

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES AT 31 MARCH 2023 WITH  
AUDITOR'S REVIEW REPORT**

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

## **REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

**To the General Assembly of Türk Ekonomi Bankası AŞ.;**

### *Introduction*

We have reviewed the accompanying unconsolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) as at 31 March 2023, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 31 March 2023, and of the results of their operations and their cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.


## Report on Other Legal and Regulatory Requirements

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

*Additional paragraph for English translation:*

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 interim 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, 3 May 2023

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

**UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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

The accompanying unconsolidated financial statements for the three-month period, related disclosures and notes which have been reviewed and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidance, and in compliance with the financial records of 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 Kıdıl
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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## INDEX

	<b>Page Number</b>
<b>SECTION ONE</b>	
General Information	
I. History of the Bank, including its incorporation date, initial legal status and amendments to legal status	1
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	1
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	2
IV. Information on the Bank's qualified shareholders	3
V. Summary on the Bank's functions and lines of activity	3
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	3
VII. Current or likely, actual or legal barriers to immediate transfer of equity or repayment of debts between bank and its subsidiaries	3
<b>SECTION TWO</b>	
Unconsolidated Financial Statements	
I. Balance sheet	5
II. Statement of off-balance sheet items	7
III. Statement of profit or loss	8
IV. Statement of profit or loss and other comprehensive income	9
V. Statement of changes in shareholders' equity	10
VI. Statement of cash flows	11
<b>SECTION THREE</b>	
Accounting Principles	
I. Explanations on basis of presentation	12
II. Explanations on usage strategy of financial assets and foreign currency transactions	13
III. Explanations on investments in associates, subsidiaries and joint ventures	13
IV. Explanations on forward and option contracts and derivative instruments	13
V. Explanations on interest income and expense	15
VI. Explanations on fees and commission income and expenses	16
VII. Explanations on financial assets	16
VIII. Explanations on impairment of financial assets	18
IX. Explanations on offsetting of financial assets	21
X. Explanations on sales and repurchase agreements and lending of securities	21
XI. Explanations on assets held for sale, discontinued operations and liabilities related to those assets	21
XII. Explanations on goodwill and other intangible assets	22
XIII. Explanations on tangible fixed assets	23
XIV. Explanations on leasing transactions	23
XV. Explanations on provisions and contingent liabilities	23
XVI. Explanations on contingent assets	24
XVII. Explanations on liabilities regarding employee benefits	24
XVIII. Explanations on taxation	25
XIX. Additional explanations on borrowings	27
XX. Explanations on issued equity securities	27
XXI. Explanations on bill guarantees and acceptances	27
XXII. Explanations on government incentives	27
XXIII. Explanations on reporting according to segmentation	27
XXIV. Explanations on other matters	28
XXV. Reclassifications	28
<b>SECTION FOUR</b>	
Information on Financial Structure and Risk Management	
I. Explanations related to components of shareholders' equity	29
II. Explanations related to currency risk	35
III. Explanations related to interest rate risk	37
IV. Explanations related to equity share position risk in banking accounts	39
V. Explanations related to liquidity risk management and liquidity coverage ratio	40
VI. Explanations related to leverage ratio	45
VII. Explanations related to risk management	46
<b>SECTION FIVE</b>	
Explanations and Disclosures on Unconsolidated Financial Statements	
I. Explanations and disclosures Explanations and disclosures related to the statement of income related to the assets	47
II. Explanations and disclosures related to the liabilities	61
III. Explanations and disclosures related to the off-balance sheet items	66
IV. Explanations and disclosures related to the statement of income	67
V. Explanations and disclosures related to risk group of the bank	72
VI. Explanations and disclosures related to subsequent events	73
<b>SECTION SIX</b>	
Auditor's Review Report	
I. Explanations on the auditor's review report	73
II. Other notes and explanations prepared by the independent auditors	73
<b>SECTION SEVEN</b>	
Information on Interim Activity Report	
I. Interim period reports Included Chairman of The Board of Directors and General Manager of the bank assessments for the interim activities	74

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### SECTION ONE

#### GENERAL INFORMATION

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

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

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

As of 31 March 2023 and 31 December 2022, the shareholders’ structure and their respective ownerships are summarized as follows:

Name of Shareholders	31 March 2023		31 December 2022	
	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 March 2023, 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 MARCH 2023

(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, 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
Jean-Charles Joseph Gabriel Aranda	Member of the Board of Directors	Master
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, 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 Responsible from Banking Operations and Support Services Group	University
Çiğdem Ünsal	Assistant General Manager Responsible from Human Resources Group	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
Biröl 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 are in Assistant General Manager status.

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 MARCH 2023

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

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

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

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

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

The Bank's operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 March 2023, the Bank has 477 local branches and 4 foreign branches (31 December 2022: 444 local branches, 4 foreign branches). As of 31 March 2023, the number of employees of the Bank is 8,593 (31 December 2022: 8,723).

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## BALANCE SHEET FOR THE INTERIM PERIOD AS OF 31 MARCH 2023

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

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

ASSETS	Section 5 Note	Reviewed Current Period 31.03.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>19,610,430</b>	<b>51,217,351</b>	<b>70,827,781</b>	<b>30,672,003</b>	<b>47,346,068</b>	<b>78,018,071</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>9,217,901</b>	<b>45,129,543</b>	<b>54,347,444</b>	<b>17,602,149</b>	<b>42,769,235</b>	<b>60,371,384</b>
1.1.1 Cash and Balances with Central Bank	(I-1)	6,920,298	37,187,278	44,107,576	7,210,359	36,629,352	43,839,711
1.1.2 Banks	(I-4)	2,280,592	7,965,530	10,246,122	2,801,354	6,162,933	8,964,287
1.1.3 Money Market Placement		30,008	-	30,008	7,604,278	-	7,604,278
1.1.4 Expected Loss Provision (-)		12,997	23,265	36,262	13,842	23,050	36,892
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>1,470,439</b>	<b>306,112</b>	<b>1,776,551</b>	<b>2,886,940</b>	<b>541,639</b>	<b>3,428,579</b>
1.2.1 Government Debt Securities	(I-2)	1,393,243	127,337	1,520,580	2,809,744	202,058	3,011,802
1.2.2 Equity Securities		77,196	93,458	170,654	77,196	263,295	340,491
1.2.3 Other Financial Assets		-	85,317	85,317	-	76,286	76,286
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(I-5)	<b>4,442,123</b>	<b>4,708,654</b>	<b>9,150,777</b>	<b>5,356,819</b>	<b>3,062,485</b>	<b>8,419,304</b>
1.3.1 Government Debt Securities		4,392,810	4,708,654	9,101,464	5,307,506	3,062,485	8,369,991
1.3.2 Equity Securities		49,313	-	49,313	49,313	-	49,313
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>		<b>4,479,967</b>	<b>1,073,042</b>	<b>5,553,009</b>	<b>4,826,095</b>	<b>972,709</b>	<b>5,798,804</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	4,036,331	772,993	4,809,324	4,400,167	664,545	5,064,712
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	443,636	300,049	743,685	425,928	308,164	734,092
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>145,305,059</b>	<b>46,454,078</b>	<b>191,759,137</b>	<b>140,604,566</b>	<b>44,129,712</b>	<b>184,734,278</b>
<b>2.1 Loans</b>	(I-6)	<b>116,512,295</b>	<b>38,230,455</b>	<b>154,742,750</b>	<b>113,448,548</b>	<b>35,884,378</b>	<b>149,332,926</b>
<b>2.2 Lease Receivables</b>	(I-11)	-	-	-	-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	(I-7)	<b>32,683,910</b>	<b>9,595,479</b>	<b>42,279,389</b>	<b>30,844,021</b>	<b>9,611,915</b>	<b>40,455,936</b>
2.4.1 Government Debt Securities		32,683,910	9,595,479	42,279,389	30,844,021	9,611,915	40,455,936
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>		<b>3,891,146</b>	<b>1,371,856</b>	<b>5,263,002</b>	<b>3,688,003</b>	<b>1,366,581</b>	<b>5,054,584</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(I-14)	<b>102,092</b>	-	<b>102,092</b>	<b>100,370</b>	-	<b>100,370</b>
3.1 Held for Sale Purpose		102,092	-	102,092	100,370	-	100,370
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>279,026</b>	-	<b>279,026</b>	<b>116,041</b>	-	<b>116,041</b>
<b>4.1 Associates (Net)</b>	(I-8)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(I-9)	<b>279,021</b>	-	<b>279,021</b>	<b>116,036</b>	-	<b>116,036</b>
4.2.1 Unconsolidated Financial Subsidiaries		278,971	-	278,971	115,986	-	115,986
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
<b>4.3 Joint Ventures (Net)</b>	(I-10)	<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>1,311,754</b>	-	<b>1,311,754</b>	<b>1,251,721</b>	-	<b>1,251,721</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>902,178</b>	-	<b>902,178</b>	<b>882,517</b>	-	<b>882,517</b>
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		481,054	-	481,054	461,393	-	461,393
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(I-13)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		<b>43,180</b>	-	<b>43,180</b>	<b>28,388</b>	-	<b>28,388</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>1,326,299</b>	-	<b>1,326,299</b>	<b>1,599,145</b>	-	<b>1,599,145</b>
<b>X. OTHER ASSETS (Net)</b>		<b>11,114,378</b>	<b>157,604</b>	<b>11,271,982</b>	<b>8,191,572</b>	<b>225,313</b>	<b>8,416,885</b>
<b>TOTAL ASSETS</b>		<b>179,994,396</b>	<b>97,829,033</b>	<b>277,823,429</b>	<b>183,446,323</b>	<b>91,701,093</b>	<b>275,147,416</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## BALANCE SHEET FOR THE INTERIM PERIOD AS OF 31 MARCH 2023

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

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

LIABILITIES	Section 5 Note	Reviewed Current Period 31.03.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(II-1)	123,753,496	74,068,338	197,821,834	128,684,391	71,706,660	200,391,051
<b>II. FUNDS BORROWED</b>	(II-3)	353,338	9,915,459	10,268,797	637,353	10,536,061	11,173,414
<b>III. MONEY MARKET FUNDS</b>		-	7,818,730	7,818,730	-	6,790,660	6,790,660
<b>IV. SECURITIES ISSUED (Net)</b>	(II-3)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
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>		2,335,394	614,294	2,949,688	2,971,255	595,978	3,567,233
7.1 Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,166,432	614,294	2,780,726	2,901,642	595,978	3,497,620
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	168,962	-	168,962	69,613	-	69,613
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(II-5)	767,774	22,026	789,800	669,388	26,506	695,894
<b>X. PROVISIONS</b>	(II-7)	3,097,814	512,616	3,610,430	2,888,691	470,060	3,358,751
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		2,197,879	70,024	2,267,903	2,016,376	64,378	2,080,754
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		899,935	442,592	1,342,527	872,315	405,682	1,277,997
<b>XI. CURRENT TAX LIABILITY</b>	(II-8)	2,446,602	-	2,446,602	1,964,235	-	1,964,235
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>		-	10,282,856	10,282,856	-	9,708,218	9,708,218
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	10,282,856	10,282,856	-	9,708,218	9,708,218
<b>XV. OTHER LIABILITIES</b>	(II-4)	12,172,119	2,346,846	14,518,965	9,586,408	2,570,380	12,156,788
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-9)	27,198,275	117,452	27,315,727	25,218,074	123,098	25,341,172
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		(302,982)	-	(302,982)	(400,948)	-	(400,948)
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit or Loss		624,043	117,452	741,495	850,597	123,098	973,695
16.5 Profit Reserves		20,962,728	-	20,962,728	10,983,662	-	10,983,662
16.5.1 Legal Reserves		718,690	-	718,690	606,596	-	606,596
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		16,675,333	-	16,675,333	10,489,526	-	10,489,526
16.5.4 Other Profit Reserves		3,568,705	-	3,568,705	(112,460)	-	(112,460)
16.6 Profit or Loss		3,320,327	-	3,320,327	11,190,604	-	11,190,604
16.6.1 Prior Periods' Profit / Loss		-	-	-	-	-	-
16.6.2 Current Periods' Profit / Loss		3,320,327	-	3,320,327	11,190,604	-	11,190,604
<b>TOTAL LIABILITIES</b>		<b>172,124,812</b>	<b>105,698,617</b>	<b>277,823,429</b>	<b>172,619,795</b>	<b>102,527,621</b>	<b>275,147,416</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## OFF-BALANCE SHEET ITEMS FOR THE INTERIM PERIOD AS OF 31 MARCH 2023

