

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AT 30 SEPTEMBER 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 CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Türk Ekonomi Bankası Anonim Şirketi

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at 30 September 2023 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank Management is responsible for the preparation and fair presentation of the accompanying consolidated interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 30 September 2023, and of the results of their operations and their cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for English translation:

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

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

Yaman Polat
Partner

İstanbul, 26 October 2023

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

**CONSOLIDATED INTERIM FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

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

- General Information about the Parent Bank
- Consolidated Interim Financial Statements of the Parent Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on Financial Structure and Risk Management of the Group which is under Consolidation
- Disclosures and Notes on Consolidated Interim Financial Statements
- Auditor’s Review Report
- Interim Activity Report

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

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

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

Dr. Akın Akbaygil	Patrick Philippe Poupon	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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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION ONE

GENERAL INFORMATION

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

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

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

As of 30 September 2023 and 31 December 2022, the shareholders’ structure and their respective ownerships are summarized as follows:

Name of Shareholders	30 September 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
	2,204,390	100.00	2,204,390	100.00

As of 30 September 2023, the Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 Parent Bank They Possess

<u>Name</u>	<u>Title</u>	<u>Education</u>
Board of Directors;		
Dr. Akın Akbaygil	Chairman of the Board of Directors	PhD
François Andre Jesualdo Benaroya	Deputy Chairman of the Board of Directors	University
Patrick Philippe Poupon	Member of the Board of Directors and Chairman of the Audit Committee	Master
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
Yavuz Canevi	Member of the Board of Directors	Master
Hans Wilfried J. Broucke	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
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
Assistant General Managers;		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Orhan Hatipoğlu	Assistant General Manager 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
Group Heads (*);		
Nimet Elif Kocaayan	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
Internal Audit (*);		
Hakan Tıraşın	Head of Internal Audit	University

(*) Group Heads and Head of Internal Audit 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

IV. Information on the Parent Bank’s Qualified Shareholders

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

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

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

The Parent Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 30 September 2023, the Parent Bank has 446 local branches and 4 foreign branches (31 December 2022: 444 local branches, 4 foreign branches). As of 30 September 2023, the number of employees of the Group is 8,644 (31 December 2022: 9,054).

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

There is no difference for the Parent Bank, except for the non-financial subsidiary, between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

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

TEB ARF Teknoloji A.Ş., a non-financial subsidiary owned 100% and by the Parent Bank, was registered in the Trade Registry Gazette on 16 July 2020. The Parent Bank presents TEB ARF Teknoloji A.Ş. in the subsidiaries line in its financial statements.

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

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- VI. Consolidated Statement of Cash Flows

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET FOR THE INTERIM PERIOD 30 SEPTEMBER 2023

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

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Section 5 Note	Reviewed Current Period 30.09.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		54,388,537	62,383,815	116,772,352	30,732,653	47,410,589	78,143,242
1.1 Cash and Cash Equivalents		43,957,468	57,321,400	101,278,868	17,621,477	42,833,756	60,455,233
1.1.1 Cash and Balances with Central Bank	(I-1)	23,383,564	42,135,634	65,519,198	7,210,359	36,629,352	43,839,711
1.1.2 Banks	(I-4)	7,716,059	15,228,757	22,944,816	2,820,682	6,227,454	9,048,136
1.1.3 Money Market Placement		12,872,022	-	12,872,022	7,604,278	-	7,604,278
1.1.4 Expected Loss Provisions (-)		14,177	42,991	57,168	13,842	23,050	36,892
1.2 Financial Assets at Fair Value Through Profit or Loss		473,184	580,929	1,054,113	2,927,230	541,639	3,468,869
1.2.1 Government Debt Securities	(I-2)	277,543	321,876	599,419	2,809,744	202,058	3,011,802
1.2.2 Equity Securities		89,421	135,496	224,917	77,197	263,295	340,492
1.2.3 Other Financial Assets		106,220	123,557	229,777	40,289	76,286	116,575
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	4,929,783	3,068,541	7,998,324	5,357,851	3,062,485	8,420,336
1.3.1 Government Debt Securities		4,860,759	3,068,541	7,929,300	5,308,538	3,062,485	8,371,023
1.3.2 Equity Securities		69,024	-	69,024	49,313	-	49,313
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		5,028,102	1,412,945	6,441,047	4,826,095	972,709	5,798,804
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	4,303,437	1,090,573	5,394,017	4,400,167	664,545	5,064,712
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	724,665	322,372	1,047,037	425,928	308,164	734,092
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		165,216,874	68,531,961	233,748,835	145,051,474	47,317,492	192,368,966
2.1 Loans	(I-6)	133,644,780	52,972,878	186,617,658	113,819,501	35,884,378	149,703,879
2.2 Lease Receivables	(I-11)	-	-	-	-	-	-
2.3 Factoring Receivables	(I-15)	4,771,825	3,651,129	8,422,954	4,137,185	3,192,413	7,329,598
2.4 Other Financial Assets Measured at Amortized Cost	(I-7)	31,090,944	13,502,232	44,593,176	30,844,021	9,611,915	40,455,936
2.4.1 Government Debt Securities		31,090,944	13,502,232	44,593,176	30,844,021	9,611,915	40,455,936
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		4,290,675	1,594,278	5,884,953	3,749,233	1,371,214	5,120,447
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-14)	87,710	-	87,710	100,370	-	100,370
3.1 Held for Sale Purpose		87,710	-	87,710	100,370	-	100,370
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		55	-	55	55	-	55
4.1 Associates (Net)	(I-8)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(I-9)	50	-	50	50	-	50
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
4.3 Joint Ventures (Net)	(I-10)	5	-	5	5	-	5
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
V. TANGIBLE ASSETS (Net)		1,483,159	-	1,483,159	1,276,406	-	1,276,406
VI. INTANGIBLE ASSETS (Net)		1,128,463	-	1,128,463	903,856	-	903,856
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		707,339	-	707,339	482,732	-	482,732
VII. INVESTMENT PROPERTIES (Net)	(I-13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		137,912	-	137,912	28,388	-	28,388
IX. DEFERRED TAX ASSET		1,730,224	-	1,730,224	1,624,898	-	1,624,898
X. OTHER ASSETS (Net)		11,874,078	539,375	12,413,453	8,821,151	268,689	9,089,840
TOTAL ASSETS		236,047,012	131,455,151	367,502,163	188,539,251	94,996,770	283,536,021

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET FOR THE INTERIM PERIOD 30 SEPTEMBER 2023

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

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Section 5 Note	Reviewed Current Period 30.09.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-1)	152,456,176	92,499,702	244,955,878	128,658,964	71,690,956	200,349,920
II. FUNDS BORROWED	(II-3)	4,625,739	21,390,531	26,016,270	3,894,872	13,710,230	17,605,102
III. MONEY MARKET FUNDS		937,993	15,641,635	16,579,628	439,289	6,790,660	7,229,949
IV. SECURITIES ISSUED (Net)	(II-3)	933,840	-	933,840	422,045	-	422,045
4.1 Bills		380,476	-	380,476	422,045	-	422,045
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		553,364	-	553,364	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		3,086,197	1,008,664	4,094,861	2,971,255	595,978	3,567,233
7.1 Derivative Financial Liabilities at Fair Value Through Profit Loss	(II-2)	3,086,197	1,008,664	4,094,861	2,901,642	595,978	3,497,620
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	-	-	-	69,613	-	69,613
VIII. FACTORING LIABILITIES	(II-11)	91	29,241	29,332	564	4,227	4,791
IX. LEASE LIABILITIES (Net)	(II-5)	917,659	27,436	945,095	684,123	26,506	710,629
X. PROVISIONS	(II-7)	3,355,143	802,203	4,157,346	3,002,656	471,364	3,474,020
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Provision for Employee Rights		2,171,433	105,213	2,276,646	2,120,685	64,378	2,185,063
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1,183,710	696,990	1,880,700	881,971	406,986	1,288,957
XI. CURRENT TAX LIABILITY	(II-8)	3,889,428	3	3,889,431	2,045,694	-	2,045,694
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held For Sale		-	-	-	-	-	-
13.2 Held From Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS		-	14,395,809	14,395,809	-	9,708,218	9,708,218
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	14,395,809	14,395,809	-	9,708,218	9,708,218
XV. OTHER LIABILITIES	(II-4)	11,695,556	4,182,908	15,878,464	9,622,650	2,651,378	12,274,028
XVI. SHAREHOLDERS' EQUITY	(II-9)	35,506,895	119,314	35,626,209	26,021,294	123,098	26,144,392
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		391,226	-	391,226	391,226	-	391,226
16.2.1 Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		388,661	-	388,661	388,661	-	388,661
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit or Loss		(260,139)	-	(260,139)	(419,019)	-	(419,019)
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit or Loss		407,745	119,314	527,059	850,588	123,098	973,686
16.5 Profit Reserves		21,754,128	-	21,754,128	11,310,414	-	11,310,414
16.5.1 Legal Reserves		763,058	-	763,058	649,424	-	649,424
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		16,374,166	-	16,374,166	10,773,450	-	10,773,450
16.5.4 Other Profit Reserves		4,616,904	-	4,616,904	(112,460)	-	(112,460)
16.6 Profit or Loss		10,948,909	-	10,948,909	11,655,252	-	11,655,252
16.6.1 Prior Periods' Profit or Loss		-	-	-	98,356	-	98,356
16.6.2 Current Periods' Profit or Loss		10,948,909	-	10,948,909	11,556,896	-	11,556,896
16.7 Minority Shares	(II-10)	60,636	-	60,636	28,443	-	28,443
TOTAL LIABILITIES		217,404,717	150,097,446	367,502,163	177,763,406	105,772,615	283,536,021

