 interest rate expectation of the FED members is at the level of 4.6%, whereas the market expects the interest rate may increase to 5%. In its report, the IMF lowered the US growth expectation for 2022 from 2.3% to 1.6% and forecasted the 2023 growth as 1%.

Higher energy costs continue to affect inflation negatively in Europe. Eurozone headline inflation reached a record 9.9%, while core inflation remained high at 6%. The European Central Bank (“ECB”) increased interest rates for the first time in eleven years. The ECB increased the policy rate by 50 and 75 basis points in July and September, respectively. The ECB is likely to continue to raise interest rates to protect the value of the Euro, which has seen a record low against the dollar and to suppress inflation.

The Turkish economy grew by 7.5% in the first quarter and 7.6% in the second quarter of 2022. In the second quarter, domestic demand contributed 15.2 percentage points to the growth; net exports contributed 2.7 percentage points; inventories pulled down the growth by 10.3 percentage points. Leading indicators point to a slowdown in growth in the third quarter.

Inflation continued to rise in the third quarter due to the increases in fuel, natural gas, and electricity prices. At the end of September, consumer inflation rose to 83.45%, while domestic producer inflation stood at 151.5%. The Central Bank of the Republic of Turkey (“CBRT”) cut the policy rate to 10.5% by reducing the interest rate by 100 basis points in August 100 basis points in September, and 150 basis points in October, for 350 basis points.

According to the Ministry of Commerce, in the January-September period, exports increased by 17% compared to the same period of the previous year, as imports increased by 40.8%. The total foreign trade deficit in the first nine months was USD83.8bn. Most of the foreign trade deficit resulted from energy imports.

The balance of payments gave a deficit of USD39.7bn in the January-August period; the annual current account deficit rose to USD40.9bn. The ratio of the current account deficit to the national product was 5.1%. In the last 12 months, net gold imports were USD8.2bn, and net energy imports were USD73.9bn. Excluding gold and energy, there was a current account surplus of USD41.2bn.

The vulnerabilities of energy-importer countries have increased recently; the tightening monetary policies of developed central banks negatively affect developing countries. In its Global Economic Outlook report, the IMF increased Turkey’s growth expectation for 2022 from 4% to 5%, lowering its 2023 growth expectation from 3.5% to 3%.

As one of the key players in the Turkish banking sector, TEB aims to continue to contribute to the Turkish economy in the upcoming periods, as it has done so far, and to create increasing value for all its stakeholders by increasing its growth and efficiency.

Yours sincerely,
Dr. Akın AKBAYGİL

(*) The amounts in Section Seven represent the full TL amount unless otherwise stated.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

CEO’s Message

As of 30 September 2022, TEB’s total assets amounted to TL 280.8 billion while its net profit weighed in at TL 8,524 million. Loans, the most important indicator of TEB’s support both for its customers and for the national economy, made up 52.4% of the bank’s total assets in the third quarter. Prioritizing risk management and asset quality as it always does, TEB’s total lendings reached TL 147.1 billion in Q3 2022 while the bank’s total deposits amounted to TL 197.5 billion in value. Continuing to register solid growth with a strong capital structure while sustainably maintaining its profitability during the first nine months of the year, TEB’s shareholders’ equity was TL 23.3 billion as of 30 September 2022 while the bank’s 17.35% capital adequacy ratio was well above the targeted 12% figure.

Taking into account both the needs of its customers and developments in the sector, TEB lost no momentum in the conduct of its ongoing mobile-prioritized digital-channel investments. The total number of TEB customers making use of the bank’s digital channels was up by 6% and exceeded 2.5 million as of Q3 2022.