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

### II. OFF-BALANCE SHEET ITEMS

	Section 5 Note	Reviewed Current Period 31.03.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET LIABILITIES (I+II+III)</b>		<b>195,269,419</b>	<b>286,558,656</b>	<b>481,828,075</b>	<b>194,689,424</b>	<b>235,219,732</b>	<b>429,909,156</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-1)</b>	<b>16,406,690</b>	<b>43,758,039</b>	<b>60,164,729</b>	<b>13,952,106</b>	<b>41,315,264</b>	<b>55,267,370</b>
1.1 Letters of Guarantee		10,862,276	21,418,259	32,280,535	9,436,845	20,598,041	30,034,886
1.1.1 Guarantees Subject to State Tender Law		143,490	215,742	359,232	152,535	205,253	357,788
1.1.2 Guarantees Given for Foreign Trade Operations		637,627	808,328	1,445,955	658,658	771,147	1,429,805
1.1.3 Other Letters of Guarantee		10,081,159	20,394,189	30,475,348	8,625,652	19,621,641	28,247,293
1.2 Bank Acceptances		-	27,424	27,424	-	23,623	23,623
1.2.1 Import Letter of Acceptance		-	27,424	27,424	-	23,623	23,623
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	17,195,126	17,195,126	-	15,650,244	15,650,244
1.3.1 Documentary Letters of Credit		-	3,266,372	3,266,372	-	2,596,937	2,596,937
1.3.2 Other Letters of Credit		-	13,928,754	13,928,754	-	13,053,307	13,053,307
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		2,790,689	4,965,098	7,755,787	2,495,355	4,855,637	7,350,992
1.9 Other Collaterals		2,753,725	152,132	2,905,857	2,019,906	187,719	2,207,625
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>43,725,535</b>	<b>13,131,946</b>	<b>56,857,481</b>	<b>38,750,601</b>	<b>5,487,840</b>	<b>44,238,441</b>
2.1 Irrevocable Commitments		43,725,535	13,131,946	56,857,481	38,750,601	5,487,840	44,238,441
2.1.1 Asset Purchase Commitments		2,665,167	12,296,689	14,961,856	2,181,948	5,049,902	7,231,850
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		11,645,126	72,205	11,717,331	11,589,114	68,589	11,657,703
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		4,368,088	-	4,368,088	2,776,761	-	2,776,761
2.1.8 Tax and Fund Liabilities from Export Commitments		151,828	-	151,828	127,411	-	127,411
2.1.9 Commitments for Credit Card Limits		24,893,217	-	24,893,217	22,073,226	-	22,073,226
2.1.10 Commitments for Credit Cards and Banking Services Promotions		2,109	-	2,109	2,141	-	2,141
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		-	763,052	763,052	-	369,349	369,349
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>135,137,194</b>	<b>229,668,671</b>	<b>364,805,865</b>	<b>141,986,717</b>	<b>188,416,628</b>	<b>330,403,345</b>
3.1 Derivative Financial Instruments for Hedging Purposes		965,300	19,297,329	20,262,629	965,300	18,524,343	19,489,643
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		965,300	19,297,329	20,262,629	965,300	18,524,343	19,489,643
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		134,171,894	210,371,342	344,543,236	141,021,417	169,892,285	310,913,702
3.2.1 Forward Foreign Currency Buy/Sell Transactions		17,525,041	20,389,682	37,914,723	20,240,521	22,818,260	43,058,781
3.2.1.1 Forward Foreign Currency Transactions-Buy		16,593,031	3,189,936	19,782,967	19,213,785	3,165,415	22,379,200
3.2.1.2 Forward Foreign Currency Transactions-Sell		932,010	17,199,746	18,131,756	1,026,736	19,652,845	20,679,581
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		89,918,231	120,119,394	210,037,625	98,861,030	100,640,060	199,501,090
3.2.2.1 Foreign Currency Swap-Buy		1,630,164	54,700,107	56,330,271	7,819,762	55,239,445	63,059,207
3.2.2.2 Foreign Currency Swap-Sell		36,813,419	18,988,485	55,801,904	42,400,268	21,434,565	63,834,833
3.2.2.3 Interest Rate Swaps-buy		25,737,324	23,215,401	48,952,725	24,320,500	11,983,025	36,303,525
3.2.2.4 Interest Rate Swaps-Sell		25,737,324	23,215,401	48,952,725	24,320,500	11,983,025	36,303,525
3.2.3 Foreign Currency, Interest Rate and Securities Options		18,594,364	61,715,591	80,309,955	19,676,969	43,135,835	62,812,804
3.2.3.1 Foreign Currency Options-Buy		13,947,068	22,484,139	36,431,207	15,275,312	11,998,466	27,273,778
3.2.3.2 Foreign Currency Options-Sell		4,647,296	30,877,132	35,524,428	4,401,657	23,201,409	27,603,066
3.2.3.3 Interest Rate Options-Buy		-	4,177,160	4,177,160	-	3,967,980	3,967,980
3.2.3.4 Interest Rate Options-Sell		-	4,177,160	4,177,160	-	3,967,980	3,967,980
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		8,134,258	7,656,553	15,790,811	2,242,897	1,902,399	4,145,296
3.2.4.1 Foreign Currency Futures-Buy		8,134,258	23,615	8,157,873	2,242,897	-	2,242,897
3.2.4.2 Foreign Currency Futures-Sell		-	7,632,938	7,632,938	-	1,902,399	1,902,399
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		-	490,122	490,122	-	1,395,731	1,395,731
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>228,150,103</b>	<b>102,822,728</b>	<b>330,972,831</b>	<b>214,548,922</b>	<b>99,667,403</b>	<b>314,216,325</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>40,981,634</b>	<b>18,033,422</b>	<b>59,015,056</b>	<b>36,050,128</b>	<b>17,580,575</b>	<b>53,630,703</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		6,134,769	16,837,335	22,972,104	6,989,470	16,227,035	23,216,505
4.3 Cheques Received for Collection		32,875,621	348,425	33,224,046	28,198,484	524,707	28,723,191
4.4 Commercial Notes Received for Collection		1,258,945	78,274	1,337,219	765,573	89,929	855,502
4.5 Other assets Received for Collection		125	769,388	769,513	125	738,904	739,029
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		712,174	-	712,174	96,476	-	96,476
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>185,422,606</b>	<b>84,339,784</b>	<b>269,766,390</b>	<b>176,693,321</b>	<b>81,547,579</b>	<b>258,240,900</b>
5.1 Marketable Securities		622,530	1,033,274	1,655,804	1,756,158	1,100,377	2,856,535
5.2 Guarantee Notes		68,602,451	55,387,668	123,990,119	65,804,173	54,399,581	120,203,754
5.3 Commodity		188,158	384,349	572,507	220,087	364,691	584,778
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		95,866,248	19,764,443	115,630,691	90,488,447	19,546,647	110,035,094
5.6 Other Pledged Items		20,147,219	7,770,050	27,917,269	18,424,456	6,136,283	24,560,739
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>1,741,863</b>	<b>449,522</b>	<b>2,191,385</b>	<b>1,805,473</b>	<b>539,249</b>	<b>2,344,722</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>423,419,522</b>	<b>389,381,384</b>	<b>812,800,906</b>	<b>409,238,346</b>	<b>334,887,135</b>	<b>744,125,481</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2023

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

### III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Section 5 Note	Reviewed Current Period 01.01-31.03.2023	Reviewed Prior Period 01.01-31.03.2022
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-1)</b>	<b>9,460,570</b>	<b>5,682,516</b>
1.1	Interest Income on Loans		5,981,011	4,098,097
1.2	Interest Income on Reserve Requirements		10,453	92,066
1.3	Interest Income on Banks		96,371	23,277
1.4	Interest Income on Money Market Transactions		94,299	34,285
1.5	Interest Income on Securities Portfolio		3,256,613	1,411,972
1.5.1	Financial Assets at Fair Value Through Profit or Loss		80,830	127,060
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		234,386	233,404
1.5.3	Financial Assets Measured at Amortized Cost		2,941,397	1,051,508
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		21,823	22,819
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>5,432,002</b>	<b>2,642,912</b>
2.1	Interest Expense on Deposits		4,881,311	2,215,624
2.2	Interest Expense on Funds Borrowed		415,133	210,574
2.3	Interest Expense on Money Market Transactions		59,963	69,237
2.4	Interest Expense on Securities Issued		-	35,299
2.5	Interest Expense on Leases		62,239	34,395
2.6	Other Interest Expenses		13,356	77,783
<b>III.</b>	<b>NET INTEREST INCOME /EXPENSE (I - II)</b>		<b>4,028,568</b>	<b>3,039,604</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>749,280</b>	<b>466,340</b>
4.1	Fees and Commissions Received		1,345,087	810,852
4.1.1	Non-cash Loans		212,564	119,207
4.1.2	Other	(IV-9)	1,132,523	691,645
4.2	Fees and Commissions Paid (-)		595,807	344,512
4.2.1	Non-cash Loans		2,084	2,010
4.2.2	Other	(IV-9)	593,723	342,502
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>13,343</b>	<b>9,399</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(IV-3)</b>	<b>2,387,849</b>	<b>206,336</b>
6.1	Securities Trading Gains / Losses		1,216,308	5,072
6.2	Gains / Losses on Derivative Financial Instruments		(24,752)	(568,598)
6.3	Foreign Exchange Gains / Losses		1,196,293	769,862
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-4)</b>	<b>117,295</b>	<b>46,096</b>
<b>VIII.</b>	<b>GROSS OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>7,296,335</b>	<b>3,767,775</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(IV-5)</b>	<b>191,726</b>	<b>188,843</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(IV-5)</b>	<b>1,185</b>	<b>(2,028)</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>1,427,446</b>	<b>677,347</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-6)</b>	<b>1,470,969</b>	<b>655,207</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)</b>		<b>4,205,009</b>	<b>2,248,406</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>4,205,009</b>	<b>2,248,406</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-7)</b>	<b>884,682</b>	<b>652,968</b>
18.1	Current Tax Provision		536,265	2,215,419
18.2	Deferred Tax Expense Effect (+)		893,618	192,495
18.3	Deferred Tax Income Effect (-)		(545,201)	(1,754,946)
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)</b>		<b>3,320,327</b>	<b>1,595,438</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-7)</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>XXV.</b>	<b>NET INCOME/LOSS (XIX+XXIV)</b>	<b>(IV-8)</b>	<b>3,320,327</b>	<b>1,595,438</b>
	Earnings/Loss per Share		1.5062	0.7238

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2023

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

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

	Reviewed Current Period 01.01-31.03.2023	Reviewed Prior Period 01.01-31.03.2022
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>3,320,327</b>	<b>1,595,438</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(226,712)</b>	<b>554,607</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss</b>	<b>5,488</b>	<b>4,773</b>
2.1.1 Increases/Decreases on Revaluation of Property, Plant and Equipment	-	-
2.1.2 Increases/Decreases on Revaluation of Intangible Assets	-	-
2.1.3 Gains/losses on Remeasurement of Defined Benefit Plans	7,317	5,966
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	-	-
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	(1,829)	(1,193)
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>(232,200)</b>	<b>549,834</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	(284,539)	827,686
2.2.3 Comprehensive Income	(25,061)	(112,497)
2.2.4 Income/loss related with Cash Flow Hedges	-	-
2.2.5 Income/loss related with Hedges of Net Investments in Foreign Operations	-	-
2.2.6 Other Components of Other Comprehensive Income that will be Reclassified through Other Profit or Loss	77,400	(165,355)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>3,093,615</b>	<b>2,150,045</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2023

(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 to be Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense to be Reclassified through Profit or Loss						
Reviewed	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/(Loss)	Current Period Profit or Loss	Total Equity
<b>Period-End Balance 31.03.2022</b>														
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>														
	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
<b>I. Prior Period End Balance</b>	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
<b>II. Corrections According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	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
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	4,773	-	-	634,728	(84,894)	-	-	1,595,438	2,150,045
<b>V. Capital Increase by Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/Decrease by Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	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 31.03.2023</b>	2,204,390	2,565	-	387,204	148,708	(464,401)	12,711	-	477,846	263,649	20,962,728	-	3,320,327	27,315,727
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>	2,204,390	2,565	-	387,204	148,708	(464,401)	12,711	-	477,846	263,649	20,962,728	-	3,320,327	27,315,727
<b>Current Period – 01.01-31.03.2023</b>														
<b>I. Prior Period End Balance</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
<b>II. Corrections According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</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
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	5,488	-	-	(213,405)	(18,795)	-	-	3,320,327	3,093,615
<b>V. Capital Increase by Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/Decrease by Other Changes</b>	-	-	-	-	92,478	-	-	-	-	-	(92,478)	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	10,071,544	(11,190,604)	-	(1,119,060)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(1,119,060)	-	(1,119,060)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	10,071,544	(10,071,544)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

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

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

4. Foreign currency translation differences,

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2023

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

### VI. STATEMENT OF CASH FLOWS

	Section 5 Note	Reviewed Current Period 01.01-31.03.2023	Reviewed Prior Period 01.01-31.03.2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>1,893,353</b>	<b>5,584,000</b>
1.1.1 Interest Received		7,140,923	4,045,811
1.1.2 Interest Paid		(5,190,054)	(2,314,038)
1.1.3 Dividend Received		389	516
1.1.4 Fees and Commissions Received		1,412,894	719,787
1.1.5 Other Income		2,529,896	2,369,962
1.1.6 Collections from Previously Written Off Loans		318,940	323,111
1.1.7 Payments to Personnel and Service Suppliers		(1,408,417)	(654,436)
1.1.8 Taxes Paid		(8,609)	-
1.1.9 Others		(2,902,609)	1,093,287
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(11,914,106)</b>	<b>(3,515,654)</b>
1.2.1 Net Decrease in Financial Asset at Fair Value through Profit or Loss		1,643,264	679,308
1.2.2 Net (Increase) in Due from Banks		(40,879)	(2,336)
1.2.3 Net (Increase) / Decrease in Loans		(3,465,286)	(19,167,684)
1.2.4 Net (Increase) in Other Assets		(6,355,570)	(2,167,772)
1.2.5 Net Increase / (Decrease) in Bank Deposits		1,183,102	(2,798,980)
1.2.6 Net (Decrease) / Increase in Other Deposits		(5,006,385)	16,078,794
1.2.7 Net Increase / (Decrease) in Financial Asset at Fair Value through Profit or Loss		-	-
1.2.8 Net (Decrease) / Increase in Funds Borrowed		(921,206)	1,630,102
1.2.9 Net Increase / (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities		1,048,854	2,232,914
<b>I. Net Cash Flow Provided from Banking Operations</b>		<b>(10,020,753)</b>	<b>2,068,346</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Flow Provided from Investing Activities</b>		<b>47,097</b>	<b>(246,524)</b>
2.1 Purchase of entities under common control, associates and subsidiaries (joint vent.)		(162,985)	-
2.2 Sale of entities under common control, associates and subsidiaries (joint vent.)		-	-
2.3 Purchase of tangible assets		(20,837)	(10,656)
2.4 Sale of tangible assets		2,513	900
2.5 Purchase of financial assets at fair value through other comprehensive income		(3,708,442)	(855,969)
2.6 Sale of financial assets at fair value through other comprehensive income		2,878,986	260,901
2.7 Purchase of financial assets measured at amortised cost		(1,839,500)	-
2.8 Sale of financial assets measured at amortised cost		2,967,371	374,046
2.9 Other		(70,009)	(15,746)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(118,995)</b>	<b>97,272</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	1,786,311
3.2 Cash Outflow from Repayment of Funds Borrowed and Securities Issued		-	(1,611,966)
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases		(118,995)	(77,073)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>387,407</b>	<b>609,816</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>(9,705,244)</b>	<b>2,528,910</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>42,026,935</b>	<b>31,327,221</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>32,321,691</b>	<b>33,856,131</b>

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### SECTION THREE

#### ACCOUNTING PRINCIPLES

##### I. Explanations on Basis of Presentation

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

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

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

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

###### 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 2023, 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.