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED OFF-BALANCE SHEET ITEMS FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2023

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

II. CONSOLIDATED OFF-BALANCE SHEET ITEMS

		Reviewed Current Period 30.09.2023			Audited Prior Period 31.12.2022		
Section 5 Note		TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET LIABILITIES (I+II+III)	221,646,470	331,214,430	552,860,900	194,692,438	235,219,732	429,912,170
I.	GUARANTEES AND WARRANTIES (III-1)	18,355,038	57,961,712	76,316,750	13,949,172	41,315,264	55,264,436
1.1	Letters of Guarantee	12,607,483	30,450,382	43,057,865	9,433,911	20,598,041	30,031,952
1.1.1	Guarantees Subject to State Tender Law	108,866	191,459	300,325	152,535	205,253	357,788
1.1.2	Guarantees Given for Foreign Trade Operations	749,671	1,117,134	1,866,805	658,658	771,147	1,429,805
1.1.3	Other Letters of Guarantee	11,748,946	29,141,789	40,890,735	8,622,718	19,621,641	28,244,359
1.2	Bank Acceptances	-	91,719	91,719	-	23,623	23,623
1.2.1	Import Letter of Acceptance	-	91,719	91,719	-	23,623	23,623
1.2.2	Other Bank Acceptances	-	-	-	-	-	-
1.3	Letters of Credit	-	20,634,753	20,634,753	-	15,650,244	15,650,244
1.3.1	Documentary Letters of Credit	-	3,609,180	3,609,180	-	2,596,937	2,596,937
1.3.2	Other Letters of Credit	-	17,025,573	17,025,573	-	13,053,307	13,053,307
1.4	Pre-financing 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	3,238,217	6,739,765	9,977,982	2,495,355	4,855,637	7,350,992
1.9	Other Collaterals	2,509,338	45,093	2,554,431	2,019,906	187,719	2,207,625
II.	COMMITMENTS (III-1)	56,751,022	12,755,498	69,506,520	38,756,549	5,487,840	44,244,389
2.1	Irrevocable Commitments	56,725,016	12,755,498	69,480,514	38,756,549	5,487,840	44,244,389
2.1.1	Asset Purchase Commitments	902,262	11,839,017	12,741,279	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	12,197,312	99,539	12,296,851	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	4,138,533	-	4,138,533	2,776,761	-	2,776,761
2.1.8	Tax and Fund Liabilities from Export Commitments	230,599	-	230,599	127,411	-	127,411
2.1.9	Commitments for Credit Card Limits	39,245,696	-	39,245,696	22,073,226	-	22,073,226
2.1.10	Commitments for Credit Cards and Banking Services Promotions	2,986	-	2,986	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	7,628	816,942	824,570	5,948	369,349	375,297
2.2	Revocable Commitments	26,006	-	26,006	-	-	-
2.2.1	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2	Other Revocable Commitments	26,006	-	26,006	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	146,540,410	260,497,220	407,037,630	141,986,717	188,416,628	330,403,345
3.1	Derivative Financial Instruments for Hedging Purposes	165,300	16,996,695	17,161,995	965,300	18,524,343	19,489,643
3.1.1	Fair Value Hedge	-	-	-	-	-	-
3.1.2	Cash Flow Hedge	165,300	16,996,695	17,161,995	965,300	18,524,343	19,489,643
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-
3.2	Held for Trading Transactions	146,375,110	243,500,525	389,875,635	141,021,417	169,892,285	310,913,702
3.2.1	Forward Foreign Currency Buy-Sell Transactions	20,347,911	29,857,201	50,205,112	20,240,521	22,818,260	43,058,781
3.2.1.1	Forward Foreign Currency Transactions-Buy	16,696,880	8,698,051	25,394,931	19,213,785	3,165,415	22,379,200
3.2.1.2	Forward Foreign Currency Transactions-Sell	3,651,031	21,159,150	24,810,181	1,026,736	19,652,845	20,679,581
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	100,719,087	131,767,315	232,486,402	98,861,030	100,640,060	199,501,090
3.2.2.1	Foreign Currency Swap-Buy	352,465	69,640,721	69,993,186	7,819,762	55,239,445	63,059,207
3.2.2.2	Foreign Currency Swap-Sell	44,254,504	27,909,468	72,163,972	42,400,268	21,434,565	63,834,833
3.2.2.3	Interest Rate Swaps-Buy	28,056,059	17,108,563	45,164,622	24,320,500	11,983,025	36,303,525
3.2.2.4	Interest Rate Swaps-Sell	28,056,059	17,108,563	45,164,622	24,320,500	11,983,025	36,303,525
3.2.3	Foreign Currency, Interest Rate and Securities Options	15,604,335	69,867,824	85,472,159	19,676,969	43,135,835	62,812,804
3.2.3.1	Foreign Currency Options-Buy	10,792,755	26,661,181	37,453,936	15,275,312	11,998,466	27,273,778
3.2.3.2	Foreign Currency Options-Sell	4,811,580	31,681,883	36,493,463	4,401,657	23,201,409	27,603,066
3.2.3.3	Interest Rate Options-Buy	-	5,762,380	5,762,380	-	3,967,980	3,967,980
3.2.3.4	Interest Rate Options-Sell	-	5,762,380	5,762,380	-	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	9,703,777	9,577,057	19,280,834	2,242,897	1,902,399	4,145,296
3.2.4.1	Foreign Currency Futures-Buy	9,674,687	27,251	9,701,938	2,242,897	-	2,242,897
3.2.4.2	Foreign Currency Futures-Sell	29,090	9,549,806	9,578,896	-	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	-	2,431,128	2,431,128	-	1,395,731	1,395,731
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	331,348,105	141,940,799	473,288,904	244,617,678	103,723,114	348,340,792
IV.	ITEMS HELD IN CUSTODY	104,485,631	25,947,019	130,432,650	64,320,940	17,591,040	81,911,980
4.1	Customer Fund and Portfolio Balances	48,852,202	-	48,852,202	23,356,409	-	23,356,409
4.2	Investment Securities Held In Custody	9,272,570	24,200,466	33,473,036	8,466,547	16,227,035	24,693,582
4.3	Cheques Received for Collection	43,116,874	313,528	43,430,402	31,598,332	534,262	32,132,594
4.4	Commercial Notes Received for Collection	1,223,696	122,338	1,346,034	803,051	90,839	893,890
4.5	Other Assets Received for Collection	125	1,310,687	1,310,812	125	738,904	739,029
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items under Custody	2,020,164	-	2,020,164	96,476	-	96,476
4.8	Custodians	-	-	-	-	-	-
V.	PLEDGES RECEIVED	225,724,647	115,560,848	341,285,495	178,491,265	85,592,825	264,084,090
5.1	Marketable Securities	584,811	764,888	1,349,699	1,756,158	1,100,377	2,856,535
5.2	Guarantee Notes	77,729,173	83,353,690	161,082,863	67,245,877	58,444,827	125,690,704
5.3	Commodity	370,162	284,348	654,510	220,087	364,691	584,778
5.4	Warranty	-	-	-	-	-	-
5.5	Immovables	105,270,869	24,230,804	129,501,673	90,488,447	19,546,647	110,035,094
5.6	Other Pledged Items	41,769,632	6,927,118	48,696,750	18,780,696	6,136,283	24,916,979
5.7	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES	1,137,827	432,932	1,570,759	1,805,473	539,249	2,344,722
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		552,994,575	473,155,229	1,026,149,804	439,310,116	338,942,846	778,252,962

