

*(CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND AUDITOR REPORT  
ORIGINALLY ISSUED IN TURKISH)*

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2022  
WITH INDEPENDENT AUDITOR'S REPORT**

**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR’S REPORT**

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

**A) Report on the Audit of the Financial Statements**

**1) Opinion**

We have audited the financial statements of Türk Ekonomi Bankası A.Ş. (the “Bank”), which comprise the balance sheet as at 31 December 2022, and the statement of income, statement of income and expense items accounted for under shareholders’ equity, statement of changes in shareholders’ equity and statement of cash flows for the year then ended and, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (BRSA) Accounting and 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 BRSA and provisions of Turkish Accounting Standards (TAS) for the matters not legislated by the aforementioned regulations.

**2) Basis for Opinion**

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (SIA) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3) Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matters</b>	<b>How the matter was addressed in the audit</b>
<p data-bbox="151 309 735 367"><b><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></b></p> <p data-bbox="151 398 735 613">Impairment of loans is an important area of jurisdiction for management. The Bank has the total loans and receivables amounting to TL 149,332,926 thousand, which comprise 54% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 5,045,481 as at 31 December 2022.</p> <p data-bbox="151 645 735 860">As of 1 January 2018, the Bank has started to recognize provisions for impairment of loans at amortised cost in accordance with TFRS 9 and “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p data-bbox="151 891 735 1106">In accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies, the expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p data-bbox="151 1137 735 1285">The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models.</p> <p data-bbox="151 1317 735 1532">Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p data-bbox="151 1563 735 1653">Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p data-bbox="762 398 1378 456">As part of our audit work, the following procedures were performed:</p> <p data-bbox="762 488 1378 680">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p data-bbox="762 712 1378 792">We have assessed and analysed the relevant contract terms to assess the management’s accounting policy and classification of the instrument for selected samples.</p> <p data-bbox="762 824 1378 1016">We have performed loan review procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p data-bbox="762 1048 1378 1397">We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p data-bbox="762 1429 1378 1487">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="762 1518 1378 1666">We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets’ exposure periods.</p> <p data-bbox="762 1697 1378 1800">We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p data-bbox="762 1832 1378 1935">Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p data-bbox="762 2011 1378 2069">We assessed expected credit losses determined based on individual assessment per the Bank’s policy by means of</p>

	<p>supporting data, and evaluated appropriateness via communications with the Bank’s management.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and receivables and related impairment provisions.</p>
<p><b><i>Pension fund obligations</i></b></p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Fortis Bank AŞ Mensupları Emekli Sandığı (“Plan”) which is established by the 20th provisional article of the Social Security Law numbered 506 (the “Law”).</p> <p>As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation voucher.</p> <p>As of 31 December 2022, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section V Note II.8.c2 considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.</p>	<p>Our audit work included the following procedures:</p> <p>We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable.</p>
<p><b><i>Information technologies audit</i></b></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its</p>	<p>Procedures within the context of our information technology audit work:</p>

<p>operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk-based scoping.</p>	<ul style="list-style-type: none"> <li>• We identified and tested the Banks' controls over information systems as part of our audit procedures.</li> <li>• Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li>• Security Management</li> <li>• Change Management</li> <li>• Data Center and Network Operations</li> </ul> </li> <li>• We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li> <li>• We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.</li> <li>• Automated controls and integration controls were tested to underly and detect changes and accesses in the process of financial data generation.</li> <li>• We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li> <li>• Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li> </ul>
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#### 4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## 5) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **B) Other Responsibilities Arising from Regulatory Requirements**

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

### *Additional paragraph for convenience translation to English*

*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 unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.*

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

Yaman Polat  
Partner

İstanbul, 10 March 2023

**UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

The accompanying audited unconsolidated financial statements, related disclosures and footnotes which are 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 our Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Dr.Akın Akbaygil	Nicolas de Baudinet de Courcelles	Ayşe Aşardağ	Ümit Leblebici	M. Aşkın Dolaştır	Kamer Kıdıllı
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 UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### SECTION ONE

#### GENERAL INFORMATION

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

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas (“BNPP”) 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. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas have the share of 50%.

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

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

Shareholder’s Name	31 December 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
	<b>2,204,390</b>	<b>100.00</b>	<b>2,204,390</b>	<b>100.00</b>

As of 31 December 2022, the 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 UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 Bank They Possess

<u>Name</u>	<u>Title</u>	<u>Education</u>
<b>Board of Directors;</b>		
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
<b>Assistant General Managers;</b>		
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
Çiğdem Ünsal	Assistant General Manager Responsible from Human Resources	University
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
<b>Group Heads (*);</b>		
Nimet Elif Kocaayan	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
<b>Internal Audit (*);</b>		
Hakan Tıraşın	Head of Internal Audit	University

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### IV. Information on the Bank’s Qualified Shareholders

Name / Commercial Name	Share Amount	Share Ratio	Paid-in 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 Bank 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 Bank’s Functions and Lines of Activity

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2022, the Bank has 444 local branches and 4 foreign branches (31 December 2021: 451 local branches, 4 foreign branches). As of 31 December 2022, the number of employees of the Bank is 8,723 (31 December 2021: 8,572).

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

There is no difference for the Bank, 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 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 Bank, was registered in the Trade Registry Gazette on 16 July 2020. The 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 Bank and its Subsidiaries

None.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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

# TÜRK EKONOMİ BANKASI A.Ş

## UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2022 AND 2021

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

### I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Section 5 Notes	Audited Current Period 31.12.2022			Audited Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>30,672,003</b>	<b>47,346,068</b>	<b>78,018,071</b>	<b>20,140,497</b>	<b>45,304,746</b>	<b>65,445,243</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>17,602,149</b>	<b>42,769,235</b>	<b>60,371,384</b>	<b>7,333,948</b>	<b>40,007,979</b>	<b>47,341,927</b>
1.1.1 Cash and Balances with Central Bank	(I-1)	7,210,359	36,629,352	43,839,711	5,718,495	30,072,800	35,791,295
1.1.2 Banks	(I-4)	2,801,354	6,162,933	8,964,287	1,618,025	9,962,314	11,580,339
1.1.3 Money Market Placement		7,604,278	-	7,604,278	-	-	-
1.1.4 Expected Loss Provisions (-)		13,842	23,050	36,892	2,572	27,135	29,707
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-2)</b>	<b>2,886,940</b>	<b>541,639</b>	<b>3,428,579</b>	<b>2,001,647</b>	<b>792,140</b>	<b>2,793,787</b>
1.2.1 Government Debt Securities		2,809,744	202,058	3,011,802	1,942,260	549,168	2,491,428
1.2.2 Equity Securities		77,196	263,295	340,491	59,387	135,326	194,713
1.2.3 Other Financial Assets		-	76,286	76,286	-	107,646	107,646
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-5)</b>	<b>5,356,819</b>	<b>3,062,485</b>	<b>8,419,304</b>	<b>3,001,729</b>	<b>4,173,355</b>	<b>7,175,084</b>
1.3.1 Government Debt Securities		5,307,506	3,062,485	8,369,991	2,988,479	4,173,355	7,161,834
1.3.2 Equity Securities		49,313	-	49,313	13,250	-	13,250
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>		<b>4,826,095</b>	<b>972,709</b>	<b>5,798,804</b>	<b>7,803,173</b>	<b>331,272</b>	<b>8,134,445</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	4,400,167	664,545	5,064,712	6,006,577	325,399	6,331,976
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	425,928	308,164	734,092	1,796,596	5,873	1,802,469
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>140,604,566</b>	<b>44,129,712</b>	<b>184,734,278</b>	<b>86,522,949</b>	<b>36,807,353</b>	<b>123,330,302</b>
<b>2.1 Loans</b>	<b>(I-6)</b>	<b>113,448,548</b>	<b>35,884,378</b>	<b>149,332,926</b>	<b>78,371,554</b>	<b>29,451,442</b>	<b>107,822,996</b>
<b>2.2 Lease Receivables</b>	<b>(I-11)</b>	-	-	-	-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>(I-7)</b>	<b>30,844,021</b>	<b>9,611,915</b>	<b>40,455,936</b>	<b>11,379,873</b>	<b>8,171,827</b>	<b>19,551,700</b>
2.4.1 Government Debt Securities		30,844,021	9,611,915	40,455,936	11,379,873	8,171,827	19,551,700
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>		<b>3,688,003</b>	<b>1,366,581</b>	<b>5,054,584</b>	<b>3,228,478</b>	<b>815,916</b>	<b>4,044,394</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-17)</b>	<b>100,370</b>	-	<b>100,370</b>	<b>65,933</b>	-	<b>65,933</b>
3.1 Held for Sale Purpose		100,370	-	100,370	65,933	-	65,933
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>116,041</b>	-	<b>116,041</b>	<b>116,041</b>	-	<b>116,041</b>
<b>4.1 Associates (Net)</b>	<b>(I-8)</b>	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	<b>(I-9)</b>	<b>116,036</b>	-	<b>116,036</b>	<b>116,036</b>	-	<b>116,036</b>
4.2.1 Unconsolidated Financial Subsidiaries		115,986	-	115,986	115,986	-	115,986
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
<b>4.3 Joint Ventures (Net)</b>	<b>(I-10)</b>	<b>5</b>	-	<b>5</b>	<b>5</b>	-	<b>5</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(I-13)</b>	<b>1,251,721</b>	-	<b>1,251,721</b>	<b>915,504</b>	-	<b>915,504</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>882,517</b>	-	<b>882,517</b>	<b>601,609</b>	-	<b>601,609</b>
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		461,393	-	461,393	180,485	-	180,485
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>(I-15)</b>	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		<b>28,388</b>	-	<b>28,388</b>	<b>133,380</b>	-	<b>133,380</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-16)</b>	<b>1,599,145</b>	-	<b>1,599,145</b>	<b>133,323</b>	-	<b>133,323</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(I-18)</b>	<b>8,191,572</b>	<b>225,313</b>	<b>8,416,885</b>	<b>2,552,827</b>	<b>762,860</b>	<b>3,315,687</b>
<b>TOTAL ASSETS</b>		<b>183,446,323</b>	<b>91,701,09</b>	<b>275,147,416</b>	<b>111,182,063</b>	<b>82,874,959</b>	<b>194,057,022</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2022 AND 2021

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

### I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Section 5 Notes	Audited Current Period 31.12.2022			Audited Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(II-1)	128,684,391	71,706,660	200,391,051	55,445,419	76,393,830	131,839,249
<b>II. FUNDS BORROWED</b>	(II-3)	637,353	10,536,061	11,173,414	602,162	14,995,603	15,597,765
<b>III. MONEY MARKET FUNDS</b>	(II-4)	-	6,790,660	6,790,660	3,839,747	5,001,962	8,841,709
<b>IV. SECURITIES ISSUED (Net)</b>	(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		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		2,971,255	595,978	3,567,233	4,321,769	168,019	4,489,788
7.1 Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,901,642	595,978	3,497,620	3,995,359	163,818	4,159,177
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	69,613	-	69,613	326,410	4,201	330,611
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(II-6)	669,388	26,506	695,894	526,566	37,923	564,489
<b>X. PROVISIONS</b>	(II-8)	2,888,691	470,060	3,358,751	903,248	321,520	1,224,768
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		2,016,376	64,378	2,080,754	693,202	55,663	748,865
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		872,315	405,682	1,277,997	210,046	265,857	475,903
<b>XI. CURRENT TAX LIABILITY</b>	(II-9)	1,964,235	-	1,964,235	240,411	-	240,411
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(II-10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(II-11)	-	9,708,218	9,708,218	-	7,239,036	7,239,036
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	9,708,218	9,708,218	-	7,239,036	7,239,036
<b>XV. OTHER LIABILITIES</b>	(II-5)	9,586,408	2,570,380	12,156,788	6,454,175	2,753,288	9,207,463
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-12)	25,218,074	123,098	25,341,172	13,793,809	(175,990)	13,617,819
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		389,769	-	389,769	389,769	-	389,769
16.2.1 Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		387,204	-	387,204	387,204	-	387,204
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit or Loss		(400,948)	-	(400,948)	(53,164)	-	(53,164)
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit or Loss		850,597	123,098	973,695	269,152	(175,990)	93,162
16.5 Profit Reserves		10,983,662	-	10,983,662	9,070,764	-	9,070,764
16.5.1 Legal Reserves		606,596	-	606,596	510,951	-	510,951
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		10,489,526	-	10,489,526	8,253,331	-	8,253,331
16.5.4 Other Profit Reserves		(112,460)	-	(112,460)	306,482	-	306,482
16.6 Profit or Loss		11,190,604	-	11,190,604	1,912,898	-	1,912,898
16.6.1 Prior Periods' Profit / Loss		-	-	-	-	-	-
16.6.2 Current Periods' Profit / Loss		11,190,604	-	11,190,604	1,912,898	-	1,912,898
<b>TOTAL LIABILITIES</b>		<b>172,619,795</b>	<b>102,527,621</b>	<b>275,147,416</b>	<b>87,321,831</b>	<b>106,735,191</b>	<b>194,057,022</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

### FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

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

#### II. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Section 5 Notes	Audited Current Period 31.12.2022			Audited Prior Period 31.12.2021		
		TL	FC	Total	FC	TL	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>194,689,424</b>	<b>235,219,732</b>	<b>429,909,156</b>	<b>116,127,369</b>	<b>166,079,544</b>	<b>282,206,913</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-1)</b>	<b>13,952,106</b>	<b>41,315,264</b>	<b>55,267,370</b>	<b>8,471,532</b>	<b>30,062,181</b>	<b>38,533,713</b>
1.1 Letters of Guarantee		9,436,845	20,598,041	30,034,886	7,058,379	14,037,146	21,095,525
1.1.1 Guarantees Subject to State Tender Law		152,535	205,253	357,788	133,980	147,510	281,490
1.1.2 Guarantees Given for Foreign Trade Operations		658,658	771,147	1,429,805	395,162	612,824	1,007,986
1.1.3 Other Letters of Guarantee		8,625,652	19,621,641	28,247,293	6,529,237	13,276,812	19,806,049
1.2 Bank Acceptances		-	23,623	23,623	-	33,680	33,680
1.2.1 Import Letter of Acceptance		-	23,623	23,623	-	33,680	33,680
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	15,650,244	15,650,244	-	10,343,834	10,343,834
1.3.1 Documentary Letters of Credit		-	2,596,937	2,596,937	-	4,046,781	4,046,781
1.3.2 Other Letters of Credit		-	13,053,307	13,053,307	-	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		2,495,355	4,855,637	7,350,992	1,384,153	4,279,755	5,663,908
1.9 Other Collaterals		2,019,906	187,719	2,207,625	29,000	1,367,766	1,396,766
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>38,750,601</b>	<b>5,487,840</b>	<b>44,238,441</b>	<b>24,865,509</b>	<b>8,633,167</b>	<b>33,498,676</b>
2.1 Irrevocable Commitments		38,750,601	5,487,840	44,238,441	24,865,509	8,633,167	33,498,676
2.1.1 Asset Purchase Commitments		2,181,948	5,049,902	7,231,850	3,543,805	7,707,411	11,251,216
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		11,589,114	68,589	11,657,703	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		2,776,761	-	2,776,761	2,135,381	-	2,135,381
2.1.8 Tax and Fund Liabilities from Export Commitments		127,411	-	127,411	51,363	-	51,363
2.1.9 Commitments for Credit Card Limits		22,073,226	-	22,073,226	12,007,806	-	12,007,806
2.1.10 Commitments for Credit Cards and Banking Services Promotions		2,141	-	2,141	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		-	369,349	369,349	-	873,254	873,254
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-2)</b>	<b>141,986,717</b>	<b>188,416,628</b>	<b>330,403,345</b>	<b>82,790,328</b>	<b>127,384,196</b>	<b>210,174,524</b>
3.1 Derivative Financial Instruments for Hedging Purposes		965,300	18,524,343	19,489,643	21,649,500	7,806,018	29,455,518
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		965,300	18,524,343	19,489,643	21,649,500	7,806,018	29,455,518
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		141,021,417	169,892,285	310,913,702	61,140,828	119,578,178	180,719,006
3.2.1 Forward Foreign Currency Buy/Sell Transactions		20,240,521	22,818,260	43,058,781	11,386,300	15,523,785	26,910,085
3.2.1.1 Forward Foreign Currency Transactions-Buy		19,213,785	3,165,415	22,379,200	9,169,995	4,268,100	13,438,095
3.2.1.2 Forward Foreign Currency Transactions-Sell		1,026,736	19,652,845	20,679,581	2,216,305	11,255,685	13,471,990
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		98,861,030	100,640,060	199,501,090	47,269,862	90,288,974	137,558,836
3.2.2.1 Foreign Currency Swap-Buy		7,819,762	55,239,445	63,059,207	1,451,736	55,792,484	57,244,220
3.2.2.2 Foreign Currency Swap-Sell		42,400,268	21,434,565	63,834,833	30,279,126	26,837,944	57,117,070
3.2.2.3 Interest Rate Swaps-Buy		24,320,500	11,983,025	36,303,525	7,769,500	3,829,273	11,598,773
3.2.2.4 Interest Rate Swaps-Sell		24,320,500	11,983,025	36,303,525	7,769,500	3,829,273	11,598,773
3.2.3 Foreign Currency, Interest Rate and Securities Options		19,676,969	43,135,835	62,812,804	2,116,848	11,241,994	13,358,842
3.2.3.1 Foreign Currency Options-Buy		15,275,312	11,998,466	27,273,778	1,630,468	2,022,308	3,652,776
3.2.3.2 Foreign Currency Options-Sell		4,401,657	23,201,409	27,603,066	486,380	3,144,606	3,630,986
3.2.3.3 Interest Rate Options-Buy		-	3,967,980	3,967,980	-	3,037,540	3,037,540
3.2.3.4 Interest Rate Options-Sell		-	3,967,980	3,967,980	-	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		2,242,897	1,902,399	4,145,296	367,818	439,173	806,991
3.2.4.1 Foreign Currency Futures-Buy		2,242,897	-	2,242,897	329,039	113,632	442,671
3.2.4.2 Foreign Currency Futures-Sell		-	1,902,399	1,902,399	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		-	1,395,731	1,395,731	-	2,084,252	2,084,252
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>214,548,922</b>	<b>99,667,403</b>	<b>314,216,325</b>	<b>180,225,071</b>	<b>75,379,967</b>	<b>255,605,038</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>36,050,128</b>	<b>17,580,575</b>	<b>53,630,703</b>	<b>32,867,319</b>	<b>11,269,226</b>	<b>44,136,545</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		6,989,470	16,227,035	23,216,505	12,863,893	8,458,577	21,322,470
4.3 Cheques Received for Collection		28,198,484	524,707	28,723,191	19,057,718	2,118,236	21,175,954
4.4 Commercial Notes Received for Collection		765,573	89,929	855,502	556,074	131,845	687,919
4.5 Other assets Received for Collection		125	738,904	739,029	125	560,568	560,693
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		96,476	-	96,476	389,509	-	389,509
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>176,693,321</b>	<b>81,547,579</b>	<b>258,240,900</b>	<b>146,582,395</b>	<b>63,783,004</b>	<b>210,365,399</b>
5.1 Marketable Securities		1,756,158	1,100,377	2,856,535	122,836	673,062	795,898
5.2 Guarantee Notes		65,804,173	54,399,581	120,203,754	53,995,371	42,876,164	96,871,535
5.3 Commodity		220,087	364,691	584,778	226,267	-	226,267
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		90,488,447	19,546,647	110,035,094	78,587,982	15,290,955	93,878,937
5.6 Other Pledged Items		18,424,456	6,136,283	24,560,739	13,649,939	4,942,823	18,592,762
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>1,805,473</b>	<b>539,249</b>	<b>2,344,722</b>	<b>775,357</b>	<b>327,737</b>	<b>1,103,094</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>409,238,346</b>	<b>334,887,135</b>	<b>744,125,481</b>	<b>296,352,440</b>	<b>241,459,511</b>	<b>537,811,951</b>

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

### FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

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

#### III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Section 5 Notes	Audited Current Period 01.01-31.12.2022	Audited Prior Period 01.01-31.12.2021
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-1)</b>	<b>35,430,003</b>	<b>15,688,351</b>
1.1	Interest Income on Loans		22,447,381	11,849,972
1.2	Interest Income on Reserve Requirements		106,992	413,671
1.3	Interest Income on Banks		194,798	132,632
1.4	Interest Income on Money Market Transactions		399,142	118,711
1.5	Interest Income on Securities Portfolio		12,210,806	3,107,460
1.5.1	Financial Assets at Fair Value Through Profit or Loss		397,218	257,762
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		1,716,148	709,714
1.5.3	Financial Assets Measured at Amortised Cost		10,097,440	2,139,984
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		70,884	65,905
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>15,242,650</b>	<b>8,835,958</b>
2.1	Interest Expense on Deposits		13,301,004	7,267,025
2.2	Interest Expense on Funds Borrowed		1,194,918	646,307
2.3	Interest Expense on Money Market Transactions		209,177	315,621
2.4	Interest Expense on Securities Issued		200,253	451,610
2.5	Interest Expense on Leases		170,503	105,359
2.6	Other Interest Expenses		166,795	50,036
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>20,187,353</b>	<b>6,852,393</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>2,251,416</b>	<b>1,385,256</b>
4.1	Fees and Commissions Received		4,172,275	2,442,043
4.1.1	Non-cash Loans		590,256	323,558
4.1.2	Other	(IV-12)	3,582,019	2,118,485
4.2	Fees and Commissions Paid (-)		1,920,859	1,056,787
4.2.1	Non-cash Loans		6,637	7,301
4.2.2	Other	(IV-12)	1,914,222	1,049,486
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>15,843</b>	<b>6,436</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(IV-4)</b>	<b>1,941,563</b>	<b>(1,997,967)</b>
6.1	Securities Trading Gains / Losses		(60,603)	(66,347)
6.2	Gains / Losses on Derivative Financial Instruments		(3,235,269)	(2,761,832)
6.3	Foreign Exchange Gains / Losses		5,237,435	830,212
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>301,647</b>	<b>218,534</b>
<b>VIII.</b>	<b>GROSS OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>24,697,822</b>	<b>6,464,652</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(IV-6)</b>	<b>1,782,264</b>	<b>(30,956)</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(IV-6)</b>	<b>399,926</b>	<b>1,572</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>3,963,920</b>	<b>1,828,080</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>3,670,754</b>	<b>2,167,430</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)</b>		<b>14,880,958</b>	<b>2,498,526</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XVI.</b>	<b>INCOME/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(IV-8)</b>	<b>14,880,958</b>	<b>2,498,526</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>3,690,354</b>	<b>585,628</b>
18.1	Current Tax Provision		5,323,264	166,686
18.2	Deferred Tax Expense Effect (+)		3,331,536	3,014,587
18.3	Deferred Tax Income Effect (-)		(4,964,446)	(2,595,645)
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(IV-10)</b>	<b>11,190,604</b>	<b>1,912,898</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>	<b>(IV-8)</b>	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>	<b>(IV-10)</b>	-	-
<b>XXV.</b>	<b>NET INCOME/LOSS (XIX+XXIV)</b>	<b>(IV-11)</b>	<b>11,190,604</b>	<b>1,912,898</b>
	Earnings per Share		5.0765	0.8678

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

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

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

	Audited Current Period 01.01-31.12.2022	Audited Prior Period 01.01-31.12.2021
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>11,190,604</b>	<b>1,912,898</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>532,749</b>	<b>295,070</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss</b>	<b>(347,784)</b>	<b>(112,884)</b>
2.1.1 Gains/losses on Revaluation of Property, Plant and Equipment	-	-
2.1.2 Gains/losses on Revaluation of Intangible Assets	-	-
2.1.3 Gains/losses on Remeasurement of Defined Benefit Plans	(480,424)	(143,916)
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	5,643	2,369
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	126,997	28,663
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>880,533</b>	<b>407,954</b>
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	1,172,875	(141,097)
2.2.3 Income/Loss related with Cash Flow Hedges	1,743	658,228
2.2.4 Income/Loss related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified through Other Profit or Loss	-	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	(294,085)	(109,177)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>11,723,353</b>	<b>2,207,968</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2022 AND 2021

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

### V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
Audited	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity
<b>Period-End Balance 31.12.2021</b>														
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>														
	2,204,390	2,565	-	387,732	56,230	(116,875)	7,481	-	(199,636)	292,798	9,070,764	-	1,912,898	13,617,819
<b>Current Period – 01.01-31.12.2022</b>														
I. Prior Period End Balance	2,204,390	2,565	-	387,204	56,230	(116,875)	7,481	-	(199,636)	292,798	9,070,764	1,912,898	-	13,617,819
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I-II)	2,204,390	2,565	-	387,204	56,230	(116,875)	7,481	-	(199,636)	292,798	9,070,764	1,912,898	-	13,617,819
IV. Total Comprehensive Income	-	-	-	-	-	(353,014)	5,230	-	890,887	(10,354)	-	-	11,190,604	11,723,353
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	-	-	-	-	-	-	-	-	-	-	1,912,898	(1,912,898)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1,912,898	(1,912,898)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance 31.12.2022</b>														
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>														
	2,204,390	2,565	-	387,204	56,230	(469,889)	12,711	-	691,251	282,444	10,983,662	-	11,190,604	25,341,172

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

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

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

4. Foreign currency translation differences,

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2022 AND 2021

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

### VI. STATEMENT OF CASH FLOWS

	Section 5 Notes	Audited Current Period 01.01-31.12.2022	Audited Prior Period 01.01-31.12.2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Banking Operations Assets and Liabilities</b>		<b>12,399,324</b>	<b>12,950,185</b>
1.1.1 Interest Received		23,650,225	14,185,899
1.1.2 Interest Paid		(13,471,609)	(8,661,220)
1.1.3 Dividend Received		15,843	6,436
1.1.4 Fees and Commissions Received		3,828,072	2,383,938
1.1.5 Other Income		7,048,644	1,048,746
1.1.6 Collections from Previously Written-Off Loans		1,480,497	1,140,863
1.1.7 Payments to Personnel and Service Suppliers		(3,648,682)	(1,790,465)
1.1.8 Taxes Paid		(4,085,715)	(415,202)
1.1.9 Other	(VI-1)	(2,417,951)	5,051,190
<b>1.2 Changes in Banking Operations Assets and Liabilities</b>		<b>4,752,166</b>	<b>(2,316,266)</b>
1.2.1 Net (Increase) in Financial Asset at Fair Value Through Profit or Loss		(570,636)	(1,167,412)
1.2.2 Net (Increase) in Due From Banks		(23,093)	(73,186)
1.2.3 Net (Increase) in Loans		(31,794,568)	(14,685,386)
1.2.4 Net (Increase) in Other Assets	(VI-1)	(7,262,911)	(9,886,311)
1.2.5 Net (Decrease) in Bank Deposits		(2,291,208)	(3,183,214)
1.2.6 Net Increase in Other Deposits		48,086,596	15,499,421
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		(4,534,831)	5,821,763
1.2.9 Net Increase / (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities	(VI-1)	3,142,817	5,358,059
<b>I. Net Cash Flows Provided from Banking Operations</b>		<b>17,151,490</b>	<b>10,633,919</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Flow Provided from Investing Activities</b>		<b>(8,693,791)</b>	<b>(1,692,346)</b>
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		(358,864)	(227,095)
2.4 Sale of Tangible Assets		37,268	3,618
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1,837,191)	(3,472,651)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4,392,264	6,749,988
2.7 Purchase of Financial Assets Measured at Amortised Cost		(12,931,495)	(6,645,155)
2.8 Sale of Financial Assets Measured at Amortised Cost		2,428,011	2,016,874
2.9 Other	(VI-1)	(423,784)	(117,925)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(1,522,577)</b>	<b>(3,817,143)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		5,333,859	10,033,681
3.2 Cash Outflow from Repayment of Funds Borrowed and Securities Issued		(6,501,860)	(13,594,895)
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments For Leases		(354,576)	(255,929)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(VI-1)	<b>3,764,592</b>	<b>2,128,252</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>10,699,714</b>	<b>7,252,682</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>31,327,221</b>	<b>24,074,539</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	(VI-2)	<b>42,026,935</b>	<b>31,327,221</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR 31 DECEMBER 2022 AND 2021

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

### VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period 31.12.2022(*)	Audited Prior Period 31.12.2021
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	14,880,958	2,498,526
1.2 TAXES AND DUTIES PAYABLE (-)	3,690,354	585,628
1.2.1 Corporate Tax (Income Tax)	5,323,264	166,686
1.2.2 Income Withholding Tax	-	-
1.2.3 Other Taxes and Duties (**)	(1,632,910)	418,942
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>11,190,604</b>	<b>1,912,898</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	95,645
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>11,190,604</b>	<b>1,817,253</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Shares	-	-
1.6.3 To Owners of Preferred Shares (Pre-emptive Rights)	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Shares	-	-
1.9.3 To Owners of Preferred Shares (Pre-emptive Rights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	1,817,253
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Shares	-	-
2.3.3 To Owners of Preferred Shares (Pre-emptive Rights)	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>	-	-
3.1 TO OWNERS OF ORDINARY SHARES	5.0765	0.8678
3.2 TO OWNERS OF ORDINARY SHARES ( % )	507.65	86.78
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-

(\*) The authorized body of the Bank regarding profit distribution is the General Assembly, and as of the preparation date of these financial statements, the annual ordinary General Assembly meeting has not been held yet. Since the profit distribution proposal for 2022 has not yet been prepared by the Board of Directors, only the distributable profit amount is indicated in the profit distribution table.