TEB continued to support its customers through consumer loans with optional deferments, alternative repayment plans, and borrower-convenienced maturities. Customer use of digital channels that facilitate their access to consumer loans continues to increase according to Q3 2022 figures, 80% of the applications that TEB received for such loans were submitted through a digital channel. While the share of digital channels in personal general-purpose loans was 89%, the total volume of loans submitted through digital channels was also up by 13%. 72% of new deposit accounts were opened through a digital channel. Thanks to digital-channel customer-acquisition campaigns, twice as many new customers were taken on by the bank through video calls compared to the same period of the previous year.

Developing its digital banking channels so as to ensure that all transactions are carried out quickly and without interruption, TEB continues to address the needs and demands of its customers through its practical, solution-focused approach. Continuing to deliver service through the countrywide reach of its branch network, its CEPTETEB mobile app, and its online branch, TEB is also supplying customers with both branch and digital banking products and services through Turbo Pratik devices installed in branches located in more than fifty of the country’s provinces. In the third quarter of the year, TEB introduced the card issuance feature in Turbo Pratik devices. Thus, TEB customers will be able to quickly have a TEB or CEPTETEB debit card without waiting for courier-based card deliveries.

Focused on sustainable economic growth, TEB continues its efforts to strengthen the business-world presence of female business owners and entrepreneurs through its TEB Women’s Banking business line. Supporting female-owned businesses in addressing both financial and non-financial issues, the total volume of TEB cash lendings to such borrowers increased by about 28 percent compared to the data of the previous year.

In its efforts to support production and employment, providing small and medium-sized businesses with financing on terms and conditions that are most appropriate to such customers’ needs, TEB also supported its exporter customers with pre-shipment export credit and with Advantageous Foreign Trade Packages. Also supplying its SME customers with Credit Guarantee Fund (KGF)-backed loans, TEB has so far provided them with more than TL 2 billion worth of such financing through three separate agreements with the fund (Export Support Package, Investment Support Package, and Operating Expenses Support Package).

Through its Startup Business Banking business line, TEB not only supplies startups with financial and non-financial support but also stands by innovative and value-adding technology firms in line with its vision of being an important stakeholder during the firms’ early-growth stages. On 15 September the bank hosted a Demo Day event in İstanbul for TİM-TEB Startup House members, during which the startups met with potential private and corporate/institutional investors. TEB-supported startups from around the country along with sectoral stakeholders also took part in an Ecosystem Get-Together on 23 September that was held both to strengthen TİM-TEB Startup House startup ecosystem connections and to foster new linkups and business opportunities.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

CEO’s Message (continued)

TEB Corporate&Corporate Investment Banking continued to support customers’ sustainability transformations by providing them with training awareness-raising services along with the financial resources they may need during the transformation process. TEB has successfully passed an independently-conducted external audit of its fulfillment of the sustainability targets set out for it under the sustainability-linked syndicated loan that the bank received last year. The total value of the cooperation agreement with the European Bank for Reconstruction and Development (EBRD) under that bank’s Trade Support Program has been increased to USD 100 million. Under this agreement, TEB negotiates green foreign trade transactions that enable it to diversify its foreign trade finance operations, raise existing limits, and offer its exporter/importer customers longer maturities.

In recognition of its innovative cash-management products and services, in 2022 TEB was designated “Year’s Best Cash Management Bank In Turkey” for the ninth year in a row in the series of Asian Banking and Finance Wholesale Banking awards handed out by a jury of independent auditing firms to financial institutions operating in Asian markets.

Kind Regards,

Ümit Leblebici

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

B. Share Capital and Shareholding Structure

As of 30 September 2022;

Name- Title of Shareholders	TL 2,204,390,000.00 Paid-in Capital	
	Share	Rate
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%
Grand Total	2,204,390.000	100.00%