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2023

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS	Section 5 Note	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 01.01-30.09.2023	Prior Period 01.01-30.09.2022	Current Period 01.07-30.09.2023	Prior Period 01.07-30.09.2022
I. INTEREST INCOME	(IV-1)	36,428,745	25,045,899	15,784,518	10,870,207
1.1 Interest Income on Loans		24,432,692	16,067,334	9,942,504	6,539,132
1.2 Interest Income on Reserve Requirements		116,699	106,992	59,660	-
1.3 Interest Income on Banks		714,562	152,927	389,835	70,562
1.4 Interest Income on Money Market Transactions		1,247,458	235,286	834,379	161,519
1.5 Interest Income on Securities Portfolio		8,325,717	7,773,300	3,875,847	3,810,865
1.5.1 Financial Assets at Fair Value Through Profit or Loss		171,923	282,971	34,188	107,152
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		1,156,392	1,166,099	654,478	491,804
1.5.3 Financial Assets Measured at Amortized Cost		6,997,402	6,324,230	3,187,181	3,211,909
1.6 Financial Lease Interest Income		-	-	-	-
1.7 Other Interest Income		1,591,617	710,060	682,293	288,129
II. INTEREST EXPENSES (-)	(IV-2)	24,634,972	10,724,850	9,860,120	4,439,740
2.1 Interest Expense on Deposits		18,444,168	8,911,730	7,411,692	3,786,503
2.2 Interest Expense on Funds Borrowed		4,518,789	1,131,918	1,788,518	471,594
2.3 Interest Expense on Money Market Transactions		508,020	177,438	244,140	45,349
2.4 Interest Expense on Securities Issued		857,900	228,955	299,887	58,935
2.5 Interest Expense on Leases		206,147	119,626	74,851	45,564
2.6 Other Interest Expenses		99,948	155,183	41,032	31,795
III. NET INTEREST INCOME/EXPENSE (I - II)		11,793,773	14,321,049	5,924,398	6,430,467
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		3,690,181	1,791,491	1,744,936	654,058
4.1 Fees and Commissions Received		6,391,720	3,209,763	3,012,980	1,244,652
4.1.1 Non-cash Loans		701,851	408,113	259,235	151,737
4.1.2 Other	(IV-9)	5,689,869	2,801,650	2,753,745	1,092,915
4.2 Fees and Commissions Paid (-)		2,701,539	1,418,272	1,268,044	590,594
4.2.1 Non-cash Loans		14,981	7,842	5,882	2,945
4.2.2 Other	(IV-9)	2,686,558	1,410,430	1,262,162	587,649
V. DIVIDEND INCOME		12,195	6,986	11,374	629
VI. TRADING PROFIT / LOSS (Net)	(IV-3)	9,769,493	709,422	1,647,672	199,614
6.1 Securities Trading Gains / Losses		1,452,765	(96,692)	75,331	(79,515)
6.2 Gains / Losses on Derivative Financial Instruments		(161,560)	(2,981,824)	3,657,214	(1,304,256)
6.3 Foreign Exchange Gains / Losses		8,478,288	3,787,938	(2,084,873)	1,583,385
VII. OTHER OPERATING INCOME	(IV-4)	363,411	166,566	131,981	50,773
VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII)		25,629,053	16,995,514	9,460,361	7,335,541
IX. EXPECTED CREDIT LOSS (-)	(IV-5)	538,539	720,388	19,452	369,224
X. OTHER PROVISION EXPENSES (-)	(IV-5)	253,149	(101)	565,470	778
XI. PERSONNEL EXPENSES (-)		5,169,184	2,706,678	2,067,498	1,107,473
XII. OTHER OPERATING EXPENSES (-)	(IV-6)	4,820,423	2,376,526	1,741,109	925,252
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		14,847,758	11,192,023	5,066,832	4,932,814
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI. PROFIT/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		14,847,758	11,192,023	5,066,832	4,932,814
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (-)	(IV-7)	3,866,692	2,668,088	1,714,861	1,222,703
18.1 Current Tax Provision		3,773,912	3,886,321	3,435,866	797,463
18.2 Deferred Tax Expense Effect (+)		1,961,242	2,323,193	(3,725,071)	1,159,385
18.3 Deferred Tax Income Effect (-)		(1,868,462)	(3,541,426)	2,004,066	(734,145)
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		10,981,066	8,523,935	3,351,971	3,710,111
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Non-current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses from Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(IV-7)	-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET INCOME/LOSS (XIX+XXIV)	(IV-8)	10,981,066	8,523,935	3,351,971	3,710,111
25.1 Group's Profit / Loss		10,948,909	8,514,659	3,337,832	3,706,256
25.2 Minority Interest Profit / Loss (-)		32,157	9,276	14,139	3,855
Earnings/Loss per Share		4.9669	3.8626	1.5142	1.6813

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY – 30 SEPTEMBER 2023

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

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

	Reviewed Current Period 01.01-30.09.2023	Reviewed Prior Period 01.01-30.09.2022
I. CURRENT PERIOD PROFIT/LOSS	10,981,066	8,523,935
II. OTHER COMPREHENSIVE INCOME	(380,189)	707,390
2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss	66,470	25,066
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	21,948	17,899
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	19,711	4,255
2.1.5 Taxes on Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	24,811	2,912
2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss	(446,659)	682,324
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	(514,491)	923,968
2.2.3 Income/Loss Related to Cash Flow Hedges	(30,862)	(13,647)
2.2.4 Income/Loss Related to Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	-	-
2.2.6 Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	98,694	(227,997)
III. TOTAL COMPREHENSIVE INCOME (I+II)	10,600,877	9,231,325

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income and Expense Not to be Reclassified through Profit or Loss			Accumulated Other Comprehensive Income and 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 Except from Minority Shares	Minority Shares	Total Shareholders' Equity	
Prior Period – 01.01-30.09.2022																	
I.	Prior Period End Balance	2,204,390	2,565	-	388,661	56,230	(123,085)	7,482	-	(199,759)	292,799	9,336,062	2,072,708	-	14,038,053	18,217	14,056,270
II.	Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	2,204,390	2,565	-	388,661	56,230	(123,085)	7,482	-	(199,759)	292,799	9,336,062	2,072,708	-	14,038,053	18,217	14,056,270
IV.	Total Comprehensive Income	-	-	-	-	-	21,114	3,929	-	704,132	(21,895)	-	8,514,659	-	9,221,939	9,386	9,231,325
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	1,974,352	(1,974,352)	-	-	(6,805)	(6,805)	
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,805)	(6,805)	
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	1,974,352	(1,974,352)	-	-	-	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period End Balance 30.09.2022 (III+IV+V+VI+VII+VIII+IX+X+XI)																	
		2,204,390	2,565	-	388,661	56,230	(101,971)	11,411	-	504,373	270,904	11,310,414	98,356	8,514,659	23,259,992	20,798	23,280,790
Current Period – 01.01-30.09.2023																	
I.	Prior Period End Balance	2,204,390	2,565	-	388,661	56,230	(487,961)	12,712	-	691,242	282,444	11,310,414	11,655,252	-	26,115,949	28,443	26,144,392
II.	Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	2,204,390	2,565	-	388,661	56,230	(487,961)	12,712	-	691,242	282,444	11,310,414	11,655,252	-	26,115,949	28,443	26,144,392
IV.	Total Comprehensive Income	-	-	-	-	-	48,300	18,102	-	(406,194)	(40,433)	-	10,948,909	-	10,568,684	32,193	10,600,877
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	-	92,478	-	-	-	-	(92,478)	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	10,536,192	(11,655,252)	-	(1,119,060)	-	(1,119,060)	
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	(1,119,060)	-	(1,119,060)	-	(1,119,060)	
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	10,536,192	(10,536,192)	-	-	-	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period End Balance 30.09.2023 (III+IV+V+VI+VII+VIII+IX+X+XI)																	
		2,204,390	2,565	-	388,661	148,708	(439,661)	30,814	-	285,048	242,011	21,754,128	-	10,948,909	35,565,573	60,636	35,626,209