(\*\*) Deferred tax income shown in other tax and legal liabilities (31 December 2021: Deferred tax expense).

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 unconsolidated financial statements are prepared within the scope of the Regulation on Accounting Applications for Banks and Safeguarding of Documents related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Financial Reporting Standards (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned regulations. The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The 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 Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the financial statements as of 31 December 2022, the Bank 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 Bank does not carry out any activity in the two subject countries. Considering the geographies in which the Bank operates, the crisis is not expected to have a direct impact on the 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.

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

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

The amendments to TAS/TFRS, effective from 1 January 2022, do not have a significant impact on the Bank's accounting policies, financial position and performance. The amendments to TAS and TFRS, which have been published but not yet entered into force as of the finalization date of the financial statements, will not have a significant impact on the Bank's accounting policies, financial position and performance.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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: (continued)

In addition, Benchmark Rate Reform – Phase 2, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 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 (“TFRS”) for the year ended 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 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 31 December 2022.

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

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

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

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

As a component of risk management strategy of the Bank, risk bearing short 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 manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

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

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

All derivative financial instruments are valued using the fair value method. The fair value of derivative financial instruments traded in organized markets is their price in the organized market. Within the scope of IFRS 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 quoted price and reflects this adjustment in the fair value measurement. In this context, the Bank determines the point in the range that best reflects the fair value in the current market conditions.

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 calculated by discounting the cash flows with the market interest rate and foreign currencies are converted into Turkish Lira with exchange rates at the valuation date.

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.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### Explanations on derivatives for hedging purposes

In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39. Within this context, the Bank will continue to apply the hedge accounting provisions of TAS 39.

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

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

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

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

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

While the Bank accounts the changes in the fair values of the hedged items in the “Other Interest Income” and “Other Interest Expense” accounts, the fair value changes of the hedging instruments corresponding to the same period are accounted for in the “Gains/Losses 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 amortised 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 income, when purchased or used according to the effective interest method specified in TFRS 9 (the ratio that equates to the present net value of the future cash flows of the financial asset or liability), credit-impaired financial assets and when purchased or granted, except for financial assets that are not credit-impaired financial assets but later become credit-impaired financial assets, is recognized by applying an effective interest rate to the gross book value of the financial asset. While applying the effective interest rate method, the Bank determines the fees that are an integral part of the effective interest rate of the financial instrument. Fees, which are an integral part of the effective interest rate of the financial instrument, are considered as adjustments to the effective interest rate, unless the financial instrument is measured at fair value through profit or loss. In such cases, these fees are recognized as income or expense during the initial recognition of the financial instrument.

The Bank, when applying the effective interest method, 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### V. Explanations on Interest Income and Expenses (continued)

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 amortised over the estimated life of the financial instrument.

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

Accrued but not collected interests and discounts of loans, those classified as non-performing loans (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 amortised cost are accounted in accordance with the TFRS 15 Revenue from Contracts with Customers Standard.

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

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

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

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

### VII. Explanations on Financial Assets

The Bank classifies and recognizes its financial assets as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets Measured at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortised Cost”. The financial assets are recognized or derecognized in accordance with the “Recognition and Derecognition” principles defined in Section 3 related to the classification and measurement of financial instruments of the “TFRS 9 Financial Instruments” standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the 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 Bank recognizes a financial asset in the financial statement when, and only when, the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the (“settlement date”). When the Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### VII. Explanations on Financial Assets (continued)

#### *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 related to derivative financial instruments at fair value through profit or loss are explained in Section III note 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 amortised cost of the financial assets, i.e. “Unrealized gains and losses”, is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under “Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss” under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

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

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. 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 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 amortised 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 prior. The 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 Bank's expectations, is updated during the year when deemed necessary. At the end of the year, the actual inflation rate is used.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### VII. Explanations on Financial Assets (continued)

#### *Financial Assets Measured at Amortised Cost*

#### *Financial investments measured at amortised cost:*

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

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

#### *Loans:*

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

### 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 amortised 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 “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans”. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

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

The Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets are divided into “3 stage” 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 criterias have been taken into account in classification a financial asset as Stage 2:

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### VIII. Explanations on Impairment of Financial Assets (continued)

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 that they are impaired as of the reporting date. For these assets, lifetime expected credit losses are recorded. For the related financial assets, the probability of default is taken into account as 100%.

#### Expected Credit Loss Calculation

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

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

There are mainly 3 loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

While the 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 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.

	2022				2023				2024				2025			
Period (*)	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 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### VIII. Explanations on Impairment of Financial Assets (continued)

#### Expected Credit Loss Calculation (continued)

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

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

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

Lifetime ECL is calculated by taking into account the period during which the Bank will be exposed to credit risk. The maturity information defined for all cash and non-cash loans is used in the calculation of the expected credit loss along with their maturity and payment plans. The maturity refers to the contractual life of a financial instruments unless there is the legal right to call it earlier. The maturity analysis and credit risk mitigation processes such as cancellation/revision of the limits have been developed for the definition of 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 these scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product. The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

Expected Credit Loss Calculation of Stage 1 Loans: It is calculated by considering 12-month (1 year) PDs for the financial assets measured at amortised 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 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 Bank periodically reviews the parameters included in the calculation and updates them when necessary.

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### VIII. Explanations on Impairment of Financial Assets (continued)

#### Expected Credit Loss Calculation (continued)

Quantitative assessments:

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

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

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

### IX. Explanations on Offsetting of Financial Assets and Liabilities

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

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

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets carried at amortised 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 Funds” 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 31 December 2022, the Bank has TL 7,604,278 reverse repo transaction (31 December 2021: None).

As of 31 December 2022, the Bank 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 with regards to the non-performing loans and accounted in financial statements in accordance 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 31 December 2022, assets held for sale and discontinued operations of the Bank are TL 100,370 (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 3,158 (31 December 2021: TL 2,288) has been reserved as provision for impairment losses.

As of 31 December 2022, the Bank 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 statement's provisional amounts for the items for which the accounting is incomplete. 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 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 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 of the Bank 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 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 amortised 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 amortised on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

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

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



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### XIII. Explanations on Tangible Assets

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

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

Depreciation is calculated using the straight-line method, without taking residual values 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 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 assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible assets are capitalized if they extend the economic useful life of the related asset and 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 Bank's business plans.

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

### XIV. Explanations on Leasing Transactions

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

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

Public Oversight Authority (POA) made amendments in IFRS 16 “Leases” standard by publishing the Concessions Granted in Lease Payments Regarding COVID-19 – “amendments regarding IFRS 16 Leases” on 5 June 2020. With this amendment, exception is granted to lessee on the subject of not evaluating whether the privileges granted on lessees' lease payments due to COVID-19 are changes on leasing or not. The subjected changes did not have a significant impact on the Bank's financial position or performance.

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

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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 Bank is required to make lump-sum termination indemnities over a 30-day salary to each employee who has completed over 1 year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. According to the Turkish Accounting Standard on Employee Benefits No. 19, the total benefit is calculated for employees who have completed one year of employment and whose working period has expired due to retirement, or who are left voluntarily or dismissed.

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

Employees transferred to the Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Fortis Bank A.Ş. Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are audited 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 31 December 2022, the Pension Fund has 1,351 employees and 1,302 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”.

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 2022. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

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### XVIII. Explanations on Taxation

#### *Corporate Tax*

In Turkey, corporate tax applied at the rate of 20% for corporate income is applied at 25% for the corporate income for the taxation period of 2021 and 23% for the corporate income for the taxation period of 2022 in accordance with the regulation introduced by the Law No. 7316 "Law on the Amendment of the Law on the Procedure for Collection of Public Receivables and Certain Laws", and pursuant to the regulation numbered 7394 "Law on the Amendment of Certain Laws and Decree Laws with the Law on the Evaluation of Immovable Properties Belonging to the Treasury and Amendment to the Value Added Tax Law", this rate has been determined as 25% to be applied to the corporate income of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation period starting from 2022. In addition, with the Law No. 7417 "Law on the Amendment of the Law on Civil Servants and Certain Laws and the Decree Law No. 375", the effective article of the 25% rate determined within the scope of Law No. 7394 has been amended, and thus, the relevant regulation has been made that 25% corporate tax will be calculated on the corporate income of the above-mentioned banks and financial institutions for the taxation period of 2023 and the following periods.

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

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

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

In accordance with the repeated Article 298 of the Tax Procedure Law, if the increase in the producer price index is more than 100% in the last 3 accounting periods including the current period and more than 10% in the current period, the financial statements will be subject to inflation adjustment and these conditions have been met as of 31 December 2021. 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, provisional 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.

#### *Deferred Tax Asset/Liability*

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

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 31 December 2022, the deferred tax is calculated over 25% in accordance with the tax legislation in effect.

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### **XVIII. Explanations on Taxation (continued)**

#### *Deferred Tax Asset/Liability (continued)*

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 is no share issued in 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 Bank.

### **XXIII. Explanations on Reporting According to Segmentation**

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

Retail and private banking lines of the Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Bank also provides account products like Marifetli, Fırsat and CEPTETEB along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In 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 Bank. The Bank provides these services and products for its corporate customers via teams, located in its corporate branches and Head Office, who are specialized in foreign trade, cash management, structured finance and multinational companies. It also benefits from the global business network and expertise of BNP Paribas Group.

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### XXIII. Explanations on Reporting According to Segmentation (continued)

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

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

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

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

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	15,843	15,843
Profit Before Tax	326,733	2,586,867	813,904	11,153,454	14,880,958
Tax Provision (-)	-	-	-	3,690,354	3,690,354
<b>Net Profit for the Period</b>	<b>326,733</b>	<b>2,586,867</b>	<b>813,904</b>	<b>7,463,100</b>	<b>11,190,604</b>

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	48,234,746	64,166,177	31,186,936	131,443,516	275,031,375
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
<b>Total Assets</b>	<b>48,234,746</b>	<b>64,166,177</b>	<b>31,186,936</b>	<b>131,559,557</b>	<b>275,147,416</b>
Segment Liabilities	133,566,378	44,392,175	20,788,852	51,058,839	249,806,244
Shareholders’ Equity	-	-	-	25,341,172	25,341,172
<b>Total Liabilities</b>	<b>133,566,378</b>	<b>44,392,175</b>	<b>20,788,852</b>	<b>76,400,011</b>	<b>275,147,416</b>

Prior Period (31.12.2021)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	6,436	6,436
Profit Before Tax	692,663	638,564	337,316	829,983	2,498,526
Tax Provision (-)	-	-	-	585,628	585,628
<b>Net Profit for the Period</b>	<b>692,663</b>	<b>638,564</b>	<b>337,316</b>	<b>244,355</b>	<b>1,912,898</b>

Prior Period (31.12.2021)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	36,799,694	42,523,918	23,996,403	90,620,966	193,940,981
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
<b>Total Assets</b>	<b>36,799,694</b>	<b>42,523,918</b>	<b>23,996,403</b>	<b>90,737,007</b>	<b>194,057,022</b>
Segment Liabilities	84,801,710	32,564,690	14,272,783	48,800,020	180,439,203
Shareholders’ Equity	-	-	-	13,617,819	13,617,819
<b>Total Liabilities</b>	<b>84,801,710</b>	<b>32,564,690</b>	<b>14,272,783</b>	<b>62,417,839</b>	<b>194,057,022</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### **XXIV. Explanations on Other Matters**

According to the decision taken at the Ordinary General Assembly Meeting of the Parent Bank held on 28 March 2022, out of the net balance sheet profit for the year 2021 amounting to TL 1,912,898, TL 95,645 was allocated to Legal Reserves and TL 1.56 (full TL) was allocated to Extraordinary Reserves as recommended by the Board of Directors.

### **XXV. Reclassifications**

Reclassifications have been made on the income statement and cash flow statement as of 31 December 2021 in order to comply with the presentation of 31 December 2022 financial statements. The related reclassification has no impact on the Bank's performance.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### SECTION FOUR

#### INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

##### I. Explanations Related to Components of Shareholders’ Equity

Equity amount and capital adequacy standard ratio has been calculated in accordance with the “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 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 Bank's current period equity amount calculated as of 31 December 2022 is TL 35,975,066 (31 December 2021: TL 21,405,622), and the capital adequacy standard ratio is 18.60% (31 December 2021: 18.05%). The Bank's capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation. Credit risk “standard approach” for banking accounts, market risk “standard method” for trading accounts, counterparty credit risk “fair value valuation method” for derivatives and repo transactions, credit valuation adjustment capital load “standard method” for over-the-counter derivative transactions method and operational risk were calculated using the “basic indicator method”.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### Information related to the Components of Shareholders' Equity:

	Current Period 31.12.2022	Prior Period 31.12.2021
<b>Common Equity Tier 1 Capital</b>		
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	10,750,554	9,277,740
Gains recognized in equity as per Turkish Accounting Standards (TAS)	783,777	4,611
Profit	11,190,604	1,912,898
Current Period's Profit	11,190,604	1,912,898
Prior Years' Profit	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>25,132,152</b>	<b>13,602,466</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
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	-	-
Leasehold improvements on operational leases	44,823	35,683
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	433,685	166,241
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 in accordance with the second paragraph of the Provisional Article 2 of the Regulation on Banks' Equity)	-	-
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	-	-
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>899,632</b>	<b>623,048</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>24,232,520</b>	<b>12,979,418</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

	Current Period 31.12.2022	Prior Period 31.12.2021
<b>ADDITIONAL TIER 1 CAPITAL</b>		
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 Provisional Article 4)	-	-
<b>Additional Tier 1 Capital Before Deductions</b>	-	-
<b>Deductions from Additional Tier 1 Capital</b>		
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	-	-
<b>Items to be deducted from Tier I Capital during the Transition Period</b>		
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 (-)	-	-
<b>Total Deductions from Additional Tier 1 Capital</b>	-	-
<b>Total Additional Tier 1 Capital</b>	-	-
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>24,232,520</b>	<b>12,979,418</b>
<b>TIER 2 CAPITAL</b>		
Debt instruments and related issuance premiums defined by the BRSA	9,560,582	7,140,542
Debt instruments and related issuance premiums defined by the BRSA (Provisional Article 4)	-	-
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	2,204,969	1,313,195
<b>Tier 2 Capital Before Deductions</b>	<b>11,765,551</b>	<b>8,453,737</b>
<b>Deductions From Tier 2 Capital</b>		
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 (-)	-	-
<b>Total Deductions from Tier 2 Capital</b>	-	-
<b>Total Tier 2 Capital</b>	<b>11,765,551</b>	<b>8,453,737</b>
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>35,998,071</b>	<b>21,433,155</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

	Current Period 31.12.2022	Prior Period 31.12.2021
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	886	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	22,119	23,710
<b>Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period</b>		
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	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	35,975,066	21,405,622
Total Risk Weighted Amounts	193,419,797	118,566,659
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.53	10.95
Tier 1 Capital Adequacy Ratio (%)	12.53	10.95
Capital Adequacy Ratio (%)	18.60	18.05
<b>BUFFERS</b>		
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	0.00
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 (%)	4.02	2.44
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	416,271	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)	1,599,145	133,323
<b>Limits related to provisions considered in Tier Calculation</b>		
General provisions for standard based receivables ((before ten thousand twenty-five limitation)	3,753,968	2,117,698
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2,204,969	1,313,195
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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to provisional Article 4	-	-
Amounts excess the limits of Additional Tier 1 Capital subjected to provisional Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to provisional Article 4	-	-
Amounts Excess the limits of Additional Tier 2 Capital subjected to provisional 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.

(\*\*) The cyclical capital buffer rate is written as 0.00 due to the two digits being shown in the note, our rate is full digit 0.004.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

	T	T-1	T-2	T-3	T-4
<b>CAPITAL ITEMS</b>					
Common Equity Tier 1 Capital	24,232,520	21,832,560	18,176,907	15,022,348	12,979,418
Common Equity Tier 1 Capital where the transition impact has not been applied (a)	24,232,520	21,832,560	18,176,907	15,022,348	12,890,844
Tier 1 Capital	24,232,520	21,832,560	18,176,907	15,022,348	12,979,418
Tier 1 Capital where the transition impact has not been applied (b)	24,232,520	21,832,560	18,176,907	15,022,348	12,890,844
Capital	35,975,066	32,919,811	28,675,739	24,233,089	21,405,622
Capital where the transition impact has not been applied (c)	35,975,066	32,919,811	28,675,739	24,233,089	21,317,048
<b>TOTAL RISK WEIGHTED ASSETS</b>					
Total Risk Weighted Assets	193,419,797	186,747,986	184,019,916	138,812,729	118,566,659
<b>CAPITAL ADEQUACY RATIOS</b>					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.53	11.69	9.88	10.82	10.95
Common Equity Tier 1 Capital Adequacy Ratio (%) Where The Transition Impact Has Not Been Applied (d)	12.53	11.69	9.88	10.82	10.87
Tier 1 Capital Adequacy Ratio (%)	12.53	11.69	9.88	10.82	10.95
Tier 1 Capital Adequacy Ratio (%) Where the Transition Impact Has Not Been Applied (d)	12.53	11.69	9.88	10.82	10.87
Capital Adequacy Ratio (%)	18.60	17.63	15.58	17.46	18.05
Capital Adequacy Ratio (%) Where The Transition Impact Has Not Been Applied (d)	18.60	17.63	15.58	17.46	17.98
<b>LEVERAGE RATIO</b>					
Leverage Ratio Total Risk Amount	374,933,929	365,843,232	344,150,154	298,779,869	263,108,120
Leverage Ratio	6.44%	5.90%	5.18%	4.98%	4.86%
FTA not Applied Leverage Ratio (e)	6.44%	5.90%	5.18%	4.98%	4.82%

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

#### Basic information for the TFRS 9 transition process

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

#### Explanations on Reconciliation of Capital Items to Balance Sheet:

	Current Period	Prior Period
<b>Total capital per balance sheet</b>	<b>25,341,172</b>	<b>13,617,819</b>
Hedging funds (effective portion)	(282,444)	(292,798)
Deductions made under regulation	(908,893)	(633,813)
Transition impact of TFRS 9 (Temporary 5 <sup>th</sup> Article)	-	88,574
Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income	82,685	199,636
<b>Common Equity Tier 1 Capital</b>	<b>24,232,520</b>	<b>12,979,418</b>
Additional Tier 1 Capital	-	-
<b>Tier 1 Capital</b>	<b>24,232,520</b>	<b>12,979,418</b>
Expected loss provision (Stage 1 and 2)	2,204,969	1,313,195
Debt Instruments Defined by the BRSA	9,560,582	7,140,542
Deductions made under regulation	(23,005)	(27,533)
<b>Total Equity</b>	<b>35,975,066</b>	<b>21,405,622</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### Information Related to Debt Instruments Included in Equity Calculation:

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

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS1895575071	XS2023308278	XS1973559484	XS1845118865
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
<b>Consideration in Equity Calculation</b>				
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)	3,906.21	1,983.99	1,190.39	2,479.99
Par value of debt instrument (TL Currency in mil)	3,906.21	1,983.99	1,190.39	2,479.99
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	5.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated (Demand/Time)	Time	Time	Time	Time
Original maturity date	5.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	5.11.2023	22.07.2024	14.05.2024	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
<b>Interest / dividend payments</b>				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	6mEuribor+7.10%	6mEuribor+7.10%	6mEuribor+5.10%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
<b>Convertibility of equity shares</b>				
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	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	-	-

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### II. Explanations Related to Credit Risk

Credit risk is the risk and financial loss that the Bank is a party in a contract whereby the counterparty fails to meet its obligation partially or on time and causes to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué numbered 29750 dated 22 June 2016 on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

A restructuring is defined as the privilege due to the borrower’s encountered or likely to encountered financial difficulties. The privileges granted to the borrower assumed to be in financial difficulty are;

- A change in the terms and conditions of the loan or
- Partially or completely refinancing of the loan in favour of the debtor.

In order to be subject to restructuring, the firm must be confronted with the difficulty of payment. The difficulty should be supported by concrete developments or findings. Each restructuring request is evaluated on transaction basis by the authorized credit allocation unit according to the activity of the firm, the income generation structure by the sectoral operation.

Restructuring of the loans supported by Credit Guarantee Fund (“CGF loans”) is evaluated in accordance with the current legislation. The principles regarding to restructuring of Treasury-Back CGF loans in the scope of 11 October 2018 dated Presidential Decree are taken into account.

Non-required delay time loans that is not classified as Stage III Loans defined in “Regulation on Procedures and Principles for Classification of Loans And Provisions to be Set Aside” published in the Official Gazette numbered 29750 dated 22 June 2016, amended by the regulation published in the Official Gazette dated 14 December 2016 and numbered 29918, whose principal and interest payment collection delayed more than 30 days are considered as “past-due loan” in the Accounting Practice; group III, IV and V loans defined in the mentioned communiqué are considered as “impaired receivables” without considering refinancing or addition of the accrued interest and quasi-interest principal amount.

The Bank provides specific reserves to Group III, IV and V loans in accordance with “Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside”.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### III. Explanations Related to Credit Risk (continued)

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.

In accordance with the Standard Approach, 0% risk weight is used in the calculation of the amount subject to credit risk for FC receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511.

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types for the relevant period:

<b>Exposure Classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount (*, **)</b>
Conditional and unconditional receivables from central governments or central banks	1,463,903	1,170,303
Conditional and unconditional receivables from regional or local governments	439,202	646,905
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,345,679	5,572,903
Conditional and unconditional corporate receivables	79,242,939	80,162,767
Conditional and unconditional retail receivables	37,135,258	39,135,056
Conditional and unconditional secured mortgage receivables	7,191,704	7,236,452
Past due receivables	592,650	819,267
Receivables defined in high-risk category by BRSA	42,023,046	19,599,650
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	5,706,231	2,984,584
Investments in equities	369,867	309,389

(\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(\*\*) Average risk amount is calculated by taking the arithmetic average of balances on quarterly prepared to the end of the month.

<b>Exposure Classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount (*, **)</b>
Conditional and unconditional receivables from central governments or central banks	886,394	759,651
Conditional and unconditional receivables from regional or local governments	589,273	595,609
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,354,826	3,138,950
Conditional and unconditional corporate receivables	49,782,696	45,521,373
Conditional and unconditional retail receivables	43,495,769	33,359,322
Conditional and unconditional secured mortgage receivables	6,032,057	6,388,714
Past due receivables	949,063	1,015,799
Receivables defined in high-risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	1,564,097	1,620,677
Investments in equities	233,551	206,377

(\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(\*\*) Average risk amount is calculated by taking the arithmetic average of balances prepared to the end of the month.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

For the positions of the Bank in terms of forward transactions and other similar contracts, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and proceeds related to forward transactions can be realized at maturity. However, in order to minimize the risk, back-to-back positions of existing risks are entered into the market due to necessity.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the loans and other receivables, which are restructured from loans and rescheduled, are not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are considered to be not material to the financial structure of the Bank.

The Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of 31 December 2022, the receivables of the Bank from its top 100 and top 200 cash loan share in total cash loans are respectively 29.80% and 38.85% (31 December 2021: 26.19% and 34.60%).

As of 31 December 2022, the receivables of the Bank from its top 100 and top 200 non-cash loan share are 72.37% and 81.70% respectively in the total non-cash loans (31 December 2021: 76.05% and 85.98%).

As of 31 December 2022, the share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan customers in total balance sheet and off-balance sheet assets is 9.75% and 12.70%, respectively (31 December 2021: 9.43% and 12.27%).

As of 31 December 2022, the general loan loss provision related with the credit risk taken by the Bank is TL 3,753,968 (31 December 2021: TL 2,117,698).

### Credit Rating System

Credit risk is evaluated according to the internal rating system of the Bank, which is linked to the rating scale, and loans are classified from the best rating to the lowest rating according to the probability of default. As of 31 December 2022, Retail, Business and Agricultural Banking loans are excluded from the internal rating system of the Bank and these loans constitute 25.53% of the total cash and non-cash loan portfolio (31 December 2021: 27.12%). Application and behavioral scorecards are used for the Individual and Business segments, however behavioral scorecard is used for the Agricultural segment.