TAS 29 Financial Reporting in Hyperinflationary Economies requires entities whose functional currency is the currency of a hyperinflationary economy to report their financial statements in terms of the purchasing power of money at the end of the reporting period. TAS 29 defines the characteristics which may indicate that an economy is a hyperinflationary economy.

In addition, TAS 29 requires all entities reporting in the currency of a hyperinflationary economy to adopt this Standard from the same date. Therefore, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 at the same time with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority to ensure consistency in practice across the country. However, POA has not made an announcement regarding whether an adjustment will be made in the financial statements for the period ended 31 March 2023 within the scope of TAS 29. Therefore, TAS 29 has not been applied and inflation adjustment has not been made in the financial statements as of 31 March 2023.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to “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 through their contractual amounts. Derivative transactions are measured at fair value after initial recognition. Derivative financial instruments are initially recognized at fair value and attributable transaction costs are recognized in profit or loss on the date they are incurred. In the periods following the recording of derivative transactions, the part of derivative financial assets at fair value through profit or loss or the part of derivative financial liabilities at fair value through profit or loss are shown in the balance sheet, depending on whether the fair value is positive or negative. Differences in fair value as a result of the valuation are reflected in the profit or loss statement from derivative financial transactions.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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)

#### The portion of derivative financial assets at fair value through profit or loss (continued)

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 measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market. Within the scope of TFRS 13 Fair Value Measurement standard; The Bank considers that (i) the fair value of the asset or liability (or similar asset or liability) has significantly decreased in its volume or level of activity relative to normal market volume, (ii) when a transaction price or quoted price does not reflect fair value and/or (iii) when a material adjustment is required so that the price of a similar asset is comparable to the subject asset, or (iv) when the price is no longer valid, it adjusts the transaction price or the quoted price and reflects this adjustment in the fair value measurement. In this context, the 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. 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 financial instruments based on interest rate are measured not only with fair value method but also with amortized cost. While the fair value of derivatives is reflected in a single valuation account within the balance sheet, the amortized cost and the difference between the fair value and the amortized cost are reflected separately on the income / expense accounts.

Black and Scholes Model is used to measure the fair value of options. Options premiums are accrued on the start date. 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.

#### Disclosures 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 continues 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.

A part of the Bank's fixed income foreign currency securities and Turkish Lira loans are subject to fair value hedge accounting. The fair value risk of the related financial assets with fixed interest rate is hedged by 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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)

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

The Bank is also hedged from the 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 in 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 eliminated from the equity and reflected in the profit or loss statement.

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

While the Bank recognizes the fair value changes of the hedged items in the “Other Interest Income” and “Other Interest Expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “Gains/ Losses on Derivative Financial Instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “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 PERIOD ENDED 31 MARCH 2023

(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 amortized over the estimated life of the financial instrument.

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

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

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

### VI. Explanations on Fees and Commission Income and Expenses

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

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

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

For Bank assurance services provided by the Bank commissions from insurance companies are recorded as income on accrual basis.

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

### VII. Explanations on Financial Assets

The Bank classifies and recognizes its financial assets as “Financial Assets at Fair Value through Profit or Loss”, “Financial Assets Measured at Fair Value through Other Comprehensive Income” or “Financial Assets Measured at Amortized Cost”. The financial assets are recognized or derecognized in accordance with the “Recognition and Derecognition” principles defined in Section 3 related to the classification and measurement of financial instruments of the “TFRS 9 Financial Instruments” standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured “Financial Assets 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 PERIOD ENDED 31 MARCH 2023

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

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

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. 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 amortized cost. These securities are valued and accounted for using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. As stated in the CPI-Indexed Bonds Investor's Guide of the Undersecretariat of Treasury, the reference indices used in calculating the actual coupon payment amounts of these securities are based on the CPI of two months ago. The 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. In this context, as of 31 March 2023, the valuation of the mentioned assets was based on an annual inflation forecast of 30%. 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 PERIOD ENDED 31 MARCH 2023

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

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

#### *Financial Assets Measured at Amortized Cost*

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

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

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

#### *Loans:*

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

### VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” which came into force starting from 1 January 2018. 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 categories” depending on the gradual increase in credit risk observed since their initial recognition:

#### *Stage 1:*

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

#### *Stage 2:*

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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 three 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 is 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 losses by evaluating current economic conditions and expert opinions. Accordingly, the macroeconomic value estimates taken into account in the expected loss provision calculation are presented below.

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

(\*)It 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 PERIOD ENDED 31 MARCH 2023

(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 amortized cost, which do not reflect a significant increase in credit risk. Therefore, it is a part of the lifetime expected credit losses. Such expected 12 month PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### 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.

As of 31 March 2023, the Bank has evaluated the possible effects of the earthquake on its loans and receivables located in the disaster zone due to the earthquake that hit Kahramanmaraş and affected 10 provinces on 6 February 2023 and reflected these effects to the estimates and assumptions used in the preparation of the financial statements.

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

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

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

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

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 March 2023, the Bank has TL 30,008 amount of reverse repo transaction (31 December 2022: 7,604,278).

As of 31 March 2023, the Bank does not have any marketable securities lending transaction (31 December 2022: None).

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

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

As of 31 March 2023, assets held for sale and discontinued operations of the Bank are TL 102,092 (31 December 2022: TL 100,370). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 2,977 (31 December 2022: TL 3,158) has been reserved as provision for impairment losses.

As of 31 March 2023, the Bank has no discontinued operations.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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### XII. Explanations on Goodwill and Other Intangible Assets

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

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

Within the framework of TFRS 3 Business Combination, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. In this context, the Bank has measured the identifiable assets acquired and the identifiable liabilities acquired in the date of the merger of Fortis Bank A.Ş. at fair value and presented in the financial statements as related items. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL 421,124, which is the difference between TL 2,385,482, the fair value of transferred amount and TL 1,964,358, 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 amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### XIII. Explanations on Tangible Fixed Assets

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

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

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

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

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

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

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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### 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 one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. 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 the Section One “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 March 2023, the Pension Fund has 1,230 employees and 1,422 pensioners (as of 31 December 2022, 1,351 employees and 1,302 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 mentioned 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 March 2023. 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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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, authorized 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.

Within the scope of repetitive article 298 of the Tax Procedure Law, it has been decided that the financial statements will be subject to inflation adjustment 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 accounting period and as of 31 December 2021, these conditions have been fulfilled. However, with the Law No. 7352 on the “Amendment of the Tax Procedure Law and the Corporate Tax Law,” published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, it has been enacted that the financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods including the provisional tax periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, the financial statements as at 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, the profit/loss differences arising from the inflation adjustment to be made will be shown in the prior years' profit/loss account, the prior year's profit determined in this way will not be subject to tax, and the loss of the prior year's loss will not be considered as loss.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### XVIII. Explanations on Taxation (continued)

#### *Corporate Tax (continued)*

On the other hand, with the Temporary Article 32 added to the Tax Procedure Law with the relevant articles of the Tax Procedure Law No. 7338 and the Law on Amending Certain Laws, taxpayers within the scope of the duplicate article 298/ç were allowed to revalue their real estate and depreciable economic assets recorded in their balance sheets. In addition, with the Communiqué Amending the Tax Procedure Law General Communiqué (line no. 537) with line no. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, additional explanations have been introduced in the procedures and principles regarding the revaluation of real estate and economic assets subject to depreciation for taxpayers who, despite keeping books on the balance sheet basis, have to use different accounting techniques in terms of their fields of activity. Accordingly, the Bank made a revaluation of the immovable 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 will be paid according to the new depreciation expenses found after revaluation of real estate and depreciable economic assets. As a result of the revaluation process made within the scope of the temporary article 32 of the Tax Procedure Law No. 213, the Bank realized the value increase amount of TL 645,654 for the real estates and other depreciable economic assets and, as a result of the revaluation process made within the scope of the repeated article 298/ç of the same Law, the value increase amounting to TL 1,402,600 for the economic assets subject to depreciation was removed from the extraordinary reserves, based on the General Assembly decision dated 28 March 2023.

With the Law No. 7440 on the Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 12 March 2023 and numbered 32130, by the corporate taxpayers, by being shown in their corporate tax return for the year 2022, in accordance with the Law No. 5520 and the regulations in other laws, the exemption and discount amounts subject to deduction from corporate income and the bases subject to reduced corporate tax within the scope of Article 32/A of the same Law, an additional tax is calculated at the rate of 10% without being associated with the income for the period, and at the rate of 5% over the exempted earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to have at least 15% tax burden and the first installment of this tax is paid within the payment period of the corporate tax, and the second installment is paid in the fourth month following this period. However, there are detailed explanations regarding the application of additional tax in the General Communiqué of Law No. 7440 on Restructuring of Taxes and Some Other Receivables Serial No. 3 and explanations that the donations and aids that can be deducted from the corporate income within the scope of the aforementioned regulation are exempted in cases where Turkey is not entitled to tax within the scope of DVSA or the mentioned earnings should be exempted in Turkey, the valuation differences between the Turkish Accounting Standards/Turkish Financial Reporting Standards and the provisions of the Tax Procedure Law, and the cancellation of the severance pay provision will not be included in the calculation of additional tax.

#### *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 March 2023, the deferred tax is calculated over 25% in accordance with the tax legislation in effect.

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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### **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 2023.

### **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.

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.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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	-	-	-	13,343	13,343
Profit Before Tax	(929,343)	1,119,397	173,986	3,840,969	4,205,009
Tax Provision (-)	-	-	-	884,682	884,682
<b>Net Profit for the Period</b>	<b>(929,343)</b>	<b>1,119,397</b>	<b>173,986</b>	<b>2,956,287</b>	<b>3,320,327</b>

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	51,232,714	63,872,580	33,612,937	128,826,172	277,544,403
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	279,026	279,026
<b>Total Assets</b>	<b>51,232,714</b>	<b>63,872,580</b>	<b>33,612,937</b>	<b>129,105,198</b>	<b>277,823,429</b>

Segment Liabilities	137,708,996	40,081,134	18,374,950	54,342,622	250,507,702
Shareholders' Equity	-	-	-	27,315,727	27,315,727
<b>Total Liabilities</b>	<b>137,708,996</b>	<b>40,081,134</b>	<b>18,374,950</b>	<b>81,658,349</b>	<b>277,823,429</b>

Prior Period (31.03.2022)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	9,399	9,399
Profit Before Tax	221,353	299,813	165,797	1,561,443	2,248,406
Tax Provision (-)	-	-	-	652,968	652,968
<b>Net Profit for the Period</b>	<b>221,353</b>	<b>299,813</b>	<b>165,797</b>	<b>908,475</b>	<b>1,595,438</b>

Prior Period (31.12.2022)	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>

### XXIV. Explanations on Other Matters

According to the decision taken at the Ordinary General Assembly Meeting of the Bank held on 28 March 2023, from TL 11,190,604, which constitutes the net balance sheet profit of 2022, as recommended by the Board of Directors, TL 112,093 was distributed to Legal Reserves, TL 138,376 to Special Reserves, TL 1,119,060 to shareholders and 9.50 full TL to founders' redemption certificate holders after that the remaining balance is fully reserved as Extraordinary Reserves. No dividend has been paid as of the balance sheet date.

### XXV. Reclassifications

None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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 1 July 2021 and numbered 9645, dated 21 December 2021 and numbered 9996, 28 April 2022 and numbered 10188, 23 June 2022 and numbered 10248, dated 7 July 2022 and numbered 10265, dated 31 January 2023 and numbered 10496 and dated 14 February 2023 and numbered 10508. 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 30 December 2022 were used in accordance with the BRSA Board decision dated 31 January 2023 and numbered 10496, 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 FX 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.

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 mentioned Decision.

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

In case the companies fail to notify the bank of their documents in accordance with the board decision or give information contrary to the statement, pursuant to the decision numbered 10265 dated 7 July 2022, new cash commercial loans in TL should not be extended to the related companies and a risk weight of 500% should be applied to all TL-denominated cash commercial loans extended on or after 30 June 2022.

With the Board Decision dated 14 February 2023 and numbered 10508, credit disbursements of residents living in provinces in the earthquake/disaster zone after 6 February 2023 are exempted from the high risk application dated 28 April 2022, numbered 10188, and dated 1 July 2021 and numbered 9645, until 1 January 2024.