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

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

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

4. Foreign currency translation differences,

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Section 5 Note	Reviewed Current Period 01.01-30.09.2023	Reviewed Prior Period 01.01-30.09.2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	19,324,645	12,713,038
1.1.1	Interest Received	39,452,549	16,781,578
1.1.2	Interest Paid	(22,601,662)	(9,288,051)
1.1.3	Dividend Received	12,195	516
1.1.4	Fees and Commissions Received	6,217,043	2,989,361
1.1.5	Other Income	10,294,464	5,347,432
1.1.6	Collections from Previously Written Off Loans	1,121,505	1,026,858
1.1.7	Payments to Personnel and Service Suppliers	(4,999,379)	(2,627,987)
1.1.8	Taxes Paid	(4,610,196)	(3,361,789)
1.1.9	Others	(5,561,874)	1,845,120
1.2	Changes in Operating Assets and Liabilities	17,943,698	8,702,924
1.2.1	Net Decrease in Financial Asset at Fair Value through Profit or Loss	2,347,866	42,593
1.2.2	Net (Increase) in Due from Banks	(142,189)	(53,410)
1.2.3	Net (Increase) in Loans	(18,448,659)	(33,735,326)
1.2.4	Net (Increase) in Other Assets	(2,169,633)	(8,495,687)
1.2.5	Net Increase / (Decrease) in Bank Deposits	11,376,097	(612,908)
1.2.6	Net Increase in Other Deposits	16,034,473	45,131,675
1.2.7	Net Increase / (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	-	-
1.2.8	Net Increase / (Decrease) in Funds Borrowed	6,633,045	(763,452)
1.2.9	Net Increase / (Decrease) in Matured Payables	-	-
1.2.10	Net Increase in Other Liabilities	2,312,698	7,189,439
I.	Net Cash Flow Provided from Banking Operations	37,268,343	21,415,962
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Flow Provided from Investing Activities	(2,418,691)	(8,119,841)
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	(174,175)	(79,692)
2.4	Sale of Tangible Assets	6,430	4,893
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(4,011,504)	(1,867,612)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	6,491,759	2,189,774
2.7	Purchase of Financial Assets Measured at Amortized Cost	(12,916,130)	(10,034,394)
2.8	Sale of Financial Assets Measured at Amortized Cost	8,809,105	1,887,932
2.9	Other	(461,191)	(220,742)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities	(1,601,612)	(1,430,559)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	2,046,306	6,129,589
3.2	Cash Outflow from Repayment of Funds Borrowed and Securities Issued	(2,139,000)	(7,297,590)
3.3	Equity Instruments Issued	-	-
3.4	Dividends Paid	(1,119,060)	(6,805)
3.5	Payments For Leases	(389,858)	(255,753)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	4,712,514	2,982,636
V.	Net Increase in Cash and Cash Equivalents	37,960,554	14,848,198
VI.	Cash and Cash Equivalents at Beginning of the Period	42,110,785	31,414,865
VII.	Cash and Cash Equivalents at End of the Period	80,071,339	46,263,063

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 consolidated financial statements are prepared within the scope of the Regulation on Accounting Applications for Banks and Safeguarding of Documents related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Financial Reporting Standards (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned regulations. The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being 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 Parent Bank's accounting policies, financial position and performance. The amendments to TAS and TFRS, which have been published but not yet entered into force as of the finalization date of the financial statements, will not have a significant impact on the Parent Bank's accounting policies, financial position and performance.

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 30 September 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 30 September 2023.

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

In case the accounting policies used by the subsidiaries are different from the Parent Bank, the differences are adjusted in the financial statements considering the materiality criterion.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

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

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

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

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

III. Information about the Parent Bank and its Consolidated Subsidiaries

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

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

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

Explanations on Consolidation Method and Scope

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

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

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

The financial statements of subsidiaries were prepared as of 30 September 2023, 31 December 2022 and 30 September 2022.

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

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet 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.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

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

The cash flows of forward, currency swap, interest rate swap, and cross currency swap transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate at the valuation date. 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 of maturity. The valuation amount is composed of premiums valued at each valuation date. Premium to be paid calculated within this model is recorded as income, and the premium to be collected as expense.

Explanations on derivatives for hedging purposes

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 Parent Bank continues to apply the hedge accounting provisions of TAS 39.

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

A part of the Parent 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.

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

The Parent 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

While the Parent Bank 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 Parent 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 Parent 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.

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

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

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

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

VI. Explanations on Fees and Commission Income and Expenses

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

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

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

For Bank assurance services provided by the Parent 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

VII. Explanations on Financial Assets

The Group classifies and recognizes its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to the classification and measurement of financial instruments of 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 Parent Bank recognizes a financial asset in the financial statement when, and only when, the Parent Bank becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the ("settlement date"). When the Parent Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by the Parent Bank management.

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

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VII. Explanations on Financial Assets (continued)

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

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the "Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss".

In addition, the Parent Bank's securities portfolio includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and consumer price ("CPI") indexed government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted by using the effective interest method based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. As stated in the CPI-Indexed Bonds Investor's Guide of the Undersecretariat of Treasury, the reference indices used in calculating the actual coupon payment amounts of these securities are based on the CPI of two months ago. The Parent Bank determines the estimated inflation rate in parallel with this. The estimated inflation rate, taking into account the Central Bank of the Republic of Türkiye and the Parent Bank's expectations, is updated during the year when deemed necessary. In this context, as of 30 September 2023, the valuation of the mentioned assets was based on an annual inflation forecast of 55%. At the end of the year, the actual inflation rate is used.

Financial Assets Measured at Amortized Cost

Financial investments measured at amortized cost:

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

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

Loans:

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

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VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "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 Parent Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets are divided into "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.

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%.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3 stage impairment model based on the change in credit quality. The Parent Bank uses two different calculations considering 12 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 Parent Bank considers different scenarios in the calculation of expected credit loss by evaluating current economic conditions and expert opinions. Accordingly, the macroeconomic value estimates taken into account in the expected loss provision calculation are presented below.

	2023				2024				2025				2026			
Period (*)	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
GDP	3.90	3.80	3.60	3.10	5.10	2.70	3.00	3.40	4.70	3.00	3.20	3.30	4.60	3.20	3.30	3.30

(*) It represents 3-month periods.

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

Probability of Default (PD): Probability of Default 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 Probability of Default : as the estimated probability of default occurring within the next 12 months

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

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

The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

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

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

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

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

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

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

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as “Base”, “Adverse” and “Favorable” and the weighted average of the results of 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 Parent Bank periodically reviews the parameters included in the calculation and updates them when necessary.

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

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

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

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

Qualitative assessments:

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

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

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.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

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

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 Parent Bank has legally enforceable rights to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously.

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

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

Securities purchased under repurchase agreements (“reverse repo”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 30 September 2023, the Group has TL 11,018,972 amount of reverse repo transaction (31 December 2022: 7,604,278).

As of 30 September 2023, the Group 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 30 September 2023, assets held for sale and discontinued operations of the Group are TL 87,710 (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 4,229 (31 December 2022: TL 3,158) has been reserved as provision for impairment losses.

As of 30 September 2023, the Group has no discontinued operations.

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XII. Explanations on Goodwill and Other Intangible Assets

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

As explained in 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 Parent Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 Business Combination, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. In this context, the Parent Bank has measured the identifiable assets acquired and the identifiable liabilities acquired in the date of the merger of Fortis Bank A.Ş. at fair value and presented in the financial statements as related items. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL 421,124, which is the difference between TL 2,385,482, the fair value of transferred amount and TL 1,964,358, the identifiable net asset value is accounted as goodwill in the financial statements 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 Parent Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

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

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

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XIII. Explanations on Tangible Fixed Assets

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

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

Depreciation is calculated using the straight-line method, without taking residual values 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 and other maintenance costs are expensed. Leasehold improvements amount is subject to depreciation during leasing period. This period is taken into consideration maximum five years. For the branches this period is considered as three years in parallel with the Parent Bank's business plans.

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

XIV. Explanations on Leasing Transactions

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

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

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

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XVI. Explanations on Contingent Assets

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

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

XVII. Explanations on Liabilities Regarding Employee Benefits

In accordance with existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over 1 year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Parent Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. 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 Parent Bank following the business combination defined in the Section One “General Information” of the Parent 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 30 September 2023, the Pension Fund has 902 employees and 2,013 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”.

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XVII. Explanations on Liabilities Regarding Employee Benefits (continued)

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2022. Since the Parent Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

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. With the latest regulation on corporate tax rates, the general corporate tax rate was increased from 20% to 25% and the corporate tax rate for financial institutions was increased from 25% to 30% within the scope of the "Law No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375". The aforementioned article enters into force on the date of its publication, starting from the declarations to be submitted as of 1 October 2023 (3rd Provisional Tax Period).

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. In addition, within the scope of the "Law No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375", the Corporate Tax exemption (Corporate Tax Law 5/1-e) on the sales gains of immovable properties held in assets for at least 2 years has been repealed. However, for the immovables acquired before the publication date of the Law (for the immovables in the assets of the institutions before 15 July 2023), the exemption rate will be applied as 25% for the gains obtained.

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.

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XVIII. Explanations on Taxation (continued)

Corporate Tax (continued)

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.

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.

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XVIII. Explanations on Taxation (continued)

Deferred Tax Asset / Liability

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

In the scope of TAS 12 Income Taxes standard, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. As of 30 September 2023, the deferred tax is calculated over 30% 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.

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 Group.