The risks that are subject to rating models can be allocated as follows:

Category	Description of Category	Share in the	Share in the
		Total % 31.12.2022	Total % 31.12.2021
1 <sup>st</sup> Category	The borrower has a very strong financial structure	55.20	53.82
2 <sup>nd</sup> Category	The borrower has a good financial structure	34.28	21.35
3 <sup>rd</sup> Category	The borrower has an intermediate level of financial structure	7.77	19.12
4 <sup>th</sup> Category	The financial structure of the borrower must be closely monitored in the medium term	2.75	5.71
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Profile of Significant Exposures in Major Regions:

	Exposure Categories (***)																Investments in equities	Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others			
<b>Current Period</b>																			
Domestic	149,252	437,399	-	-	-	3,468,819	57,855,226	32,392,034	6,414,530	555,695	41,901,462	-	-	-	-	5,562,367	369,867	149,106,651	
European Union Countries	-	-	-	-	-	267,714	161	11,669	1,130	28	1,381	-	-	-	-	278	-	282,361	
OECD Countries(*)	-	-	-	-	-	149,828	-	1,500	19	29	618	-	-	-	-	1,155	-	153,149	
Off-Shore Banking Regions	-	-	-	-	-	14	-	39	12	-	-	-	-	-	-	-	-	65	
USA, Canada	-	-	-	-	-	388,804	175	1,470	103	45	118	-	-	-	-	-	-	390,715	
Other Countries	1,314,651	-	-	-	-	50,349	482,102	84,377	71,466	3,565	119,467	-	-	-	-	25,315	-	2,151,292	
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated Assets/ Liabilities (**)	-	1,803	-	-	-	1,020,151	20,905,275	4,644,169	704,444	33,288	-	-	-	-	-	1,075	-	27,310,205	
<b>Total</b>	<b>1,463,903</b>	<b>439,202</b>	-	-	-	<b>5,345,679</b>	<b>79,242,939</b>	<b>37,135,258</b>	<b>7,191,704</b>	<b>592,650</b>	<b>42,023,046</b>	-	-	-	-	<b>5,706,231</b>	<b>369,867</b>	<b>179,510,479</b>	

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Profile of Significant Exposures in Major Regions: (continued)

	Exposure Categories (***)																	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
<b>Prior Period</b>																		
Domestic	116,446	587,178	-	-	-	2,204,547	36,309,208	40,053,206	5,646,401	858,578	-	-	-	-	-	1,432,310	233,551	87,441,425
European Union Countries	-	-	-	-	-	392,812	247	9,054	1,983	1,197	-	-	-	-	-	145	-	405,438
OECD Countries(*)	-	-	-	-	-	323,260	-	1,267	80	5	-	-	-	-	-	418	-	325,030
Off-Shore Banking Regions	-	-	-	-	-	11	-	43	-	-	-	-	-	-	-	-	-	54
USA, Canada	-	-	-	-	-	434,765	-	1,527	128	61	-	-	-	-	-	-	-	436,481
Other Countries	769,948	-	-	-	-	34,560	168,345	114,487	51,819	16,722	-	-	-	-	-	12,281	-	1,168,162
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,041	-	116,041
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities (**)	-	2,095	-	-	-	964,871	13,304,896	3,316,185	331,646	72,500	-	-	-	-	-	2,902	-	17,995,095
<b>Total</b>	<b>886,394</b>	<b>589,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,354,826</b>	<b>49,782,696</b>	<b>43,495,769</b>	<b>6,032,057</b>	<b>949,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,564,097</b>	<b>233,551</b>	<b>107,887,726</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Risk profile by Sectors or Counterparties:

Exposure Categories (**)																					
Current Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL (*)	FC	Total	
Agriculture	-	-	-	-	-	-	588,419	712,023	235,033	43,252	771,794	-	-	-	-	-	-	-	2,028,385	322,136	2,350,521
Farming and Stockbreeding	-	-	-	-	-	-	311,164	704,202	234,720	42,785	771,794	-	-	-	-	-	-	-	2,015,071	49,594	2,064,665
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	277,255	7,821	313	467	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	51,355,135	7,590,674	2,704,201	82,805	10,488,896	-	-	-	-	5	-	-	48,349,606	23,872,110	72,221,716
Mining and Quarrying	-	-	-	-	-	-	2,928,684	317,748	75,173	4,292	75,347	-	-	-	-	-	-	-	1,675,200	1,726,044	3,401,244
Production	-	-	-	-	-	-	46,509,141	7,235,659	2,351,492	75,737	10,251,137	-	-	-	-	5	-	-	45,277,132	21,146,039	66,423,171
Electricity, Gas and Water	-	-	-	-	-	-	1,917,310	37,267	277,536	2,776	162,412	-	-	-	-	-	-	-	1,397,274	1,000,027	2,397,301
Construction	-	-	-	-	-	-	4,070,989	918,640	300,473	112,081	92,325	-	-	-	-	-	-	-	2,549,653	2,944,855	5,494,508
Services	1,463,903	439,202	-	-	-	5,345,679	21,097,604	8,832,669	3,172,913	195,614	4,578,822	-	-	-	-	5,706,005	369,867	34,189,346	17,012,932	51,202,278	
Wholesale and Retail Trade	-	15,060	-	-	-	-	7,479,109	4,609,448	975,323	68,956	2,454,168	-	-	-	-	12	-	-	12,190,024	3,412,052	15,602,076
Accommodation and Dining	-	-	-	-	-	-	378,111	552,655	842,516	45,254	14,720	-	-	-	-	9	-	-	1,095,371	737,894	1,833,265
Transportation and Telecom.	-	-	-	-	-	-	4,465,411	1,957,587	487,661	24,488	596,686	-	-	-	-	2	-	-	3,885,323	3,646,512	7,531,835
Financial Institutions	1,463,903	-	-	-	-	5,345,679	2,711,604	79,051	113,337	801	5,299	-	-	-	-	5,705,724	369,867	11,039,820	4,755,445	15,795,265	
Real Estate and Rental Services	-	-	-	-	-	-	4,821,785	1,121,257	536,455	46,786	443,946	-	-	-	-	87	-	-	3,301,898	3,668,418	6,970,316
Self-Employment Services	-	-	-	-	-	-	1,158,229	459,194	214,123	9,241	35,003	-	-	-	-	-	-	-	1,083,505	792,285	1,875,790
Educational Services	-	-	-	-	-	-	6,605	49,594	3,438	85	146	-	-	-	-	150	-	-	59,746	272	60,018
Health and Social Services	-	424,142	-	-	-	-	76,750	3,883	60	3	1,028,854	-	-	-	-	21	-	-	1,533,659	54	1,533,713
Other	-	-	-	-	-	-	2,130,792	19,081,252	779,084	158,898	26,091,209	-	-	-	-	221	-	-	47,759,804	481,652	48,241,456
<b>Total</b>	<b>1,463,903</b>	<b>439,202</b>	-	-	-	<b>5,345,679</b>	<b>79,242,939</b>	<b>37,135,258</b>	<b>7,191,704</b>	<b>592,650</b>	<b>42,023,046</b>	-	-	-	-	<b>5,706,231</b>	<b>369,867</b>	<b>134,876,794</b>	<b>44,633,685</b>	<b>179,510,479</b>	

(\*) Foreign Currency indexed credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Risk profile by Sectors or Counterparties: (continued)

Prior Period	Exposure Categories (**)																	Investments in equities	TL (*)	FC	Total		
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others							
Agriculture	-	-	-	-	-	-	360,600	534,288	204,240	64,865	-	-	-	-	-	-	-	-	-	984,356	179,637	1,163,993	
Farming and Stockbreeding	-	-	-	-	-	-	354,485	526,440	203,945	64,408	-	-	-	-	-	-	-	-	-	971,858	177,420	1,149,278	
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fishery	-	-	-	-	-	-	6,115	7,848	295	457	-	-	-	-	-	-	-	-	-	12,498	2,217	14,715	
Manufacturing	-	-	-	-	-	-	32,549,138	7,192,204	2,096,117	240,097	-	-	-	-	-	-	-	-	-	23,265,887	18,811,669	42,077,556	
Mining and Quarrying	-	-	-	-	-	-	1,717,910	299,214	65,757	9,890	-	-	-	-	-	-	-	-	-	1,335,640	757,131	2,092,771	
Production	-	-	-	-	-	-	29,051,517	6,859,174	1,761,171	225,924	-	-	-	-	-	-	-	-	-	20,750,995	17,146,791	37,897,786	
Electricity, Gas and Water	-	-	-	-	-	-	1,779,711	33,816	269,189	4,283	-	-	-	-	-	-	-	-	-	1,179,252	907,747	2,086,999	
Construction	-	-	-	-	-	-	3,038,191	832,160	173,420	201,763	-	-	-	-	-	-	-	-	-	1,983,404	2,262,131	4,245,535	
Services	886,394	589,273	-	-	-	-	13,495,959	7,557,452	2,516,744	366,622	-	-	-	-	-	-	-	-	1,563,853	233,551	19,737,422	11,827,252	31,564,674
Wholesale and Retail Trade	-	18,864	-	-	-	-	5,060,756	3,866,784	915,604	148,828	-	-	-	-	-	-	-	-	-	15	8,024,839	1,986,012	10,010,851
Accommodation and Dining	-	-	-	-	-	-	791,295	488,028	694,662	52,424	-	-	-	-	-	-	-	-	-	2	900,791	1,125,620	2,026,411
Transportation and Telecom.	-	-	-	-	-	-	2,080,440	1,595,598	349,400	52,086	-	-	-	-	-	-	-	-	-	20	2,819,707	1,257,837	4,077,544
Financial Institutions	886,394	-	-	-	-	-	2,032,812	84,890	94,748	5,120	-	-	-	-	-	-	-	-	1,563,577	233,551	4,648,845	4,607,073	9,255,918
Real Estate and Rental Services	-	-	-	-	-	-	2,799,445	1,050,457	352,517	88,026	-	-	-	-	-	-	-	-	155	1,967,799	2,322,801	4,290,600	
Self-Employment Services	-	-	-	-	-	-	692,050	424,839	107,831	12,280	-	-	-	-	-	-	-	-	-	709,360	527,640	1,237,000	
Educational Services	-	-	-	-	-	-	6,242	42,307	1,699	7,842	-	-	-	-	-	-	-	-	-	45	57,938	197	58,135
Health and Social Services	-	570,409	-	-	-	-	32,919	4,549	283	16	-	-	-	-	-	-	-	-	-	39	608,143	72	608,215
Other	-	-	-	-	-	-	338,808	27,379,665	1,041,536	75,716	-	-	-	-	-	-	-	-	-	243	28,532,210	303,758	28,835,968
<b>Total</b>	<b>886,394</b>	<b>589,273</b>	-	-	-	-	<b>4,354,826</b>	<b>49,782,696</b>	<b>43,495,769</b>	<b>6,032,057</b>	<b>949,063</b>	-	-	-	-	-	-	-	<b>1,564,097</b>	<b>233,551</b>	<b>74,503,279</b>	<b>33,384,447</b>	<b>107,887,726</b>

(\*) Foreign Currency indexed credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Analysis of Maturity-Bearing Exposures According to Remaining Maturities:

Current Period Exposure Categories	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional exposures to central governments or central banks	1,463,903	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	1,596	5,745	4,175	112,250	313,539
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,571,861	779,678	567,668	160,873	238,563
Conditional and unconditional exposures to corporates	5,585,285	14,972,902	6,919,415	17,449,533	13,397,568
Conditional and unconditional retail exposures	12,780,116	1,529,201	3,377,050	7,638,805	7,157,759
Conditional and unconditional exposures secured by real estate property	227,276	602,021	793,502	1,562,971	3,330,044
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	-	-	-	2,770,687	39,252,358
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	19,336	-	-	-	-
Investments in equities	331,051	-	-	38,816	-
<b>Total</b>	<b>21,980,424</b>	<b>17,889,547</b>	<b>11,661,810</b>	<b>29,733,935</b>	<b>63,689,831</b>

Prior Period Exposure classifications	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over a Year
Conditional and unconditional exposures to central governments or central banks	886,394	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	688	5,527	8,645	44,394	527,873
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	2,100,781	110,798	526,541	74,515	25,368
Conditional and unconditional exposures to corporates	3,734,787	5,849,527	6,184,435	12,119,485	8,582,615
Conditional and unconditional retail exposures	7,615,661	1,566,326	2,507,550	5,258,143	23,225,464
Conditional and unconditional exposures secured by real estate property	321,453	286,254	456,215	896,743	3,739,373
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	14,967	-	-	-	-
Investments in equities	225,155	-	-	8,396	-
<b>Total</b>	<b>14,899,886</b>	<b>7,818,432</b>	<b>9,683,386</b>	<b>18,401,676</b>	<b>36,100,693</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Information About the Risk Exposure Categories:

The credit rating of Fitch Ratings International Rating Agency is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk weight is used for receivables from non-rated banks and intermediary agencies with a maturity period of 3 months or less, and 50% risk weight is used for receivables with a maturity period of more than 3 months, and the risk weight used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)’s are presented below:

Credit Quality Level	Fitch Ratings Long-Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables(*)
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA to AA-	0%	20%	50%	100%
2	A+ to A-	20%	20%	50%	100%
3	BBB+ to BBB-	50%	50%	50%	100%
4	BB+ to BB-	100%	100%	100%	100%
5	B+ to B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

(\*) In accordance with the Board Decisions numbered 10188 dated 28 April 2022 and numbered 10265 dated 7 July 2022, 200% and 500% risk weights are applied to Corporate Receivables.

#### Exposures by risk weights:

##### Current Period

Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	500%	Deductions from Equity
Exposures before Credit Risk Mitigation	81,064,875	-	8,980,653	-	4,308,592	15,055,848	40,235,889	91,905,546	17,187,471	7,783,236	-	148,740	922,636
Exposures after Credit Risk Mitigation	82,566,973	-	9,150,093	-	4,308,592	15,477,553	38,455,876	89,042,075	17,191,354	7,783,236	-	148,740	922,636

##### Prior Period

Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	500%	Deductions from Equity
Exposures before Credit Risk Mitigation	48,767,263	-	10,186,927	-	4,193,761	12,198,275	40,133,296	54,154,328	7,999,452	-	-	-	650,581
Exposures after Credit Risk Mitigation	49,063,835	-	9,560,013	-	4,193,761	11,533,535	38,823,247	51,921,725	7,991,594	-	-	-	650,581

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Information in Terms of Major Sectors and Type of Counterparties:

Current Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit Loss Provision (TFRS 9)
	Significant Increase in Credit Risk (Stage II)	Credit- Impaired Losses (Stage III)	
<b>Major Sectors / Counterparties</b>			
Agriculture	51,954	93,494	59,406
Farming and Stockbreeding	51,828	89,091	56,490
Forestry	-	1,832	1,158
Fishery	126	2,571	1,758
Manufacturing	2,054,591	287,362	544,148
Mining and Quarrying	33,962	8,303	8,572
Production	2,018,226	270,548	530,003
Electricity, Gas and Water	2,403	8,511	5,573
Services	2,529,638	1,118,310	1,333,865
Wholesale and Retail Trade	591,197	588,531	458,638
Accommodation and Dining	1,055,013	109,604	322,890
Transportation and Telecom.	262,237	42,098	76,362
Financial Institutions	235,113	6,141	177,101
Real Estate and Rental Services	353,689	272,980	214,551
Self Employed Services	25,573	40,345	34,779
Educational Services	4,833	8,583	6,040
Health and Social Services	1,983	50,028	43,504
Other	6,716,459	1,126,726	2,373,526
<b>Total</b>	<b>11,352,642</b>	<b>2,625,892</b>	<b>4,310,945</b>

Prior Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit Loss Provision (TFRS 9)
	Significant Increase in Credit Risk (Stage II)	Credit- Impaired Losses (Stage III)	
<b>Major Sectors / Counterparties</b>			
Agriculture	90,568	166,200	105,551
Farming and Stockbreeding	90,246	159,100	100,949
Forestry	-	2,800	1,500
Fishery	322	4,300	3,102
Manufacturing	1,685,727	530,600	698,868
Mining and Quarrying	44,245	14,800	15,091
Production	1,634,558	504,100	675,587
Electricity, Gas and Water	6,924	11,700	8,190
Services	2,269,449	1,834,000	1,833,109
Wholesale and Retail Trade	489,456	995,300	746,028
Accommodation and Dining	843,615	122,000	277,874
Transportation and Telecom.	293,586	77,400	93,599
Financial Institutions	209,805	9,600	173,371
Real Estate and Rental Services	357,297	406,100	375,933
Self Employed Services	40,199	113,000	81,815
Educational Services	3,444	24,500	13,689
Health and Social Services	32,047	86,100	70,800
Other	5,638,195	794,582	973,741
<b>Total</b>	<b>9,683,939</b>	<b>3,325,382</b>	<b>3,611,269</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations Related to Credit Risk (continued)

#### Information about Value Adjustment and Change in Provisions

	31.12.2021 Balance	Provision for Period	Provision Reversals	Written off from Asset	Other Adjustments (*)	31.12.2022 Balance
Default (Stage III) Expected Credit Loss (Stage I-II)	2,303,806	1,101,583	(641,285)	(757,322)	19,193	2,025,975
	2,117,698	2,058,272	(736,307)	-	314,305	3,753,968

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company.

	31.12.2020 Balance	Provision for the Period	Provision Reversal	Written off from Asset	Other Adjustments (*)	31.12.2021 Balance
Default (Stage III) Expected Credit Loss (Stage I-II)	2,381,897	554,833	(314,824)	(349,374)	31,274	2,303,806
	1,996,558	533,222	(804,640)	-	392,558	2,117,698

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company.

### III. Risks Involved in Counter-Cyclical Capital Buffer Calculation

#### Current Period

Countries where the risk ultimately taken	Private sector loans in banking accounts	Risk weighted amounts calculated in trading accounts	Total
Turkey	164,406,619	2,898,511	167,305,130
TRNC	648,735	-	648,735
Egypt	156,927	-	156,927
Switzerland	7,549	-	7,549
Germany	5,085	-	5,085
England	3,600	-	3,600
United Arab Emirates	2,532	-	2,532
Other	19,963	-	19,963
	<b>165,251,010</b>	<b>2,898,511</b>	<b>168,149,521</b>

#### Prior Period

Countries where the risk ultimately taken	Private sector loans in banking accounts	Risk weighted amounts calculated in trading accounts	Total
Turkey	97,009,182	1,263,046	98,272,228
England	347,812	-	347,812
TRNC	346,827	-	346,827
Germany	4,213	-	4,213
France	1,567	-	1,567
Israel	1,320	-	1,320
USA	1,249	-	1,249
Other	10,568	-	10,568
	<b>97,722,738</b>	<b>1,263,046</b>	<b>98,985,784</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### IV. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that the Bank is subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and risk is calculated by using the standard method.

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

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

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

As of 31 December 2022, the Bank's balance sheet short position is TL 10,826,155 (31 December 2021: TL 24,020,137 short position) off-balance sheet long position is TL 6,325,402 (31 December 2021: TL 23,747,791 long position) and as a result net foreign currency short position is TL 4,500,753 (31 December 2021: net TL 272,346 short position).

The announced current foreign exchange buying rates of the Bank at 31 December 2022 and the previous five working days in full TL are as follows:

	26.12.2022	27.12.2022	28.12.2022	29.12.2022	30.12.2022	31.12.2022
USD	18.5577	18.6183	18.6223	18.6278	18.6010	18.6010
EURO	19.7212	19.7615	19.8235	19.8386	19.8399	19.8399

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2022 are as follows:

	Monthly Average Foreign Buying Rate
USD	18.5605
EURO	19.6455

### Information on the foreign currency risk of the Bank:

The Bank is exposed to foreign currency risk in large amounts in EURO and USD.

The table below shows the Bank's sensitivity to a 10% change in USD and EURO rates. The rate of 10% used is the rate used to report the currency risk to the senior management within the Bank, and this rate represents the possible change expected by the management in exchange rates. 10% depreciation of USD and EURO against TL affects profit and equity amounts positively in the case of a short position and negatively in the case of a long position.

Change in FX Rate (%)		Effect on Profit / Loss	Effect on Equity (*)
		31 December 2022	31 December 2022
USD	10 increase	107,311	(2,504)
USD	10 decrease	(107,311)	2,504
EURO	10 increase	(14,020)	6,272
EURO	10 decrease	14,020	(6,272)

  

Change in FX Rate (%)		Effect on Profit / Loss	Effect on Equity (*)
		31 December 2021	31 December 2021
USD	10 increase	46,648	(11,283)
USD	10 decrease	(46,648)	11,283
EURO	10 increase	7,278	(6,317)
EURO	10 decrease	(7,278)	6,317

(\*) The effect on equity does not include the effect of the change in exchange rates on the income statement.

The sensitivity of the Bank to the changes in the exchange rates did not change significantly in the current period. Opening or closing positions in line with market expectations may increase the sensitivity to changes in the period's exchange rates.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### IV. Explanations Related to Currency Risk (continued)

#### Information on the Bank's currency risk:

The table below shows the Bank's distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Bank also monitors the delta-adjusted position of the option transactions. As of 31 December 2022, there is a net long position of TL 1,472,842 in USD and a net long position of TL 117,453 in EURO.

Current Period	EURO	USD	Other FC	Total
<b>Assets</b>				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey <sup>(1)</sup>	12,445,173	19,063,318	5,114,911	36,623,402
Banks <sup>(2)</sup>	1,291,936	650,602	4,203,295	6,145,833
Financial Assets at Fair Value Through Profit or Loss	74,443	467,196	-	541,639
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,491,046	1,522,104	49,335	3,062,485
Loans <sup>(3)</sup>	27,266,757	5,888,921	1,423,477	34,579,155
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortised Cost <sup>(4)</sup>	3,664,924	5,944,828	-	9,609,752
Derivative Financial Assets for Hedging Purposes <sup>(5)</sup>	168,148	140,016	-	308,164
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets <sup>(6)</sup>	141,020	25,875	11,144	178,039
<b>Total Assets</b>	<b>46,543,447</b>	<b>33,702,860</b>	<b>10,802,162</b>	<b>91,048,469</b>
<b>Liabilities</b>				
Bank Deposits	703	-	50	753
Foreign Currency Deposits <sup>(7)</sup>	23,343,513	34,838,906	13,523,488	71,705,907
Money Market Funds	5,706,506	1,084,154	-	6,790,660
Funds Provided from Other Financial Institutions	10,749,200	9,495,079	-	20,244,279
Securities Issued	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities <sup>(8)</sup>	2,518,490	593,863	20,672	3,133,025
<b>Total Liabilities</b>	<b>42,318,412</b>	<b>46,012,002</b>	<b>13,544,210</b>	<b>101,874,624</b>
<b>Net Balance Sheet Position</b>	<b>4,225,035</b>	<b>(12,309,142)</b>	<b>(2,742,048)</b>	<b>(10,826,155)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(5,220,634)</b>	<b>9,769,785</b>	<b>1,776,251</b>	<b>6,325,402</b>
Financial Derivative Assets <sup>(9)</sup>	32,515,163	58,915,548	8,465,255	99,895,966
Financial Derivative Liabilities <sup>(9)</sup>	37,735,797	49,145,763	6,689,004	93,570,564
Non-Cash Loans <sup>(10)</sup>	17,515,996	19,249,329	4,549,939	41,315,264
<b>Prior Period</b>				
Total Assets	37,859,481	36,608,764	8,267,299	82,735,544
Total Liabilities	45,945,145	49,401,428	11,409,108	106,755,681
Net Balance Sheet Position	(8,085,664)	(12,792,664)	(3,141,809)	(24,020,137)
Net Off-Balance Sheet Position	7,665,448	13,045,910	3,036,433	23,747,791
Financial Derivative Assets <sup>(9)</sup>	30,271,685	44,317,120	4,830,894	79,419,699
Financial Derivative Liabilities <sup>(9)</sup>	22,606,237	31,271,210	1,794,461	55,671,908
Non-Cash Loans <sup>(10)</sup>	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 TL 5,950 (31 December 2021: TL 4,982) includes the balances of expected credit losses.

(2) The banks include TL 17,100 (31 December 2021: TL 22,153) of expected credit loss provisions.

(3) Foreign currency indexed loans amounting to TL 59,195 (31 December 2021: TL 173,195) are included in the loan portfolio. It includes TL 1,364,418 (31 December 2021: TL 814,077) amounting to expected credit loss.

(4) Financial assets at amortised cost includes expected credit loss amounting to TL 2,163 (31 December 2021: TL 1,839).

(5) There are no derivative financial transaction rediscount income deducted from the derivative financial assets line for hedging purposes. (31 December 2021: None).

(6) TL 711,819 (31 December 2021: TL 312,610) income accruals from derivative financial instruments are deducted from other assets.

(7) Precious metal accounts amounting to TL 9,500,243 (31 December 2021: TL 7,954,654) are included in the foreign currency deposits.

(8) TL 529,899 (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 2,836,459 (31 December 2021: TL 3,118,150) are added to derivative financial assets and TL 2,213,443 (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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### V. Explanations Related to Interest Rate Risk

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

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

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

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

The Bank carries interest rate risk within the legal and internal limits and manages the interest rate risk in accordance 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 <sup>(1)</sup>	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey <sup>(2)</sup>	-	-	-	-	-	43,832,308	43,832,308
Banks <sup>(3)</sup>	4,370,957	-	-	-	-	4,564,430	8,935,387
Financial Assets at Fair Value Through Profit or Loss	1,866,362	817,219	126,562	152,208	49,451	416,777	3,428,579
Money Market Placements <sup>(4)</sup>	7,604,278	-	-	-	-	(589)	7,603,689
Financial Assets at Fair Value Through Other Comprehensive Income	2,220,139	2,111,220	1,749,845	2,288,787	-	49,313	8,419,304
Loans <sup>(5)</sup>	21,194,070	23,869,279	60,396,829	40,236,470	1,010,386	(2,419,589)	144,287,445
Financial Assets Measured at Amortised Cost <sup>(6)</sup>	1,483,985	4,986,368	16,807,897	11,498,454	5,679,232	(9,103)	40,446,833
Other Assets	489,699	20,932	1,241,866	1,347,759	473,153	14,620,462	18,193,871
<b>Total Assets</b>	<b>39,229,490</b>	<b>31,805,018</b>	<b>80,322,999</b>	<b>55,523,678</b>	<b>7,212,222</b>	<b>61,054,009</b>	<b>275,147,416</b>
<b>Liabilities</b>							
Bank Deposits	1,597,800	-	-	-	-	185,513	1,783,313
Other Deposits	83,467,701	34,885,992	6,979,900	46,388	-	73,227,757	198,607,738
Money Market Funds	2,500,718	3,198,340	1,091,602	-	-	-	6,790,660
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2,561,406	7,301,949	7,051,082	-	3,967,195	-	20,881,632
Other Liabilities	77,357	500,838	1,625,088	484,261	55,727	44,340,802	47,084,073
<b>Total Liabilities</b>	<b>90,204,982</b>	<b>45,887,119</b>	<b>16,747,672</b>	<b>530,649</b>	<b>4,022,922</b>	<b>117,754,072</b>	<b>275,147,416</b>
Balance Sheet Long Position	-	-	63,575,327	54,993,029	3,189,300	-	121,757,656
Balance Sheet Short Position	(50,975,492)	(14,082,101)	-	-	-	(56,700,063)	(121,757,656)
Off-Balance Sheet Long Position	5,489,816	8,170,094	-	-	32,304	-	13,692,214
Off-Balance Sheet Short Position	-	-	(8,668,203)	(4,384,572)	-	-	(13,052,775)
<b>Total Position</b>	<b>(45,485,676)</b>	<b>(5,912,007)</b>	<b>54,907,124</b>	<b>50,608,457</b>	<b>3,221,604</b>	<b>(56,700,063)</b>	<b>639,439</b>

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

<sup>(2)</sup> Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey include expected loss provisions amounting of TL 7,403.

<sup>(3)</sup> The banks include TL 28,900 of expected loss provisions.

<sup>(4)</sup> Money Market Placement includes expected loss provisions balance amounting to TL 589.

<sup>(5)</sup> The revolving loans amounting to TL 11,454,165 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 5,045,481.

<sup>(6)</sup> Financial assets at amortised cost includes expected credit loss amounting to TL 9,103.

The other assets line in the non-interest-bearing column consists of tangible assets amounting to TL 1,251,721 intangible assets amounting to TL 882,517, subsidiaries amounting to TL 116,036 and entities under common control joint venture amounting to TL 5, assets held for sale amounting to TL 100,370 while the other liabilities line includes the shareholders’ equity of TL 25,341,172.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### V. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing <sup>(1)</sup>	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey <sup>(2)</sup>	22,959,105	-	-	-	-	12,826,030	35,785,135
Banks <sup>(3)</sup>	6,570,302	-	-	-	-	4,986,490	11,556,792
Financial Assets at Fair Value Through Profit or Loss	252,946	718,169	619,019	805,158	96,136	302,359	2,793,787
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	502,497	476,140	1,672,084	4,511,113	-	13,250	7,175,084
Loans <sup>(4)</sup>	30,270,588	12,019,328	35,157,117	25,756,608	1,293,973	(714,613)	103,783,001
Financial Assets Measured at Amortised Cost <sup>(5)</sup>	663,358	576,192	10,699,178	7,571,596	41,376	(4,399)	19,547,301
Other Assets	6,052	45,500	1,663,129	1,698,491	285,616	9,717,134	13,415,922
<b>Total Assets</b>	<b>61,224,848</b>	<b>13,835,329</b>	<b>49,810,527</b>	<b>40,342,966</b>	<b>1,717,101</b>	<b>27,126,251</b>	<b>194,057,022</b>
<b>Liabilities</b>							
Bank Deposits	1,962,166	-	-	-	-	37,570	1,999,736
Other Deposits	60,696,336	10,374,268	287,263	1,378	-	58,480,268	129,839,513
Money Market Funds	4,679,049	2,575,838	1,586,822	-	-	-	8,841,709
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,049,232	145,293	-	-	-	-	1,194,525
Funds Provided from Other Financial Institutions	3,546,147	11,544,778	4,888,330	-	2,857,546	-	22,836,801
Other Liabilities	147,226	538,774	177,900	1,318,413	51,968	27,110,457	29,344,738
<b>Total Liabilities</b>	<b>72,080,156</b>	<b>25,178,951</b>	<b>6,940,315</b>	<b>1,319,791</b>	<b>2,909,514</b>	<b>85,628,295</b>	<b>194,057,022</b>
Balance Sheet Long Position	-	-	42,870,212	39,023,175	-	-	81,893,387
Balance Sheet Short Position	(10,855,308)	(11,343,622)	-	-	(1,192,413)	(58,502,044)	(81,893,387)
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)
<b>Total Position</b>	<b>(5,816,140)</b>	<b>(340,420)</b>	<b>30,626,718</b>	<b>36,918,489</b>	<b>(1,426,109)</b>	<b>(58,502,044)</b>	<b>1,460,494</b>

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

<sup>(2)</sup> Cash Balances (Cash, Effective Deposit, Money in transit, Cheques Purchased) and the Central Bank of Turkey include expected loss provisions amounting of TL 6,160.

<sup>(3)</sup> The banks include TL 23,547 of expected loss provisions.

<sup>(4)</sup> 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 4,039,995.

<sup>(5)</sup> Financial assets at amortised cost includes expected credit loss amounting to TL 4,399.

The other assets line in the non-interest-bearing column consists of tangible assets amounting to TL 915,504, intangible assets amounting to TL 601,609, subsidiaries amounting to TL 116,036 and entities under common control joint venture amounting to TL 5, assets held for sale amounting to TL 65,933 while other liabilities line includes the shareholders’ equity of TL 13,617,819.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### V. Explanations Related to Interest Rate Risk (continued)

#### Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
<b>Current Period</b>				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey	-	-	-	-
Banks	1.75	4.25	-	10.05
Financial Assets at Fair Value Through Profit or Loss	5.01	7.71	-	11.41
Money Market Placements	-	-	-	10.27
Financial Assets at Fair Value Through Other Comprehensive Income	2.71	3.50	-	36.20
Loans	4.60	7.75	5.65	19.76
Financial Assets Measured at Amortised Cost	3.16	5.18	-	42.86
Liabilities				
Bank Deposits	-	-	-	3.74
Other Deposits	0.70	3.02	-	17.96
Money Market Funds	1.88	3.00	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	6.75	7.65	-	19.39
	<b>EURO %</b>	<b>USD %</b>	<b>YEN %</b>	<b>TL %</b>
<b>Prior Period</b>				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey	-	-	-	8.50
Banks	(0.70)	0.05	-	14.06
Financial Assets at Fair Value Through Profit or Loss	3.36	5.24	-	20.14
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.70	3.84	-	17.48
Loans	2.82	3.36	5.45	20.00
Financial Assets Measured at Amortised Cost	3.16	5.46	-	27.53
Liabilities				
Bank Deposits	-	-	-	10.37
Other Deposits	0.11	0.32	-	17.41
Money Market Funds	1.04	-	-	14.00
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	16.59
Funds Provided from Other Financial Institutions	1.98	4.89	-	15.82

#### Interest rate risk arising from banking accounts:

- a) Significant assumptions and frequency of measurement of interest rate risk, including the nature of interest rate risk arising from banking accounts and those related to the movement of deposits other than loan early repayments and time deposits:

Interest rate risk arising from banking accounts is monitored through different scenarios, and the interest risk exposed by presenting the results to the relevant committees is evaluated from different perspectives. There is a limit determined by the Board of Directors regarding the risk amount. It is taken care to ensure a certain harmony between assets and liabilities on the basis of currency, taking into account the market expectations of the bank.