The Bank's current period equity amount calculated as of 31 March 2023 is TL 38,662,824 (31 December 2022: TL 35,975,066), and the capital adequacy standard ratio is 16.79% (31 December 2022: 18.60%). 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 PERIOD ENDED 31 MARCH 2023

(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 31.03.2023	Prior Period 31.12.2022
<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	20,827,803	10,750,554
Gains recognized in equity as per Turkish Accounting Standards (TAS)	556,997	783,777
Profit	3,320,327	11,190,604
Current Period’s Profit	3,320,327	11,190,604
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>27,112,344</b>	<b>25,132,152</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	7,401	-
Leasehold improvements on operational leases	41,619	44,823
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	455,320	433,685
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 owns 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>925,464</b>	<b>899,632</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>26,186,880</b>	<b>24,232,520</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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 31.03.2023	Prior Period 31.12.2022
<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>26,186,880</b>	<b>24,232,520</b>
<b>TIER 2 CAPITAL</b>		
Debt instruments and related issuance premiums defined by the BRSA	9,978,153	9,560,582
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)	2,515,083	2,204,969
<b>Tier 2 Capital Before Deductions</b>	<b>12,493,236</b>	<b>11,765,551</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>12,493,236</b>	<b>11,765,551</b>
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>38,680,116</b>	<b>35,998,071</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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 31.03.2023	Prior Period 31.12.2022
<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	205	886
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	-
Other items to be defined by the BRSA	17,087	22,119
<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)	38,662,824	35,975,066
Total Risk Weighted Amounts	230,295,536	193,419,797
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.37	12.53
Tier 1 Capital Adequacy Ratio (%)	11.37	12.53
Capital Adequacy Ratio (%)	16.79	18.60
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.51	2.51
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%) (**)	0.01	0.01
c) Systemic significant bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	2.87	4.02
<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	255,438	416,271
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)	1,326,299	1,599,145
<b>Limits related to provisions considered in Tier Calculation</b>		
General provisions for standard based receivables (before tenthousandtwenty-five limitation)	3,971,582	3,753,968
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2,515,083	2,204,969
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	-	-

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

	Current Period	Prior Period
<b>Total capital per balance sheet</b>	<b>27,315,727</b>	<b>25,341,172</b>
Hedging funds (effective portion)	(263,649)	(282,444)
Deductions made under regulation	(927,106)	(908,893)
Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income	61,908	82,685
<b>Common Equity Tier 1 Capital</b>	<b>26,186,880</b>	<b>24,232,520</b>
Additional Tier 1 Capital	-	-
<b>Tier 1 Capital</b>	<b>26,186,880</b>	<b>24,232,520</b>
Expected loss provision (Stage 1 and 2)	2,515,083	2,204,969
Debt Instruments Defined by the BRSA	9,978,153	9,560,582
Deductions made under regulation	(17,292)	(23,005)
<b>Total Equity</b>	<b>38,662,824</b>	<b>35,975,066</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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)	4,025.70	2,088.58	1,253.15	2,610.73
Par value of debt instrument (TL Currency in mil)	4,025.70	2,088.58	1,253.15	2,610.73
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 PERIOD ENDED 31 MARCH 2023

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

### II. Explanations Related to Credit 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 March 2023, the Bank’s balance sheet short position is TL 7,817,150 (31 December 2022: TL 10,826,155 short position) off-balance sheet long position is TL 8,928,640 (31 December 2022: TL 6,325,402 long position) and as a result net foreign currency short position is TL 1,111,490 (31 December 2022: net TL 4,500,753 short position).

The announced current foreign exchange buying rates of the Bank at 31 March 2023 and the previous five working days in full TL are as follows:

	<b>24.03.2023</b>	<b>27.03.2023</b>	<b>28.03.2023</b>	<b>29.03.2023</b>	<b>30.03.2023</b>	<b>31.03.2023</b>
<b>USD</b>	19.0602	19.0881	19.0944	19.1281	19.1538	19.1700
<b>EURO</b>	20.5069	20.5828	20.6582	20.7502	20.8987	20.8858

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 March 2023 are as follows:

	<b>Monthly Average Foreign Buying Rate</b>
<b>USD</b>	18.9586
<b>EURO</b>	20.2696



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

Current Period	EUR	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>	14,487,030	16,914,652	5,780,444	37,182,126
Banks <sup>(2)</sup>	1,513,302	1,924,145	4,509,970	7,947,417
Financial Assets at Fair Value Through Profit or Loss	13,309	292,803	-	306,112
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,572,682	3,083,763	52,209	4,708,654
Loans <sup>(3)</sup>	28,271,313	6,837,174	1,801,877	36,910,364
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost <sup>(4)</sup>	3,709,086	5,884,234	-	9,593,320
Derivative Financial Assets for Hedging Purposes <sup>(5)</sup>	167,170	132,879	-	300,049
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets <sup>(6)</sup>	153,614	150,203	16,836	320,653
<b>Total Assets</b>	<b>49,887,506</b>	<b>35,219,853</b>	<b>12,161,336</b>	<b>97,268,695</b>
<b>Liabilities</b>				
Bank Deposits	1,686	-	2,686	4,372
Foreign Currency Deposits <sup>(7)</sup>	24,756,593	34,229,445	15,077,928	74,063,966
Money Market Funds	5,353,822	2,464,908	-	7,818,730
Funds Provided from Other Financial Institutions	11,149,026	9,049,289	-	20,198,315
Securities Issued	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities <sup>(8)</sup>	2,482,219	450,437	67,806	3,000,462
<b>Total Liabilities</b>	<b>43,743,346</b>	<b>46,194,079</b>	<b>15,148,420</b>	<b>105,085,845</b>
<b>Net Balance Sheet Position</b>	<b>6,144,160</b>	<b>(10,974,226)</b>	<b>(2,987,084)</b>	<b>(7,817,150)</b>
<b>Net Off-Balance Sheet Position <sup>(11)</sup></b>	<b>(5,869,681)</b>	<b>12,032,458</b>	<b>2,765,863</b>	<b>8,928,640</b>
Financial Derivative Assets <sup>(9)</sup>	37,113,214	62,120,658	7,685,653	106,919,525
Financial Derivative Liabilities <sup>(9)</sup>	42,982,895	50,088,200	4,919,790	97,990,885
Non-Cash Loans <sup>(10)</sup>	18,130,616	21,207,565	4,419,858	43,758,039
<b>Prior Period</b>				
Total Assets	46,543,447	33,702,860	10,802,162	91,048,469
Total Liabilities	42,318,412	46,012,002	13,544,210	101,874,624
Net Balance Sheet Position	4,225,035	(12,309,142)	(2,742,048)	(10,826,155)
Net Off-Balance Sheet Position	(5,220,634)	9,769,785	1,776,251	6,325,402
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

<sup>(1)</sup> Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 5,152 (31 December 2022: TL 5,950).

<sup>(2)</sup> The banks include TL 18,113 of expected credit loss provisions (31 December 2022: TL 17,100).

<sup>(3)</sup> Foreign currency indexed loans amounting to TL 49,606 (31 December 2022: TL 59,195) are included in the loan portfolio. Also, it includes TL 1,369,697 (31 December 2022: TL 1,364,418) amounting to expected credit loss.

<sup>(4)</sup> Financial assets at amortized cost includes expected credit loss amounting to TL 2,159 (31 December 2022: TL 2,163).

<sup>(5)</sup> There is no (31 December 2022: None) income accruals from derivative financial instruments are deducted from derivative financial assets held for risk management.

<sup>(6)</sup> TL 606,622 (31 December 2022: TL 711,819) income accruals from derivative financial instruments are deducted from other assets.

<sup>(7)</sup> Precious metal accounts amounting to TL 10,763,180 (31 December 2022: TL 9,500,243) are included in the foreign currency deposits.

<sup>(8)</sup> TL 495,320 (31 December 2022: TL 529,899) expense accruals from derivative financial instruments are deducted from other liabilities.

<sup>(9)</sup> Forward asset and marketable securities purchase-sale commitments of TL 5,832,337 (31 December 2022: TL 2,836,459) are added to derivative financial assets and TL 6,381,755 (31 December 2022: TL 2,213,443) has been added to derivative financial assets.

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

<sup>(11)</sup> As of 10 December 2022, with the amendment made in the “Regulation on the Calculation and Application of the Foreign Currency Net General Position/Equity Standard Ratio by Banks on a Consolidated and Unconsolidated Basis” with the decision numbered 32039; As of 9 January 2023, delta equivalents have been taken into account by multiplying the nominal value of the currency option with the delta value in the calculation of the net foreign currency position.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### III. Explanations Related to Interest Rate Risk

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

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

Simulations on interest income are performed in connection with the forecasted 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>	-	-	-	-	-	44,101,052	44,101,052
Banks <sup>(3)</sup>	3,898,630	-	-	-	-	6,317,757	10,216,387
Financial Assets at Fair Value Through Profit or Loss	184,191	1,042,398	14,385	219,088	60,518	255,971	1,776,551
Money Market Placements <sup>(4)</sup>	30,008	-	-	-	-	(3)	30,005
Financial Assets at Fair Value Through Other Comprehensive Income	723,697	1,169,625	2,551,697	3,674,853	981,592	49,313	9,150,777
Loans <sup>(5)</sup>	38,534,090	25,573,847	66,816,458	20,181,929	992,719	(2,610,026)	149,489,017
Financial Assets Measured at Amortized Cost <sup>(6)</sup>	6,306	18,918,219	8,548,805	8,424,901	6,381,158	(9,269)	42,270,120
Other Assets	12,337	409,583	1,422,558	850,080	506,916	17,588,046	20,789,520
<b>Total Assets</b>	<b>43,389,259</b>	<b>47,113,672</b>	<b>79,353,903</b>	<b>33,350,851</b>	<b>8,922,903</b>	<b>65,692,841</b>	<b>277,823,429</b>
<b>Liabilities</b>							
Bank Deposits	1,666,881	-	-	-	-	264,283	1,931,164
Other Deposits	78,177,887	30,184,841	6,264,226	22,469	-	81,241,247	195,890,670
Money Market Funds	2,864,400	1,148,122	3,806,208	-	-	-	7,818,730
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1,060,256	6,195,873	9,102,004	-	4,193,520	-	20,551,653
Other Liabilities	240,668	836,204	593,033	495,088	27,590	49,438,629	51,631,212
<b>Total Liabilities</b>	<b>84,010,092</b>	<b>38,365,040</b>	<b>19,765,471</b>	<b>517,557</b>	<b>4,221,110</b>	<b>130,944,159</b>	<b>277,823,429</b>
Balance Sheet Long Position	-	8,748,632	59,588,432	32,833,294	4,701,793	-	105,872,151
Balance Sheet Short Position	(40,620,833)	-	-	-	-	(65,251,318)	(105,872,151)
Off-Balance Sheet Long Position	5,078,974	3,490,854	-	-	-	-	8,569,828
Off-Balance Sheet Short Position	-	-	(1,837,048)	(6,035,327)	(241,696)	-	(8,114,071)
<b>Total Position</b>	<b>(35,541,859)</b>	<b>12,239,486</b>	<b>57,751,384</b>	<b>26,797,967</b>	<b>4,460,097</b>	<b>(65,251,318)</b>	<b>455,757</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 's outstanding loss provisions in the amount of TL 6,524.

<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TL 29,735.

<sup>(4)</sup> Money Market Placement include balance of expected loss provisions amounting to TL 3.

<sup>(5)</sup> The revolving loans amounting to TL 12,373,775 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 5,253,733.

<sup>(6)</sup> Financial assets at amortized cost include balance of expected loss provisions of TL 9,269.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 1,311,754 intangible assets amounting to TL 902,178, subsidiaries amounting to TL 102,092 and entities under common control (joint vent.) amounting to TL 5, assets held for sale amounting to TL 279,021 while other liabilities line includes the shareholders' equity of TL 27,315,727.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing <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>	-	-	-	-	-	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 Amortized 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 's outstanding loss provisions in the amount of TL 7,403.

<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TL 28,900.

<sup>(4)</sup> Money Market Placement includes balance of expected loss provisions 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 amortized cost include balance of expected loss provisions of 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 vent.) amounting to TL 5, assets held for sale amounting to TL 100,370 while 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 PERIOD ENDED 31 MARCH 2023

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

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

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

	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	3.00	4.91	-	9.28
Financial Assets at Fair Value Through Profit or Loss	2.68	3.28	-	2.68
Money Market Placements	-	-	-	9.80
Financial Assets at Fair Value Through Other Comprehensive Income	2.69	7.67	-	18.51
Loans	5.58	8.27	5.69	19.86
Financial Assets Measured at Amortized Cost	3.16	5.21	-	21.31
Liabilities				
Bank Deposits	2.46	-	-	2.66
Other Deposits	1.00	4.34	-	20.16
Money Market Funds	4.46	6.49	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	7.75	8.33	-	18.97
	<b>EURO</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Prior 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 Amortized 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

### IV. 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### V. 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, Audit Committee and Board of Directors, in addition to providing daily reports to senior management. Information about the Bank's liquidity structure and policies is provided to the relevant business lines at an Assets-Liabilities Committee meeting which is held every couple of weeks and at a Market and Liquidity Risk Committee meeting which is held monthly.