C. Management and Corporate Governance Practices

The Chairman and the Members of Board of Directors

Name	Title
Dr. Akın Akbaygil	Chairman of the Board of Directors
François Andre Jesualdo Benaroya	Deputy Chairman of the Board of Directors
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee
Yavuz Canevi	Member of the Board of Directors
Hans Wilfried J. Broucke	Member of the Board of Directors
Özden Odabaşı	Member of the Board of Directors
Sandrine Ferdane	Member of the Board of Directors
Ayşe Meral Çimenbiçer	Member of the Board of Directors, Member of the Audit Committee
Metin Toğay	Member of the Board of Directors
Didier Albert N. Van Hecke	Member of the Board of Directors, Member of the Audit Committee
Ümit Leblebici	Chief Executive Officer and the Executive Member

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

As of 30 September 2022, the Board of Directors have accepted 164 resolutions and Audit Committee 41 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	General Manager and Member of the Board of Directors
Gökhan Mendi	Senior Assistant General Manager, Retail and Private Banking
Ali İhsan Arıdaşır	Assistant General Manager Responsible for SME Loans
Melis Coşan Baban	Head of Legal Affairs, Secretary of the Board of Directors
Ali Gökhan Cengiz	Assistant General Manager, SME Banking
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Mustafa Aşkın Dolaştır	Assistant General Manager, Financial Affairs Group
Osman Durmuş	Assistant General Manager Responsible for Retail and Business Loans
Orhan Hatipoğlu	Assistant General Manager, Banking Operations and Support Services
Bade Sipahioğlu Işık (*)	Assistant General Manager, Human Resources
Dr. Tuğrul Özbakan	Assistant General Manager, Treasury & ALM
Akil Özçay	Assistant General Manager, Financial Markets
Gökhan Özdil	Assistant General Manager, Corporate Loans
Ömer Abidin Yenidoğan	Assistant General Manager, Corporate and Corporate Investment Banking Group
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

(*) Bade Sipahioğlu Işık, Assistant General Manager responsible for the Human Resources Group, resigned from her position effective from 30 September 2022.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

D. Significant Events and Transactions in the Current Period

Amendments to Main Contract in 1 January – 30 September 2022:

There have been no changes to the main contract during the period of 1 January – 30 September 2022.

Significant Events and Transaction in the Current Period:

Past due receivables amounting to TL 227,284 for which TL 222,965 of provision had been allocated, is sold for TL 50,107 during 2022 and after all sales procedures were completed, these past due receivables have been written off from the portfolio.

Summary of Financial Information:

(million TL)	30 September 2022 Consolidated Financial Statements	31 December 2021 Consolidated Financial Statements
Loans, Net	149,201	108,464
Loans (*)	150,523	109,183
Non-Performing Loans	2,943	3,359
Provision for Expected Loses	(4,265)	(4,078)
Total Assets	280,809	198,854
Deposits	197,512	131,583
Shareholder’s Equity	23,281	14,056
Net Profit (Prior Period 30 September 2021)	8,524	1,164

(*) Includes factoring receivables.

Summary of Financial Ratios:

	30 September 2022 Consolidated Financial Statements	31 December 2021 Consolidated Financial Statements
Loans / Total Assets	53.13%	54.55%
Deposits / Total Assets	70.34%	66.17%
Return on Equity (Prior Period 30 September 2021)	62.28%	12.98%
NPL Ratio	1.92%	2.98%
Capital Adequacy Ratio	17.35%	17.77%
Coverage Ratio	69.74%	68.23%

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

In terms of the ratings given by the institutions rating banks in our country, our Parent Bank continues to be one of the banks with the highest rating. As of 30 September 2022, our ratings are as follows:

Moody’s Investor Services:

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Bank Deposits	B3
Short Term FC Bank Deposits	NP
Long Term TL Bank Deposits	B1
Short Term TL Bank Deposits	NP
Outlook	Stable

Fitch Ratings:

<i>Foreign Currency Commitments</i>	
Long-term	B-
Short-term	B
Outlook	Negative
<i>Turkish Lira Commitments</i>	
Long-term	B
Short-term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Financial Capacity	b-
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 252,801 with 153 items to the several agencies and institutions during the period of 1 January 2022 – 30 September 2022.