Early repayment rates of loans were determined by examining the historic reaction of housing loans to interest movements in the previous periods. By analysing the movements of demand deposits on the basis of branches and accounts, it has been determined the duration of demand deposits that remain in the Bank on account basis. Assumptions accepted in parallel with the results reached are reflected in the above-mentioned products in interest rate sensitivity calculations.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### V. Explanations Related to Interest Rate Risk (continued)

#### Interest rate risk arising from banking accounts: (continued)

- b) Economic value differences arising from fluctuations in interest rates in accordance with the “Regulation on Measurement and Evaluation of Interest Rate Risk Arising from Banking Accounts by Standard Shock Method”:

Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/ Equity
TL	(400)	1,964,724	5.47%
TL	500	(2,133,523)	(5.94) %
EURO	(200)	346,055	0.96%
EURO	200	(323,842)	(0.90)%
USD	(200)	52,328	0.15%
USD	200	(48,091)	(0.13) %
<b>Total (Of negative shocks)</b>	<b>(800)</b>	<b>2,363,107</b>	<b>6.58%</b>
<b>Total (Of positive shocks)</b>	<b>900</b>	<b>(2,505,456)</b>	<b>(6.98)%</b>

### VI. Explanations Related to Certificates Share Position Risk from Banking Book:

Equity securities which are not publicly traded in the Bank’s financial statements are booked as their fair value, or otherwise booked as their cost value whereby fair value cannot be calculated properly.

The Bank has no shares traded on Borsa Istanbul.

### VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio

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

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

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

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

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

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

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

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

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

- d) Information on liquidity management based on currency which constituting at least five percent of the Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the Liquidity Coverage Ratio is calculated daily for Total 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.

- e) Information on liquidity risk mitigation techniques:

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

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

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

- f) Explanation on the usage of the stress test:

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

- g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine.

- Whether the liquidity problem is specific to the 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### Liquidity Coverage Ratio:

	Rate of Percentage to Be Taken into Account not Implemented Total Value (*)		Rate of Percentage to Be Taken into Account Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>Current Period – 31 December 2022</b>				
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			85,094,656	40,305,054
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	137,419,843	59,142,355	12,546,042	5,914,235
3 Stable Deposits	23,918,844	-	1,195,942	-
4 Less Stable Deposits	113,500,999	59,142,355	11,350,100	5,914,235
5 Unsecured Debts Other than Real person and Retail Deposits	63,920,679	29,122,940	36,871,281	14,593,965
6 Operational Deposits	1,589,348	338,183	397,337	84,546
7 Non-operational Deposits	53,250,938	24,788,342	28,433,796	10,814,353
8 Other Unsecured Funding	9,080,393	3,996,415	8,040,148	3,695,066
9 Secured Funding	-	-	-	-
10 Other Cash Outflows	2,258,023	10,237,534	2,258,023	10,237,534
11 Outflows Related to Derivative Exposures	2,258,023	10,237,534	2,258,023	10,237,534
12 Outflows Related to Restructured Financial Instruments	-	-	-	-
13 Payment Commitments and Other Off-balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14 Other Revocable Off-balance Sheet Commitments and Contractual Obligations	-	-	-	-
15 Other Irrevocable or Conditionally Revocable Off-balance Sheet Obligations	83,340,258	34,809,972	7,085,241	3,780,806
<b>16 Total Cash Outflows</b>			<b>58,760,587</b>	<b>34,526,540</b>
<b>Cash Inflows</b>				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	24,235,910	13,198,677	18,136,700	11,960,697
19 Other Cash Inflows	302,282	29,318,691	302,282	29,318,691
<b>20 Total Cash Inflows</b>	<b>24,538,192</b>	<b>42,517,368</b>	<b>18,438,982</b>	<b>41,279,388</b>
<b>21 Total High Quality Liquid Assets</b>			<b>85,094,656</b>	<b>40,305,054</b>
<b>22 Total Net Cash Outflows</b>			<b>40,321,605</b>	<b>8,631,635</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>211.04</b>	<b>466.95</b>

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

	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
<b>Prior Period – 31 December 2021</b>				
<b>High Quality Liquid Assets</b>				
1 High quality liquid assets			47,286,292	29,716,957
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	81,720,904	42,598,230	7,319,602	4,259,823
3 Stable Deposits	17,049,779	-	852,489	-
4 Less Stable Deposits	64,671,125	42,598,230	6,467,113	4,259,823
5 Unsecured Debts Other than Real Person and Retail Deposits	44,581,451	22,525,874	25,823,594	12,484,715
6 Operational Deposits	217,442	-	54,360	-
7 Non-operational Deposits	35,096,625	16,813,316	16,547,063	6,772,318
8 Other Unsecured Funding	9,267,384	5,712,558	9,222,171	5,712,397
9 Secured Funding	-	-	-	-
10 Other Cash Outflows	1,286,330	4,867,615	1,286,330	4,867,615
11 Outflows Related to Derivative Exposures	1,286,330	4,867,615	1,286,330	4,867,615
12 Outflows Related to Restructured Financial Instruments	-	-	-	-
13 Payment Commitments and Other Off-balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14 Other Revocable Off-balance Sheet Commitments and Contractual Obligations	-	-	-	-
15 Other Irrevocable or Conditionally Revocable Off-balance Sheet Obligations	44,271,920	17,702,242	3,521,975	1,773,047
<b>16 Total Cash Outflows</b>			<b>37,951,501</b>	<b>23,385,200</b>
<b>Cash Inflows</b>				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	16,559,885	9,715,410	12,819,913	8,976,337
19 Other Cash Inflows	561,220	12,279,927	561,220	12,279,927
<b>20 Total Cash Inflows</b>	<b>17,121,105</b>	<b>21,995,337</b>	<b>13,381,133</b>	<b>21,256,264</b>
<b>21 Total High Quality Liquid Assets Inventory</b>			<b>47,286,292</b>	<b>29,716,957</b>
<b>22 Total Net Cash Outflows</b>			<b>24,570,368</b>	<b>5,846,300</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>192.45</b>	<b>508.30</b>

(\*) 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 UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### Liquidity Coverage Ratio: (continued)

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

High quality liquid assets in order to their priority consist of the time accounts, bond portfolio, required reserve, 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. Proportional limits on product type are reported in relation to how much of the funding can be obtained from deposits, group funding, borrowings from banks and repo and other long-term sources.

Liquidity management of the subsidiaries subject to consolidation is carried out by the companies themselves. Although there is a consolidated reporting for the Liquidity Coverage Ratio, there is no centralized liquidity management. Finally, there is no significant cash inflow and cash outflow related to the liquidity profile of the Bank, which is included in the calculation of liquidity coverage ratio, but which is not included in the public disclosure template in the second paragraph of the related communiqué.

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

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest Week	191.09% 04.11.2022	391.37% 28.10.2022	153.36% 15.10.2021	400.72% 15.10.2021
Highest Week	241.34% 16.12.2022	538.11% 18.11.2022	236.00% 17.12.2021	564.43% 01.10.2021



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed <sup>(1)</sup>	Total
<b>Assets</b>								
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey <sup>(2)</sup>	17,776,014	26,063,697	-	-	-	-	(7,403)	43,832,308
Banks <sup>(3)</sup>	6,231,616	2,732,671	-	-	-	-	(28,900)	8,935,387
Financial Assets at Fair Value Through Profit and Loss	-	1,597,749	105,815	498,962	759,825	49,451	416,777	3,428,579
Money Market Placements <sup>(4)</sup>	-	7,604,278	-	-	-	-	(589)	7,603,689
Financial Assets at Fair Value Through Other Comprehensive Income	49,313	49,266	948,230	959,653	4,175,140	2,237,702	-	8,419,304
Loans Given <sup>(5)</sup>	-	18,960,045	23,871,183	60,493,918	42,371,502	1,010,386	(2,419,589)	144,287,445
Financial Assets Measured at Amortised Cost <sup>(6)</sup>	-	202,928	187,153	14,413,600	15,018,688	10,633,567	(9,103)	40,446,833
Other Assets	-	2,824,270	685,492	2,102,614	1,578,109	678,386	10,325,000	18,193,871
<b>Total Assets</b>	<b>24,056,943</b>	<b>60,034,904</b>	<b>25,797,873</b>	<b>78,468,747</b>	<b>63,903,264</b>	<b>14,609,492</b>	<b>8,276,193</b>	<b>275,147,416</b>
<b>Liabilities</b>								
Bank Deposits	185,513	1,597,800	-	-	-	-	-	1,783,313
Other Deposit	73,227,757	83,467,701	34,885,992	6,979,900	46,388	-	-	198,607,738
Funds Provided from Other Financial Institutions	-	443,123	1,657,312	9,055,804	17,175	9,708,218	-	20,881,632
Money Market Funds	-	2,500,718	3,198,340	1,091,602	-	-	-	6,790,660
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	12,892,672	646,107	3,230,910	1,186,589	427,872	28,699,923	47,084,073
<b>Total Liabilities</b>	<b>73,413,270</b>	<b>100,902,014</b>	<b>40,387,751</b>	<b>20,358,216</b>	<b>1,250,152</b>	<b>10,136,090</b>	<b>28,699,923</b>	<b>275,147,416</b>
<b>Liquidity Gap</b>	<b>(49,356,327)</b>	<b>(40,867,110)</b>	<b>(14,589,878)</b>	<b>58,110,531</b>	<b>62,653,112</b>	<b>4,473,402</b>	<b>(20,423,730)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(591,987)</b>	<b>393,817</b>	<b>1,196,457</b>	<b>954,774</b>	<b>307,126</b>	<b>-</b>	<b>2,260,187</b>
Financial Derivative Assets	-	44,409,942	57,618,886	39,771,836	20,496,290	4,034,812	-	166,331,766
Financial Derivative Liabilities	-	45,001,929	57,225,069	38,575,379	19,541,516	3,727,686	-	164,071,579
Non-Cash Loans	13,124,512	3,497,894	7,413,856	18,952,925	12,278,183	-	-	55,267,370
<b>Prior Period</b>								
Total Assets	19,090,091	59,853,565	14,999,165	42,109,876	51,721,019	2,353,091	3,930,215	194,057,022
Total Liabilities	58,517,838	79,549,459	21,051,575	10,732,666	1,842,697	7,520,200	14,842,587	194,057,022
<b>Liquidity Gap</b>	<b>(39,427,747)</b>	<b>(19,695,894)</b>	<b>(6,052,410)</b>	<b>31,377,210</b>	<b>49,878,322</b>	<b>(5,167,109)</b>	<b>(10,912,372)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>1,157,348</b>	<b>180,560</b>	<b>1,768,166</b>	<b>231,463</b>	<b>180,567</b>	<b>-</b>	<b>3,518,104</b>
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	10,182,618	2,203,512	5,450,781	13,364,312	7,332,490	-	-	38,533,713

(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 include expected loss provisions amounting of TL 7,403.

(3) The banks include TL 28,900 of expected loss provisions.

(4) Money Market Placement includes expected loss provisions balance amounting to TL 589.

(5) The revolving loans amounting to TL 11,454,165 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 5,045,481.

(6) Financial assets at amortised cost includes expected credit loss amounting to TL 9,103.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
<b>31 December 2022</b>								
Money Market Funds	-	1,084,154	60,598	3,058,871	2,626,629	-	(39,592)	6,790,660
Other Deposits	73,227,757	83,891,817	35,584,573	7,524,987	52,135	-	(1,673,531)	198,607,738
Banks Deposits	185,513	1,598,124	-	-	-	-	(324)	1,783,313
Funds Provided from Other								
Financial Institutions	-	3,940,073	1,978,712	9,941,981	3,480,698	10,665,376	(9,125,208)	20,881,632
Issued Securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>73,413,270</b>	<b>90,514,168</b>	<b>37,623,883</b>	<b>20,525,839</b>	<b>6,159,462</b>	<b>10,665,376</b>	<b>(10,838,655)</b>	<b>228,063,343</b>
<b>31 December 2021</b>								
Money Market Funds	-	4,680,792	2,598,569	1,593,351	-	-	(31,003)	8,841,709
Other Deposits	58,480,268	60,828,467	10,562,978	303,238	1,427	-	(336,865)	129,839,513
Banks Deposits	37,570	1,963,832	-	-	-	-	(1,666)	1,999,736
Funds Provided from Other								
Financial Institutions	-	1,397,492	6,509,638	9,590,927	1,968,338	8,991,685	(5,621,279)	22,836,801
Issued Securities	-	1,078,661	150,058	-	-	-	(34,194)	1,194,525
<b>Total</b>	<b>58,517,838</b>	<b>69,949,244</b>	<b>19,821,243</b>	<b>11,487,516</b>	<b>1,969,765</b>	<b>8,991,685</b>	<b>(6,025,007)</b>	<b>164,712,284</b>

#### The contract-based maturity analysis of the Bank's derivative instruments is as follows:

	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Total
<b>31 December 2022</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	2,043	35,935	8,885,847	6,909,227	-	15,833,052
<b>Trading Transactions</b>						
Foreign Exchange Forward	5,584,195	5,621,390	9,271,270	202,726	-	20,679,581
Swap Money Selling Agreement	28,853,242	28,436,597	5,729,997	9,044,195	340,851	72,404,882
Interest Rate Swaps-Sell	-	-	-	-	-	-
Futures Monetary Agreement	-	1,614,567	287,832	-	-	1,902,399
Money Exchange Options Contract	5,681,660	16,474,998	4,214,429	1,231,979	-	27,603,066
<b>Total</b>	<b>40,121,140</b>	<b>52,183,487</b>	<b>28,389,375</b>	<b>17,388,127</b>	<b>340,851</b>	<b>138,422,980</b>
<b>31 December 2021</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	-	35,186	3,887,312	636,913	-	4,559,411
<b>Trading Transactions</b>						
Foreign Exchange Forward	4,716,764	3,435,743	5,101,585	217,898	-	13,471,990
Swap Money Selling Agreement	19,240,938	25,863,945	4,280,649	9,392,381	217,139	58,995,052
Interest Rate Swaps-Sell	-	-	-	-	-	-
Futures Monetary Agreement	-	321,698	42,622	-	-	364,320
Money Exchange Options Contract	1,471,166	693,877	1,465,943	-	-	3,630,986
<b>Total</b>	<b>25,428,868</b>	<b>30,350,449</b>	<b>14,778,111</b>	<b>10,247,192</b>	<b>217,139</b>	<b>81,021,759</b>

Cash outflows of derivative instruments are shown in the tables above.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### VIII. Explanations Related to Leverage Ratio

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

Leverage ratio increased due to the increase in Tier 1 capital.

- b) Leverage ratio:

		<b>Current Period (*)</b>	<b>Prior Period (*)</b>
<b>Assets on the balance sheet</b>			
1	Assets on the balance sheet (Excluding derivative financial instruments and loan derivatives, including collaterals)	272,122,148	175,665,512
2	(Assets deducted from core capital)	(837,102)	(598,378)
3	Total risk amount for assets on the balance sheet	271,285,046	175,067,134
<b>Derivative financial instruments and credit derivatives</b>			
4	Renewal cost of derivative financial instruments and loan derivatives	3,233,772	2,456,964
5	Potential credit risk amount of derivative financial instruments and loan derivatives	1,205,781	612,168
6	Total risk amount of derivative financial instruments and loan derivatives	4,439,553	3,069,132
<b>Financing transactions with securities or goods warranties</b>			
7	Risk amount of financial transactions with securities or goods warranties (Excluding those in the balance sheet)	2,727,317	854,257
8	Risk amount arising from intermediated transactions	-	-
9	Total risk amount of financing transactions with securities or goods warranties	2,727,317	854,257
<b>Off-the-balance sheet transactions</b>			
10	Gross nominal amount of the off-balance sheet transactions	102,937,518	66,385,645
11	(Adjustment amount arising from multiplying by the credit conversion rate)	-	-
12	Total risk amount for off-balance sheet transactions	102,937,518	66,385,645
<b>Capital and total risk</b>			
13	Tier 1 Capital	23,809,553	12,506,263
14	Total risk amount	381,389,434	245,376,168
<b>Leverage ratio</b>			
15	Leverage ratio	6.24%	5.10%

(\*) The amounts in the table are calculated by using the 3 months average amounts.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### IX. Explanations on the Presentation of Financial Assets and Liabilities at Their Fair Values

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>209,692,658</b>	<b>142,062,178</b>	<b>214,605,162</b>	<b>141,503,491</b>
Money Market Placement	7,603,689	-	7,603,689	-
Banks	8,935,387	11,556,792	8,935,387	11,556,792
Financial Assets at Fair Value Through Other Comprehensive Income	8,419,304	7,175,084	8,419,304	7,175,084
Financial Assets Valued Over Amortised Cost	40,446,833	19,547,301	45,255,331	20,080,824
Loans	144,287,445	103,783,001	144,391,451	102,690,791
<b>Financial Liabilities</b>	<b>240,220,131</b>	<b>173,919,747</b>	<b>241,418,646</b>	<b>174,339,515</b>
Banks Deposits	1,783,313	1,999,736	1,783,313	1,999,736
Other Deposits	198,607,738	129,839,513	199,631,714	130,080,520
Funds Received from Other Financial Institutions (*)	27,672,292	31,678,510	27,846,831	31,857,271
Securities Issued	-	1,194,525	-	1,194,525
Other Liabilities	12,156,788	9,207,463	12,156,788	9,207,463

(\*) Money market funds and subordinated loans are included in the line of funds from other financial institutions.

Investment securities in the current period include financial assets valued at their amortised cost and at fair value through other comprehensive income. The fair value of assets held to maturity assets are determined based on market prices or quoted market prices of other securities subject to redemption in terms of interest, maturity and other similar circumstances, where their prices cannot be determined.

Due to the fact that demand deposits, variable rate placements and overnight deposits are short-term, hence their carrying value reflects their fair value. Estimated fair value of fixed interest deposits and funds provided from other financial institutions, is calculated with the presence of discounted cash flow using the current interest rates used for other debts of similar quality and similar maturity structure; by finding the discounted cash flow using the fair value of loans and the current interest rates used for receivables with similar and similar maturities. As the miscellaneous debts are short term, their carrying value approximately reflects their fair value.

The fair value of financial assets and liabilities are determined as follows:

- First level: Financial assets and liabilities are valued at the stock market prices traded in the active market for the same assets and liabilities.
- Second level: Financial assets and liabilities are valued from the inputs used to find the price of the relevant asset or liability directly or indirectly, which can be observed in the market other than the stock exchange price specified in the first level.
- Third level: Financial assets and liabilities are valued from inputs that are not based on any observable data in the market used to find the fair value of the asset or liability.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### IX. Explanations on the Presentation of Financial Assets and Liabilities at Their Fair Values (continued)

The following table contains the analysis of the fair values of the financial instruments carried at fair values, including the stock market prices, valuation techniques, all model data of which can be measured in the market, or using valuation techniques whose data cannot be measured in the market:

31 December 2022	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>11,408,744</b>	<b>6,110,927</b>	<b>127,016</b>	<b>17,646,687</b>
Financial Assets at Fair Value Through Profit or Loss	3,088,088	5,327,500	77,703	8,493,291
<i>Government Debt Securities</i>	3,011,802	-	-	3,011,802
<i>Derivative Financial Assets at Fair Value Through Profit or Loss</i>	-	5,064,712	-	5,064,712
<i>Other Financial Assets at Fair Value Through Profit or Loss</i>	76,286	262,788	77,703	416,777
Derivative Financial Assets for Hedging Purposes	-	734,092	-	734,092
Financial Assets at Fair Value Through Other Comprehensive Income	8,320,656	49,335	49,313	8,419,304
<i>Government Debt Securities</i>	8,320,656	49,335	-	8,369,991
<i>Other Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	-	49,313	49,313
<b>Financial Liabilities</b>	-	<b>3,567,233</b>	-	<b>3,567,233</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	3,497,620	-	3,497,620
Derivative Financial Liabilities for Hedging Purposes	-	69,613	-	69,613
<b>31 December 2021</b>	<b>9,721,647</b>	<b>8,308,644</b>	<b>73,025</b>	<b>18,103,316</b>
<b>Financial Assets</b>				
Financial Assets at Fair Value Through Profit or Loss	2,599,074	6,466,914	59,775	9,125,763
<i>Government Debt Securities</i>	2,491,428	-	-	2,491,428
<i>Derivative Financial Assets at Fair Value Through Profit or Loss</i>	-	6,331,976	-	6,331,976
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	107,646	134,938	59,775	302,359
Derivative Financial Assets for Hedging Purposes	-	1,802,469	-	1,802,469
Financial Assets at Fair Value Through Other Comprehensive Income	7,122,573	39,261	13,250	7,175,084
<i>Government Debt Securities</i>	7,122,573	39,261	-	7,161,834
<i>Other Fair Value Differences Financial Assets Reflected to Other Comprehensive Income</i>	-	-	13,250	13,250
<b>Financial Liabilities</b>	-	<b>4,489,788</b>	-	<b>4,489,788</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	4,159,177	-	4,159,177
Derivative Financial Liabilities for Hedging Purposes	-	330,611	-	330,611

There is no transition between levels in the current year.

The table below shows the movement table of financial assets at Level 3:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>73,025</b>	<b>58,651</b>
Purchases	30,420	-
Redemption or Sale	-	-
Valuation Difference	23,571	14,374
Transfers	-	-
<b>Balance at the End of the Period</b>	<b>127,016</b>	<b>73,025</b>

### X. Explanations Related to Transactions Carried Out on Behalf of Other Parties and Fiduciary Assets

The Bank performs trading transactions on behalf of customers, and gives custody, administration and consultancy services.

The Bank does not deal with fiduciary transactions.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### XI. 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 have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Bank.

#### 1. Risk management approach and risk weighted amounts

##### 1.1 Bank’s risk management approach

The objective of the Risk Management system is to provide that the risks that are derived from the bank’s activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Risk Management functions of the Bank and all of its subsidiaries have been gathered under the Group Risk Management. Group Risk Management reports to the Boards of Directors of TEB Group through the Risk Committee and Audit Committee within the TEB A.Ş. and is responsible for fulfilling its duties of general supervision, notification and recommendation on behalf of the Boards of Directors in line with the principles laid down in this Regulation.

With Risk Policies, the Bank aims to,

- i) Identify the main risks to which bank is exposed and identified risks are within the controlled range,
- ii) Define roles and responsibilities to identify, analyse, measure, monitor, and control the main risks bank faces and other risks which may arise as a consequence of changes in activity structure and economic conditions,
- iii) Identify the volume of transactions which may cause non-controllable risks by considering equity strength or decrease the activities affected by such risks.

Risk policies and the procedures related there to contain written standards set by the Board of Directors and the “Senior Management” consisting of General Manager, Assistant General Managers and Chief Risk Officer.

Risk policies and related procedures are prepared in compliance with the Banking Law, external legislation and general banking practices and presented to the Senior Management / Board of Directors for approval.

It is the principal duty of all managers of the Bank to provide compliance with risk policies containing the criteria required for each unit.

Risk Management Operations consist of;

- i) risk measurement,
- ii) monitoring of risks,
- iii) control of risk and reporting operations

Risk management operations are conducted by Group Risk Management and personnel.

Group Risk Management applies second order controls for quantifiable risks as part of continuous control system.

Head of Group Risk Management reports to the Board of Directors via Risk Committee and Audit Committee.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 1. Risk management approach and risk weighted amounts (continued)

##### 1.2. Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit Risk (Excluding Counterparty Credit Risk) (CCR)	171,057,988	102,173,138	13,684,639
2 Of which Standardized Approach (SA)	171,057,988	102,173,138	13,684,639
3 Of which Internal Rating-Based (IRB) Approach	-	-	-
4 Counterparty Credit risk	5,339,572	2,882,445	427,166
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	5,339,572	2,882,445	427,166
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking accounts under market-based approach	-	-	-
8 Equity Investment in Funds - Look-Through Approach	-	-	-
9 Equity Investment in Funds - Mandate-Based Approach	-	-	-
10 Equity Investment in Funds - 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	5,790,594	3,002,158	463,248
17 Standardized approach (SA)	5,790,594	3,002,158	463,248
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	11,231,643	10,508,918	898,531
20 Of which Basic Indicator Approach	11,231,643	10,508,918	898,531
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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>193,419,797</b>	<b>118,566,659</b>	<b>15,473,584</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 2. Linkages between financial statements and regulatory exposures

##### 2.1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Current Period	Amount valued in accordance with TAS within the scope of legal consolidation (*)	Valued amount of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Securitization positions	Subject to the market risk framework	
<b>Assets</b>						
Cash Balances and the Central Bank	43,839,711	43,839,711	-	-	-	-
Banks	8,964,287	8,964,302	-	-	-	-
Money Market Placement	7,604,278	-	7,604,278	-	-	-
Financial Assets at Fair Value through Profit Loss	3,428,579	416,777	-	-	3,011,802	-
Financial Assets at Fair Value Through Other Comprehensive Income	8,419,304	8,420,980	-	-	-	-
Financial Assets Measured at Amortised Cost	40,455,936	40,455,936	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit and Loss	5,064,712	-	5,064,712	-	5,064,712	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	734,092	-	734,092	-	734,092	-
Non-Performing Financial Assets	-	-	-	-	-	-
Expected credit loss (-)	(5,091,476)	(1,892,354)	-	-	-	-
Loans (*)	149,332,926	149,332,926	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non-Current Assets Held For Sale and Discontinued Operations (Net)	100,370	100,370	-	-	-	-
Affiliates (Net)	-	-	-	-	-	-
Subsidiaries (Net)	116,036	116,036	-	-	-	-
Joint Ventures (Joint Ventures) (Net)	5	5	-	-	-	-
Tangible Assets (Net)	1,251,721	1,206,899	-	-	-	44,822
Intangible Assets (Net)	882,517	-	-	-	-	882,517
Investment Properties (Net)	-	-	-	-	-	-
Current Tax Asset	28,388	28,388	-	-	-	-
Deferred Tax Asset	1,599,145	1,599,145	-	-	-	-
Other Assets (*)	8,416,885	7,858,727	558,158	-	-	-
<b>Total assets</b>	<b>275,147,416</b>	<b>260,447,848</b>	<b>13,961,240</b>	<b>-</b>	<b>8,810,606</b>	<b>927,339</b>
<b>Liabilities</b>						
Deposit	200,391,051	-	-	-	-	-
Loans Received	11,173,414	-	-	-	-	-
Money Market Funds	6,790,660	-	6,790,660	-	-	-
Issued securities	-	-	-	-	-	-
Financial Liabilities with Fair Value Through Profit or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	3,567,233	-	2,296,084	-	-	-
Factoring debts	-	-	-	-	-	-
Lease Liabilities	695,894	-	-	-	-	-
Provisions	3,358,751	-	-	-	-	-
Current Tax Liability	1,964,235	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-	-
Subordinated loans	9,708,218	-	-	-	-	-
Other Liabilities	12,156,788	-	1,864,451	-	-	-
Equity	25,341,172	-	-	-	-	-
<b>Total liabilities</b>	<b>275,147,416</b>	<b>-</b>	<b>10,951,195</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Refers to the Bank's unconsolidated financial statement.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 2. Linkages between financial statements and regulatory exposures (continued)