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

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

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

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

- d) Information on liquidity management based on currency which 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 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

- Whether the liquidity problem is specific to the 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 PERIOD ENDED 31 MARCH 2023

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

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

#### Liquidity Coverage Ratio:

	Rate of Percentage to Be Taken into Account not Implemented		Rate of Percentage to Be Taken into Account	
	Total Value (*)		Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>Current Period – 31 March 2023</b>				
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			79,894,510	37,839,313
<b>Cash Outflows</b>				
2 Real person and retail deposits	144,101,090	53,197,743	12,675,707	5,319,774
3 Stable deposits	34,688,043	-	1,734,402	-
4 Less stable deposits	109,413,047	53,197,743	10,941,305	5,319,774
5 Unsecured debts other than real person and retail deposits	51,690,217	22,392,368	30,223,933	10,826,076
6 Operational deposits	1,973,646	337,942	493,411	84,485
7 Non-operational deposits	42,370,981	20,111,990	23,165,626	8,952,525
8 Other unsecured funding	7,345,590	1,942,436	6,564,896	1,789,066
9 Secured funding	-	-	-	-
10 Other cash outflows	1,221,198	10,143,915	1,221,198	10,143,915
11 Outflows related to derivative exposures	1,221,198	10,143,915	1,221,198	10,143,915
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	89,679,543	37,355,673	7,724,565	4,131,706
<b>16 Total Cash Outflows</b>			<b>51,845,403</b>	<b>30,421,471</b>
<b>Cash Inflows</b>				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	23,368,236	9,631,017	16,361,760	8,009,725
19 Other Cash Inflows	117,010	32,070,601	117,010	32,070,601
<b>20 Total Cash Inflows</b>	<b>23,485,246</b>	<b>41,701,618</b>	<b>16,478,770</b>	<b>40,080,326</b>
			<b>Upper Limit Applied Values</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>79,894,510</b>	<b>37,839,313</b>
<b>22 Total Net Cash Outflows</b>			<b>35,366,633</b>	<b>7,605,368</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>225.90</b>	<b>497.53</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		Rate of Percentage to Be Taken into Account	
	Total Value (*)		Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>Prior 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>Upper Limit Applied Values</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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### Liquidity Coverage Ratio: (continued)

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

High quality liquid assets in order 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	201.06%	414.86%	191.09%	391.37%
Week	13.01.2023	27.01.2023	04.11.2022	28.10.2022
Highest	251.32%	589.60%	241.34%	538.11%
Week	17.02.2023	17.03.2023	16.12.2022	18.11.2022



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed <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>	15,803,549	28,304,027	-	-	-	-	(6,524)	44,101,052
Banks <sup>(3)</sup>	8,007,871	2,238,251	-	-	-	-	(29,735)	10,216,387
Financial Assets at Fair Value Through Profit and Loss	-	3,924	-	14,385	1,441,753	60,518	255,971	1,776,551
Money Market Placements <sup>(4)</sup>	-	30,008	-	-	-	-	(3)	30,005
Financial Assets at Fair Value Through Other Comprehensive Income	49,313	52,110	-	998,698	6,688,762	1,361,894	-	9,150,777
Loans Given <sup>(5)</sup>	-	35,366,907	25,577,017	67,528,615	22,633,785	992,719	(2,610,026)	149,489,017
Financial Assets Measured at Amortized Cost <sup>(6)</sup>	-	-	15,375,421	3,322,008	11,846,339	11,735,621	(9,269)	42,270,120
Other Assets	-	2,461,359	1,129,830	1,931,878	1,124,975	717,477	13,424,001	20,789,520
<b>Total Assets</b>	<b>23,860,733</b>	<b>68,456,586</b>	<b>42,082,268</b>	<b>73,795,584</b>	<b>43,735,614</b>	<b>14,868,229</b>	<b>11,024,415</b>	<b>277,823,429</b>
<b>Liabilities</b>								
Bank Deposits	264,283	1,666,881	-	-	-	-	-	1,931,164
Other Deposit	81,241,247	78,177,887	30,184,841	6,264,226	22,469	-	-	195,890,670
Funds Provided from Other Financial Institutions	-	1,032,748	734,768	8,497,498	3,783	10,282,856	-	20,551,653
Money Market Funds	-	2,864,400	1,148,122	3,806,208	-	-	-	7,818,730
Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities	-	17,305,850	936,556	737,777	1,293,570	431,302	30,926,157	51,631,212
<b>Total Liabilities</b>	<b>81,505,530</b>	<b>101,047,766</b>	<b>33,004,287</b>	<b>19,305,709</b>	<b>1,319,822</b>	<b>10,714,158</b>	<b>30,926,157</b>	<b>277,823,429</b>
<b>Liquidity Gap</b>	<b>(57,644,797)</b>	<b>(32,591,180)</b>	<b>9,077,981</b>	<b>54,489,875</b>	<b>42,415,792</b>	<b>4,154,071</b>	<b>(19,901,742)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>501,408</b>	<b>800,187</b>	<b>1,561,200</b>	<b>623,451</b>	<b>320,947</b>	<b>-</b>	<b>3,807,193</b>
Financial Derivative Assets	-	65,574,116	42,181,719	45,398,824	20,768,907	10,382,963	-	184,306,529
Financial Derivative Liabilities	-	65,072,708	41,381,532	43,837,624	20,145,456	10,062,016	-	180,499,336
Non-Cash Loans	12,826,101	4,423,182	7,244,053	22,422,525	13,248,868	-	-	60,164,729
<b>Prior Period</b>								
Total Assets	24,056,943	60,034,904	25,797,873	78,468,747	63,903,264	14,609,492	8,276,193	275,147,416
Total Liabilities	73,413,270	100,902,014	40,387,751	20,358,216	1,250,152	10,136,090	28,699,923	275,147,416
<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

(1) Active accounts with fixed assets, associates and subsidiaries, fixed assets, prepaid expenses and non-performing loans, which are required for the continuation of banking activities and which do not have the chance to convert to cash in a short time, are recorded here. The expected loss provisions are also shown here.

(2) Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Turkey includes expected loss provisions amounting of TL 6,524.

(3) Banks include TL balance of expected loss provisions amounting to TL 29,735

(4) Money Market Placement includes expected loss provisions balance amounting to TL 3.

(5) The revolving loans amounting to TL 12,373,775 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 5,253,733.

(6) Financial assets at amortized cost includes expected credit loss amounting to TL 9,269.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### VI. Explanations Related to Leverage Ratio

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

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

- b) Leverage ratio:

		Current Period (*)	Prior Period (*)
<b>Assets on the balance sheet</b>			
1	Assets on the balance sheet (Excluding derivative financial instruments and loan derivatives, including collaterals)	273,713,473	272,122,148
2	(Assets deducted from core capital)	(912,671)	(837,102)
3	Total risk amount for assets on the balance sheet	272,800,802	271,285,046
<b>Derivative financial instruments and credit derivatives</b>			
4	Renewal cost of derivative financial instruments and loan derivatives	4,905,176	3,233,772
5	Potential credit risk amount of derivative financial instruments and loan derivatives	1,734,100	1,205,781
6	Total risk amount of derivative financial instruments and loan derivatives	6,639,276	4,439,553
<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)	2,899,017	2,727,317
8	Risk amount arising from intermediated transactions	-	-
9	Total risk amount of financing transactions with securities or goods warranties	2,899,017	2,727,317
<b>Off-the-balance sheet transactions</b>			
10	Gross nominal amount of the off-balance sheet transactions	113,879,801	102,937,518
11	(Adjustment amount arising from multiplying by the credit conversion rate)	-	-
12	Total risk amount for off-balance sheet transactions	113,879,801	102,937,518
<b>Capital and total risk</b>			
13	Tier 1 Capital	25,797,665	23,809,553
14	Total risk amount	396,218,896	381,389,434
<b>Leverage ratio</b>			
15	Leverage ratio	6.51%	6.24%

(\*) 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 PERIOD ENDED 31 MARCH 2023

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

### VII. Explanations Related to Risk Management

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette 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.

#### 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)	194,066,362	171,057,988	15,525,309
2	Of which standardized approach (sa)	194,066,362	171,057,988	15,525,309
3	Of which internal rating-based (irb) approach	-	-	-
4	Counterparty credit risk	7,140,256	5,339,572	571,220
5	Of which standardized approach for counterparty credit risk (sa-ccr)	7,140,256	5,339,572	571,220
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	6,176,413	5,790,594	494,113
17	Standardized approach (sa)	6,176,413	5,790,594	494,113
18	Internal model approaches (imm)	-	-	-
19	Operational risk	22,912,505	11,231,643	1,833,000
20	Of which basic indicator approach	22,912,505	11,231,643	1,833,000
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</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>230,295,536</b>	<b>193,419,797</b>	<b>18,423,642</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	821,786	8,612,370	752,200	10,004,814
Balances with the Central Bank of Turkey	6,098,512	28,304,027	6,458,159	26,063,697
Other	-	270,881	-	560,841
<b>Total</b>	<b>6,920,298</b>	<b>37,187,278</b>	<b>7,210,359</b>	<b>36,629,352</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	6,098,512	-	6,458,159	-
Unrestricted Time Deposit	-	6,463,568	-	7,868,041
Restricted Time Deposit	-	21,840,459	-	18,195,656
<b>Total</b>	<b>6,098,512</b>	<b>28,304,027</b>	<b>6,458,159</b>	<b>26,063,697</b>

As of 31 March 2023, the applicable rates for the reserve requirements established at the CBRT are between 0% and 8% (31 December 2022: between 3% and 8%) in Turkish Lira, and between 5% and 26% in foreign currency, depending on the maturity structure (31 December 2022: 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 2022: None).
- a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2022: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 1,520,580 (31 December 2022: TL 3,011,802).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	1,393,243	127,337	2,809,744	202,058
Securities Representing Share in Capital	77,196	93,458	77,196	263,295
Other Financial Assets	-	85,317	-	76,286
<b>Total</b>	<b>1,470,439</b>	<b>306,112</b>	<b>2,886,940</b>	<b>541,639</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	826,353	50,666	1,089,391	47,443
Swap Transactions	2,704,779	288,087	2,953,184	228,144
Futures Transactions	-	-	-	-
Options	505,199	434,240	357,592	388,958
Other	-	-	-	-
<b>Total</b>	<b>4,036,331</b>	<b>772,993</b>	<b>4,400,167</b>	<b>664,545</b>

#### 4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1,601,190	521	2,102,878	505
Foreign	679,402	7,965,009	698,476	6,162,428
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>2,280,592</b>	<b>7,965,530</b>	<b>2,801,354</b>	<b>6,162,933</b>

An expected loss provision of TL 29,735 (31 December 2022: TL 28,900) has been set aside for receivables from banks.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	1,442,712	-	1,411,005	-
Other	-	-	-	-
<b>Total</b>	<b>1,442,712</b>	<b>-</b>	<b>1,411,005</b>	<b>-</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	-	2,976,483	-	3,013,150
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,976,483</b>	<b>-</b>	<b>3,013,150</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 4,731,582 (31 December 2022: TL 3,995,149).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	9,101,464	8,369,991
Quoted on a Stock Exchange	9,049,255	8,320,656
Unquoted on a Stock Exchange	52,209	49,335
Equity Securities	49,313	49,313
Quoted on a Stock Exchange	-	-
Unquoted on a Stock Exchange	49,313	49,313
Impairment Provision (-)	-	-
<b>Total</b>	<b>9,150,777</b>	<b>8,419,304</b>

An expected loss provision of TL 1,905 (31 December 2022: TL 1,676) 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	-	916,194	-	1,118,603
Corporate Shareholders	-	916,194	-	1,118,603
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	237,082	-	212,298	-
<b>Total</b>	<b>237,082</b>	<b>916,194</b>	<b>212,298</b>	<b>1,118,603</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	140,755,863	10,226,098	109,580	1,007,502
Working Capital Loans	13,382,583	1,537,000	6,134	736,374
Export Loans	31,506,997	189,228	-	1,668
Import Loans	-	-	-	-
Loans Given to Financial Sector	4,862,472	26,164	-	-
Consumer Loans	26,720,160	4,994,943	56,510	110,713
Credit Cards	13,156,908	1,932,042	37,104	-
Other	51,126,743	1,546,721	9,832	158,747
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>140,755,863</b>	<b>10,226,098</b>	<b>109,580</b>	<b>1,007,502</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	Standard Loans	Loans under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Revised Contract Terms	Loans with 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>

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	738,655	-	734,536	-
Significant Increase in Credit Risk	-	2,579,420	-	2,418,591
<b>Total</b>	<b>738,655</b>	<b>2,579,420</b>	<b>734,536</b>	<b>2,418,591</b>

Aging analysis for loans under close monitoring

31 March 2023	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	101,562	20,489	117,379	239,430
Consumer Loans	744,597	225,255	324,407	1,294,259
Credit Cards	257,686	120,882	84,511	463,079
<b>Total</b>	<b>1,103,845</b>	<b>366,626</b>	<b>526,297</b>	<b>1,996,768</b>

31 December 2022	1-30 Days	31-60 Days	61-90 Days	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>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### 6. Information on loans: (continued)

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

Current Period	Short-term	Medium and Long-term	Total
<b>Consumer Loans-TL</b>	<b>4,086,491</b>	<b>25,637,431</b>	<b>29,723,922</b>
Housing Loans	8,729	3,329,338	3,338,067
Vehicle Loans	248,943	572,968	821,911
General Purpose Loans	3,828,819	21,735,125	25,563,944
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>4,802</b>	<b>4,802</b>
Housing Loans	-	4,802	4,802
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>-</b>	<b>11,090</b>	<b>11,090</b>
Housing Loans	-	2,872	2,872
Vehicle Loans	-	-	-
General Purpose Loans	-	8,218	8,218
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>10,684,265</b>	<b>32,320</b>	<b>10,716,585</b>
With Instalments	4,013,732	32,320	4,046,052
Without Instalments	6,670,533	-	6,670,533
<b>Individual Credit Cards-FC</b>	<b>30,965</b>	<b>-</b>	<b>30,965</b>
With Instalments	-	-	-
Without Instalments	30,965	-	30,965
<b>Personnel Loans-TL</b>	<b>47,500</b>	<b>108,955</b>	<b>156,455</b>
Housing Loans	-	245	245
Vehicle Loans	-	-	-
General Purpose Loans	47,500	108,710	156,210
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>73,952</b>	<b>7</b>	<b>73,959</b>
With Instalments	30,322	7	30,329
Without Instalments	43,630	-	43,630
<b>Personnel Credit Cards-FC</b>	<b>526</b>	<b>-</b>	<b>526</b>
With Instalments	-	-	-
Without Instalments	526	-	526
<b>Overdraft Accounts-TL (Real Persons) (*)</b>	<b>1,986,057</b>	<b>-</b>	<b>1,986,057</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>16,909,756</b>	<b>25,794,605</b>	<b>42,704,361</b>

(\*) Overdraft accounts include personnel loans amounting to TL 6,142.