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XXIII. Explanations on Reporting According to Segmentation

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

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

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

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

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

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

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XXIII. Explanations on Reporting According to Segmentation (continued)

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

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	25,602	(13,407)	12,195
Profit Before Tax	2,064,448	5,280,390	895,518	6,620,809	(13,407)	14,847,758
Tax Provision (-)	-	-	-	3,866,842	(150)	3,866,692
Net Profit for the Period	2,064,448	5,280,390	895,518	2,753,967	(13,257)	10,981,066

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	62,208,429	87,856,781	38,253,739	180,741,367	(1,558,208)	367,502,108
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	297,937	(297,882)	55
Total Assets	62,208,429	87,856,781	38,253,739	181,039,304	(1,856,090)	367,502,163

Segment Liabilities	171,382,354	60,057,228	20,058,319	81,778,806	(1,400,753)	331,875,954
Shareholders' Equity	-	-	-	36,081,546	(455,337)	35,626,209
Total Liabilities	171,382,354	60,057,228	20,058,319	117,860,352	(1,856,090)	367,502,163

Prior Period (30.09.2022)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	19,601	(12,615)	6,986
Profit Before Tax	876,190	2,333,684	817,811	7,176,953	(12,615)	11,192,023
Tax Provision (-)	-	-	-	2,668,088	-	2,668,088
Net Profit for the Period	876,190	2,333,684	817,811	4,508,865	(12,615)	8,523,935

Prior Period (31.12.2022)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	49,284,780	72,104,561	31,186,936	131,443,516	(483,827)	283,535,966
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	134,952	(134,897)	55
Total Assets	49,284,780	72,104,561	31,186,936	131,578,468	(618,724)	283,536,021
Segment Liabilities	134,626,362	51,402,414	20,788,852	51,058,839	(484,838)	257,391,629
Shareholders' Equity	-	-	-	26,278,278	(133,886)	26,144,392
Total Liabilities	134,626,362	51,402,414	20,788,852	77,337,117	(618,724)	283,536,021

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.

XXV. Reclassifications

None.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Consolidated Shareholders' Equity

Equity amount and capital adequacy standard ratio has been calculated 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, dated 28 April 2022 and numbered 10188, dated 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, dated 31 July 2023 and numbered 10630, dated 24 August 2023 and numbered 10655. According to the latest regulation changes;

In the calculation of the amount subject to credit risk; while calculating the revalued amounts in foreign currency, in accordance with the Board decision dated 31 January 2023 and numbered 10496, the Central Bank foreign exchange buying rates as of 30 December 2022 were used.

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 Türkiye 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.

With the Board Decision dated 31 July 2023 and numbered 10630, the risk weights of general purpose loans (including overdraft accounts), personal credit cards (including credit card expenditures and cash withdrawals), vehicle loans for the acquisition of passenger cars to be extended to consumers and vehicle secured loans extended after 31 July 2023 were applied as 150%. (For overdraft accounts and credit cards, 150% was applied to the increase amount if there was an increase by considering the end of the previous month.)

On the other hand, with respect to the decision dated 31 July 2023 and numbered 10630, it is stated that the Board Decision dated 1 July 2021 and numbered 9645 is abrogated for the loans extended as of 31 July 2023, and therefore, the decision dated 1 July 2021 and numbered 9645 remains valid for the loans extended before this date.

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.

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

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.

With the Board decision dated 24 August 2023 and numbered 10655, a risk weight of 150% was applied to loans collateralised by mortgages on residential real estate to be extended to consumers after the date of the decision for the purpose of housing them if they own at least one residence owned by themselves, their spouse or their children under the age of 18.

The Group's current period consolidated equity amount calculated as of 30 September 2023 is TL 50,315,305 (31 December 2022: TL 36,818,836), and the consolidated capital adequacy standard ratio is 19.07% (31 December 2022: 18.26%). The consolidated capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation. Credit risk "standard approach" for banking accounts, market risk "standard method" for trading accounts, counterparty credit risk "standard approach method" for derivatives and repo transactions, credit valuation adjustment capital load "standard method" for over-the-counter derivative transactions method" and operational risk were calculated using the "basic indicator method".

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

Information related to the components of Consolidated Shareholders' Equity:

	Current Period 30.09.2023	Prior Period 31.12.2022
Common Equity Tier 1 Capital		
Paid-in capital to be entitled for compensation after all creditors	2,404,652	2,404,652
Share issued premiums	2,565	2,565
Reserves	21,646,412	11,060,692
Gains recognized in equity as per Turkish Accounting Standards (TAS)	460,039	783,777
Profit	10,948,909	11,655,252
Current Period’s Profit	10,948,909	11,556,896
Prior Years’ Profit	-	98,356
Bonus shares from associates, subsidiaries and joint ventures not accounted in current period’s profit	-	-
Minority interest	1,285	1,309
Common Equity Tier 1 Capital Before Deductions	35,463,862	25,908,247
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	-
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	78,342	9
Leasehold improvements on operational leases	50,410	49,879
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights	669,455	455,025
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	-
Net amount of defined-benefit plan assets	-	-
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital in accordance with the second paragraph of the Provisional Article 2 of the Regulation on Banks' Equity)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier 1 Capital	1,219,331	926,037
Total Common Equity Tier 1 Capital	34,244,531	24,982,210

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

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

	Current Period 30.09.2023	Prior Period 31.12.2022
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (In the scope of Provisional Article 4)	-	-
Third Parties Share in the Additional Tier 1 Capital	275	281
Third Parties Share in the Additional Tier 1 Capital (In the scope of Temporary Article 3)	275	281
Additional Tier 1 Capital before deductions	275	281
Deductions from Additional Tier 1 Capital	-	-
Bank's direct or indirect investment on its own Tier 1 Capital	-	-
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
Items to be deducted from Tier I Capital during the Transition Period	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	275	281
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	34,244,806	24,982,491
TIER 2 CAPITAL		
Debt instruments and related issuance premiums defined by the BRSA	13,213,699	9,560,582
Debt instruments and related issuance premiums defined by the BRSA (Provisional Article 4)	-	-
Third parties' share in the Tier 2 Capital	367	374
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	367	374
Provisions (Amounts stated in the first paragraph of the Article 8 of the Regulation on the Bank Capital)	2,868,897	2,298,394
Tier 2 Capital Before Deductions	16,082,963	11,859,350
Deductions From Tier 2 Capital	-	-
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital (-)	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions from Tier 2 Capital	-	-
Total Tier 2 Capital	16,082,963	11,859,350
Total Capital (The sum of Tier 1 and Tier 2 Capital)	50,327,769	36,841,841

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	Current Period 30.09.2023	Prior Period 31.12.2022
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	286	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	12,178	22,119
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity,		
Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	50,315,305	36,818,836
Total Risk Weighted Amounts	263,875,529	201,587,244
CAPITAL ADEQUACY RATIOS		
Consolidated Common Equity Tier 1 Capital Adequacy Ratio (%)	12.98	12.39
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.98	12.39
Consolidated Capital Adequacy Ratio (%)	19.07	18.26
BUFFERS		
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 (%)	4.47	3.89
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	347,737	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 more than 10% of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	1,730,224	1,624,898
Limits Related to Provisions Considered in Tier 2 Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4,882,804	3,761,613
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2,868,897	2,298,394
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	-	-

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

Explanations on Reconciliation of Capital Items to Balance Sheet:

	Current Period	Prior Period
Total capital per balance sheet	35,626,209	26,144,392
Hedging funds (effective portion)	(242,011)	(282,445)
Deductions made under regulation	(1,208,373)	(962,424)
Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income	68,706	82,687
Common Equity Tier 1 Capital	34,244,531	24,982,210
Additional Tier 1 Capital	275	281
Tier 1 Capital	34,244,806	24,982,491
Expected loss provision (Stage 1 and 2)	2,868,897	2,298,394
Debt Instruments Defined by the BRSA	13,213,699	9,560,582
Deductions made under regulation	(12,464)	(23,005)
Share of third parties in capital	367	374
Total Equity	50,315,305	36,818,836

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

Information Related to Debt Instruments Included in Equity Calculation:

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

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g., CUSIP, ISIN)	XS1895575071	XS2023308278	XS1973559484	XS1845118865(**)
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
Consideration in Equity Calculation				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at consolidated /unconsolidated/ consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	5,722.61	2,881.19	1,728.71	2,881.19
Par value of debt instrument (TL Currency in mil)	5,722.61	2,881.19	1,728.71	3,601.49
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	-	-	-	-
Interest / dividend payments				
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
Convertibility of equity shares				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to 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.