##### 2.1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

Prior Period	Amount valued in accordance with TAS within the scope of legal consolidation (*)	Valued amount of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Securitization positions	Subject to the market risk framework	
<b>Assets</b>						
Cash Balances and the Central Bank	35,791,295	35,791,295	-	-	-	-
Banks	11,580,339	11,581,986	-	-	-	-
Money Market Placement	-	-	-	-	-	-
Financial Assets at Fair Value through Profit Loss	2,793,787	302,359	-	-	2,491,428	-
Financial Assets at Fair Value Through Other Comprehensive Income	7,175,084	7,176,752	-	-	-	-
Financial Assets Measured at Amortised Cost	19,551,700	19,551,700	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit and Loss	6,331,976	-	6,331,976	-	6,331,976	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	1,802,469	-	1,802,469	-	1,802,469	-
Non-Performing Financial Assets	-	-	-	-	-	-
Expected credit loss (-)	(4,074,101)	(2,259,372)	-	-	-	-
Loans (*)	107,822,996	107,822,996	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non-Current Assets Held For Sale and Discontinued Operations (Net)	65,933	65,933	-	-	-	-
Affiliates (Net)	-	-	-	-	-	-
Subsidiaries (Net)	116,036	116,036	-	-	-	-
Joint Ventures (Joint Ventures) (Net)	5	5	-	-	-	-
Tangible Assets (Net)	915,504	879,821	-	-	-	35,683
Intangible Assets (Net)	601,609	-	-	-	-	601,609
Investment Properties (Net)	-	-	-	-	-	-
Current Tax Asset	133,380	133,380	-	-	-	-
Deferred Tax Asset	133,323	133,323	-	-	-	-
Other Assets (*)	3,315,687	3,037,998	277,689	-	-	-
<b>Total assets</b>	<b>194,057,022</b>	<b>184,334,212</b>	<b>8,412,134</b>	<b>-</b>	<b>10,625,873</b>	<b>637,292</b>
<b>Liabilities</b>						
Deposit	131,839,249	-	-	-	-	-
Loans Received	15,597,765	-	-	-	-	-
Money Market Funds	8,841,709	-	8,841,709	-	-	-
Issued securities	1,194,525	-	-	-	-	-
Financial Liabilities with Fair Value Through Profit or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	4,489,788	-	2,065,014	-	-	-
Factoring debts	-	-	-	-	-	-
Lease Liabilities	564,489	-	-	-	-	-
Provisions	1,224,768	-	-	-	-	-
Current Tax Liability	240,411	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-	-
Subordinated loans	7,239,036	-	-	-	-	-
Other Liabilities	9,207,463	-	1,700,528	-	-	-
Equity	13,617,819	-	-	-	-	-
<b>Total liabilities</b>	<b>194,057,022</b>	<b>-</b>	<b>12,607,251</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Refers to the Bank's unconsolidated financial statements.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 2. Linkages between financial statements and regulatory exposures (continued)

##### 2.2. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Current Period		Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	Valued amounts of assets within the scope of legal consolidation in accordance with TAS	275,147,416	260,447,848	13,961,240	8,810,606
2	Valued amounts of liabilities within the scope of legal consolidation in accordance with TAS	10,951,195	-	10,951,195	-
3	<b>Total net amount under legal consolidation</b>	<b>264,196,221</b>	<b>260,447,848</b>	<b>3,010,045</b>	<b>8,810,606</b>
4	Off-balance sheet amounts	100,844,262	36,043,145	1,338,450	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-
8	Differences due to prudential filters	-	-	-	-
9	<b>Exposure amounts</b>	<b>365,040,483</b>	<b>296,490,993</b>	<b>4,348,495</b>	<b>8,810,606</b>

Prior Period		Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	Valued amounts of assets within the scope of legal consolidation in accordance with TAS	194,057,022	184,334,212	8,412,134	10,625,873
2	Valued amounts of liabilities within the scope of legal consolidation in accordance with TAS	12,607,251	-	12,607,251	-
3	<b>Total net amount under legal consolidation</b>	<b>181,449,771</b>	<b>184,334,212</b>	<b>(4,195,117)</b>	<b>10,625,873</b>
4	Off-balance sheet amounts	75,923,377	26,462,490	1,112,202	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-
8	Differences due to prudential filters	-	-	-	-
9	<b>Exposure amounts</b>	<b>257,373,148</b>	<b>210,796,702</b>	<b>(3,082,915)</b>	<b>10,625,873</b>

##### 2.3. Explanations of differences between accounting and regulatory exposure amounts in accordance with TAS

The market value approach is used to make valuation of the positions in the Bank portfolios. The market data sources used for valuations are identified, defined in the Market Risk Policy, and reviewed annually. The relevant action is taken immediately when it is determined that the data does not reflect the market condition other than annual data source evaluation. Product valuations are checked by using sources such as Reuters and Bloomberg.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure

##### 3.1. General information about credit risk

###### 3.1.1. General qualitative information about credit risk

The objective of the Risk Management system is to provide that the risks that are derived from the bank’s activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Credit Risk Management reports aim to supply risk level trends and risk expectations for the future. Details and content vary depending on the requirements of meetings and are presented in graphs and figures for ease of explanation and taking decisions.

The main report presented to Senior Management is the Credit Risk General Overview report, which is prepared monthly and discussed by the Risk Policies Committee. This report is also presented to the Board of Directors, Risk Committee and to the Audit Committee. Additionally, Group Risk Management prepares reports with special titles less frequently. Most of these reports are presented to the Risk Policies Committee. These reports may also be used in irregular meetings where emergent subjects are discussed or in meetings where the attendance of Senior Management is not required.

Credit risk policies are prepared in line with the Banking Law, external regulations, and general banking practices, and are approved by the Risk Policies Committee, Risk Committee, and Board of Directors.

The Bank’s credit activities are managed according to the General Credit Policy that is approved by the Risk Policies Committee, Risk Committee and the Board of Directors.

The Risk Appetite Declaration is approved by the Board of Directors and audited once a year. The Bank combines existing risk management tools, processes, principles, and policies, using a consistent approach with risk appetite declaration, and ensures that risks taken are within the agreed upon limits. In this way, the consistency of risk practices is improved across the Bank.

The Bank controls the credit risk by monitoring loan receivables, limiting certain transactions with counter parties, evaluating the creditworthiness of the counter party regularly, diversifying loan types and products separately based on customer groups and industry to prevent the concentration of deferred payments and receiving guarantees when appropriate.

###### 3.1.2. Credit quality of assets

Current Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/depreciation/ and impairment	Net Value
	Defaulted exposures	Non-defaulted exposures		
Loans	2,625,892	146,707,034	5,045,481	144,287,445
Debt Securities	-	48,825,927	9,103	48,816,824
Off-balance sheet exposures	-	99,505,811	686,515	98,819,296
<b>Total</b>	<b>2,625,892</b>	<b>295,038,772</b>	<b>5,741,099</b>	<b>291,923,565</b>

  

Prior Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/depreciation/ and impairment	Net Value
	Defaulted exposures	Non-defaulted exposures		
Loans	3,325,382	104,497,614	4,039,995	103,783,001
Debt Securities	-	26,713,534	4,399	26,709,135
Off-balance sheet exposures	-	72,032,389	345,560	71,686,829
<b>Total</b>	<b>3,325,382</b>	<b>203,243,537</b>	<b>4,389,954</b>	<b>202,178,965</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.1. General information about credit risk (continued)

##### 3.1.3. Changes in stock of defaulted loans and debt securities

<b>1 Defaulted loans and debt securities at end of the 31 December 2021</b>	<b>3,325,382</b>
2 Loans and debt securities that have defaulted since the last reporting period	1,535,199
3 Returned to non-defaulted status	-
4 Amounts written off (*)	(873,816)
5 Other changes (**)	(1,360,873)
<b>6 Defaulted loans and debt securities at end of 31 December 2022 (1+2-3-4-5)</b>	<b>2,625,892</b>

(\*) The Bank wrote off TL 454,825 of its non-performing loans. Additionally, the portion of the Bank's non-performing loan portfolio amounting to TL 418,991 for which a provision of TL 390,257 was provided, was sold in 2022 with a price of TL 115,221 and after following the completion of the necessary procedures, non-performing loans were written off from the records.

(\*\*) Includes collections during the period.

<b>1 Defaulted loans and debt securities at end of the 31 December 2020</b>	<b>3,501,882</b>
2 Loans and debt securities that have defaulted since the last reporting period	1,272,553
3 Returned to non-defaulted status	-
4 Amounts written off (*)	(392,947)
5 Other changes (**)	(1,056,106)
<b>6 Defaulted loans and debt securities at end of 31 December 2021 (1+2-3-4-5)</b>	<b>3,325,382</b>

(\*) The Bank wrote off TL 57,671 of its non-performing loans. Additionally, the portion of the Bank's non-performing loan portfolio amounting to TL 335,276 for which a provision of TL 328,704 was provided, was sold in 2021 with a price of TL 43,096 and after following the completion of the necessary procedures, non-performing loans were written off from the records.

(\*\*) Includes collections during the period.

##### 3.1.4. Additional disclosure related to the credit quality

- a) The scope and definitions of “past due” and “impaired” exposures used for accounting purposes and the differences, if any, between the definition of “past due” and “impaired” for accounting purposes

According to the “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, non-required delay time loans that is not classified as Stage III Loans, whose principal and interest payment collection delayed more than 30 days are considered as “non-performing loan” in the Accounting Practice.

Receivables past due more than 90 days are considered as “impaired receivables”, and they are classified as group III, IV, and V in accordance with Communiqué. A specific reserve is allocated for such receivables.

- b) The extent of past due exposures (more than 90 days) that are not considered to be “impaired” and the reasons for this

A specific provision is allocated for receivables which are overdue for more than 90 days in accordance with the Communiqué.

- c) Description of methods used for determining impairments

Provision amount is determined in accordance with the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”.

- d) The definition of the restructured exposure

If the borrower fails to make payment to the Bank due to a temporary lack of liquidity, loans and other receivables including deferred interest payments may be restructured to provide the borrower with additional liquidity to enable the Bank to collect its receivables, or a new repayment schedule may be arranged.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.1. General information about credit risk (continued)

##### 3.1.4. Additional disclosure related to the credit quality (continued)

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	1,734,311	1.57	401,403	1.12
Farming and Stockbreeding	1,724,972	1.56	42,995	0.12
Forestry	-	-	-	-
Fishery	9,339	0.01	358,408	1.00
Manufacturing	39,545,252	35.65	22,814,075	63.74
Mining and Quarrying	1,675,445	1.51	2,412,570	6.74
Production	36,653,369	33.05	19,105,887	53.38
Electricity, Gas and Water	1,216,438	1.10	1,295,618	3.62
Construction	1,697,024	1.53	143,420	0.40
Services	23,749,547	21.41	11,590,315	32.38
Wholesale and Retail Trade	9,180,121	8.28	2,893,897	8.09
Accommodation and Dining	990,077	0.89	1,386,086	3.87
Transportation and Telecom.	3,288,272	2.97	4,153,772	11.61
Financial Institutions	5,030,541	4.54	1,066,312	2.98
Real Estate and Rental Services	2,826,998	2.55	1,979,518	5.53
Self-Employment Services	946,049	0.85	110,730	0.31
Educational Services	51,177	0.05	-	-
Health and Social Services	1,436,312	1.30	-	-
Other	44,190,229	39.83	841,458	2.36
<b>Total</b>	<b>110,916,363</b>	<b>100.00</b>	<b>35,790,671</b>	<b>100.00</b>

	Prior Period			
	TL	(%)	FC	(%)
Agriculture	1,088,620	1.45	259,236	0.88
Farming and Stockbreeding	1,076,105	1.43	255,888	0.87
Forestry	-	-	-	-
Fishery	12,515	0.02	3,348	0.01
Manufacturing	22,605,119	30.09	19,130,113	65.15
Mining and Quarrying	1,347,357	1.79	826,110	2.81
Production	20,134,133	26.80	17,001,541	57.90
Electricity, Gas and Water	1,123,629	1.50	1,302,462	4.44
Construction	1,395,766	1.86	452,767	1.54
Services	17,935,715	23.87	8,627,042	29.38
Wholesale and Retail Trade	7,449,061	9.92	1,279,168	4.36
Accommodation and Dining	898,003	1.20	1,762,358	6.00
Transportation and Telecom.	2,776,789	3.70	1,192,698	4.06
Financial Institutions	3,078,844	4.10	2,389,845	8.14
Real Estate and Rental Services	1,830,712	2.44	1,729,265	5.89
Self-Employment Services	682,252	0.91	273,708	0.93
Educational Services	46,740	0.06	-	-
Health and Social Services	1,173,314	1.56	-	-
Other	32,107,044	42.73	896,192	3.05
<b>Total</b>	<b>75,132,264</b>	<b>100.00</b>	<b>29,365,350</b>	<b>100.00</b>

Breakdown of loans and receivables according to remaining maturities is provided in the note VII. of section four under the “Presentation of assets and liabilities according to their remaining maturities”.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.1. General information about credit risk (continued)

##### 3.1.4. Additional disclosure related to the credit quality (continued)

f) Amounts of impaired exposures on geographical areas and industry basis (according to the definition used by the Bank for accounting purposes) and write-offs with related allowances.

All of the Bank’s loans under follow up is in Turkey. Amounts of provision allocated receivables based on sector are presented in the note II of section 4 under “Information in terms of major sectors and type of counterparties”.

g) Aging analysis of loans under close monitoring

31 December 2022	1-30 Day	31-60 Day	61-90 Day	Total
Loans and Receivables				
Commercial Loans	122,898	40,277	141,447	304,622
Consumer Loans	772,248	194,074	355,270	1,321,592
Credit Cards	271,136	121,307	71,418	463,861
<b>Total</b>	<b>1,166,282</b>	<b>355,658</b>	<b>568,135</b>	<b>2,090,075</b>

31 December 2021	1-30 Day	31-60 Day	61-90 Day	Total
Loans and Receivables				
Commercial Loans	107,880	146,438	365,250	619,568
Consumer Loans	724,640	271,266	356,435	1,352,341
Credit Cards	157,470	94,918	63,437	315,825
<b>Total</b>	<b>989,990</b>	<b>512,622</b>	<b>785,122</b>	<b>2,287,734</b>

h) Breakdown of restructured exposures between impaired and not impaired exposures

Not impaired loans:

Current Period	Gross Amount	Significant Increase in Credit Risk (Stage II)	Net Amount
Commercial Loans	949,303	488,458	460,845
Consumer Loans	129,903	10,678	119,225
Credit Cards	37,549	6,004	31,545
<b>Total</b>	<b>1,116,755</b>	<b>505,140</b>	<b>611,615</b>

Prior Period	Gross Amount	Significant Increase in Credit Risk (Stage II)	Net Amount
Commercial Loans	1,643,640	721,330	922,310
Consumer Loans	171,148	14,821	156,327
Credit Cards	17,629	1,142	16,487
<b>Total</b>	<b>1,832,417</b>	<b>737,293</b>	<b>1,095,124</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.1. General information about credit risk (continued)

##### 3.1.4. Additional disclosure related to the credit quality (continued)

Impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Default (Stage III)</b>	<b>Net Amount</b>
Commercial Loans	24,320	16,277	8,043
Consumer Loans	87,437	62,413	25,024
Credit Cards	13,028	10,452	2,576
<b>Total</b>	<b>124,785</b>	<b>89,142</b>	<b>35,643</b>

<b>Prior Period</b>	<b>Gross Amount</b>	<b>Default (Stage III)</b>	<b>Net Amount</b>
Commercial Loans	50,907	25,962	24,945
Consumer Loans	65,156	41,393	23,763
Credit Cards	12,712	9,707	3,005
<b>Total</b>	<b>128,775</b>	<b>77,062</b>	<b>51,713</b>

#### 3.2. Credit Risk Mitigation

##### 3.2.1. Qualitative disclosure requirements related to credit risk mitigation techniques

- a) Core features of policies and processes for which the Bank makes on and off-balance sheet netting

The Bank does not perform on and off-balance sheet offsetting to decrease credit risk, and credit derivatives are not used.

- b) Core features of policies and processes for collateral evaluation and management

Financial collaterals are measured at fair value as of reporting date and are included in the risk mitigation process. When allocating the collateral amount to loans provided, the Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The legal validity of the mortgage is ensured by duly registering the mortgage in a timely manner, and significant changes in market conditions are monitored.

In terms of credit risk mitigation, the Bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on residential and commercial real estate reported under different risk class are other main types of collaterals.

- c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e.by guarantor type, collateral and credit derivative providers).

Guarantor entity's credit risk value is to be considered in credit risk mitigation process in cases where Bank credit customers obtained guarantee from other entities.

The Bank mostly prefers cash, securities such as government and Treasury bond for collateral which have low market and credit risk concentration risk.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.2. Credit risk mitigation (continued)

##### 3.2.2. Credit risk mitigation techniques – Overview

Current Period	Exposures unsecured: valued amount in accordance with TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
1 Loans (*)	130,177,495	11,267,710	9,965,616	6,011,170	4,083,693	-	-
2 Debt securities (*)	48,827,603	-	-	-	-	-	-
<b>3 Total</b>	<b>179,005,098</b>	<b>11,267,710</b>	<b>9,965,616</b>	<b>6,011,170</b>	<b>4,083,693</b>	-	-
4 Of which defaulted (*)	2,583,180	25,935	16,749	16,777	78	-	-

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

Prior Period	Exposures unsecured: valued amount in accordance with TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
1 Loans (*)	82,571,176	9,173,629	8,178,323	4,396,706	3,193,947	-	-
2 Debt securities (*)	22,654,571	-	-	-	-	-	-
<b>3 Total</b>	<b>105,225,747</b>	<b>9,173,629</b>	<b>8,178,323</b>	<b>4,396,706</b>	<b>3,193,947</b>	-	-
4 Of which defaulted (*)	3,118,326	25,138	16,168	53,540	101	-	-

(\*) With the BRSA decision dated 21 December 2021 and 9996, the average of the Central Bank's foreign exchange buying rates for the last 252 business days was used in the calculations of credit risk.

#### 3.3. Credit risk under standardized approach

##### 3.3.1. Disclosures on banks' use of credit ratings under the standard approach for credit risk

For portfolios that are risk-weighted under the standardized approach for credit risk, banks must disclose the following information:

- a) Names of the External Credit Assessment Institutions (ECAIs) and Export Credit Agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period

The Bank uses Fitch Ratings International Rating Agency's external ratings.

- b) The risk classes for which each ECAI or ECA is used

The credit rating of Fitch International Rating is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk weight on is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk weight is used for receivables with a maturity period of more than three months, and the risk weight used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

- c) A description of the process used to apply the issuer to issue credit ratings onto other issuer comparable assets in the banking book

20% risk weight is used for receivables from non-rated banks and intermediary agencies with a maturity period of 3 months or less, and a 50% risk weight is used for receivables with a maturity period of more than 3 months. According to the regulation on capital adequacy, corporates where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.3. Credit risk under standardized approach (continued)

###### 3.3.1. Disclosures on banks’ use of credit ratings under the standard approach for credit risk (continued)

- d) The alignment of the alphanumeric scale of each agency used with risk buckets. (except where Agency (BRSA) publishes a standard mapping with which the bank has to comply)

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)’s are presented below:

Credit Quality Level	Fitch Ratings Long- Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables (*)
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA to AA-	0%	20%	50%	100%
2	A+ to A-	20%	20%	50%	100%
3	BBB+ to BBB-	50%	50%	50%	100%
4	BB+ to BB-	100%	100%	100%	100%
5	B+ to B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

(\*) In accordance with the Board Decisions No. 10188 dated 28 April 2022 and No 10265 dated 07 July 2022, 200% and 500% risk weights are applied to Corporate Receivables.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.3. Credit risk under standardized approach (continued)

##### 3.3.2. Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amounts and Risk Weighted Amounts density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted amounts	Risk Weighted amounts density
<b>Asset classes</b>						
1 Exposures to central governments or central banks	74,064,538	-	75,566,634	-	1,463,903	2%
2 Exposures to regional governments or local authorities	874,800	7,308	839,040	3,597	421,323	50%
3 Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to banks and brokerage firms	10,261,599	3,713,730	10,261,597	2,698,877	4,182,684	32%
7 Exposures to corporates	58,515,404	38,532,529	57,071,654	19,932,259	74,113,755	96%
8 Retail exposures	40,786,805	36,431,162	39,053,434	6,026,144	35,465,106	79%
9 Exposures secured by residential property	4,096,063	508,048	4,096,063	212,529	1,508,007	35%
10 Exposures secured by commercial real estate	7,595,359	1,816,699	7,322,006	758,038	5,377,786	67%
11 Past-due loans	712,121	116,612	712,043	30,346	579,951	78%
12 Higher-risk categories by the Agency Board	25,073,892	-	24,971,452	-	41,869,386	168%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other Receivables	14,197,846	6,248,310	14,197,834	1,075	5,706,217	40%
17 Investments in equities	369,867	-	369,870	-	369,870	100%
<b>18 Total</b>	<b>236,548,294</b>	<b>87,374,398</b>	<b>234,461,627</b>	<b>29,662,865</b>	<b>171,057,988</b>	<b>65%</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.3. Credit risk under standardized approach (continued)

##### 3.3.2. Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (continued)

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amounts and Risk Weighted Amounts density		
	On-balance sheet Amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amounts	Risk Weighted Amounts density	
1	Exposures to central governments or central banks	44,390,447	-	44,687,019	-	886,394	2%
2	Exposures to regional governments or local authorities	1,174,357	8,474	1,103,988	3,078	553,537	50%
3	Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development Banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage firms	10,904,211	3,780,085	10,235,313	2,215,643	3,564,014	29%
7	Exposures to corporates	37,246,347	22,963,054	35,482,638	12,234,059	46,132,367	97%
8	Retail exposures	45,139,642	22,387,583	43,973,871	4,281,706	42,471,916	88%
9	Exposures secured by residential Property	4,086,174	297,344	4,086,174	107,587	1,467,816	35%
10	Exposures secured by commercial real Estate	6,308,592	974,668	6,115,491	377,729	4,361,885	67%
11	Past-due loans	1,036,930	193,065	1,036,831	53,813	937,561	86%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other Receivables	6,856,320	8,791,478	6,856,317	2,902	1,564,097	23%
17	Investments in equities	233,551	-	233,551	-	233,551	100%
<b>18</b>	<b>Total</b>	<b>157,376,571</b>	<b>59,395,751</b>	<b>153,811,193</b>	<b>19,276,517</b>	<b>102,173,138</b>	<b>59%</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.3. Credit risk under standardized approach (continued)

##### 3.3.3. Receivables by risk classes and risk weights

Current Period		0%	10%	20%	25%	35%	50% secured by real estate (*)	75%	100%	150%	250%	500%	Others (**)	Total credit risk exposure amount (after CCF and CRM)
Asset Classes / Risk Weights														
1	Exposures to regional governments or local authorities	74,102,731	-	-	-	-	-	-	1,463,903	-	-	-	-	75,566,634
2	Exposures to regional governments or local authorities	-	-	-	-	-	842,628	-	9	-	-	-	-	842,637
3	Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	8,225,778	-	-	4,533,765	-	61,504	139,427	-	-	-	12,960,474
7	Exposures to corporates	-	-	888,733	-	-	4,358,344	-	71,756,836	-	-	-	-	77,003,913
8	Retail exposures	-	-	21	-	-	972	38,455,876	6,622,709	-	-	-	-	45,079,578
9	Exposures secured by residential property	-	-	-	-	4,308,592	-	-	-	-	-	-	-	4,308,592
10	Exposures secured by commercial real estate	-	-	-	-	-	5,404,516	-	2,675,528	-	-	-	-	8,080,044
11	Past-due loans	-	-	-	-	-	337,328	-	392,610	12,451	-	-	-	742,389
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	17,039,476	-	148,740	7,783,236	24,971,452
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	369,870	-	-	-	-	369,870
17	Other Receivables	8,464,242	-	35,561	-	-	-	-	5,699,106	-	-	-	-	14,198,909
<b>18</b>	<b>Total</b>	<b>82,566,973</b>	<b>-</b>	<b>9,150,093</b>	<b>-</b>	<b>4,308,592</b>	<b>15,477,553</b>	<b>38,455,876</b>	<b>89,042,075</b>	<b>17,191,354</b>	<b>-</b>	<b>148,740</b>	<b>7,783,236</b>	<b>264,124,492</b>

(\*) The amount shown in the line "Receivables collateralised by mortgages on commercial real estate" is "Collateralised by mortgages on real estate" and the other amounts in this column represent the receivables subject to 50% risk weight.

(\*\*) In accordance with the Board Decision dated 28 April 2022 and numbered 10188, a 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) and shown in the "Others" column.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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### XI. Explanations Related to Risk Management (continued)

#### 3. Credit Risk Disclosure (continued)

##### 3.3. Credit risk under standardized approach (continued)

##### 3.3.4. Receivables by risk classes and risk weights (continued)

Prior Period	Asset Classes / Risk Weights	0%	10%	20%	25%	35%	50% secured by real estate (*)	75%	100%	150%	250%	Others	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to regional governments or local authorities	43,800,625	-	-	-	-	-	-	886,394	-	-	-	44,687,019
2	Exposures to regional governments or local authorities	-	-	-	-	-	1,107,058	-	8	-	-	-	1,107,066
3	Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	8,932,935	-	-	3,481,957	-	35,297	767	-	-	12,450,956
7	Exposures to corporates	-	-	586,701	-	-	2,229,939	-	44,900,057	-	-	-	47,716,697
8	Retail exposures	-	-	487	-	-	33,863	38,823,247	1,519,036	7,878,944	-	-	48,255,577
9	Exposures secured by residential property	-	-	-	-	4,193,761	-	-	-	-	-	-	4,193,761
10	Exposures secured by commercial real estate	-	-	-	-	-	4,262,668	-	2,230,552	-	-	-	6,493,220
11	Past-due loans	-	-	-	-	-	418,050	-	560,711	111,883	-	-	1,090,644
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	233,551	-	-	-	233,551
17	Other Receivables	5,263,210	-	39,890	-	-	-	-	1,556,119	-	-	-	6,859,219
<b>18</b>	<b>Total</b>	<b>49,063,835</b>	<b>-</b>	<b>9,560,013</b>	<b>-</b>	<b>4,193,761</b>	<b>11,533,535</b>	<b>38,823,247</b>	<b>51,921,725</b>	<b>7,991,594</b>	<b>-</b>	<b>-</b>	<b>173,087,710</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### XI. Explanations Related to Risk Management (continued)

#### 4. Counterparty Credit Risk

##### 4.1. Qualitative disclosure related to counterparty credit risk

Limit requests of clients demanding derivative transactions are evaluated based on the related line of business in different credit committees. Limit amounts approved by credit committee are risk weighted limits. In calculation of risk amount that traced to risk weighted limits is multiplied by ratios based on each factor’s historical movement that varies according to transaction’s nominal amount, transaction’s maturity, type, currency and purpose. Updates are generally conducted on a yearly basis except for the times of strict market fluctuations. In other words, if current tables do not cover risk calculations efficiently in case of strict market volatility, all tables are reviewed without waiting for annual period.

In table calculations, different time periods are considered while making analyses. If there is a period in data set with strictly fluctuating period, historical period after this period might be crucial. Also, in historical fluctuations, similar work meant for a data is organized separately. References provided by BNPP are also considered in the process. Eventually, all results are discussed firstly among line of business and then in the Market Risk Committee. Final decision is made by Risk Policy Committee and one of the alternatives is chosen. Approval of the Board of Directors members is obtained if the Risk Policy Committee members deem necessary.

Customers demanding derivative transactions are separated into two based on the purpose of the transaction. Decision of allocating the client to a group is given with taking into consideration client’s all transactions. Related Credit Department decides on the evaluation of client either in trading derivative transaction limit or in hedging derivative transaction limit.

In principle, all individual customers are evaluated as in trading portfolio, and the Bank works with 100% cash and cash equivalent collaterals. Commercial and corporate customers are evaluated different for each firm and based on the decision given, are subject to different collateral conditions. Risks are monitored daily based on the collateral conditions set with the client, and additional collaterals are demanded when a necessity arises according to internally set principles.

For derivative transactions made with banks, ISDA, CSA, VM and GMRA agreements are requested from counterparties in principle, derivative transactions are not made with banks that do not sign these agreements. Collateral management is made on a daily basis with banks considering agreement conditions so that counterparty risk is minimized.