(\*\*) Loans granted via branches abroad.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### 6. Information on loans: (continued)

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

Prior Period	Short-term	Medium and Long-term	Total
<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 PERIOD ENDED 31 MARCH 2023

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

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

#### 6. Information on loans: (continued)

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial loans with instalment-TL</b>	<b>2,706,345</b>	<b>9,424,485</b>	<b>12,130,830</b>
Business Loans	3,229	134,163	137,392
Vehicle Loans	389,484	2,172,995	2,562,479
General Purpose Loans	2,313,632	7,117,327	9,430,959
Other	-	-	-
<b>Commercial loans with instalment-Indexed to FC</b>	<b>-</b>	<b>12,336</b>	<b>12,336</b>
Business Loans	-	6,475	6,475
Vehicle Loans	-	-	-
General Purpose Loans	-	5,861	5,861
Other	-	-	-
<b>Commercial loans with instalment-FC</b>	<b>575</b>	<b>-</b>	<b>575</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	575	-	575
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>4,295,507</b>	<b>62</b>	<b>4,295,569</b>
With Instalments	1,513,677	62	1,513,739
Without Instalments	2,781,830	-	2,781,830
<b>Corporate Credit Cards-FC</b>	<b>8,450</b>	<b>-</b>	<b>8,450</b>
With Instalments	-	-	-
Without Instalments	8,450	-	8,450
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>1,195,351</b>	<b>-</b>	<b>1,195,351</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,206,228</b>	<b>9,436,883</b>	<b>17,643,111</b>

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<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>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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) Distribution of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	151,331,106	145,849,516
Foreign Loans	767,937	857,518
<b>Total</b>	<b>152,099,043</b>	<b>146,707,034</b>

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	396,319	437,163
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>396,319</b>	<b>437,163</b>

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

	Current Period	Prior Period
Loans with Limited Collectability	165,873	197,372
Loans with Doubtful Collectability	378,815	359,210
Uncollectible Loans	1,390,970	1,335,772
<b>Total</b>	<b>1,935,658</b>	<b>1,892,354</b>

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

h.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	51,114	43,032	32,830
Restructured Loans	51,114	43,032	32,830
<b>Prior Period</b>			
Gross Amounts before Provisions	51,719	38,533	34,533
Restructured Loans	51,719	38,533	34,533

h.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>315,766</b>	<b>504,833</b>	<b>1,805,293</b>
Additions (+)	306,612	2,837	9,216
Transfers from other accounts of Non-performing (+)	-	309,578	217,734
Transfers to other accounts of Non-performing (-)	309,578	217,734	-
Collections during the Period (-)	-	-	318,940
Write-Offs (-)	-	-	1,661
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	(43,222)	(51,997)	114,970
<b>Current Period End Balance</b>	<b>269,578</b>	<b>547,517</b>	<b>1,826,612</b>
Provision (-)	165,873	378,815	1,390,970
<b>Net Balances on Balance Sheet</b>	<b>103,705</b>	<b>168,702</b>	<b>435,642</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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)

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

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

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
<b>31 March 2023</b>			
Current Period End Balance	96,138	1,316	89,556
Provision Amount (-)	64,183	1,316	64,688
<b>Net Balance on Balance Sheet</b>	<b>31,955</b>	<b>-</b>	<b>24,868</b>
<b>31 December 2022</b>			
Prior 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>

h.4) Information on gross and net amounts of non-performing loans according to user groups:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	269,578	547,517	1,826,612
Provision Amount (-)	165,873	378,815	1,390,970
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>103,705</b>	<b>168,702</b>	<b>435,642</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)	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>

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period (Net)</b>	<b>267</b>	<b>410</b>	<b>5,110</b>
Interest Accruals, Discounts and Valuation Differences	24,715	65,478	453,587
Provision Amount (-)	24,448	65,068	448,477
<b>Prior Period (Net)</b>	<b>699</b>	<b>83</b>	<b>7,659</b>
Interest Accruals, Discounts and Valuation Differences	28,808	58,354	457,827
Provision Amount (-)	28,109	58,271	450,168

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### 6. Information on loans: (continued)

##### i) Explanations on write-off policy:

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

- Limited possibility of recovery: Loans with low collateralization rates, limited collateral capability, limited assets that provide foreclosure collection opportunities, loans with higher collection costs and lower collection expectations are evaluated,
- Financial indicators: Financial indicators that show that the entire loan does not have the ability to recover, or that the monetary cost to be incurred due to lawsuits/prosecution to be filed is higher than the collection to be made, are evaluated,
- Long-term follow-up: Those who do not have a reasonable expectation of collection are evaluated for the recovery of the loans whose follow-up process continues for a long time,

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

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

The amount written-off by the Bank within the scope of TFRS 9 during the financial period is TL 1,661 (31 December 2022: TL 454,825) and has no effect on NPL ratio (31 December 2022: 0.30%). The follow-up conversion rate is 1.71% (31 December 2022: 1.76%) with the current period non-performing loans after write-offs, while the calculated rate including the loans written-off during the year is 1.71% (31 December 2022: 2.06%).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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 amortized cost:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	-	8,030,924	-	7,460,842
<b>Total</b>	-	<b>8,030,924</b>	-	<b>7,460,842</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	21,379,428	-	19,897,126	-
Other	-	-	-	-
<b>Total</b>	<b>21,379,428</b>	-	<b>19,897,126</b>	-

Financial assets valued over their amortized cost classified as free warehouse amounting to TL 12,869,037 (31 December 2022: TL 13,097,968).

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

	Current Period	Prior Period
Government Bonds	42,279,389	40,455,936
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>42,279,389</b>	<b>40,455,936</b>

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

	Current Period	Prior Period
Debt securities	42,279,389	40,455,936
Quoted on a Stock Exchange	42,279,389	40,455,936
Unquoted on a Stock Exchange	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>42,279,389</b>	<b>40,455,936</b>

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

	Current Period	Prior Period
Balance at the Beginning of the Period	40,455,936	19,551,700
Foreign Currency Differences on Monetary Assets	366,850	2,524,109
Purchases During the Year (*)	4,423,974	20,808,138
Disposals Through Sales and Redemptions	(2,967,371)	(2,428,011)
Impairment Provision (-)	-	-
<b>Closing Balance</b>	<b>42,279,389</b>	<b>40,455,936</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 2022: None).
- a.2) Information on the unconsolidated associates: None (31 December 2022: None).
- a.3) Information of consolidated associates: None (31 December 2022: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2022: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2022: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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.	TEB Finansman A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	50,000	28,794	10,000	71,626
Reserves	386,945	40,795	1,814	500,149
Net income for the period and prior period income	80,251	421,121	65,916	43,860
Income/ Loss recognized under equity in accordance with TAS	-	-	(44)	-
Leasehold Improvements on Operational Leases (-)	2,819	276	2,918	1,184
Goodwill and intangible asset and the related deferred tax liability (-)	6,553	13,802	2,117	3,664
<b>Total common equity tier 1 capital</b>	<b>507,824</b>	<b>476,632</b>	<b>72,651</b>	<b>610,787</b>
Provisions	9,648	-	-	3,741
<b>Equity</b>	<b>517,472</b>	<b>476,632</b>	<b>72,651</b>	<b>614,528</b>

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non-consolidate and minimum capital requirement: None (31 December 2022: None).

c) Information on the unconsolidated subsidiaries: None (31 December 2022: None).

d) Information on the consolidated 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.	Istanbul/Turkey	100.00	-
2 TEB Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	96.62	3.38
3 TEB Portföy Yönetimi A.Ş.	Istanbul/Turkey	25.60	29.14
4 TEB Finansman A.Ş.	Istanbul/Turkey	100.00	-

Information on the consolidated financial 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	8,401,260	517,196	11,867	368,911	-	69,213	29,944	-
2	1,860,565	490,710	9,357	97,532	-	77,837	22,289	-
3	114,813	77,686	6,220	751	20	14,872	5,269	-
4	4,402,343	615,635	7,490	300,900	-	44,288	24,493	-

(\*) These figures are shown per BRSA financial statements as of 31 March 2022.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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 financial subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	115,986	115,986
Movements During the Period	162,985	-
Purchases (*)	162,985	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	-	-
<b>Balance at the End of the Period</b>	<b>278,971</b>	<b>115,986</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) As of 4 November 2022, for the acquisition of 61,300,800 shares of BNP Paribas Personal Finance S.A. from a total of 71,626,000 registered shares in the capital of TEB Finansman A.Ş. and (ii) of 10,325,200 shares owned by TEB Holding A.Ş. by Türk Ekonomi Bankası A.Ş.; Share Transfer Agreement has been signed between BNP Paribas Personal Finance S.A., TEB Holding A.Ş. and Türk Ekonomi Bankası A.Ş. It was announced with the material event statement made on 16 January 2023 that the Banking Regulation and Supervision Agency and the Competition Authority's applications/information were made and the necessary approvals were received regarding the share transfer that the mentioned transaction was within the scope of intra-group restructuring. 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.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	43,417	43,417
Leasing Companies	-	-
Finance Companies	162,985	-
Other Financial Subsidiaries	72,569	72,569
<b>Total</b>	<b>278,971</b>	<b>115,986</b>

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2022: 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; It was registered in the Trade Registry Gazette on 16 July 2020.

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

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

Entities under common control (joint ventures)	Share of the Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	169,883	126,145	106,709	203,776	(239,239)

b) The method used in accounting for joint ventures (joint ventures) in the unconsolidated financial statements of the parent bank due to the reasons why the unconsolidated joint venture (joint venture) is not consolidated:

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

11. Information on financial lease receivables (Net): None (31 December 2022: None).



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	443,636	300,049	425,928	308,164
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>443,636</b>	<b>300,049</b>	<b>425,928</b>	<b>308,164</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 amortized 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 47,361 (31 December 2022: TL 49,903) is recorded under equity as of 31 March 2023 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

#### 13. Information on investment properties: None (31 December 2022: None).

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

	Current Period	Prior Period
Beginning of Period Cost	100,370	65,933
Beginning of Period Accumulated Depreciation (-)	-	-
<b>Net Book Value</b>	<b>100,370</b>	<b>65,933</b>
Opening Balance	100,370	65,933
Acquired	17,213	129,422
Disposed (-)	15,672	94,115
Impairment (-)	(181)	870
Depreciation Value (-)	-	-
Period End Cost	102,092	100,370
Period End Accumulated Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>102,092</b>	<b>100,370</b>

As of 31 March 2023, the Bank has no non-current assets related to discontinued operations (31 December 2022: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### II. Explanations and Disclosures Related to the Liabilities

#### 1. a) Information on maturity structure of deposits:

##### a.1) Current Period:

	7 Day Call Demand	Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	9,726,248	-	17,104,300	48,815,814	1,880,658	32,462	2,139,967	-	79,699,449
Foreign Currency Deposits	44,924,800	-	8,734,982	8,956,592	521,428	62,657	100,327	-	63,300,786
Residents in Turkey	42,771,003	-	8,099,107	8,419,728	502,417	58,730	94,292	-	59,945,277
Residents Abroad	2,153,797	-	635,875	536,864	19,011	3,927	6,035	-	3,355,509
Public Sector Deposits	1,749,290	-	388,247	917,007	-	-	-	-	3,054,544
Commercial Deposits	13,617,807	-	8,464,562	10,534,359	1,519,184	111,175	3,436,601	-	37,683,688
Other Institutions Deposits	771,305	-	114,395	501,940	1,068	31	284	-	1,389,023
Precious Metals Deposits	10,451,797	-	21,985	246,478	26,961	14,236	1,723	-	10,763,180
Bank Deposits	264,283	-	1,666,881	-	-	-	-	-	1,931,164
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7	-	-	-	-	-	-	-	7
Foreign Banks	264,276	-	1,666,881	-	-	-	-	-	1,931,157
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>81,505,530</b>	<b>-</b>	<b>36,495,352</b>	<b>69,972,190</b>	<b>3,949,299</b>	<b>220,561</b>	<b>5,678,902</b>	<b>-</b>	<b>197,821,834</b>

Currency-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the current accounting period reported. As of 31 March 2023, TL deposit amount includes TL 31,124,118 (31 December 2022: TL 37,257,017) deposits within this scope.

##### a.2) Prior Period:

	7 Day Call Demand	Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 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
Participation Banks	-	-	-	-	-	-	-	-	-
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>-</b>	<b>200,391,051</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 (\*):

Savings Deposit	Under the Guarantee of Insurance (**)		Exceeding the Insurance Limit (**)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	39,067,180	26,516,373	37,978,072	48,478,289
Foreign Currency Saving Deposits	16,247,940	11,272,053	21,527,212	25,728,396
Other Deposits in the Form of Saving Deposits	4,571,577	2,818,412	4,784,889	5,428,436
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>59,886,697</b>	<b>40,606,838</b>	<b>64,290,173</b>	<b>79,635,121</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 7,517,559 (31 December 2022: 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 PERIOD ENDED 31 MARCH 2023

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

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

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

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

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

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	1,361,624	1,336,331
Deposits of Controlling Shareholders and Their Close Families	4,169,800	4,182,430
Deposits of Chairman and Members of the Board of Directors and Their Close Families	116,990	91,901
Deposits Obtained Through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Offshore Banking Activities	-	-

### 2. Information on derivative financial liabilities held for trading:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	27,907	17,144	93,782	34,238
Swap Transactions	1,913,366	161,613	2,665,390	156,043
Futures Transactions	-	105	-	-
Options	225,159	435,432	142,470	405,697
Other	-	-	-	-
<b>Total</b>	<b>2,166,432</b>	<b>614,294</b>	<b>2,901,642</b>	<b>595,978</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	353,338	53,538	637,353	74,613
From Foreign Banks, Institutions and Funds	-	9,861,921	-	10,461,448
<b>Total</b>	<b>353,338</b>	<b>9,915,459</b>	<b>637,353</b>	<b>10,536,061</b>

As of 31 March 2023, the Bank has no loans from the risk group it is included in (31 December 2022: None).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	322,590	1,829,611	594,357	1,759,038
Medium and Long-Term	30,748	8,085,848	42,996	8,777,023
<b>Total</b>	<b>353,338</b>	<b>9,915,459</b>	<b>637,353</b>	<b>10,536,061</b>

c) Information on debt securities issued: None. (31 December 2022: None)

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### 4. Other external funding payables which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

Other external funding payables amounting to TL 14,518,965 (31 December 2022: TL 12,156,788) do not exceed 10% of the total balance sheet.

#### 5. Explanations on financial lease obligations (Net):

With the “IFRS 16 Leases” standard which became effective as of 1 January 2020, the difference between the operating lease and financial lease have been removed and the lease transactions are started to be recognized under “Tangible Fixed Asset” as an asset (tenure) and under “Liabilities from Leasing” as a liability. As of 31 March 2023, the bank has leasing liability amounting to TL 789,800 (31 December 2022: TL 695,894).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	168,962	-	69,613	-
Hedging the Risk of Net Investments Abroad	-	-	-	-
<b>Total</b>	<b>168,962</b>	<b>-</b>	<b>69,613</b>	<b>-</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 amortized through profit or loss until the maturity of the financial instrument.