(**) Since the remaining maturity is less than five years, it has been reduced by 20% and included in Tier II capital.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

II. Explanations Related to the Consolidated Currency Risk

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

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

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

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

As of 30 September 2023, the Group's balance sheet short position is TL 18,338,001 (31 December 2022: TL 10,775,472 short position) off-balance sheet long position is TL 22,012,153 (31 December 2022: TL 6,325,402 long position) and as a result net foreign currency long position is net 3,674,152 (31 December 2021: net TL 4,450,070 short position).

The announced current foreign exchange buying rates of the Parent Bank at 30 September 2023 and the previous five working days in full TL are as follows:

	25.09.2023	26.09.2023	27.09.2023	28.09.2023	29.09.2023	30.09.2023
USD	27.0925	27.1497	27.1901	27.3014	27.2505	27.2505
EURO	28.6909	28.7407	28.5713	28.8194	28.8119	28.8119

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 30 September 2023 are as follows:

	Monthly Average Foreign Buying Rate
USD	26.8462
EURO	28.7125

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

Information on the foreign currency risk of the Group:

Current Period	EURO	USD	Other FC	Total
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽¹⁾	16,968,397	20,426,656	4,733,535	42,128,588
Banks ⁽²⁾	2,219,544	7,945,421	5,027,847	15,192,812
Financial Assets at Fair Value Through Profit or Loss	9,509	571,420	-	580,929
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2,163,685	840,009	64,847	3,068,541
Loans ⁽³⁾	38,008,280	11,107,691	2,324,509	51,440,480
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost ⁽⁴⁾	5,179,725	8,319,469	-	13,499,194
Derivative Financial Assets for Hedging Purposes ⁽⁵⁾	165,926	156,446	-	322,372
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽⁶⁾	3,553,325	975,164	58,147	4,586,636
Total Assets	68,268,391	50,342,276	12,208,885	130,819,552
Liabilities				
Bank Deposits	60	-	167	227
Foreign Currency Deposits ⁽⁷⁾	31,488,664	43,962,950	17,047,861	92,499,475
Money Market Funds	9,668,389	5,973,246	-	15,641,635
Funds Provided from Other Financial Institutions	19,519,720	16,085,398	181,222	35,786,340
Securities Issued	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities ⁽⁸⁾	4,445,051	712,193	72,632	5,229,876
Total Liabilities	65,121,884	66,733,787	17,301,882	149,157,553
Net Balance Sheet Position	3,146,507	(16,391,511)	(5,092,997)	(18,338,001)
Net Off-Balance Sheet Position ⁽¹¹⁾	(2,697,944)	19,378,775	5,331,322	22,012,153
Financial Derivative Assets ⁽⁹⁾	43,523,003	73,568,370	9,355,713	126,447,086
Financial Derivative Liabilities ⁽⁹⁾	46,220,947	54,189,595	4,024,391	104,434,933
Non-Cash Loans ⁽¹⁰⁾	24,594,845	25,607,276	7,759,591	57,961,712
Prior Period				
Total Assets	49,368,343	34,053,908	10,921,895	94,344,146
Total Liabilities	45,113,780	46,340,834	13,665,004	105,119,618
Net Balance Sheet Position	4,254,563	(12,286,926)	(2,743,109)	(10,775,472)
Net Off-Balance Sheet Position	(5,220,634)	9,769,785	1,776,251	6,325,402
Financial Derivative Assets ⁽⁹⁾	32,515,163	58,915,548	8,465,255	99,895,966
Financial Derivative Liabilities ⁽⁹⁾	37,735,797	49,145,763	6,689,004	93,570,564
Non-Cash Loans ⁽¹⁰⁾	17,515,996	19,249,329	4,549,939	41,315,264

⁽¹⁾ Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye includes the balances of expected credit losses amounting to TL 7,046 (31 December 2022: TL 5,950).

⁽²⁾ The banks include TL 35,945 of expected credit loss provisions (31 December 2022: TL 17,100).

⁽³⁾ Foreign currency indexed loans amounting to TL 51,783 (31 December 2022: TL 59,195) are included in the loan portfolio. Also, it includes TL 1,584,181 (31 December 2022: TL 1,364,418) amounting to expected credit loss.

⁽⁴⁾ Financial assets at amortized cost includes expected credit loss amounting to TL 3,038 (31 December 2022: TL 2,163).

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

⁽⁶⁾ TL 708,509 (31 December 2022: TL 711,819) income accruals from derivative financial instruments are deducted from other assets. Other assets line includes factoring receivables amounting to TL 3,651,129 and factoring receivables expected credit loss amounting to TL 7,059.

⁽⁷⁾ Precious metal accounts amounting to TL 11,661,242 (31 December 2022: TL 9,500,243) are included in the foreign currency deposits.

⁽⁸⁾ TL 820,579 (31 December 2022: TL 529,899) expense accruals from derivative financial instruments are deducted from other liabilities.

⁽⁹⁾ Forward asset and marketable securities purchase-sale commitments of TL 6,266,883 (31 December 2022: TL 2,836,459) are added to derivative financial assets and TL 5,450,957 (31 December 2022: TL 2,213,443) has been added to derivative financial assets.

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

⁽¹¹⁾ 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.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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III. Explanations Related to Consolidated Interest Rate Risk

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

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

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

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

The Group carries interest rate risk within 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 ⁽¹⁾	Total
Current Period							
Assets							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽²⁾	-	-	-	-	-	65,507,163	65,507,163
Banks ⁽³⁾	16,905,963	-	-	-	-	5,994,320	22,900,283
Financial Assets at Fair Value Through Profit or Loss	139,948	147,488	100,854	130,882	186,468	348,473	1,054,113
Money Market Placements ⁽⁴⁾	12,872,022	-	-	-	-	(600)	12,871,422
Financial Assets at Fair Value Through Other Comprehensive Income	936,652	995,770	3,645,082	2,351,796	-	69,024	7,998,324
Loans ⁽⁵⁾	62,446,817	23,403,830	75,283,942	22,002,294	1,146,580	(3,461,771)	180,821,692
Financial Assets Measured at Amortized Cost ⁽⁶⁾	41,536	4,633,483	20,170,398	11,638,812	8,108,947	(10,033)	44,583,143
Other Assets ⁽⁷⁾	4,091,398	3,549,304	2,705,774	1,215,862	531,979	19,671,706	31,766,023
Total Assets	97,434,336	32,729,875	101,906,050	37,339,646	9,973,974	88,118,282	367,502,163
Liabilities							
Bank Deposits	3,526,393	-	-	-	-	311,004	3,837,397
Other Deposits	100,467,018	34,761,854	5,647,599	42,779	-	100,199,231	241,118,481
Money Market Funds	12,286,794	1,775,913	2,516,921	-	-	-	16,579,628
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	389,427	-	544,413	-	-	-	933,840
Funds Provided from Other Financial Institutions	4,974,797	17,623,728	11,879,938	-	5,967,677	(34,061)	40,412,079
Other Liabilities	26,898	50,871	173,550	868,485	137,407	63,363,527	64,620,738
Total Liabilities	121,671,327	54,212,366	20,762,421	911,264	6,105,084	163,839,701	367,502,163
Balance Sheet Long Position	-	-	81,143,629	36,428,382	3,868,890	-	121,440,901
Balance Sheet Short Position	(24,236,991)	(21,482,491)	-	-	-	(75,721,419)	(121,440,901)
Off-Balance Sheet Long Position	7,008,584	2,635,716	-	-	13,304	-	9,657,604
Off-Balance Sheet Short Position	-	-	(3,786,456)	(4,145,817)	-	-	(7,932,273)
Total Position	(17,228,407)	(18,846,775)	77,357,173	32,282,565	3,882,194	(75,721,419)	1,725,331

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

(2) Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye's outstanding loss provisions in the amount of TL 12,035.

(3) Banks include balance of expected loss provisions amounting to TL 44,533.

(4) Money Market Placement include balance of expected loss provisions amounting to TL 600.

(5) The revolving loans amounting to TL 24,915,588 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 5,795,966.

(6) Financial assets at amortized cost include balance of expected loss provisions of TL 10,033.

(7) Includes factoring receivables amounting to TL 8,422,954 and factoring receivables expected loss provisions amounting to TL 78,954.