All open derivative transactions are evaluated daily by using market data and resulting evaluation amount is installed to system. As a new transaction is made, risk amount calculated with risk weights is reflected automatically to the system. In other words, counterparty risk regarding all derivative transactions is monitored on banking system. Collateral amount required for customer transactions, transaction evaluation amount and risk weighted nominal amount is monitored daily by considering collateral condition and limit monitoring principles set up by the Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel risk classes of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

As of 1 July 2022, the “Standard Approach” method has been used in the calculation of counterparty credit risk.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### XI. Explanations Related to Risk Management (continued)

#### 4. Counterparty Credit Risk (continued)

##### 4.2. Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Amounts
Standardized Approach - CCR (For Derivatives)	3,213,569	1,338,450		1.4	4,335,874	3,151,291
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					2,416,681	1,175,625
<b>Total</b>						<b>4,326,916</b>

(\*) Effective Expected Positive Exposure

Prior Period	Replacement Cost	Potential future exposure	EEPE(*)	Alpha used for computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Amounts
Standardized Approach - CCR (For Derivatives)	3,523,661	839,905		1.4	4,357,589	1,571,129
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					1,087,752	454,032
<b>Total</b>						<b>2,025,161</b>

(\*) Effective Expected Positive Exposure

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 4. Counterparty Credit Risk (continued)

##### 4.3. Credit valuation adjustment (CVA) capital charge

<b>Current Period</b>	<b>Exposure at Default post-Credit Risk Mitigation</b>	<b>Risk Weighted Amounts</b>
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	4,335,874	1,012,656
<b>Total subject to the CVA capital charge</b>	<b>4,335,874</b>	<b>1,012,656</b>

  

<b>Prior Period</b>	<b>Exposure at Default post-Credit Risk Mitigation</b>	<b>Risk Weighted Amounts</b>
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	4,357,589	857,284
<b>Total subject to the CVA capital charge</b>	<b>4,357,589</b>	<b>857,284</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 4. Counterparty Credit Risk (continued)

##### 4.4. Counterparty credit risk by risk classes and risk weights

Current Period										Total credit exposure (*)
Risk Weight / Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	500%	Others	
Receivables from central governments and central banks	604,505	-	-	-	-	-	-	-	-	604,505
Receivables from regional and local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and financial intermediaries	-	-	188,417	3,102,217	-	-	-	-	-	3,290,634
Corporates receivables	-	-	10,495	154,955	-	2,558,292	-	-	-	2,723,742
Retail receivables	-	-	-	-	133,674	-	-	-	-	133,674
Other receivables (**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>604,505</b>	<b>-</b>	<b>198,912</b>	<b>3,257,172</b>	<b>133,674</b>	<b>2,558,292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,752,555</b>

(\*) Total credit risk: Amount related to capital adequacy calculation after the counterparty credit risk measurement techniques are applied.

(\*\*) Other assets: The amounts not included in the credit risk of the counterparty reported in the risks table to the Central Counterparty.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 4. Counterparty Credit Risk (continued)

##### 4.4. Counterparty credit risk by risk classes and risk weights (continued)

Prior Period										Total
Risk Weight / Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	credit exposure (*)	
Receivables from central governments and central banks	2,485,616	-	-	-	-	-	-	-	-	2,485,616
Receivables from regional and local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and financial intermediaries	-	-	142,519	1,467,226	-	-	-	-	-	1,609,745
Corporate receivables	-	-	12,010	128,680	-	1,158,672	-	-	-	1,299,362
Retail receivables	-	-	599	18	50,001	-	-	-	-	50,618
Other receivables (**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,485,616</b>	<b>-</b>	<b>155,128</b>	<b>1,595,924</b>	<b>50,001</b>	<b>1,158,672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,445,341</b>

(\*) Total credit risk: Amount related to capital adequacy calculation after the counterparty credit risk measurement techniques are applied.

(\*\*) Other assets: The amounts not included in the credit risk of the counterparty reported in the risks table to the Central Counterparty.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 4. Counterparty Credit Risk (continued)

##### 4.5. Composition of collateral for counterparty credit risk exposure

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral received		Posted collateral		Collateral received	Posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	205,815	-	-	-	-
Cash – other currencies	-	5,786	-	-	-	-
Domestic sovereign debt	-	4,544	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>216,145</b>	-	-	-	-

Prior Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral received		Posted collateral		Collateral received	Posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	603	-	-	-	-
Cash – other currencies	-	4,823	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	551	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>5,977</b>	-	-	-	-

#### 4.6. Credit Derivatives

None.

#### 4.7. Exposures to central counterparties

None.

#### 5. Securitization Disclosures

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

#### 6. Market Risk Disclosures

The market risk section includes the market risk capital requirements calculated for trading book and banking book exposures that are subject to a market risk charge. It also includes capital requirements for securitization positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures, which are reported in Section 5 – Counterparty credit risk.

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 note.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### XI. Explanations Related to Risk Management (continued)

#### 6. Market Risk Disclosures (continued)

##### 6.1. Qualitative disclosure requirements related to market risk (continued)

Interest rate and foreign exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to Value at Risk (VAR), as summarized below, is taken into consideration by the standard method. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by historic simulation. These results are also reported daily to the management.

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currency and in linear scenario analysis, not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted financial figures.

According to economic cost approach, changes in market interest rates may affect the Bank’s assets, liabilities and off-balance sheet items values. The Bank’s economic value’s sensitivity to interest rate is an important issue for stockholders, management and auditors.

Economic value of a product is net present value that is calculated by discounting expected cash flow.

Economic value of the Bank is the net present value of the cash flows that is subtracting expected cash flows of liabilities from net present value of assets and adding off balance sheet items expected cash flows. Economic value approach represents value of the Bank’s sensitivity to interest rate fluctuations.

Market value of equity is defined as the difference between the market value of assets and liabilities. The Board of Directors predefines a limit for market value of equity; shock method is applied to all items to be able to see equity’s influence on market value. Shocks applied may vary based on currencies.

As Economical Value approach considers effects of interest rate changes on all future cash flows, it enables to comprehensively understand effects of interest rate changes in the long run.

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings are prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted. Both historical and hypothetical scenario analyzes are performed.

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; in order to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, Value at Risk (“VAR”) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked, and reported to the management. Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product-based cash flows are formed, repricing, maturity and product-based acceptances are also considered.

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/annual cumulative profit/loss balances and some positions taken in that month.

All Limit and risk positions are represented to Risk Policies Committee, Risk Committee and to The Board of Directors.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### XI. Explanations Related to Risk Management (continued)

#### 6. Market Risk Disclosures (continued)

##### 6.2. Standardized Approach

Current Period		Risk Weighted Amounts
Outright products		
1	Interest rate risk (general and specific)	1,559,644
2	Equity risk (general and specific)	-
3	Foreign exchange risk	1,752,580
4	Commodity risk	1,778,832
Options		
5	Simplified approach	-
6	Delta-plus method	699,538
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>5,790,594</b>

  

Prior Period		Risk Weighted Amounts
Outright products		
1	Interest rate risk (general and specific)	1,377,017
2	Equity risk (general and specific)	-
3	Foreign exchange risk	538,925
4	Commodity risk	945,141
Options		
5	Simplified approach	-
6	Delta-plus method	141,075
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>3,002,158</b>

#### 7. Explanations Related to Operational Risk

- a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed annually.
- b) In case of Basic Indicator Approach the following:

	31.12.2019	31.12.2020	31.12.2021	Total/Number of positive gross income years	Rate (%)	Total
Gross income	5,972,922	5,663,120	6,334,586	5,990,210	15	898,531
Operational Risk Capital Requirement (Total*12.5)						11,231,643

	31.12.2018	31.12.2019	31.12.2020	Total/Number of positive gross income years	Rate (%)	Total
Gross income	5,159,211	5,982,919	5,672,140	5,604,757	15	840,713
Operational Risk Capital Requirement (Total*12.5)						10,508,918

- c) The Bank does not use the standard method.
- d) The Bank does not use any alternative approach in standard method.
- e) The Bank does not use advanced measurement approach.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### XI. Explanations Related to Risk Management (continued)

#### 8. Explanations Related to Remuneration Policy in Banks

TEB pays net salaries on the last working day of each month, after the required legal deductions are made. In addition to receiving a monthly salary, all TEB employees are assessed based on meeting their qualitative and quantitative targets, and the Bank may pay performance-based success and sales premiums or annual performance bonuses to reward employees’ collective and individual success.

An annual performance bonus is determined based on the Bank’s profitability, the results of Bank activities, and the realization of targets in line with market practices (local and/or professional). A performance bonus is only paid when the target realized in a particular year is at least 80%. Employees included in the success and sales premium scheme are paid success and sales premiums based to the targets realized during the year.

The remuneration policy of the Bank was prepared in line with the BRSA’s “Communiqué on Corporate Management of Banks” and “Guidance on Good Remuneration Practices in Banks”, and within the scope of the principle of proportionality, the content, structure, and strategies of the Bank’s activities, long-term targets, the risk management structure of the Bank and local regulations. These regulations aim to prevent taking excessive risks and evaluate actual contributions to the risk management.

The remuneration policy supports the Bank in managing risks in line with the principles and parameters determined and approved by the Board of Directors. The remuneration policy aims to attract and retain expert employees who will contribute to the Bank reaching its strategic targets in both business line and support functions.

SECOM (Selection and Compensation Committee) is responsible, on behalf of the Board of Directors, for ensuring that the remuneration policy is prepared in line with local and BNP Paribas regulations. SECOM manages the principles of the remuneration policy, taking opinions from the Human Resources, Financial Affairs, Risk, Compliance, and Internal Control Groups. The remuneration policy is reviewed and approved by SECOM and submitted to the Board of Directors. The remuneration policy is reviewed annually.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### SECTION FIVE

#### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

##### I. Explanations and Disclosures Related to the Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	752,200	10,004,814	480,825	6,992,493
Balances with the Central Bank of Turkey	6,458,159	26,063,697	5,237,670	22,851,875
Other	-	560,841	-	228,432
<b>Total</b>	<b>7,210,359</b>	<b>36,629,352</b>	<b>5,718,495</b>	<b>30,072,800</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	6,458,159	-	5,130,440	-
Unrestricted Time Deposit	-	7,868,041	-	7,072,426
Restricted Time Deposit	-	18,195,656	107,230	15,779,449
<b>Total</b>	<b>6,458,159</b>	<b>26,063,697</b>	<b>5,237,670</b>	<b>22,851,875</b>

The FC unrestricted amount is TL 7,868,041 (31 December 2021: TL 7,072,426), the FC restricted amount is TL 18,195,656 (31 December 2021: TL 15,779,449), the TL unrestricted amount is TL 6,458,159 (31 December 2021: TL 5,130,440), there is no restricted TL amount (31 December 2021: TL 107,230).

As of 31 December 2022, the applicable rates for the reserve requirements established at the CBRT are between 3% and 8% (31 December 2021: between 3% and 8%) in Turkish currency, and between 5% and 26% in foreign currency, depending on the maturity structure (31 December 2021: between 5% and 26%).

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

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

Net book value of unrestricted financial assets at fair value through profit or loss is TL 3,011,802 (31 December 2021: TL 2,491,428).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	2,809,744	202,058	1,942,260	549,168
Securities Representing Share in Capital	77,196	263,295	59,387	135,326
Other Financial Assets	-	76,286	-	107,646
<b>Total</b>	<b>2,886,940</b>	<b>541,639</b>	<b>2,001,647</b>	<b>792,140</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1,089,391	47,443	739,292	23,542
Swap Transactions	2,953,184	228,144	5,160,990	258,119
Futures Transactions	-	-	-	-
Options	357,592	388,958	106,295	43,738
Other	-	-	-	-
<b>Total</b>	<b>4,400,167</b>	<b>664,545</b>	<b>6,006,577</b>	<b>325,399</b>

#### 4. Information on banks:

##### a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	2,102,878	505	1,531,570	1,248,381
Foreign	698,476	6,162,428	86,455	8,713,933
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>2,801,354</b>	<b>6,162,933</b>	<b>1,618,025</b>	<b>9,962,314</b>

An expected loss provision of TL 28,900 (31 December 2021: TL 23,547) has been set aside for receivables from banks.

##### b) Information on foreign banks account:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	985,011	1,640,507	-	380,464
USA, Canada	2,765,267	3,192,869	-	-
OECD Countries (*)	878,376	2,332,760	-	-
Off-Shore Banking Regions	20	16	-	-
Other	1,578,685	1,096,610	653,545	157,162
<b>Total</b>	<b>6,207,359</b>	<b>8,262,762</b>	<b>653,545</b>	<b>537,626</b>

(\*) OECD countries other than EU countries, USA and Canada.

#### 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	1,411,005	-	1,448,659	1,739,641
Other	-	-	-	-
<b>Total</b>	<b>1,411,005</b>	<b>-</b>	<b>1,448,659</b>	<b>1,739,641</b>

##### 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	-	3,013,150	1,045,152	1,658,916
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,013,150</b>	<b>1,045,152</b>	<b>1,658,916</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 3,995,149 (31 December 2021: TL 1,282,716).



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 5. Information on financial assets at fair value through other comprehensive income (continued):

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

	Current Period	Prior Period
Debt Securities	8,369,991	7,161,834
Quoted on a Stock Exchange	8,320,656	7,122,573
Unquoted on a Stock Exchange	49,335	39,261
Equity Securities	49,313	13,250
Quoted on a Stock Exchange	-	-
Unquoted on a Stock Exchange	49,313	13,250
Impairment Provision (-)	-	-
<b>Total</b>	<b>8,419,304</b>	<b>7,175,084</b>

An expected loss provision of TL 1,676 (31 December 2021: TL 1,668) has been reserved for financial assets at fair value through other comprehensive income).

#### 6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	1,118,603	-	389,230
Corporate Shareholders	-	1,118,603	-	389,230
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	212,298	-	116,057	-
<b>Total</b>	<b>212,298</b>	<b>1,118,603</b>	<b>116,057</b>	<b>389,230</b>

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		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-specialized Loans	135,354,392	10,235,887	49,531	1,067,224
Working Capital Loans	12,825,030	1,920,186	-	772,445
Export Loans	30,414,865	296,549	-	2,366
Import Loans	-	-	-	-
Loans Given to Financial Sector	5,290,513	-	-	-
Consumer Loans	24,973,760	4,727,764	7,431	122,472
Credit Cards	12,700,358	1,669,035	37,549	-
Other	49,149,866	1,622,353	4,551	169,941
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>135,354,392</b>	<b>10,235,887</b>	<b>49,531</b>	<b>1,067,224</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

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

##### Prior Period:

Cash Loans	Loans under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-specialized Loans	94,813,675	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	39,528,848	1,474,594	7,448	370,423
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>94,813,675</b>	<b>7,851,522</b>	<b>106,238</b>	<b>1,726,179</b>

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	734,536	-	428,726	-
Significant Increase in Credit Risk	-	2,418,591	-	1,351,897
<b>Total</b>	<b>734,536</b>	<b>2,418,591</b>	<b>428,726</b>	<b>1,351,897</b>

c) Distribution of cash loans by maturity structure:

Current Period	Loans under Close Monitoring		
	Standard Loans	Not under the Scope of Restructuring	Restructured
Short Term Loans	81,111,891	3,329,771	21,414
Medium- and Long-Term Loans	54,242,501	6,906,116	1,095,341
<b>Total</b>	<b>135,354,392</b>	<b>10,235,887</b>	<b>1,116,755</b>

Prior Period	Loans under Close Monitoring		
	Standard Loans	Not under the Scope of Restructuring	Restructured
Short Term Loans	49,217,439	2,130,065	57,948
Medium- and Long-Term Loans	45,596,236	5,721,457	1,774,469
<b>Total</b>	<b>94,813,675</b>	<b>7,851,522</b>	<b>1,832,417</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

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

Current Period	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TL</b>	<b>3,035,284</b>	<b>24,646,725</b>	<b>27,682,009</b>
Housing Loans	13,586	3,421,072	3,434,658
Vehicle Loans	38,477	356,529	395,006
General Purpose Loans	2,983,221	20,869,124	23,852,345
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	-	<b>5,243</b>	<b>5,243</b>
Housing Loans	-	5,243	5,243
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	-	<b>12,322</b>	<b>12,322</b>
Housing Loans	-	3,612	3,612
Vehicle Loans	-	-	-
General Purpose Loans	-	8,710	8,710
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>9,899,605</b>	<b>33,500</b>	<b>9,933,105</b>
With Instalments	3,773,824	33,500	3,807,324
Without Instalments	6,125,781	-	6,125,781
<b>Individual Credit Cards-FC</b>	<b>33,398</b>	-	<b>33,398</b>
With Instalments	-	-	-
Without Instalments	33,398	-	33,398
<b>Personnel Loans-TL</b>	<b>37,523</b>	<b>98,869</b>	<b>136,392</b>
Housing Loans	-	326	326
Vehicle Loans	-	-	-
General Purpose Loans	37,523	98,543	136,066
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>68,406</b>	<b>18</b>	<b>68,424</b>
With Instalments	27,336	18	27,354
Without Instalments	41,070	-	41,070
<b>Personnel Credit Cards-FC</b>	<b>652</b>	-	<b>652</b>
With Instalments	-	-	-
Without Instalments	652	-	652
<b>Overdraft Accounts-TL (Real Persons) (*)</b>	<b>1,995,461</b>	-	<b>1,995,461</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>15,070,329</b>	<b>24,796,677</b>	<b>39,867,006</b>

(\*) Overdraft accounts include personnel loans amounting to TL 6,830.

(\*\*) Loans granted via branches abroad.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

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

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

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

(\*\*) Loans granted via branches abroad.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

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

Current Period	Short Term	Medium and Long Term	Total
<b>Commercial loans with instalment – TL</b>	<b>2,378,337</b>	<b>10,547,993</b>	<b>12,926,330</b>
Business Loans	4,639	160,686	165,325
Vehicle Loans	344,111	2,564,430	2,908,541
General Purpose Loans	2,029,587	7,822,877	9,852,464
Other	-	-	-
<b>Commercial loans with instalment - Indexed to FC</b>	<b>-</b>	<b>20,114</b>	<b>20,114</b>
Business Loans	-	6,082	6,082
Vehicle Loans	-	-	-
General Purpose Loans	-	14,032	14,032
Other	-	-	-
<b>Commercial loans with instalment – FC</b>	<b>939</b>	<b>-</b>	<b>939</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	939	-	939
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>4,364,826</b>	<b>36</b>	<b>4,364,862</b>
With Instalments	1,655,525	36	1,655,561
Without Instalments	2,709,301	-	2,709,301
<b>Corporate Credit Cards-FC</b>	<b>6,501</b>	<b>-</b>	<b>6,501</b>
With Instalments	-	-	-
Without Instalments	6,501	-	6,501
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>985,557</b>	<b>-</b>	<b>985,557</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7,736,160</b>	<b>10,568,143</b>	<b>18,304,303</b>

Prior Period	Short Term	Medium and Long Term	Total
<b>Commercial loans with instalment – TL</b>	<b>1,147,802</b>	<b>10,429,698</b>	<b>11,577,500</b>
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	-	-	-
<b>Commercial loans with instalment - Indexed to FC</b>	<b>-</b>	<b>109,730</b>	<b>109,730</b>
Business Loans	-	7,579	7,579
Vehicle Loans	-	-	-
General Purpose Loans	-	102,151	102,151
Other	-	-	-
<b>Commercial loans with instalment – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2,670,477</b>	<b>191</b>	<b>2,670,668</b>
With Instalments	1,101,764	191	1,101,955
Without Instalments	1,568,713	-	1,568,713
<b>Corporate Credit Cards-FC</b>	<b>3,537</b>	<b>-</b>	<b>3,537</b>
With Instalments	-	-	-
Without Instalments	3,537	-	3,537
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>836,380</b>	<b>-</b>	<b>836,380</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,658,196</b>	<b>10,539,619</b>	<b>15,197,815</b>

f) Distribution of loans by users:

	Current Period	Prior Period
Public	1,686,191	1,974,740
Private	145,020,843	102,522,874
<b>Total</b>	<b>146,707,034</b>	<b>104,497,614</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

g) Distribution of domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	145,849,516	103,816,710
Foreign Loans	857,518	680,904
<b>Total</b>	<b>146,707,034</b>	<b>104,497,614</b>

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Given to Subsidiaries and Associates	437,163	366,942
Indirect Loans Given to Subsidiaries and Associates	-	-
<b>Total</b>	<b>437,163</b>	<b>366,942</b>

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

	Current Period	Prior Period
Loans with Limited Collectability	197,372	275,137
Loans with Doubtful Collectability	359,210	250,384
Uncollectible Loans	1,335,772	1,733,851
<b>Total</b>	<b>1,892,354</b>	<b>2,259,372</b>

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

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>			
Gross Amounts before Provisions	51,719	38,533	34,533
Restructured Loans	51,719	38,533	34,533
<b>Prior Period</b>			
Gross Amounts before Provisions	72,529	14,239	42,007
Restructured Loans	72,529	14,239	42,007

j.2) Movement of non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Prior period end balance</b>	<b>448,493</b>	<b>390,670</b>	<b>2,486,219</b>
Additions (+)	1,486,236	15,022	33,941
Transfers from other accounts of Non-performing (+)	-	1,265,449	939,862
Transfers to other accounts of Non-performing (-)	1,267,584	937,727	-
Collections (-)	310,354	252,097	802,825
Write-Offs (-)	50,967	-	403,858
Sold Portfolio (-) (*)	34	1,968	416,989
Corporate and Commercial Loans	4	1,587	60,510
Retail Loans	1	20	267,490
Credit Cards	29	361	88,989
Other	9,976	25,484	(31,057)
<b>Current Period End Balance</b>	<b>315,766</b>	<b>504,833</b>	<b>1,805,293</b>
Provision (-)	197,372	359,210	1,335,772
<b>Net Balance on Balance Sheet</b>	<b>118,394</b>	<b>145,623</b>	<b>469,521</b>

(\*) Non-performing loans amounting to TL 418,991 for which TL 390,257 of provision had been allocated, is sold for TL 115,221 during 2022 and after all sales procedures were completed, these non-performing loans have been written off from the portfolio.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

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

j.3) Information on foreign currency non-performing loans:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectable Loans and Receivables
<b>31 December 2022</b>			
Current Period End Balance	92,224	3,070	99,092
Provision Amount (-)	64,461	1,354	72,617
<b>Net Balance on Balance Sheet</b>	<b>27,763</b>	<b>1,716</b>	<b>26,475</b>
<b>31 December 2021</b>			
Current Period End Balance	90,621	19,011	181,764
Provision Amount (-)	77,359	12,802	131,304
<b>Net Balance on Balance Sheet</b>	<b>13,262</b>	<b>6,209</b>	<b>50,460</b>

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectable Loans and Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	315,766	504,833	1,805,293
Provision Amount (-)	197,372	359,210	1,335,772
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>118,394</b>	<b>145,623</b>	<b>469,521</b>
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	448,493	390,670	2,486,219
Provision Amount (-)	275,137	250,384	1,733,851
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>173,356</b>	<b>140,286</b>	<b>752,368</b>
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectable Loans
<b>Current Period (Net)</b>			
Interest Accruals, Discounts and Valuation Differences	699	83	7,659
Provision Amount (-)	28,808	58,354	457,827
	28,109	58,271	450,168
<b>Prior Period (Net)</b>	<b>1,434</b>	<b>3,340</b>	<b>34,109</b>
Interest Accruals, Discounts 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 UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

k) Disclosures regarding the unregistered policy:

Loans that will be subject to write-off are applied for loans that are classified as 5 Group - Loans classified as Bad Debt and provided with life-long expected credit loss provision due to the debtor’s default and there is no reasonable expectation of their recovery within the scope of TFRS 9 standard 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’s and the following write-off criteria’s are considered:

- The possibility of recovery is limited: Loans with low collateralization, limited collateral capability, limited assets that provide foreclosure collection, and less than expected cost income for collection 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 lawsuit/prosecution to be filed is higher than the collection to be made, are evaluated.

- Long-term follow-up: Those who do not have reasonable collection expectations are evaluated in order to recover the loans that have been pursuing for a long time.

The following practices for the loans bank monitors, although the loans have been written-off by the Bank, cannot be different from its registered loans.

- The methods applied for legal collection of loans from debtors,
- Decisions to be subjected to the sale of non-performing loans,
- Decisions to waive the credit by waiving the loans.

Within the scope of TFRS 9, the deducted amount during the period is TL 454,825 (31 December 2021: TL 57,671) and its effect on NPL ratio is 0.30% (31 December 2021: 0.06%). The follow-up conversion rate, after deductions, is 1.76% (31 December 2021: 3.08%) in the current period non-performing loan figures, while the calculated rate including the loans deducted during the year is 2.06% (31 December 2021: 3.14%).

l) Other explanations and disclosures:

<b>Current Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	97,680,274	24,973,760	12,700,358	135,354,392
Loans Under Close Monitoring	4,788,391	4,857,667	1,706,584	11,352,642
Loans Under Follow Up	856,916	1,606,859	162,117	2,625,892
<b>Total</b>	<b>103,325,581</b>	<b>31,438,286</b>	<b>14,569,059</b>	<b>149,332,926</b>
12 Month Expected Credit Loss (Stage I) (-)	365,454	231,139	137,943	734,536
Significant Increase in Credit Risk (Stage II) (-)	1,775,605	385,520	257,466	2,418,591
Default (Stage III) (-)	590,043	1,173,192	129,119	1,892,354
<b>Total</b>	<b>2,731,102</b>	<b>1,789,851</b>	<b>524,528</b>	<b>5,045,481</b>
<b>Net Credit Balance on Balance Sheet</b>	<b>100,594,479</b>	<b>29,648,435</b>	<b>14,044,531</b>	<b>144,287,445</b>
<b>Prior Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	68,148,112	19,586,048	7,079,515	94,813,675
Loans Under Close Monitoring	4,206,564	4,389,801	1,087,574	9,683,939
Loans Under Follow Up	1,274,995	1,808,745	241,642	3,325,382
<b>Total</b>	<b>73,629,671</b>	<b>25,784,594</b>	<b>8,408,731</b>	<b>107,822,996</b>
12 Month Expected Credit Loss (Stage I) (-)	203,624	160,661	64,441	428,726
Significant Increase in Credit Risk (Stage II) (-)	1,091,318	209,746	50,833	1,351,897
Default (Stage III) (-)	849,940	1,221,062	188,370	2,259,372
<b>Total</b>	<b>2,144,882</b>	<b>1,591,469</b>	<b>303,644</b>	<b>4,039,995</b>
<b>Net Credit Balance on Balance Sheet</b>	<b>71,484,789</b>	<b>24,193,125</b>	<b>8,105,087</b>	<b>103,783,001</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

1) Other explanations and disclosures: (continued)

The following is a reclassification of provision for impairment on loans by stage;

#### Current Period

Commercial	Standard Loans (Stage 1)	Loans Under Close Monitoring (Stage 2)	Loans Under Follow Up (Stage 3)	Total
31 December 2021	203,624	1,091,318	849,940	2,144,882
Transfers;				
- Stage 1 to Stage 2	(8,312)	38,492	-	30,180
- Stage 1 to Stage 3	(1,438)	-	59,763	58,325
- Stage 2 to Stage 3	-	(26,383)	80,297	53,914
- Stage 2 to Stage 1	1,105	(7,514)	-	(6,409)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	283,428	606,714	629,176	1,519,318
Collections	(135,016)	(131,055)	(548,378)	(814,449)
Sold Portfolio	-	-	(47,297)	(47,297)
Write-offs	-	-	(452,651)	(452,651)
Currency differences	22,063	204,033	19,193	245,289
<b>Total Expected Loss Provision - 31 December 2022</b>	<b>365,454</b>	<b>1,775,605</b>	<b>590,043</b>	<b>2,731,102</b>

#### Prior Period

Commercial	Standard Loans (Stage 1)	Loans Under Close Monitoring (Stage 2)	Loans Under Follow Up (Stage 3)	Total
31 December 2020	176,623	1,033,284	1,996,399	3,206,306
Transfers;				
- Stage 1 to Stage 2	(6,296)	17,266	-	10,970
- Stage 1 to Stage 3	(775)	-	24,630	23,855
- Stage 2 to Stage 3	-	(88,038)	90,252	2,214
- Stage 2 to Stage 1	3,960	(20,577)	-	(16,617)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	104,257	211,577	(874,935)	(559,101)
Collections	(101,505)	(326,605)	(239,832)	(667,942)
Sold Portfolio	-	-	(112,757)	(112,757)
Write-offs	-	-	(55,520)	(55,520)
Currency differences	27,360	264,411	21,703	313,474
<b>Total Expected Loss Provision - 31 December 2021</b>	<b>203,624</b>	<b>1,091,318</b>	<b>849,940</b>	<b>2,144,882</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

##### 1) Other explanations and disclosures: (continued)

##### Current Period

Consumer	Standard Loans (Stage 1)	Loans Under Close Monitoring (Stage 2)	Loans Under Follow Up (Stage 3)	Total
31 December 2021	160,661	209,746	1,221,062	1,591,469
Transfers;				
- Stage 1 to Stage 2	(10,183)	58,020	-	47,837
- Stage 1 to Stage 3	(6,038)	-	272,728	266,690
- Stage 2 to Stage 3	-	(42,527)	285,430	242,903
- Stage 2 to Stage 1	7,548	(47,903)	-	(40,355)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	120,047	258,623	(377,532)	1,138
Collections	(40,896)	(50,439)	(36,569)	(127,904)
Sold Portfolio	-	-	(189,753)	(189,753)
Write-offs	-	-	(2,174)	(2,174)
Currency differences	-	-	-	-
<b>Total Expected Loss Provision - 31 December 2022</b>	<b>231,139</b>	<b>385,520</b>	<b>1,173,192</b>	<b>1,789,851</b>

##### Prior Period

Consumer	Standard Loans (Stage 1)	Loans Under Close Monitoring (Stage 2)	Loans Under Follow Up (Stage 3)	Total
31 December 2020	162,525	263,142	228,731	654,398
Transfers;				
- Stage 1 to Stage 2	(11,426)	52,675	-	41,249
- Stage 1 to Stage 3	(2,574)	-	71,107	68,533
- Stage 2 to Stage 3	-	(58,101)	114,361	56,260
- Stage 2 to Stage 1	4,100	(35,657)	-	(31,557)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	39,799	59,480	951,475	1,050,754
Collections	(31,763)	(71,793)	(23,338)	(126,894)
Sold Portfolio	-	-	(119,123)	(119,123)
Write-offs	-	-	(2,151)	(2,151)
Currency differences	-	-	-	-
<b>Total Expected Loss Provision - 31 December 2021</b>	<b>160,661</b>	<b>209,746</b>	<b>1,221,062</b>	<b>1,591,469</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

##### 1) Other explanations and disclosures: (continued)

##### Current Period

Credit Cards	Standard Loans (Stage 1)	Loans Under Close Monitoring (Stage 2)	Loans Under Follow Up (Stage 3)	Total
31 December 2021	64,441	50,833	188,370	303,644
Transfers;				
- Stage 1 to Stage 2	(5,435)	104,931	-	99,496
- Stage 1 to Stage 3	(1,659)	-	62,282	60,623
- Stage 2 to Stage 3	-	(9,503)	48,019	38,516
- Stage 2 to Stage 1	13,394	(21,936)	-	(8,542)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	74,569	146,765	(53,220)	168,114
Collections	(7,367)	(13,624)	(50,885)	(71,876)
Sold Portfolio	-	-	(65,447)	(65,447)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total Expected Loss Provision - 31 December 2022</b>	<b>137,943</b>	<b>257,466</b>	<b>129,119</b>	<b>524,528</b>

##### Prior Period

Credit Cards	Standard Loans (Stage 1)	Loans Under Close Monitoring (Stage 2)	Loans Under Follow Up (Stage 3)	Total
31 December 2020	54,298	63,826	68,943	187,067
Transfers;				
- Stage 1 to Stage 2	(5,019)	26,181	-	21,162
- Stage 1 to Stage 3	(1,490)	-	41,681	40,191
- Stage 2 to Stage 3	-	(19,857)	44,873	25,016
- Stage 2 to Stage 1	6,064	(18,256)	-	(12,192)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	15,726	12,638	92,696	121,060
Collections	(5,138)	(13,699)	-	(18,837)
Sold Portfolio	-	-	(59,823)	(59,823)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total Expected Loss Provision - 31 December 2021</b>	<b>64,441</b>	<b>50,833</b>	<b>188,370</b>	<b>303,644</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Information on loans: (continued)

1) Other explanations and disclosures: (continued)

The fair value of collaterals of non-performing loans, capped with the respective outstanding loan balance as of 31 December 2022 is TL 842,665 (31 December 2021: TL 1,453,443).