As of 31 March 2023, there are accumulated valuation differences of TL 47,361 (31 December 2022: TL 49,903) under equity. Regarding the cash flow hedging transactions terminated by the Bank, this amount is spread over the remaining terms of the hedged items by the Bank and transferred to the income statement.

#### 7. Information on provisions:

- Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2022: None).
- The specific provisions provided for unindemnified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	177,949	163,475
Stage 2	427,722	389,419
Stage 3	131,853	133,621
<b>Total</b>	<b>737,524</b>	<b>686,515</b>

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

As of 31 March 2023, TL 75,262 (31 December 2022: TL 27,856) unused vacation provision, TL 1,220,642 (31 December 2022: TL 1,252,858) employment termination benefit provision, TL 970,112 (31 December 2022: TL 798,153) bonus provision, and TL 1,887 (31 December 2022: TL 1,887) other expense provision are presented under “Provision of Employee Rights” in financial statements.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

a) Information on other provisions:

	Current Period	Prior Period
Provision for Non-Cash Loans	737,524	686,515
Provision for Legal Cases	148,145	133,257
Provision for Promotions of Credit Cards and Banking Services	11,416	10,677
Other	445,442	447,548
<b>Total</b>	<b>1,342,527</b>	<b>1,277,997</b>

### 8. Explanations on taxes payable:

a) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	2,064,414	1,528,149
Taxation on Securities	87,227	69,692
Property Tax	4,725	3,907
Banking Insurance Transaction Tax (BITT)	137,148	142,813
Foreign Exchange Transaction Tax	15,478	10,779
Value Added Tax Payable	9,954	33,915
Other (*)	51,405	66,307
<b>Total</b>	<b>2,370,351</b>	<b>1,855,562</b>

(\*) Others include income taxes deducted from wages amounting to TL 41,669 (31 December 2022: TL 53,943) and stamp taxes payable amounting to TL 5,328 (31 December 2022: TL 6,784).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	32,565	77,659
Social Security Premiums-Employer	36,377	25,786
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	2,719	1,949
Unemployment Insurance-Employer	4,590	3,279
Other	-	-
<b>Total</b>	<b>76,251</b>	<b>108,673</b>

c) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 31 March 2023 (31 December 2022: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### 9. Information on shareholders’ equity:

a) Presentation of paid-in capital:

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

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

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

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

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

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

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

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

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	547,157	(69,311)	773,937	(82,686)
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>547,157</b>	<b>(69,311)</b>	<b>773,937</b>	<b>(82,686)</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	24,893,217	22,073,226
Asset Purchase Commitments	14,961,856	7,231,850
Loan Granting Commitments	11,717,331	11,657,703
Payment Commitments for Cheques	4,368,088	2,776,761
Tax and Fund Liabilities from Export Commitments	151,828	127,411
Commitments for Promotions Related with Credit Cards and Banking Activities	2,109	2,141
Other Irrevocable Commitments	763,052	369,349
<b>Total</b>	<b>56,857,481</b>	<b>44,238,441</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	17,195,126	15,650,244
Bank Acceptances	27,424	23,623
Other Commitments	7,755,787	7,350,992
Other Contingencies	2,905,857	2,207,625
<b>Total</b>	<b>27,884,194</b>	<b>25,232,484</b>

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

	Current Period	Prior Period
Guarantee Letters	18,854,593	17,249,510
Advance Guarantee Letters	6,908,413	6,944,286
Guarantee Letters Given for Customs	959,078	961,508
Temporary Guarantee Letters	1,180,456	1,517,892
Other Guarantee Letters	4,377,995	3,361,690
<b>Total</b>	<b>32,280,535</b>	<b>30,034,886</b>

c) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	4,378,419	3,362,152
With Maturity of One Year or Less Than One Year	499,543	469,739
With Maturity of More Than One Year	3,878,876	2,892,413
Other Non-Cash Loans	55,786,310	51,905,218
<b>Total</b>	<b>60,164,729</b>	<b>55,267,370</b>

For non-cash loans amounting to TL 282,593 (31 December 2022: TL 253,300) that are not compensated and not cashed in off-balance sheet accounts, a third stage provision for expected loss of TL 131,853 (31 December 2022: TL 133,621) has been set aside. In addition, TL 177,949 (31 December 2022: TL 163,475) Stage 1, TL 427,722 (31 December 2022: TL 389,419) Stage 2 TFRS 9 expected loss provision has been made.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	3,037,067	343,537	1,984,796	148,193
Medium and Long-Term Loans	2,328,919	200,328	1,779,372	116,456
Interest on Loans Under Follow-Up	65,781	5,379	67,411	1,869
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>5,431,767</b>	<b>549,244</b>	<b>3,831,579</b>	<b>266,518</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 224,918 (31 March 2022: TL 105,217).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	5,145	-	-
Domestic Banks	43,237	419	22,765	28
Foreign Banks	21,063	26,507	1,490	(1,006)
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>64,300</b>	<b>32,071</b>	<b>24,255</b>	<b>(978)</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	75,290	5,540	108,650	18,410
Financial Assets at Fair Value Through Other Comprehensive Income	205,157	29,229	193,083	40,321
Financial Assets Measured at Amortized Cost	2,837,261	104,136	956,212	95,296
<b>Total</b>	<b>3,117,708</b>	<b>138,905</b>	<b>1,257,945</b>	<b>154,027</b>

As stated in Note VII of Section Three, the Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include CPI-indexed bonds. These securities are valued and accounted for using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these securities are created according to the CPI of two months ago. The bank determines the estimated inflation rate in parallel with this. The estimated inflation rate used is updated during the year when deemed necessary. In this context, as of 31 March 2023, the valuation of the mentioned assets was made according to an annual inflation forecast of 30%. In case the CPI forecast increases or decreases by 5%, the profit for the period before tax as of 31 March 2023 will increase by approximately 529 million TL (full TL) or decrease by the same amount.

d) Interest income on subsidiaries and associates:

	Current Period	Prior Period
Interest Received from Subsidiaries and Associates	23,368	19,422



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	22,336	1,202	25,726	350
Foreign Banks	-	391,595	-	184,498
Branches and Head Office Abroad	-	-	-	-
<b>Other Financial Institutions</b>	-	-	-	-
<b>Total</b>	<b>22,336</b>	<b>392,797</b>	<b>25,726</b>	<b>184,848</b>

(\*). Includes fees and commission expenses of cash loans amounting to TL 10,124 (31 March 2022: TL 4,518).

b) Information on interest expense on associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	8,441	2,459

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	-	-	35,299	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>35,299</b>	<b>-</b>

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

Account Name	Current Period	Time Deposits					More than 1 Year	Accumulated Deposits	Total
		Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year			
<b>TL</b>									
Bank Deposits	-	19,044	-	-	-	-	-	19,044	
Saving Deposits	-	694,972	2,673,300	86,865	1,110	78,086	-	3,534,333	
Public Sector Deposits	-	3,305	48,548	-	-	-	-	51,853	
Commercial Deposits	-	291,170	639,256	66,289	5,913	125,022	-	1,127,650	
Other Deposits	-	2,484	21,871	5,712	1	298	-	30,366	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>1,010,975</b>	<b>3,382,975</b>	<b>158,866</b>	<b>7,024</b>	<b>203,406</b>	<b>-</b>	<b>4,763,246</b>	
<b>FC</b>									
Foreign Currency Deposits	-	1,089	107,877	7,036	330	153	-	116,485	
Bank Deposits	-	149	-	-	-	-	-	149	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal	-	-	1,286	145	-	-	-	1,431	
<b>Total</b>	<b>-</b>	<b>1,238</b>	<b>109,163</b>	<b>7,181</b>	<b>330</b>	<b>153</b>	<b>-</b>	<b>118,065</b>	
<b>Grand Total</b>	<b>-</b>	<b>1,012,213</b>	<b>3,492,138</b>	<b>166,047</b>	<b>7,354</b>	<b>203,559</b>	<b>-</b>	<b>4,881,311</b>	

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(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	-	54,862	-	-	-	-	-	54,862
Saving Deposits	3	660,026	611,942	10,906	972	2,838	-	1,286,687
Public Sector Deposits	-	1,666	12,615	-	-	-	-	14,281
Commercial Deposits	-	317,895	388,627	55,116	18	5,658	-	767,314
Other Deposits	-	5,673	49,455	5,185	2	11	-	60,326
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>1,040,122</b>	<b>1,062,639</b>	<b>71,207</b>	<b>992</b>	<b>8,507</b>	<b>-</b>	<b>2,183,470</b>
<b>FC</b>								
Foreign Currency Deposits	-	2,767	29,134	86	3	122	-	32,112
Bank Deposits	-	1	-	-	-	-	-	1
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	41	-	-	-	-	41
<b>Total</b>	<b>-</b>	<b>2,768</b>	<b>29,175</b>	<b>86</b>	<b>3</b>	<b>122</b>	<b>-</b>	<b>32,154</b>
<b>General Total</b>	<b>3</b>	<b>1,042,890</b>	<b>1,091,814</b>	<b>71,293</b>	<b>995</b>	<b>8,629</b>	<b>-</b>	<b>2,215,624</b>

#### 3. Information on trading gain / loss:

	Current Period	Prior Period
<b>Gains</b>	<b>66,297,564</b>	<b>40,329,555</b>
Gains on Capital Market Operations	1,450,077	162,919
Gains on Derivative Financial Instruments <sup>(1)</sup>	43,629,149	11,211,457
Foreign Exchange Gains	21,218,338	28,955,179
<b>Losses (-)</b>	<b>63,909,715</b>	<b>40,123,219</b>
Losses on Capital Market Operations	233,769	157,847
Losses on Derivative Financial Instruments <sup>(1)</sup>	43,653,901	11,780,055
Foreign Exchange Losses	20,022,045	28,185,317

(1) Includes exchange rate fluctuations of hedging transactions net profit of TL 16,077 (31 March 2022: TL 268,488 profit), derivative financial instruments exchange rate changes loss accounts amounting to TL 8,425 (31 March 2022: TL 36,278 profit) net exchange loss.

#### 4. Information on other operating income:

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

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

a) Allowance for Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	191,726	188,843
12-Month Expected Credit Losses (Stage 1)	10,975	55,389
Significant Increase in Credit Risk (Stage 2)	139,372	101,857
Credit-Impaired (Stage 3)	41,379	31,597
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other <sup>(1)</sup>	1,185	(2,028)
<b>Total</b>	<b>192,911</b>	<b>186,815</b>

(1) Includes reversal of provisions amounting to TL 665 (31 March 2022: TL 3,994).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### 6. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits <sup>(1)</sup>	19,029	22,911
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	110,544	74,308
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	38,783	22,094
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	(181)	3,066
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	1,007,601	395,419
Leasing Expenses on TFRS 16 Exceptions	18,378	12,996
Maintenance expenses	19,599	8,545
Advertisement expenses	6,194	36,206
Other expenses <sup>(1)</sup>	963,430	337,672
Loss on sales of assets	425	303
Other <sup>(2)</sup>	313,797	160,017
<b>Total</b>	<b>1,489,998</b>	<b>678,118</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 143,138 (31 March 2022: TL 75,310) and other taxes and fees paid in the amount of TL 120,643 (31 March 2022: TL 60,667).

<sup>(3)</sup> It includes a cash donation of TL 148,450 made to the Republic of Turkey Ministry of Interior Disaster and Emergency Management Presidency due to the earthquake disaster.

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

a) As of 31 March 2023, current tax expense of continuing operations is TL 536,265 (31 March 2022: 2,215,419) and net deferred tax expense is TL 348,417 (31 March 2022: TL 1,562,451 income), and there is no current and deferred tax income/expense from discontinued operations (31 March 2022: None).

b) Deferred tax expense on temporary differences resulted from continued operations is TL 348,417 (31 March 2022: TL 1,562,451 deferred tax income).

c) Tax reconciliation:

	Current Period	Prior Period
<b>Profit before tax</b>	<b>4,205,009</b>	<b>2,248,406</b>
<b>Additions</b>	<b>12,096</b>	<b>614,351</b>
Nonallowable Expenses	12,096	13,092
Effect of Different Tax Rate	-	601,259
<b>Deductions</b>	<b>(678,378)</b>	<b>(20,856)</b>
Shares Received	(12,931)	(8,797)
Other	(665,447)	(12,059)
<b>Financial Profit/(Loss)</b>	<b>3,538,727</b>	<b>2,841,901</b>
Corporate Tax Rate	25%	23%
<b>Tax Calculated</b>	<b>884,682</b>	<b>653,637</b>
Prior Year Tax Correction	-	(669)
<b>Tax charge</b>	<b>884,682</b>	<b>652,968</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 March 2022: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 March 2022: None).
- Profit/loss attributable to minority interest: None (31 March 2022: None).

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

	Current Period	Prior Period
<b><u>Other Fees and Commissions Received</u></b>		
Card Fee and Commissions	666,394	429,125
Insurance Commissions	143,264	73,834
Transfer Commissions	72,562	38,319
General Limit Revision Commissions	35,075	33,883
Fund Management Commissions	42,839	21,123
Settlement Expense Provision, Eft, Swift, Agency Commissions	38,716	17,809
Early Closing Commissions	15,640	12,240
Other	118,033	65,312
<b>Total</b>	<b>1,132,523</b>	<b>691,645</b>
<b><u>Other Fees and Commissions Given</u></b>		
Credit Cards Commissions and Fees	439,367	267,410
Commission and Fees Paid to Correspondent Banks	33,997	25,108
Settlement Expense Provision, Eft, Swift, Agency Commissions	16,504	10,869
Other	103,855	39,115
<b>Total</b>	<b>593,723</b>	<b>342,502</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

Balance sheet items of previous periods are presented as of 31 December 2022 and income/expense items of previous periods are presented as of 31 March 2022.