Other assets line in the non-interest bearing column includes tangible assets amounting to TL 1,483,159, intangible assets amounting to TL 1,128,463, assets held for sale amounting to TL 87,710, subsidiaries amounting to TL 50 and jointly controlled entities amounting to TL 5 and other liabilities line includes shareholders' equity amounting to TL 35,626,209.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Prior Period							
Assets							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽²⁾	-	-	-	-	-	43,832,308	43,832,308
Banks ⁽³⁾	4,387,968	-	-	-	-	4,631,268	9,019,236
Financial Assets at Fair Value Through Profit or Loss	1,906,651	817,219	126,562	152,209	49,451	416,777	3,468,869
Money Market Placements ⁽⁴⁾	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	2,289,819	-	49,313	8,420,336
Loans ⁽⁵⁾	21,690,951	23,791,434	60,342,773	40,236,470	1,010,386	(2,419,589)	144,652,425
Financial Assets Measured at Amortized Cost ⁽⁶⁾	1,483,985	4,986,368	16,807,897	11,498,454	5,679,232	(9,103)	40,446,833
Other Assets ⁽⁷⁾	3,495,071	3,369,588	2,157,186	1,347,759	473,153	15,249,568	26,092,325
Total Assets	42,789,043	35,075,829	81,184,263	55,524,711	7,212,222	61,749,953	283,536,021
Liabilities							
Bank Deposits	1,597,800	-	-	-	-	185,513	1,783,313
Other Deposits	83,442,527	34,885,992	6,979,900	46,388	-	73,211,800	198,566,607
Money Market Funds	2,940,007	3,198,340	1,091,602	-	-	-	7,229,949
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	230,582	191,463	-	-	-	422,045
Funds Provided from Other Financial Institutions	5,121,334	9,860,700	8,364,091	-	3,967,195	-	27,313,320
Other Liabilities	77,357	500,838	1,625,088	484,261	55,727	45,477,516	48,220,787
Total Liabilities	93,179,025	48,676,452	18,252,144	530,649	4,022,922	118,874,829	283,536,021
Balance Sheet Long Position	-	-	62,932,119	54,994,062	3,189,300	-	121,115,481
Balance Sheet Short Position	(50,389,982)	(13,600,623)	-	-	-	(57,124,876)	(121,115,481)
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)
Total Position	(44,900,166)	(5,430,529)	54,263,916	50,609,490	3,221,604	(57,124,876)	639,439

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

(2) Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye's outstanding loss provisions in the amount of TL 7,403.

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

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

(5) The revolving loans amounting to TL 11,454,165 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 5,051,454.

(6) Financial assets at amortized cost include balance of expected loss provisions of TL 9,103.

(7) Includes factoring receivables amounting to TL 7,329,598 and factoring receivables expected loss provisions amounting to TL 59,890.

Other assets line in the non-interest bearing column includes tangible assets amounting to TL 1,276,406, intangible assets amounting to TL 903,856, assets held for sale amounting to TL 100,370, subsidiaries amounting to TL 50 and jointly controlled entities amounting to TL 5 and other liabilities line includes shareholders' equity amounting to TL 26,144,392.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
Current Period				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye Banks	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	3.25	4.99	-	31.77
Money Market Placements	4.58	3.06	-	11.85
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	31.49
Loans (*)	2.69	3.81	-	29.02
Financial Assets Measured at Amortized Cost	6.58	8.93	5.72	32.58
Liabilities	3.14	5.20	-	25.94
Bank Deposits	-	-	-	18.93
Other Deposits	2.07	3.11	-	26.52
Money Market Funds	4.69	5.35	-	34.39
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	37.51
Funds Provided from Other Financial Institutions	8.06	8.86	-	37.82

(*) Includes factoring receivables.

	EURO %	USD %	YEN %	TL %
Prior Period				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye Banks	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	1.75	4.25	-	10.04
Money Market Placements	5.01	7.71	-	11.41
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	10.27
Loans (*)	2.71	3.50	-	36.19
Financial Assets Measured at Amortized Cost	4.52	7.70	5.65	20.10
Liabilities	3.16	5.18	-	42.86
Bank Deposits	-	-	-	3.74
Other Deposits	0.70	3.02	-	17.96
Money Market Funds	1.88	3.00	-	12.80
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	22.32
Funds Provided from Other Financial Institutions	5.39	7.42	-	22.84

(*) Includes factoring receivables.

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

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

The Parent Bank has no shares traded on Borsa Istanbul.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

e) Information on liquidity risk mitigation techniques: (continued)

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

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

f) Explanations on the usage of the stress test:

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

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

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

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

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

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

Liquidity Coverage Ratio:

Current Period – 30 September 2023	Rate of Percentage to Be Taken into Account not Implemented Total Value (*)		Rate of Percentage to Be Taken into Account Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
1 High Quality Liquid Assets			91,621,165	47,650,063
Cash Outflows				
2 Real person and retail deposits	167,312,761	61,953,094	14,824,458	6,195,309
3 Stable deposits	38,159,196	-	1,909,101	-
4 Less stable deposits	129,153,565	61,953,094	12,915,357	6,195,309
5 Unsecured debts other than real person and retail deposits	72,936,563	30,442,653	41,066,634	14,142,765
6 Operational deposits	4,099,977	973,482	1,024,993	243,372
7 Non-operational deposits	58,488,923	27,348,237	31,272,293	11,975,375
8 Other unsecured funding	10,347,663	2,120,934	8,769,348	1,924,018
9 Secured funding			742,600	-
10 Other cash outflows	1,527,755	5,296,205	1,527,755	5,296,205
11 Outflows related to derivative exposures	1,527,755	5,296,205	1,527,755	5,296,205
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	119,490,670	50,223,899	10,590,521	5,692,520
16 Total Cash Outflows			68,751,968	31,326,799
Cash Inflows				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	39,625,453	14,937,667	30,417,503	13,078,330
19 Other Cash Inflows	1,424,982	12,090,718	1,424,982	12,090,718
20 Total Cash Inflows	41,050,435	27,028,385	31,842,485	25,169,048
			Upper Limit Applied Values	
21 Total High Quality Liquid Assets Inventory			91,621,165	47,650,063
22 Total Net Cash Outflows			36,909,483	7,831,700
23 Liquidity Coverage Ratio (%)			248.23	608.43

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

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

Liquidity Coverage Ratio: (continued)

Prior Period – 31 December 2022	Rate of Percentage to Be Taken into Account not Implemented		Rate of Percentage to Be Taken into Account Implemented	
	Total Value (*)		Total Value (*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
1 High Quality Liquid Assets			85,142,469	40,305,054
Cash Outflows				
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	65,292,487	29,488,733	37,368,186	14,694,031
6 Operational deposits	2,531,134	691,600	632,784	172,900
7 Non-operational deposits	53,259,982	24,788,855	28,437,514	10,814,559
8 Other unsecured funding	9,501,371	4,008,278	8,297,888	3,706,572
9 Secured funding	-	-	395,132	-
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	83,847,957	34,809,972	7,286,749	3,780,807
16 Total Cash Outflows			59,854,132	34,626,607
Cash Inflows				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	25,275,195	13,415,626	18,804,741	12,174,265
19 Other Cash Inflows	302,282	29,318,691	302,282	29,318,691
20 Total Cash Inflows	25,577,477	42,734,317	19,107,023	41,492,956
			Upper Limit Applied Values	
21 Total High Quality Liquid Assets Inventory			85,142,469	40,305,054
22 Total Net Cash Outflows			40,747,109	8,656,652
23 Liquidity Coverage Ratio (%)			208.95	465.60

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

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

High quality liquid assets in order 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 of the Parent Bank. 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 Parent 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.

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

Liquidity Coverage Ratio: (continued)

Consolidated Liquidity Coverage Ratio for the last three months are presented below.

	Current Period	
	TL+FC	FC
July 2023	294.92%	588.83%
August 2023	228.70%	509.45%
September 2023	236.84%	437.04%
	Prior Period	
	TL+FC	FC
July 2022	202.20%	537.78%
August 2022	243.24%	529.52%
September 2022	218.81%	485.56%