#### The fair value of the collateral of non-performing loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	668,114	1,080,929
Vehicle	63,499	129,617
Cash	113	440
Other (*)	110,939	242,457
<b>Total</b>	<b>842,665</b>	<b>1,453,443</b>

(\*) Other amount includes Treasury backed and Portfolio guaranteed CGF guarantee amounting to TL 110,939 (31 December 2021: TL 242,457).

As of 31 December 2022, the fair value of the collaterals of the customers' total principal risk related to the loans under close monitoring that do not exceed the risk is TL 3,767,830 (31 December 2021: TL 3,742,470).

#### Fair value of the part of the collaterals of the closely monitored loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	3,182,343	3,171,659
Vehicle	466,367	328,721
Cash, Government Bonds	116,555	207,134
Other	2,565	34,956
<b>Total</b>	<b>3,767,830</b>	<b>3,742,470</b>

As of 31 December 2022 and 31 December 2021, the details of the commodities and real estates that the bank has acquired for disposal of credit receivables are as follows:

31 December 2022	Commercial	Consumer	Total
Residential, commercial or industrial properties	99,958	412	100,370
Other	-	-	-
<b>Total</b>	<b>99,958</b>	<b>412</b>	<b>100,370</b>

31 December 2021	Commercial	Consumer	Total
Residential, commercial or industrial properties	64,440	1,493	65,933
Other	-	-	-
<b>Total</b>	<b>64,440</b>	<b>1,493</b>	<b>65,933</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 7. Information on financial assets measured at amortised cost:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	-	7,460,842	2,592,783	5,020,254
<b>Total</b>	<b>-</b>	<b>7,460,842</b>	<b>2,592,783</b>	<b>5,020,254</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	19,897,126	-	3,025,653	2,970,779
Other	-	-	-	-
<b>Total</b>	<b>19,897,126</b>	<b>-</b>	<b>3,025,653</b>	<b>2,970,779</b>

Financial assets valued over their amortised cost classified as free warehouse TL 13,097,968 (31 December 2021: TL 5,942,231).

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

	Current Period	Prior Period
Government Bonds	40,455,936	19,551,700
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>40,455,936</b>	<b>19,551,700</b>

a.4) Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt securities	40,455,936	19,551,700
Quoted on a Stock Exchange	40,455,936	19,551,700
Unquoted on a Stock Exchange	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>40,455,936</b>	<b>19,551,700</b>

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

	Current Period	Prior Period
Balance at the Beginning of the Period	19,551,700	12,522,941
Foreign Currency Differences on Monetary Assets	2,524,109	841,915
Purchases During the Year (*)	20,808,138	8,203,718
Disposals Through Sales and Redemptions	(2,428,011)	(2,016,874)
Impairment Provision (-)	-	-
<b>Closing Balance</b>	<b>40,455,936</b>	<b>19,551,700</b>

(\*) Includes rediscount amounts.

#### 8. Information on associates (Net):

- a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2021: None).
- a.2) Information on the unconsolidated associates: None (31 December 2021: None).
- a.3) Information 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).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

a) Information on shareholders’ equity of significant subsidiaries:

Subsidiaries do not use internal capital adequacy assessment approach.

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in capital to be entitled for compensation after all creditors	50,000	28,794	10,000
Reserves	178,260	39,465	1,607
Net income for the period and prior period income	219,723	358,021	51,252
Income/loss recognized under equity in accordance with TAS	-	-	(16)
Leasehold improvements on operational leases (-)	2,974	284	1,799
Goodwill and intangible asset and the related deferred tax liability (-)	5,748	14,266	1,325
<b>Total common equity tier 1 capital</b>	<b>439,261</b>	<b>411,730</b>	<b>59,719</b>
Provisions	7,645	-	-
<b>Equity</b>	<b>446,906</b>	<b>411,730</b>	<b>59,719</b>

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subsection to the reasonable justifications of non-consolidate and minimum capital requirement: None (31 December 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)	The Bank’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	96.62	3.38
3 TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	25.60	29.14

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

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	7,424,890	447,983	10,827	984,801	-	208,685	54,321	-
2	1,486,272	426,280	7,524	209,804	-	153,417	105,250	-
3	96,167	62,843	6,334	8,126	87	38,853	18,042	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2021.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	115,986	115,986
Movements During the Period	-	-
Purchases	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	-	-
<b>Balance at the End of the Period</b>	<b>115,986</b>	<b>115,986</b>
Capital Commitments	-	-
Share Percentage at The End of The Period (%)	-	-

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

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

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2021: None).

e) Information on non-financial subsidiaries that are not consolidated:

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

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

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

Entities under common control (joint ventures)	Share of the 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	208,653	96,559	45,178	540,764	(490,430)

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

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

#### 11. Information on financial lease receivables (Net): None (31 December 2021: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 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	425,928	308,164	1,796,596	5,873
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>425,928</b>	<b>308,164</b>	<b>1,796,596</b>	<b>5,873</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortised through profit or loss to the financial asset price until the maturity of the asset.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted TL 49,903 (31 December 2021: TL 60,244) is recorded under equity as of 31 December 2022. These amounts are transferred into income statement by considering maturity date of hedged items.

#### 13. Information on tangible assets:

	31 December 2021	Purchases	Sales	Other	31 December 2022
<b>Cost:</b>					
Real estate	117,940	631	(2,160)	114	116,525
Right of Use	1,003,493	452,710	(283,673)	-	1,172,530
Furniture, Furnishings, Office Machines and Other Securities	1,166,069	358,233	(43,856)	(65)	1,480,381
<b>Total Cost</b>	<b>2,287,502</b>	<b>811,574</b>	<b>(329,689)</b>	<b>49</b>	<b>2,769,436</b>
		Charge for the Period	Sales	Other	31 December 2022
<b>Accumulated Depreciation:</b>					
Real estate	58,477	3,430	(1,053)	49	60,903
Right of Use Depreciation	571,981	179,887	(144,748)	-	607,120
Furniture, Furnishings, Office Machines and Other Securities	741,540	149,116	(40,964)	-	849,692
<b>Total Accumulated Depreciation</b>	<b>1,371,998</b>	<b>332,433</b>	<b>(186,765)</b>	<b>49</b>	<b>1,517,715</b>
<b>Net Book Value</b>	<b>915,504</b>				<b>1,251,721</b>

- The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

#### 14. Information on intangible assets:

	31 December 2021	Purchases	Sales	Other	31 December 2022
<b>Cost:</b>					
Other Intangible Assets	669,798	423,784	(42,310)	-	1,051,272
<b>Total Cost</b>	<b>669,798</b>	<b>423,784</b>	<b>(42,310)</b>	<b>-</b>	<b>1,051,272</b>
		Charge for the Period	Sales	Other	31 December 2022
<b>Accumulated Depreciation:</b>					
Other Intangible Assets	489,313	100,660	(94)	-	589,879
<b>Total Accumulated Depreciation</b>	<b>489,313</b>	<b>100,660</b>	<b>(94)</b>	<b>-</b>	<b>589,879</b>
<b>Net Book Value</b>	<b>180,485</b>				<b>461,393</b>

- Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 14. Information on intangible assets: (continued)

- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- d) Book value of intangible assets that are restricted or pledged in use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for unconsolidated financial statements.
- i) Information on goodwill:

Following the publication of the BRSA's permission dated 10 February 2011 in the Official Gazette dated 12 February 2011 and numbered 27844, all rights by the termination of the legal personality of Fortis Bank A.Ş. The merger of two banks was realized through the transfer of receivables, liabilities and liabilities to the Bank in the form of ashes. The shareholders of Fortis Bank A.Ş., which was dismissed due to the merger, were given 1.0518 registered TEB shares for each share with a nominal value of TL 1 to be replaced with their existing shares. Since the enterprises subject to this merger are not controlled by the same person or persons before and after the business merger, the transaction has been evaluated within the scope of TFRS 3. In the merger, Fortis Bank A.Ş. has been identified as an acquired business and the fair value of the equity shares subject to the change as a result of the merger, as of 14 February 2011, is taken into account as the transferred price, and the difference between this value and the fair value of the identifiable net assets of Fortis Bank A.Ş. is recognized as goodwill.

- j) Beginning and ending balance of the goodwill and movement on goodwill in the current period:

	<b>Current Period</b>	<b>Prior Period</b>
Beginning of the period	421,124	421,124
Foreign currency differences	-	-
Acquisitions	-	-
<b>Period End Balance</b>	<b>421,124</b>	<b>421,124</b>

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

#### 16. Information on deferred tax asset:

- a) As of 31 December 2022, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 1,599,145 (31 December 2021: TL 133,323). There are no tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	<b>Current Period</b>	<b>Prior Period</b>
<b>As of 1 January</b>	<b>133,323</b>	<b>632,912</b>
Exchange Difference	-	(133)
Deferred Tax Income / (Expense)	1,632,910	(418,942)
Deferred Tax Accounted Under Equity	(167,088)	(80,514)
<b>Deferred Tax Asset</b>	<b>1,599,145</b>	<b>133,323</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 16. Information on deferred tax assets: (continued)

After net off the net deferred tax asset is presented as deferred tax asset on the balance sheet and net deferred tax liability presented as deferred tax liability on balance sheet. The deferred tax income of TL 1,632,910 is stated under the tax provision in the income statement (31 December 2021: TL 418,942 expense). The portion of the deferred tax that is directly attributable to equity which is presented in the table below has been netted within the relevant accounts in the statement of shareholders' equity.

	Current Period	Prior Period
Financial Assets Fair Value Through Other Comprehensive Income	(282,402)	29,426
From hedge accounting	(12,097)	(138,725)
Actuarial gains and losses	127,411	28,785
<b>Total</b>	<b>(167,088)</b>	<b>(80,514)</b>

#### 17. Information on assets held for sale and discontinued operations:

	Current Period	Prior Period
Beginning of the Period Cost	65,933	112,859
Accumulated Depreciation at the Beginning of the Period (-)	-	-
<b>Net Book Value</b>	<b>65,933</b>	<b>112,859</b>
Opening Balance	65,933	112,859
Acquired	129,422	116,792
Disposed (-)	94,115	166,760
Impairment (-)	870	(3,042)
Depreciation Value (-)	-	-
Period End Cost	100,370	65,933
Period End Accumulated Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>100,370</b>	<b>65,933</b>

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

#### 18. Information on other assets:

Other assets of the balance sheet amount to TL 8,416,885 (31 December 2021: TL 3,315,687) and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### II. Explanations and Disclosures Related to the Liabilities

#### 1. a) Information on maturity structure of deposits:

##### a.1) Current Period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 6 Month- Months 1 Year	1 Year and over	Accumulated Deposits	Total
Saving Deposits	8,171,822	-	14,087,065	51,169,720	2,161,080	37,848	2,076,773	- 77,704,308
Foreign Currency Deposits	41,618,064	-	9,563,959	10,687,797	158,722	62,260	114,862	- 62,205,664
Residents in Turkey	39,578,012	-	9,079,292	10,025,022	145,626	58,115	108,559	- 58,994,626
Residents Abroad	2,040,052	-	484,667	662,775	13,096	4,145	6,303	- 3,211,038
Public Sector Deposits	1,022,181	-	8,529	568,611	-	-	-	- 1,599,321
Commercial Deposits	12,649,720	-	11,502,658	16,113,341	2,246,338	102,882	3,409,323	- 46,024,262
Other Institutions Deposits	599,846	-	126,746	756,087	90,788	22	451	- 1,573,940
Precious Metals Deposits	9,166,124	-	21,852	277,988	18,928	13,856	1,495	- 9,500,243
Bank Deposits	185,513	-	1,597,800	-	-	-	-	- 1,783,313
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	8	-	-	-	-	-	-	- 8
Foreign Banks	185,505	-	1,597,800	-	-	-	-	- 1,783,305
Special Financial Institutions	-	-	-	-	-	-	-	- -
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>73,413,270</b>	<b>-</b>	<b>36,908,609</b>	<b>79,573,544</b>	<b>4,675,856</b>	<b>216,868</b>	<b>5,602,904</b>	<b>- 200,391,051</b>

Currency-protected deposit product, the operating rules of which is 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 31 December 2022, TL deposit amount includes TL 37,257,017 (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 6 Month- 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	39,809,581	-	10,242,404	18,190,816	82,942	42,412	70,690	- 68,438,845
Residents in Turkey	37,585,962	-	9,783,843	17,651,543	69,065	31,523	63,345	- 65,185,281
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	5,719,309	-	6,418,755	8,285,262	98,577	47	74,049	- 20,595,999
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	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>58,517,838</b>	<b>-</b>	<b>32,975,787</b>	<b>39,660,761</b>	<b>433,919</b>	<b>76,455</b>	<b>174,489</b>	<b>- 131,839,249</b>

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

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

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

Saving Deposits	Under the Guarantee of Insurance (**)		Exceeding the Limit of Insurance (**)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	26,516,373	15,675,439	48,478,289	14,553,028
Foreign Currency Saving Deposits	11,272,053	10,609,693	25,728,396	27,744,894
Other Deposits in the Form of Saving Deposits	2,818,412	2,368,105	5,428,436	4,756,372
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>40,606,838</b>	<b>28,653,237</b>	<b>79,635,121</b>	<b>47,054,294</b>

(\*) 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 the insurance amount to TL 5,370,596 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

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

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	1,336,331	956,353
Deposits of Controlling Shareholders and Their Close Families	4,182,430	2,749,556
Deposits of Chairman and Members of the Board of Directors and Their Close Families	91,901	81,965
Deposits Obtained Through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 2004.	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-shore Banking Activities	-	-

### 2. Information on derivative financial liabilities:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	93,782	34,238	1,360,622	19,529
Swap Transactions	2,665,390	156,043	2,503,569	104,698
Futures Transactions	-	-	-	124
Options	142,470	405,697	131,168	39,467
Other	-	-	-	-
<b>Total</b>	<b>2,901,642</b>	<b>595,978</b>	<b>3,995,359</b>	<b>163,818</b>

### 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	637,353	74,613	602,162	47,194
From Foreign Banks, Institutions and Funds	-	10,461,448	-	14,948,409
<b>Total</b>	<b>637,353</b>	<b>10,536,061</b>	<b>602,162</b>	<b>14,995,603</b>

As of 31 December 2022, the Bank has no borrowings from its related parties (31 December 2021: TL 6,057,725).

b) Explanation on maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	594,357	1,759,038	427,665	6,718,722
Medium and long-term	42,996	8,777,023	174,497	8,276,881
<b>Total</b>	<b>637,353</b>	<b>10,536,061</b>	<b>602,162</b>	<b>14,995,603</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 3. Information on funds borrowed and debt securities issued: (continued)

c) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	-	-	1,194,525	-
Treasury Bills	-	-	-	-
<b>Total</b>	-	-	<b>1,194,525</b>	-

#### 4. Funds provided through repurchase transactions:

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	-	<b>1,084,154</b>	<b>3,839,747</b>	-
Financial Institutions and Organizations	-	1,084,154	3,839,747	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>From Foreign Transactions</b>	-	<b>5,706,506</b>	-	<b>5,001,962</b>
Financial Institutions and Organizations	-	5,706,506	-	5,001,962
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Total</b>	-	<b>6,790,660</b>	<b>3,839,747</b>	<b>5,001,962</b>

#### 5. 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 foreign sources item of the balance sheet is TL 12,156,788 (31 December 2021: TL 9,207,463) and does not exceed 10% of the total balance sheet.

#### 6. Explanation 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 “Tangible Fixed Assets” as an asset (tenure) and under “Liabilities from Leasing” as a liability. As of 31 December 2022, the Bank has TL 695,894 (31 December 2021: TL 564,489) liabilities from Leasing amount.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	69,613	-	326,410	4,201
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>69,613</b>	-	<b>326,410</b>	<b>4,201</b>

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 amortised through profit or loss until the maturity of the financial instrument.

As of 31 December 2022, there are accumulated valuation differences of TL 49,903 (31 December 2021: TL 60,244) under equity as of 31 December 2022. This amount is spread over the remaining terms of the hedged items by the Bank and transferred to the income statement.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 8. 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 indemnifies non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	163,475	67,930
Stage 2	389,419	233,196
Stage 3	133,621	44,434
<b>Total</b>	<b>686,515</b>	<b>345,560</b>

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

As of 31 December 2022, the Bank received TL 27,856 (31 December 2021: TL 15,377) allowance for unused vacation, TL 1,252,858 (31 December 2021: TL 483,683) employee termination benefits and TL 798,153 (31 December 2021: TL 249,805) related to the premiums to be paid to bank personnel and TL 1,887 (31 December 2021: None) provision of other personnel expenses reflected the to the “Provisions for Employee Rights” account in the financial statements.

#### c.1) Termination benefits:

In determining the liability, the Bank makes use of independent actuaries and makes assumptions on issues such as discount rate, employee turnover rate and future salary increases. These assumptions are reviewed annually:

	31 December 2022	31 December 2021
Discount rate (%)	10.60	20.01
Estimated inflation rate (%)	7.48	16.03
Salary increase rate over inflation rate (%)	1.00	1.00

#### Movement of employee termination benefits

	Current Period	Prior Period
As of 1 January	483,683	286,464
Current service cost	211,585	27,651
Interest cost	94,016	40,455
Reductions and payments	9,637	8,134
Actuarial loss / (gain)	505,183	159,604
Compensations paid	(51,246)	(38,625)
<b>Total</b>	<b>1,252,858</b>	<b>483,683</b>

#### c.2) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of the Parent Bank and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, provisional Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XVI “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on TAS 19 principles. The Bank 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 2022 and 31 December 2021. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 8. Information on provisions: (continued)

c) Liabilities on unused vacation, bonus, health, employee termination benefits: (continued)

c.2) Retirement Benefits: (continued)

Within the frame of the assumptions determined;

<b>Period Based Pension and Health Obligations:</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Net Present Value of Transferrable Retirement Liabilities	(2,265,564)	(1,450,105)
Net Present Value of Transferrable Retirement and Health Contributions	653,404	397,240
General Administration Expenses	(22,656)	(14,501)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(1,634,816)	(1,067,366)
Fair Value of Plan Assets (2)	5,915,152	3,607,657
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	4,280,336	2,540,291
Non-Transferable Benefits (4)	(1,138,155)	(960,056)
Asset Surplus over Total Benefits ((3)-(4))	3,142,181	1,580,235

As of 31 December 2022 and 31 December 2021, the distribution of the fair value of the total assets of the Pension Fund is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Bank placements	1,792,939	3,368,742
Tangible assets	199,608	121,397
Government Bonds and Treasury Bills, Funds and Rediscount Interest Income	3,483,749	-
Other	438,856	117,518
<b>Total</b>	<b>5,915,152</b>	<b>3,607,657</b>

Actuarial assumptions used in the calculation of liabilities excluding the period-based liabilities according to TAS 19 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Discount rates	10.60%	20.01%
Inflation expectations	7.48%	16.03%

As of 31 December 2022, health inflation is assumed to be 20% (31 December 2021: 20%) above inflation. It is assumed that the general wage increase and SSI ceiling increase rates will be 25% and 39.9%, respectively, for the year 2022 and wage increases for the following years will be 1% above inflation, and the SSI ceiling increase will be at the same rate as inflation. The CSO 2001 (31 December 2021: CSO 2001) Female/Male mortality table is used to represent expected death (mortality) rates both before and after retirement.

d) Information on other provisions:

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Non-Cash Loans	686,515	345,560
Provision for Legal Cases	133,257	79,842
Provision for Promotions of Credit Cards and Banking Services	10,677	17,562
Other	447,548	32,939
<b>Total</b>	<b>1,277,997</b>	<b>475,903</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 8. Information on provisions: (continued)

##### d) Information on other provisions: (continued)

The following table is represented reconciliation on the provision for impairment of non-cash loans;

Current Period	Standard Loans (Stage I)	Loans Under Close Monitoring (Stage II)	Loans Under Follow Up (Stage III)	Total
31 December 2021	67,930	233,196	44,434	345,560
Transfers;				
- Stage 1 to Stage 2	(5,046)	29,766	-	24,720
- Stage 1 to Stage 3	(307)	-	217,440	217,133
- Stage 2 to Stage 3	-	(655)	173,847	173,192
- Stage 2 to Stage 1	-	-	-	-
- Stage 3 to Stage 2	223	(5,819)	-	(5,596)
Transferred within the period	109,436	81,401	(296,647)	(105,810)
Collections	(17,885)	(18,611)	(5,453)	(41,949)
Exchange differences	9,124	70,141	-	79,265
<b>Total Expected Loss Provision 31 December 2022</b>	<b>163,475</b>	<b>389,419</b>	<b>133,621</b>	<b>686,515</b>

Prior Period	Standard Loans (Stage I)	Loans Under Close Monitoring (Stage II)	Loans Under Follow Up (Stage III)	Total
31 December 2020	58,241	165,265	87,824	311,330
Transfers;				
- Stage 1 to Stage 2	(1,178)	6,565	-	5,387
- Stage 1 to Stage 3	(67)	-	914	847
- Stage 2 to Stage 3	-	(1,576)	41,347	39,771
- Stage 2 to Stage 1	-	-	-	-
- Stage 3 to Stage 2	734	(2,554)	-	(1,820)
Transferred within the period	14,255	84,776	(43,567)	55,464
Collections	(16,332)	(95,551)	(51,654)	(163,537)
Exchange differences	12,277	76,271	9,570	98,118
<b>Total Expected Loss Provision 31 December 2021</b>	<b>67,930</b>	<b>233,196</b>	<b>44,434</b>	<b>345,560</b>

#### 9. Explanations on taxes payable:

##### a) Information on tax provision:

The Bank’s corporate tax liability is TL 1,528,149 as of 31 December 2022 (31 December 2021: None). As of 31 December 2022, the Bank’s total tax and premium debt is TL 1,964,235 (31 December 2021: TL 240,411).

##### b) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	1,528,149	-
Taxation on Securities	69,692	48,920
Property Tax	3,907	2,875
Banking Insurance Transaction Tax (BITT)	142,813	83,489
Foreign Exchange Transaction Tax	10,779	31,498
Value Added Tax Payable	33,915	16,497
Other (*)	66,307	30,362
<b>Total</b>	<b>1,855,562</b>	<b>213,641</b>

(\*) Others include income taxes deducted from wages amounting to TL 53,943 (31 December 2021: TL 25,799) and stamp taxes payable amounting to TL 6,784 (31 December 2021: TL 2,061).



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 9. Explanations on taxes payable: (continued)

##### c) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	77,659	11,566
Social Security Premiums-Employer	25,786	12,598
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	1,949	977
Unemployment Insurance-Employer	3,279	1,629
Other	-	-
<b>Total</b>	<b>108,673</b>	<b>26,770</b>

d) Explanations on deferred tax liabilities, if any: The Group does not have any deferred tax liability as of 31 December 2022 (31 December 2021: None).

10. **Information on fixed assets payables related to activities held and discontinued for sale:** None (31 December 2021: None).

11. **Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

The Bank was issued Subordinated debt instrument on 5 November 2018, which has two Call Dates: falling on the fifth anniversary notes and the Interest Payment Date falling thereafter amounting USD 210 million with the final maturity of 10 years. The interest rate of the issuance is 10.40% per annum and will be continued at the end of the 5th year with an annual interest rate of 6 months Libor + 7.32% after the first early redemption date. The “Tier 2 capital” was provided by BNP Paribas Fortis SA / NV.

The Bank, aligned its Board of Directors’ decision dated 8 May 2012, had issued a debt instrument as T2 Capital Subordinated debt instrument with a value of USD 65 million on 14 May 2012 and the debt instrument was redeemed on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA). On 14 May 2019, the Bank issued a subordinated debt security with amount of 60 million EURO with the final maturity of 10 years, with no call till the 5th anniversary of the notes. The Notes have two Call Dates, falling on the fifth anniversary notes and the Interest Payment Date falling thereafter. The interest rate of the issuance is six months Euribor + 7.10% annually. The “Tier 2 capital” was provided by BNP Paribas Fortis SA / NV.

On 20 July 2012, the Bank had issued a debt instrument of EUR 100 million as T2 capital and the debt instrument was redeemed on 22 July 2019 after the decision of the relevant Board of Directors and the approval of the BRSA. On 22 July 2019, the Bank issued a subordinated debt security with amount of 100 million EURO, with the final maturity of 10 years, with no call till 5th anniversary of the notes. The Notes have two Call Dates, falling on the fifth anniversary notes and the Interest Payment Date falling thereafter. The interest rate of the issuance is six months Euribor + 7.10% annually. The “Tier 2 capital” was provided by BNP Paribas Fortis SA / NV.

The Bank issued subordinated debt instrument, which has early redemption right on 27 June 2023, with the final maturity of 10 years in the amount of EUR 125 million in 27 June 2018. The interest rate of the issuance is 6-month Euribor + 5.10% per annum. The “Tier 2 capital” was provided by BNP Paribas Fortis SA/NV.