##### 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	437,163	2,934	257,375	1,118,603	1,213,006	93,918
Balance at End of Period	396,319	3,018	260,498	916,194	1,709,326	92,894
Interest and Commission Income	23,368	14	-	450	32,004	101

Direct and indirect shareholders of the Bank balance above include TL 260,498 and other entities included in the risk group balance above includes TL 641,097 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	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	19,422	9	-	1,182	18,188	128

Direct and indirect shareholders of the Bank balance above include TL 257,375 and other entities included in the risk group balance above includes TL 45,447 placement in “Banks”.

##### c) c.1) Information on deposits belonging to the risk group of the Parent 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
	Deposits					
Balance at Beginning of Period	41,131	256,276	5,686,882	4,577,873	1,332,483	1,263,224
Balance at End of Period	234,220	41,131	5,503,740	5,686,882	1,487,669	1,332,483
Interest on Deposits	8,441	2,459	147,216	13,093	28,112	26,463

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

Risk Group Involving The Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Financial Assets at Fair Value Through Profit and Loss					
Beginning of Period	-	-	58,227,206	36,494,649	2,322,171	729,855
End of Period	-	-	68,069,560	58,227,206	806,371	2,322,171
Total Profit/loss	-	-	7,704	374,876	(3,347)	30,861
Hedging Transactions purposes						
Beginning of Period	-	-	16,690,868	9,575,676	-	-
End of Period	-	-	17,380,763	16,690,868	-	-
Total Profit/Loss	-	-	54,489	(370,868)	-	-

d) As of 31 March 2023, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 28,544 (31 March 2022: TL 16,422).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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### VI. Explanations and Disclosures Related to Subsequent Events

On 6 April 2023, in order to support women entrepreneurs, for a total of EUR 50 million, with a final maturity of 2 years, "Financing and Consultancy Support Program for Women's Businesses".

## SECTION SIX

### INDEPENDENT AUDITOR’S REVIEW REPORT

#### I. Explanations on the Independent Auditor’s Review Report

The unconsolidated financial statements of the Bank were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 3 May 2023 is presented preceding the financial statements.

#### II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### SECTION SEVEN (\*)

#### INFORMATION ON INTERIM ACTIVITY REPORT

#### I. Interim Period Reports Included Chairman of The Board of Directors and CEO's of the Bank Assessments for the Interim Activities

#### A. Chairman of Board of Directors and CEO's of the Bank Assessments for the Interim Activities

##### Chairman of Board of Director's Message

Esteemed stakeholders,

The global economy made a strong start to the first quarter of 2023 with the removal of pandemic restrictions in China and the easing of disruptions in the supply chain. Global food and energy prices slumped in first quarter from record levels in 2022. However, while the banking crisis that emerged in the USA and Europe in this period worried the markets, global inflation remained high despite the interest rate hikes by the central banks of developed countries. The International Monetary Fund (IMF) lowered its 2023 global growth expectation from 2.9% to 2.8% due to turmoil in financial markets and high inflation.

Headline inflation in the US in the first quarter declined from 6.5% at the end of 2022 to 5% at the end of March. The US Federal Reserve (FED) increased the policy rate to 5% and signaled that it will continue to increase interest rates. After the Fed's tightening steps, US 10-year bond yields rose to 3.5% at the end of March. IMF raises 2023 US economy growth forecast to 1.6% from 1.4%.

The European Central Bank (ECB) continued to increase interest rates in the first quarter of the year, raising the policy rate to 3.5%. Eurozone headline inflation rate decreased from 9.2% at the end of 2022 to 6.9% at the end of March. ECB announced that inflation in the euro area is still higher than the target level and will remain high for a long time.

The Turkish economy closed the year 2022 with a growth of 5.6%. Economic activity made a strong start to January. However, after the earthquake disaster that occurred on February 6 and affected ten provinces, expectations for growth began to deteriorate. Industrial production decreased by 6% on a monthly basis in February, while it decreased by 8.2% on an annual basis.

Inflation fell to 50.5% year-on-year from 64.3% at the end of December due to the high base effect at the end of March. Inflationary pressures are expected to remain high for the rest of the year due to the exchange rate and the negative effects of the earthquake.

The Central Bank of the Republic of Turkey (CBRT) reduced the policy rate from 9% to 8.5% in the first quarter of the year. Although CBRT expected the earthquake to affect economic activity, it predicted that it would not have a permanent effect on Turkey's growth performance in the medium term.

According to the data of the Ministry of Commerce, while our exports increased by 2.5% in the January-March period compared to the same period of the previous year, our imports increased by 11.4%. Total foreign trade deficit in the first quarter was 34.9 billion dollars. While energy and gold imports were effective in the rapid increase in imports, the annual current account deficit reached 55.4 billion dollars as of February.

In the IMF World Economic Outlook Report, the Turkish economy's growth forecast was reduced from 3% to 2.7% for 2023 and increase from 3% to 3.6% for 2024. In the same report, 2023 average inflation was estimated at 50.6% and 2024 average inflation was estimated at 35.2%.

Despite declining food and energy prices, global inflation remains high. In the upcoming period, the tightening monetary policies of the central banks of developed countries and the course and reflections of the Russia-Ukraine war will be followed.

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

Yours respectfully,

Dr. Akın AKBAYGİL

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### CEO’s Message

Turkish Economy Bank (TEB) announced its financial results for the first quarter of 2023. As of 31 March 2023, TEB's total assets amounted TL 277.8 billion, with a net profit of TL 3,320 million. The most important indicator of TEB's support to the economy and its customers, loans constituted 56 percent of its total assets. Giving priority to risk management and asset quality as in every period, TEB's total loans amounted TL 154.7 billion in the first quarter of the year, while its total deposits amounted TL 197.8 billion in the same period. Ensuring stable growth with its strong capital structure and maintaining its profitability in a sustainable manner in 2023, TEB's shareholders' equity amounted TL 27.3 billion, while its capital adequacy ratio was 16.79 percent, well above the target ratio of 12 percent.

TEB Group and its Subsidiaries mobilized with all their units to support their employees, families and citizens in the region and to meet the needs of the disaster area since the first day of the earthquake disaster that occurred on February 6 and affected many of our provinces. In addition to the aid it has provided so far, the financial support and convenience it has offered to its customers, TEB has announced that it will provide a total of TL 250 million support, TL 50 million of which will be used in projects for families in the disaster area, in addition to the TL 200 million cash donations it has made.

TEB, which has postponed the loan, credit card and overdraft account installments of its individual and business customers in the cities affected by the earthquake without interest for 1 to 6 months depending on the earthquake regions, has decided not to charge any fees for EFT, money order, FAST money transfers and transactions made at other bank ATMs. In addition, TEB Mobile Branches enabled its customers in earthquake-affected regions to access the banking services they need.

In the first quarter of 2023, TEB put improving customer experience at the center of all its processes and activities. Listening to more than 25 thousand customers, TEB regularly measured customer satisfaction in all channels and worked to further improve its processes in line with the feedback. Increasing the number of its Retail Banking customers by more than 100,000 in the first quarter, TEB continues its efforts to further improve the customer experience of all its customers at its Branches, Call Center, CEPTETEB Mobile Banking and Internet Branch.

In the first quarter of the year, TEB continued to actively offer its real and legal customers living in Turkey and abroad the products “TL Time Deposit Account with Currency Protection”, “TL Time Deposit Account with Foreign Currency Deposit Account Conversion”, “TL Time Deposit Account with Gold Account Conversion” and “YUVAM Account”. Offering alternative products on the deposit side to encourage its customers to save, TEB continued to contribute to the spread of its customers' savings habits with the Marifetli Account, which facilitates savings with its deposit/withdrawal flexibility.

As of January, TEB, which meets the financing needs of its real and legal customers for vehicle purchases with vehicle loans through its branches, has merged with TEB Finansman A.Ş. With this merger, TEB, an important player in the vehicle loan market, was further strengthened by the long-standing dealer relationship management and market experience of TEB Finansman A.Ş., which provides financing through distribution channels (authorized vehicle dealers).

Standing by its customers with digital consumer loans offered with flexible maturity and installment options, TEB facilitated access to banking transactions and made 9 out of 10 loans available through digital channels, while acquiring one out of every three customers through digital channels.

With CEPTETEB Super offered through the CEPTETEB Mobile Application, TEB opened the TEB Yatırım Prime fast pass feature to its customers. In this way, investment account holders do not need to log in again when switching to the TEB Yatırım Prime Mobile Application after logging in to the CEPTETEB Mobile Application. TEB, which is the suitable investment solution for its customers in every risk category, has brought Mevdufon account openings to the CEPTETEB Mobile Application, the product that provides double investment opportunities and both earns interest on savings and evaluates them with mutual funds.

TEB continues to strengthen the presence of women business owners and entrepreneurs in the business world and to contribute to their greater involvement in the economy for sustainable economic growth through Women's Banking. The volume of cash loans extended by TEB to women-led businesses increased by approximately 10 percent in the first quarter of 2023 compared to the end of the year, and by 36 percent compared to the first quarter of the previous year. TEB Women's Banking provided TL 450 million financing to 1000 female business owners in the first quarter.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

#### CEO's Message (continued)

TEB signed a new loan agreement of EUR 50 million with the European Bank for Reconstruction and Development (EBRD) to meet the financing needs of women-led small and medium-sized enterprises. With this agreement, which is within the scope of the Women in the Business World II (TurWiB II) Program carried out by the EBRD and TEB, TEB will make the mentioned amount available to SMEs, whose founders or managers are women, as commercial installment loans at affordable interest rates.

TEB made a new collaboration with İhracatı Geliştirme A.Ş. (İGE) to provide financing support to exporting SMEs. With the cooperation, exporting SMEs that need collateral for additional loans will be able to benefit from the loan facility with 80 percent İGE guarantee support. Within the scope of the protocol, the maximum term of the loan to be used in cash only TL is determined as 12 months, while HDI will provide a maximum guarantee of 80 percent for the loans to be allocated.

TEB Venture Banking developed its cooperation with institutions that run programs for technology companies in the first quarter of the year. A joint business idea call was made with KOSGEB for the program that will provide a total of TL 50 million grant to 50 entrepreneurs in the fields of defense industry, medical devices, information/digitalization technologies and financial technologies in Ankara province. Within the scope of the program, TEB Enterprise Banking will provide training and mentoring support to applicants. In addition to the long-standing cooperation with TÜBİTAK within the scope of the 1512 program, a new protocol has been signed to help technology companies that receive support from the 1501/1507 programs benefit from the financial services offered by TEB Enterprise Banking to entrepreneurs.

TEB Corporate and Corporate Investment Banking supported the sustainability transformation of its customers and continued its efforts to raise education and awareness, as well as financing opportunities that they may need in their transformation processes. TEB carries the cooperation agreement with the EBRD to USD 100 million within the scope of the Trade Support Program. While this agreement allowed TEB to diversify its foreign trade transactions, increase existing limits, and offer longer maturities to exporters and importers, green foreign trade transactions were carried out within the framework of the agreement.

Thanks to its consistent efforts to provide better service to its customers, TEB Private Banking won the "Best International Private Banking Award in Turkey" at the 2023 Private Banking Awards organized by Euromoney Magazine.

TEB was selected as the "Best Cash Management Bank in Turkey" in the evaluation of the World's Best Treasury and Cash Management Banks for 2023 by Global Finance magazine, one of the reputable publications closely followed by the finance world.

Yours respectfully,

Ümit Leblebici

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### B. Capital and Shareholding Structure

As of 31 March 2023;

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

### C. Management and Corporate Governance Practices

#### The Chairman and the Members of Board of Directors

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

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

As of 31 March 2023, the Board of Directors have accepted 52 resolutions and Audit Committee 16 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

#### Executive Management

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### D. Significant Events and Transactions in the Current Period

#### Amendments to Main Contract in 1 January – 31 March 2023:

There have been no changes to the main contract during the period of 1 January – 31 March 2023.

#### Significant Events and Transactions in the Current Period:

On 6 April 2023, in order to support women entrepreneurs, a loan agreement signed with the European Bank for Reconstruction and Development (EBRD) for a total of EUR 50 million, with a final maturity of 2 years, "Financing and Consultancy Support Program for Women's Businesses".

#### Summary of Financial Results:

(million TL)	31 March 2023 Unconsolidated Financial Statements	31 December 2022 Unconsolidated Financial Statements
Loans, Net	149,489	144,288
Loans	152,099	146,707
Non-Performing Loans	2,644	2,626
Provision for Expected Losses	(5,254)	(5,045)
Total Assets	277,823	275,147
Deposits	197,822	200,391
Shareholder's Equity	27,316	25,341
Net Income (Prior Period 31 March 2022)	3,320	1,595

#### Summary on Financial Ratios:

	31 March 2023 Unconsolidated Financial Statements	31 December 2022 Unconsolidated Financial Statements
Loans / Total Assets	53.81%	52.44%
Deposits / Total Assets	71.20%	72.83%
Return on Equity (Prior Period 31 March 2022)	51.26%	44.70%
NPL Ratio	1.71%	1.76%
Capital Adequacy Ratio	16.79%	18.60%
Coverage Ratio	73.22%	72.05%

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

### E. Credit Ratings Assigned by Rating Agencies and Information on Their Contents <sup>(\*)</sup>

TEB maintained its position as one of the most highly rated banks in Turkey. As of 31 March 2023, TEB’s ratings are as follows:

#### **Moody’s Investor Services:**

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long-term FC Bank Deposits	B3
Short-term FC Bank Deposits	NP
Long-term LC Bank Deposits	B1
Short-term LC Bank Deposits	NP
Outlook	Stable

#### **Fitch Ratings:**

##### *Foreign Currency*

Long-term	B-
Short-term	B
Outlook	Negative

##### *Turkish Lira*

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.

### F. Donations

The Bank has donated TL 602,153 with 34 items to the several agencies and institutions during the period of 1 January 2022 - 31 March 2023.