The above mentioned four subordinated loans are utilized in-line with the “loan capital” definition of BRSA and will positively affect the capital adequacy ratio of the Bank as well as utilizing long term funding.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments to be Included in Additional Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution Capital Calculation	-	9,708,218	-	7,239,036
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	9,708,218	-	7,239,036
<b>Total</b>	-	<b>9,708,218</b>	-	<b>7,239,036</b>

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Domestic Other Institutions	-	-	-	-
From Foreign Banks	-	9,708,218	-	7,239,036
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>9,708,218</b>	-	<b>7,239,036</b>

#### 12. Information on shareholders' equity:

##### a) Presentation of paid-in capital:

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

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

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

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

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

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

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

The income diversified with various business line and related channels/products/sectors, supported with different projects result a sustainable and relatively non-volatile profitability. Besides, interest rate, currency rate and liquidity risk under control are testing with various simulation and this 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, medium 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 privileges given to stocks representing the capital: None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 12. Information on shareholders’ equity: (continued)

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	773,937	(82,686)	(21,997)	(177,639)
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>773,937</b>	<b>(82,686)</b>	<b>(21,997)</b>	<b>(177,639)</b>

13. Information on minority interests: None (31 December 2021: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### III. Explanations and Disclosures Related to the Off-Balance Sheet Items

#### 1. Information on off-balance sheet liabilities:

##### a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	22,073,226	12,007,806
Used Guarantee Loan Allocation Commitments	11,657,703	7,173,859
Forward Assets Trading Commitments	7,231,850	11,251,216
Payment Commitment for Cheques	2,776,761	2,135,381
Tax and Fund Liabilities from Export Commitments	127,411	51,363
Commitments for Promotions Related with Credit Cards and Banking Activities	2,141	5,797
Other Irrevocable Commitments	369,349	873,254
<b>Total</b>	<b>44,238,441</b>	<b>33,498,676</b>

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

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

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

	Current Period	Prior Period
Letters of Credit	15,650,244	10,343,834
Bank Acceptances	23,623	33,680
Other Commitments	7,350,992	5,663,908
Other Contingencies	2,207,625	1,396,766
<b>Total</b>	<b>25,232,484</b>	<b>17,438,188</b>

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

	Current Period	Prior Period
Guarantee Letters	17,249,510	13,828,475
Advance Guarantee Letters	6,944,286	3,937,404
Guarantee Letters Given for Customs	961,508	662,089
Temporary Guarantee Letters	1,517,892	616,871
Other Guarantee Letters	3,361,690	2,050,686
<b>Total</b>	<b>30,034,886</b>	<b>21,095,525</b>

##### c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	3,362,152	2,051,917
With Maturity of One Year or Less Than One Year	469,739	328,711
With Maturity of More Than One Year	2,892,413	1,723,206
Other Non-Cash Loans	51,905,218	36,481,796
<b>Total</b>	<b>55,267,370</b>	<b>38,533,713</b>

For non-cash loans amounting to TL 253,300 (31 December 2021: TL 240,978) followed in off-balance sheet accounts, which are not compensated and turned into cash, TL 133,621 (31 December 2021: TL 44,434) third stage expected loss provision has been made. In addition, TL 163,475 (31 December 2021: TL 67,930) Stage 1, TL 389,419 (31 December 2021: TL 233,196) Stage 2 TFRS 9 expected loss provision have been made.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

#### 1. Information on off-balance sheet liabilities: (continued)

c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	119,802	0.86	52,460	0.13	26,762	0.32	8,145	0.03
Farming and raising livestock	114,335	0.82	52,460	0.13	25,289	0.30	8,145	0.03
Forestry	-	-	-	-	-	-	-	-
Fishery	5,467	0.04	-	-	1,473	0.02	-	-
Manufacturing	6,237,580	44.71	19,941,531	48.27	3,015,251	35.59	12,659,113	42.11
Mining and Quarry	335,419	2.40	782,573	1.89	162,871	1.92	656,530	2.18
Production	5,692,150	40.80	19,137,263	46.32	2,730,960	32.24	11,937,958	39.71
Electricity, Gas and Water	210,011	1.51	21,695	0.05	121,420	1.43	64,625	0.21
Construction	1,862,922	13.35	7,618,827	18.44	1,333,966	15.75	5,512,742	18.34
Services	5,571,367	39.93	12,033,878	29.13	3,914,534	46.21	9,281,790	30.88
Wholesale and Retail Trade	3,209,837	23.01	3,599,235	8.71	2,244,993	26.50	3,625,225	12.06
Hotel and Restaurant Services	229,190	1.64	121,394	0.29	128,509	1.52	451,138	1.50
Transportation and								
Communication	864,851	6.20	1,064,592	2.58	507,134	5.99	888,727	2.96
Financial Institutions	419,562	3.01	1,521,563	3.68	400,544	4.73	1,056,623	3.51
Real Estate and Renting	422,995	3.03	3,717,166	9.00	412,861	4.87	2,191,885	7.29
Self-employment Services	405,832	2.91	2,009,031	4.86	202,745	2.39	1,067,378	3.55
Education Services	5,975	0.04	745	0.00	5,272	0.06	595	0.00
Health and Social Services	13,125	0.09	152	0.00	12,476	0.15	219	0.00
Other	160,435	1.15	1,668,568	4.04	181,019	2.14	2,600,391	8.65
<b>Total</b>	<b>13,952,106</b>	<b>100.00</b>	<b>41,315,264</b>	<b>100.00</b>	<b>8,471,532</b>	<b>100.00</b>	<b>30,062,181</b>	<b>100.00</b>

c.3) Information on Stage I and Stage II non-cash loans:

#### Current Period

Non-Cash Loans	Stage I		Stage II	
	TL	FC	TL	FC
Letters of Guarantee	9,027,387	18,132,753	409,458	2,465,288
Bank Acceptances	-	23,623	-	-
Letters of Credit	-	15,632,222	-	18,022
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Commitments	-	-	-	-
Other Commitments and Contingencies	4,326,186	5,043,356	189,075	-
<b>Total</b>	<b>13,353,573</b>	<b>38,831,954</b>	<b>598,533</b>	<b>2,483,310</b>

#### Prior Period

Non-Cash Loans	Stage I		Stage II	
	TL	FC	TL	FC
Letters of Guarantee	6,576,177	12,912,708	482,202	1,124,438
Bank Acceptances	-	33,680	-	-
Letters of Credit	-	10,333,813	-	10,021
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Commitments	-	-	-	-
Other Commitments and Contingencies	1,353,507	5,521,330	59,646	126,191
<b>Total</b>	<b>7,929,684</b>	<b>28,801,531</b>	<b>541,848</b>	<b>1,260,650</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

#### 2. Information related to derivative financial instruments:

	Derivative Transactions According to Purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of Trading Transactions				
Foreign Currency Related Derivative Transactions (I):	228,974,961	149,362,128	-	-
Forward Transactions	43,058,781	26,910,085	-	-
Swap Transactions	126,894,040	114,361,290	-	-
Futures Transactions	4,145,296	806,991	-	-
Option Transactions	54,876,844	7,283,762	-	-
Interest Related Derivative Transactions (II):	80,543,010	29,272,626	-	-
Forward Rate Transactions	-	-	-	-
Interest Rate Swap Transactions	72,607,050	23,197,546	-	-
Interest Option Transactions	7,935,960	6,075,080	-	-
Futures Interest Transactions	-	-	-	-
Marketable Securities Call-Put Options (III)	-	-	-	-
Other Trading Derivative Transactions (IV)	1,395,731	2,084,252	-	-
<b>A. Total Trading Derivative Transactions (I+II+III+IV)</b>	<b>310,913,702</b>	<b>180,719,006</b>	-	-
Types of Hedging Transactions				
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	19,489,643	29,455,518
Net Investment Hedges	-	-	-	-
<b>B. Total Hedging Related Derivatives</b>	-	-	<b>19,489,643</b>	<b>29,455,518</b>
<b>Total Derivative Transactions (A+B)</b>	<b>310,913,702</b>	<b>180,719,006</b>	<b>19,489,643</b>	<b>29,455,518</b>

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank’s financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value.

#### i) Derivative Instruments for Fair Value Hedging Purposes:

As of 31 December 2022, the Bank has no derivative instruments for hedging purposes.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

#### 2. Information related to derivative financial instruments: (continued)

ii) Derivative instruments for cash flow hedge purposes:

The Bank has applied cash flow hedge accounting by matching its swap portfolio with total notional amounting to TL 19,489,643 (31 December 2021: TL 29,455,518) and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. TL 376,592 (31 December 2021: TL 374,849 credit) credit accounted for under equity is presented after deducting its deferred tax effect of TL 94,148 (31 December 2021: TL 82,051 debit) debit in the financial statements.

	Current Period			Prior Period		
	Fair Value			Fair Value		
	Nominal	Asset	Liability	Nominal	Asset	Liability
Cross currency swaps	10,604,665	533,642	68,920	4,195,454	-	145,122
Interest rate swaps	8,884,978	200,450	693	25,260,064	1,802,469	185,489
<b>Total</b>	<b>19,489,643</b>	<b>734,092</b>	<b>69,613</b>	<b>29,455,518</b>	<b>1,802,469</b>	<b>330,611</b>

#### 3. Credit derivatives and risk exposures on credit derivatives: None.

#### 4. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venture: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other ventures in entities under common control (joint ventures): None.

#### b) Accounting and presentation of contingent assets and liabilities in the financial statements:

- b.1) Contingent assets are accounted for if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2022, there are no contingent assets that need to be explained (31 December 2021: None).
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes. The Bank has provided provision amounting to TL 133,257 (31 December 2021: TL 79,842) for various lawsuits filed by various individuals and institutions with high probability of occurrence and cash outflow. This amount is presented under “Other Provisions” in the financial statements.

#### 5. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of Off-Balance Accounts.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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### III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

#### 6. The information on the Bank’s rating by the international rating introductions (\*):

TEB maintained its position as one of the most highly rated banks in Turkey. As of 31 December 2022, TEB’s ratings were as follows:

#### **Moody’s Investor Services:**

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

#### **Fitch Ratings:**

<i>Foreign Currency</i>	
Long-term	B-
Short-term	B
Outlook	Negative
<i>Turkish Lira</i>	
Long-term	B
Short-term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Financial Strength	b-
Shareholder Support Note	b-

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### IV. Explanations and Disclosures Related to the Statement of Income

#### 1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest Income on Loans (*)</b>				
Short Term Loans	11,846,684	935,198	5,273,365	307,573
Medium- and Long-Term Loans	8,710,805	715,586	5,813,984	292,761
Interest on Loans Under Follow-Up	237,239	1,869	162,289	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>20,794,728</b>	<b>1,652,653</b>	<b>11,249,638</b>	<b>600,334</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 594,372 (31 December 2021: TL 236,001).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	2,728	-	-
Domestic Banks	104,125	1,102	127,625	299
Foreign Banks	18,736	68,107	7,351	(2,643)
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>122,861</b>	<b>71,937</b>	<b>134,976</b>	<b>(2,344)</b>

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	355,260	41,958	218,551	39,211
Financial Assets at Fair Value Through Other Comprehensive Income	1,572,493	143,655	623,466	86,248
Financial Assets at Amortised Cost	9,685,167	412,273	1,976,013	163,971
<b>Total</b>	<b>11,612,920</b>	<b>597,886</b>	<b>2,818,030</b>	<b>289,430</b>

As stated in note VII of Section Three, there are CPI indexed bonds in the securities portfolios of the Bank, whose fair value difference is reflected in other comprehensive income and measured at amortised 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. 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 prior. The Bank determines the estimated inflation rate in parallel with this. The estimated inflation rate used is updated during the year when deemed necessary. At the end of the year, the actual inflation rate is used.

d) Information on interest income on associates and subsidiaries:

	Current Period	Prior Period
Interest Received from Subsidiaries and Associates	96,363	59,915

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 2. Explanations on Interest Expense

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic Banks	123,329	2,598	66,540	1,187
Foreign Banks	-	1,068,991	-	578,580
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>123,329</b>	<b>1,071,589</b>	<b>66,540</b>	<b>579,767</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL 29,270 (31 December 2021: TL 32,784).

b) Information on interest expense on associates and subsidiaries:

	Current Period	Prior Period
Interest Expenses to Associates and Subsidiaries	8,102	2,219

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	200,253	-	451,610	-
<b>Total</b>	<b>200,253</b>	<b>-</b>	<b>451,610</b>	<b>-</b>

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

Current Period	Time Deposits							Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
<b>TL</b>									
Bank Deposits	-	196,667	-	-	-	-	-	196,667	
Saving Deposits	3	2,459,509	4,821,061	202,314	6,839	142,374	-	7,632,100	
Public Sector Deposits	-	11,264	99,366	-	-	-	-	110,630	
Commercial Deposits	-	1,292,034	2,407,712	378,873	2,625	217,654	-	4,298,898	
Other Deposits	-	25,129	322,756	36,027	5	67	-	383,984	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>3</b>	<b>3,984,603</b>	<b>7,650,895</b>	<b>617,214</b>	<b>9,469</b>	<b>360,095</b>	<b>-</b>	<b>12,622,279</b>	
<b>FC</b>									
Foreign Currency Deposits	21	36,629	632,661	5,019	435	476	-	675,241	
Bank Deposits	-	1,118	-	-	-	56	-	1,174	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	-	2,098	212	-	-	-	2,310	
<b>Total</b>	<b>21</b>	<b>37,747</b>	<b>634,759</b>	<b>5,231</b>	<b>435</b>	<b>532</b>	<b>-</b>	<b>678,725</b>	
<b>Grand Total</b>	<b>24</b>	<b>4,022,350</b>	<b>8,285,654</b>	<b>622,445</b>	<b>9,904</b>	<b>360,627</b>	<b>-</b>	<b>13,301,004</b>	

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 2. Explanations on Interest Expense (continued)

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

Prior Period	Time Deposits							Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 year			
<b>TL</b>									
Bank Deposits	-	530,239	-	-	-	-	-	-	530,239
Saving Deposits	-	2,441,873	1,930,253	16,305	1,718	4,864	-	-	4,395,013
Public Sector Deposits	-	7,155	32,401	431	-	-	-	-	39,987
Commercial Deposits	-	871,809	1,107,802	30,705	1,168	5,673	-	-	2,017,157
Other Deposits	-	11,728	156,674	34,829	10	36	-	-	203,277
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>3,862,804</b>	<b>3,227,130</b>	<b>82,270</b>	<b>2,896</b>	<b>10,573</b>	-	-	<b>7,185,673</b>
<b>FC</b>									
Foreign Currency Deposits	-	6,357	73,489	272	189	994	-	-	81,301
Bank Deposits	-	22	-	-	-	10	-	-	32
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	3	1	12	2	-	-	19
<b>Total</b>	-	<b>6,380</b>	<b>73,492</b>	<b>273</b>	<b>201</b>	<b>1,006</b>	-	-	<b>81,352</b>
<b>Grand Total</b>	-	<b>3,869,184</b>	<b>3,300,622</b>	<b>82,543</b>	<b>3,097</b>	<b>11,579</b>	-	-	<b>7,267,025</b>

#### 3. Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value through Profit or Loss	6,938	-
Financial Assets at Fair Value Through Other Comprehensive Income	799	3,503
Other	8,106	2,933
<b>Total</b>	<b>15,843</b>	<b>6,436</b>

#### 4. Information on trading profit / loss:

	Current Period	Prior Period
<b>Profit</b>	<b>164,797,770</b>	<b>120,063,152</b>
Profit on Capital Market Operations	521,452	288,642
Profit on Derivative Financial Instruments <sup>(1)</sup>	36,030,295	29,594,889
Foreign Exchange Gains	128,246,023	90,179,621
<b>Losses (-)</b>	<b>162,856,207</b>	<b>122,061,119</b>
Losses on Capital Market Operations	582,055	354,989
Losses on Derivative Financial Instruments <sup>(1)</sup>	39,265,564	32,356,721
Foreign Exchange Losses	123,008,588	89,349,409

(1) Includes exchange rate fluctuations of hedging transactions net profit of TL 383,991 (31 December 2021: TL 1,501,025 profit), derivative financial instruments exchange rate changes in profit accounts amounting to TL 180,352 (31 December 2021: TL 134,704 loss) net exchange income.

#### 5. Information on other operating income:

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 6. Provision expenses of banks for loans and other receivables:

##### a) Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	1,782,264	(30,956)
12-Month Expected Credit Losses (Stage 1)	373,222	9,689
Significant Increase in Credit Risk (Stage 2)	948,743	(281,107)
Credit-Impaired (Stage 3)	460,299	240,462
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	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other <sup>(1)</sup>	399,926	1,572
<b>Total</b>	<b>2,182,190</b>	<b>(29,384)</b>

<sup>(1)</sup> Includes the remaining provision amounting to TL 5,423 (31 December 2021: TL 17,149).

#### 7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits <sup>(1)</sup>	315,238	76,240
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	332,433	263,610
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	100,660	80,011
Impairment for Investments Accounted with Equity Method	-	-
Impairment Expenses of Assets to Be Disposed	870	(3,042)
Depreciation Expenses of Assets to Be Disposed	-	-
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	2,450,022	1,348,802
Leasing Expenses on TFRS 16 Exceptions	71,653	40,339
Maintenance Expenses	88,129	41,680
Advertisement Expenses	164,192	85,635
Other Expenses	2,126,048	1,181,148
Loss On Sales of Assets	5,859	6,878
Other <sup>(2)</sup>	780,910	471,171
<b>Total</b>	<b>3,985,992</b>	<b>2,243,670</b>

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

<sup>(2)</sup> Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 355,328 (31 December 2021: TL 219,692) and other taxes and fees paid in the amount of TL 278,243 (31 December 2021: TL 208,932).

#### 8. Information on profit loss before continuing and discontinued operations before tax:

- a) The portion of the profit before tax amounting to TL 20,187,353 (31 December 2021: TL 6,852,393) consists of net interest income, while TL 2,251,416 (31 December 2021: TL 1,385,256) consists of net fee and commission income; total operating expenses amount to TL 7,634,674 (31 December 2021: TL 3,998,510).
- b) Explanations on discontinued operations profit loss: None.

#### 9. Information on tax provision for continuing and discontinued operations:

- a) As of 31 December 2022, current tax expense from continuing operations is TL 5,323,264 (31 December 2021: TL 166,686 expense) and net deferred tax income is TL 1,632,910 (31 December 2021: TL 418,942 expense), and there is no current income/expense from discontinued operations (31 December 2021: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 9. Information on tax provision for continuing and discontinued operations: (continued)

b) Deferred tax income on temporary differences resulted from continued operations is TL 1,632,910 (31 December 2021: TL 418,942 net deferred tax expense).

c) Tax reconciliation:

	Current Period	Prior Period
<b>Profit before taxes</b>	<b>14,880,958</b>	<b>2,498,526</b>
<b>Additions</b>	<b>405,061</b>	<b>55,825</b>
Non-allowable expenses	80,982	55,825
Other	324,079	-
<b>Deductions</b>	<b>(524,602)</b>	<b>(211,838)</b>
Dividend income	(13,266)	(5,083)
Effect of different tax rate	(511,336)	(122,357)
Other	-	(84,398)
<b>Taxable Profit/(Loss)</b>	<b>14,761,417</b>	<b>2,342,513</b>
Corporation tax rate	%25	%25
<b>Calculated Tax</b>	<b>3,690,354</b>	<b>585,628</b>
Prior year tax correction	-	-
<b>Tax charge</b>	<b>3,690,354</b>	<b>585,628</b>

#### 10. Information on net profit / loss of continuing and discontinued operations:

Net profit of the Bank from the activities carried out as of 31 December 2022 is TL 11,190,604 (31 December 2021: TL 1,912,898) and as of 31 December 2022, there is no net profit from discontinued operations (31 December 2021: None).

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

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 December 2021: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2021: None).

c) Profit/ loss attributable to minority interest: None (31 December 2021: None).

#### 12. 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
<b><u>Other Fees and Commissions Received</u></b>		
Card fees and commissions	2,377,251	1,338,493
Insurance commissions	358,057	257,476
Transfer commissions	182,361	84,292
General limit revision commissions	135,442	82,751
Fund management fees	112,139	55,944
Settlement expense provision, eft, swift, agency commissions	93,557	48,655
Early closing commissions	37,112	24,368
Other	286,100	226,506
<b>Total</b>	<b>3,582,019</b>	<b>2,118,485</b>
<b><u>Other Fees and Commissions Given</u></b>		
Credit Cards Commissions and Fees	1,535,783	824,306
Commission and Fees Paid to Correspondent Banks	113,935	49,243
Settlement Expense Provision, Eft, Swift Commissions	50,031	33,486
Other	214,473	142,451
<b>Total</b>	<b>1,914,222</b>	<b>1,049,486</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

#### 13. Fees for Services Received from Independent Auditor / Independent Audit Firm:

The fee for services for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below. These fees include the fees for services rendered to the Bank's domestic subsidiaries and unconsolidated non-financial partnerships.

<i>(Thousand TL amounts excluding VAT)</i>	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fee for the reporting period	8,522	5,345
Fees for tax advisory services	-	-
Fee for other assurance services	263	119
Fees for services other than independent audit	437	135
<b>Total</b>	<b>9,222</b>	<b>5,599</b>

### V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

a) The effect of changes in the fair value of financial assets at fair value through profit or loss is recognized in the “Marketable Securities Valuation Differences” account under the equity. The relevant amount increased by TL 1,172,875 in 2022 (31 December 2021: TL 141,097 decreased) and change effect to deferred tax is TL 281,988 (31 December 2021: TL 29,548).

b) Increase in cash flow risk hedging items:

The Bank uses interest rate and cross currency swaps for reducing cash flow risk arising from short term deposit and borrowing. In this context, the effective portion is accounted for under equity in “Hedging Funds” account. The related amount increased by TL 1,743 in 2022 (31 December 2021: TL 658,228 increased) and the effect of this change to deferred tax is TL 12,097 (31 December 2021: TL 138,725).

c) Explanations on profit distribution:

It has been resolved in the Ordinary General Assembly dated 28 March 2022 of the 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.

Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.

### VI. Explanations and Disclosures Related to Statement of Cash Flows

#### 1. The effect of the other items stated in the cash flow statement and the change in exchange rates on cash and cash equivalents:

“Other items” amounting to TL 2,417,951 (31 December 2021: TL 5,051,190) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

The “net increase in other liabilities” item in the “change in assets and liabilities subject to banking activities” amounting to TL 3,142,817 (31 December 2021: TL 5,358,059 increase) consists of various liabilities, other foreign sources and changes in money markets. “Net decrease in other assets” item amounting to TL 7,262,911 (31 December 2021: TL 9,886,311 decrease) consists of changes in blocked reserve requirements, miscellaneous receivables and other assets.

“Other” item amounting to TL 423,784 (31 December 2021: TL 117,925) included in “Net cash flow from investment activities” consists of cash outflows for intangible assets received in the current period.

The effect of the change in foreign exchange rate on cash and cash equivalents includes the foreign exchange rate difference resulting from the conversion of foreign currency cash and cash equivalents to TL at the beginning and end of monthly the period has been realized as TL 3,764,592 for the year 2022 (31 December 2021: TL 2,128,152).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### VI. Explanations and Disclosures Related to Statement of Cash Flows (continued)

#### 2. Cash and cash equivalents at the beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

<b>Beginning of the Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>19,904,616</b>	<b>10,125,205</b>
Cash in TL/Foreign Currency	7,473,318	2,331,352
Central Bank – Unrestricted amount	12,202,866	7,605,582
Other	228,432	188,271
<b>Cash Equivalents</b>	<b>11,422,605</b>	<b>13,949,334</b>
Banks	11,422,605	7,771,334
Money Market Placements	-	6,178,000
<b>Total Cash and Cash Equivalents</b>	<b>31,327,221</b>	<b>24,074,539</b>
<b>End of the Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>25,644,055</b>	<b>19,904,616</b>
Cash in TL/Foreign Currency	10,757,014	7,473,318
Central Bank – Unrestricted amount	14,326,200	12,202,866
Other	560,841	228,432
<b>Cash Equivalents</b>	<b>16,382,880</b>	<b>11,422,605</b>
Banks	8,782,880	11,422,605
Money Market Placements	7,600,000	-
<b>Total Cash and Cash Equivalents</b>	<b>42,026,935</b>	<b>31,327,221</b>

### VII. Explanations and Disclosures Related to Risk Group of the Bank

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

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

##### a) Current Period:

Risk Group Involving The Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans					
Balance at Beginning of Period	366,942	1,436	188,387	389,230	1,717,546	129,424
Balance at End of Period	437,163	2,934	257,375	1,118,603	1,213,006	93,918
Interest and Commission Income	96,363	46	2,940	4,290	163,137	402

Direct and indirect shareholders of the Group balance above includes TL 257,375 and other entities included in the risk group balance above includes TL 45,447 placement in “Banks”.

##### b) Prior Period:

Risk Group Involving The Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans					
Balance at Beginning of Period	345,966	778	71,698	438,193	741,973	89,477
Balance at End of Period	366,942	1,436	188,387	389,230	1,717,546	129,424
Interest and Commission Income	59,915	34	4,838	3,333	54,971	316

Direct and indirect shareholders of the Bank balance above includes TL 188,387 and other entities included in the risk group balance above includes TL 812,103 placement in “Banks”.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### VII. Explanations and Disclosures Related to Risk Group of the Bank (continued)

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

##### c) c.1) Information on deposits belonging to the risk group of the Bank:

Risk Group Involving The Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at Beginning of Period	256,276	31,575	4,577,873	5,596,710	1,263,224	1,281,302
Balance at End of Period	41,131	256,276	5,686,882	4,577,873	1,332,483	1,263,224
Interest on Deposits	8,102	2,219	268,540	423,573	215,240	110,248

##### c) c.2) Information on forward transactions, option contracts and other similar contracts with the risk group of the Bank:

Risk Group Involving The Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss						
Beginning of Period	-	-	36,494,649	18,396,561	729,855	284,453
End of Period	-	-	58,227,206	36,494,649	2,322,171	729,855
Total Profit/Loss	-	-	(1,227,922)	(521,049)	1,676,472	(63,701)
Hedging Transactions Purposes						
Beginning of Period	-	-	9,575,676	10,139,721	-	-
End of Period	-	-	16,690,868	9,575,676	-	-
Total Profit/Loss	-	-	1,368,711	421,932	-	-

##### d) As of 31 December 2022, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 124,282 (31 December 2021: TL 67,901).

### VIII. Explanations on the Bank’s Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

#### 1. Explanations on the Bank’s domestic branches, agencies and branches abroad and off-shore branches:

	Numbers	Employees			
Domestic branches	444	8,650			
Rep-offices abroad			Country		
Branches abroad	4	73	Cyprus	Total Assets	Capital
				2,676,856	20,000
Off-shore branches					

#### 2. Explanation on the Subject in Case the Bank Opens or Closes a Branch or Representation Office in Turkey and Abroad, and Changes Its Organization Significantly:

The Bank closed 9 branches in 2022, 2 branches were opened during the year.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### IX. Explanations and Disclosures Related to Subsequent Events

On 4 November 2022, in order to be taken over by the Turkish Economy Bank A.Ş., of the 71,626,000 registered shares in the capital of TEB Finansman A.Ş., (i) 61,300,800 shares owned by BNP Paribas Personal Finance S.A. and (ii) 10,325,200 shares owned by TEB Holding A.Ş., a Share Transfer Agreement was signed between BNP Paribas Personal Finance S.A., TEB Holding and Türk Ekonomi Bankası A.Ş. It was announced with the material event disclosure on 16 January 2023 that the said transaction is within the scope of intra-group restructuring and that the applications/information from the Banking Regulation and Supervision Agency and the Competition Authority regarding the share transfer were made and the necessary approvals were obtained. In this context, the acquisition of all (100%) shares of TEB Finansman A.Ş. by Türk Ekonomi Bankası A.Ş. and the share transfer transaction was carried out on 23 January 2023, and Türk Ekonomi Bankası A.Ş. became the sole shareholder of TEB Finansman A.Ş.

With the Board Decision of the BRSA dated 31 January 2023, in accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy, in the calculation of the amount subject to credit risk, it has been decided to find the TL equivalents of the foreign currency items with the CBRT foreign exchange buying rate of 30 December 2022 instead of the CBRT's foreign exchange buying rate of 31 December 2021, and to update the SME and retail limits.

With the Communiqué Amending the Tax Procedure Law General Communiqué (line no. 537) with line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of immovable and depreciable economic assets have been restated. Accordingly, the Bank will be able to revalue the immovables in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the new depreciation expenses of real estate and depreciable economic assets after revaluation.

On 6 February 2023, an earthquake, which the epicenter was Kahramanmaraş occurred and struck 10 provinces. Developments regarding the effects of earthquakes on the Bank's operations and financial situation are evaluated by our Bank.

The Law numbered 7438 on Social Security and General Health Insurance and the Law numbered 375 on the Amendment of the Decree Law numbered 375, which includes the regulation on the Retirement Age Victims (EYT), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Bank are still in progress.

## SECTION SIX

### OTHER EXPLANATIONS

#### I. Other Explanations on Activities of the Bank

None.

## SECTION SEVEN

### INDEPENDENT AUDITOR'S REPORT

#### I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor's report dated 10 March 2023 is presented preceding the financial statements.

#### II. Other Footnotes and Explanations Prepared by Independent Auditors

None.