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed ⁽¹⁾	Total
Assets								
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽²⁾	34,030,606	31,488,592	-	-	-	-	(12,035)	65,507,163
Banks ⁽³⁾	8,527,119	14,417,697	-	-	-	-	(44,533)	22,900,283
Financial Assets at Fair Value Through Profit and Loss	-	111,474	1,198	129,328	277,170	186,469	348,474	1,054,113
Money Market Placements ⁽⁴⁾	-	12,872,022	-	-	-	-	(600)	12,871,422
Financial Assets at Fair Value Through Other Comprehensive Income	69,024	64,788	415,103	754,825	6,281,690	412,894	-	7,998,324
Loans Given ⁽⁵⁾	-	59,500,930	23,410,411	76,685,559	23,469,907	1,146,580	(3,391,695)	180,821,692
Financial Assets Measured at Amortized Cost ⁽⁶⁾	-	-	1,502,689	6,823,019	18,688,247	17,579,221	(10,033)	44,583,143
Other Assets ⁽⁷⁾	-	8,733,008	4,737,765	3,158,295	1,591,419	823,520	12,722,016	31,766,023
Total Assets	42,626,749	127,188,511	30,067,166	87,551,026	50,308,433	20,148,684	9,611,594	367,502,163
Liabilities								
Bank Deposits	311,004	3,526,393	-	-	-	-	-	3,837,397
Other Deposits	100,199,231	100,467,018	34,761,854	5,647,599	42,779	-	-	241,118,481
Funds Provided from Other Financial Institutions	-	4,194,366	12,131,694	9,176,770	4,200,509	10,708,740	-	40,412,079
Money Market Funds	-	12,286,794	1,775,913	2,516,921	-	-	-	16,579,628
Securities Issued	-	389,427	-	544,413	-	-	-	933,840
Other Liabilities	711,982	17,995,905	3,894,222	1,092,796	1,840,588	658,352	38,426,893	64,620,738
Total Liabilities	101,222,217	138,859,903	52,563,683	18,978,499	6,083,876	11,367,092	38,426,893	367,502,163
Liquidity Gap	(58,595,468)	(11,671,392)	(22,496,517)	68,572,527	44,224,557	8,781,592	(28,815,299)	-
Net Off-Balance Sheet Position	-	(28,398)	(864,109)	2,530,679	294,182	263,198	-	2,195,552
Financial Derivative Assets	-	46,572,664	70,649,765	45,855,029	27,898,479	13,640,654	-	204,616,591
Financial Derivative Liabilities	-	46,601,062	71,513,874	43,324,350	27,604,297	13,377,456	-	202,421,039
Non-Cash Loans	16,169,520	3,909,390	12,513,649	25,410,851	18,313,340	-	-	76,316,750
Prior Period								
Total Assets	24,123,781	64,155,562	29,071,456	79,337,763	63,908,044	14,609,492	8,329,923	283,536,021
Total Liabilities	73,460,639	103,909,520	43,188,978	21,987,744	1,263,497	10,136,090	29,589,553	283,536,021
Liquidity Gap	(49,336,858)	(39,753,958)	(14,117,522)	57,350,019	62,644,547	4,473,402	(21,259,630)	-
Net Off-Balance Sheet Position	-	(591,987)	393,817	1,196,457	954,774	307,126	-	2,260,187
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	13,121,578	3,497,894	7,413,856	18,952,925	12,278,183	-	-	55,264,436

⁽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 Türkiye includes expected loss provisions amounting of TL 12,035.

⁽³⁾ Banks include TL balance of expected loss provisions amounting to TL 44,533.

⁽⁴⁾ Money Market Placement includes expected loss provisions balance amounting to TL 600.

⁽⁵⁾ The revolving loans amounting to TL 24,915,588 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 5,795,966.

⁽⁶⁾ Financial assets at amortized cost includes expected credit loss amounting to TL 10,033.

⁽⁷⁾ Includes TL 8,422,954 factoring receivables and TL 78,954 provision for expected loss on factoring receivables.

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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VI. Explanations Related to Consolidated Leverage Ratio

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

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

b) Summary comparison table of the total risk amount and the total asset amount in the consolidated financial statements prepared as per TAS:

	Current Period (**)	Prior Period (**)
1 Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS (*)	358,319,616	285,523,114
2 The Difference between the Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS and the Asset Amount in the Consolidated Financial statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks	-	-
3 The Difference between the Derivative Financial Instruments and the Loan Derivatives Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	1,548,985	1,205,781
4 The Difference between the Financial Transactions with Securities or Goods Warranty Amounts in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	2,942,352	2,727,317
5 The Difference between the Off-balance Sheet Transactions Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	142,194,205	102,954,992
6 Other Differences between the Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	(671,298)	(3,630,176)
7 Total risk amount	504,333,860	388,781,028

(*) Consolidated financial statements prepared as per the sixth paragraph of Article 5 of the Communiqué on the Preparation of the Consolidated Financial Statements of Banks.

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

c) Leverage Ratio:

	Current Period (*)	Prior Period (*)
Assets on the balance sheet		
1 Assets on the balance sheet (Excluding derivative financial instruments and loan derivatives, including collaterals)	349,830,978	279,515,952
2 (Assets deducted from core capital)	(1,061,882)	(856,786)
3 Total risk amount for assets on the balance sheet	348,769,096	278,659,166
Derivative financial instruments and credit derivatives		
4 Renewal cost of derivative financial instruments and loan derivatives	8,879,222	3,233,772
5 Potential credit risk amount of derivative financial instruments and loan derivatives	1,548,985	1,205,781
6 Total risk amount of derivative financial instruments and loan derivatives	10,428,207	4,439,553
Financing transactions with securities or goods warranties		
7 Risk amount of financial transactions with securities or goods warranties (Excluding those in the balance sheet)	2,942,352	2,727,317
8 Risk amount arising from intermediated transactions	-	-
9 Total risk amount of financing transactions with securities or goods warranties	2,942,352	2,727,317
Off-the-balance sheet transactions		
10 Gross nominal amount of the off-balance sheet transactions	142,194,205	102,954,992
11 (Adjustment amount arising from multiplying by the credit conversion rate)	-	-
12 Total risk amount for off-balance sheet transactions	142,194,205	102,954,992
Capital and total risk		
13 Tier 1 Capital	33,056,363	24,517,749
14 Total risk amount	504,333,860	388,781,028
Leverage ratio		
15 Leverage ratio	6.55%	6.31%

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

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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VII. Explanation Related to Consolidated Risk Management

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of Internal Rating Based Approach (“IRB”) have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Group.

Overview of risk weighted amounts

	Risk Weighted Amounts		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk)	224,514,436	178,531,951	17,961,155
2 Standardized approach (sa)	224,514,436	178,531,951	17,961,155
3 Internal model (irb) approach	-	-	-
4 Counterparty credit risk	4,997,329	5,339,572	399,786
5 Of which standardized approach for counterparty credit risk (sa-ccr)	4,997,329	5,339,572	399,786
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	10,447,033	5,913,116	835,763
17 Standardized approach (sa)	10,447,033	5,913,116	835,763
18 Internal model approach (imm)	-	-	-
19 Operational risk	23,916,731	11,802,605	1,913,339
20 Basic indicator approach	23,916,731	11,802,605	1,913,339
21 Standard approach	-	-	-
22 Advanced measurement approach	-	-	-
23 Amounts below the thresholds for deduction (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	263,875,529	201,587,244	21,110,043

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Consolidated Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,034,357	10,274,778	752,200	10,004,814
Balances with the Central Bank of Türkiye	22,346,196	31,316,400	6,458,159	26,063,697
Other	3,011	544,456	-	560,841
Total	23,383,564	42,135,634	7,210,359	36,629,352

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	22,174,004	-	6,458,159	-
Unrestricted Time Deposit	-	10,581,726	-	7,868,041
Restricted Time Deposit	172,192	20,734,674	-	18,195,656
Total	22,346,196	31,316,400	6,458,159	26,063,697

As of 30 September 2023, the applicable rates for the reserve requirements established at the CBRT are between 0% and 25% (31 December 2022: between 3% and 8%) in Turkish Lira, and between 5% and 29% 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 599,419 (31 December 2022: TL 3,011,802).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	277,543	321,876	2,809,744	202,058
Securities Representing Share in Capital	89,421	135,496	77,197	263,295
Other Financial Assets	106,220	123,557	40,289	76,286
Total	473,184	580,929	2,927,230	541,639

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	967,034	50,542	1,089,391	47,443
Swap Transactions	2,959,543	421,053	2,953,184	228,144
Futures Transactions	-	341	-	-
Options	376,860	618,637	357,592	388,958
Other	-	-	-	-
Total	4,303,437	1,090,573	4,400,167	664,545

4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	7,241,529	273,673	2,122,206	580
Foreign	474,530	14,955,084	698,476	6,226,874
Foreign Head Offices and Branches	-	-	-	-
Total	7,716,059	15,228,757	2,820,682	6,227,454

An expected loss provision of TL 44,533 (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	4,739,080	-	1,411,005	-
Other	-	-	-	-
Total	4,739,080	-	1,411,005	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	-	3,000,281	-	3,013,150
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	3,000,281	-	3,013,150

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 258,963 (31 December 2022: TL 3,996,181).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities				
Quoted on a Stock Exchange	7,929,300	-	8,371,023	-
Unquoted on a Stock Exchange	7,864,453	-	8,321,688	-
Equity Securities				
Quoted on a Stock Exchange	64,847	-	49,335	-
Unquoted on a Stock Exchange	69,024	-	49,313	-
Impairment Provision (-)	-	-	-	-
Total	7,998,324	-	8,420,336	-

An expected loss provision of TL 1,693 (31 December 2022: TL 1,676) has been reserved for financial assets at fair value through other comprehensive income.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	1,117,105	-	1,118,603
Corporate Shareholders	-	1,117,105	-	1,118,603
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	338,015	-	212,298	-
Total	338,015	1,117,105	212,298	1,118,603

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	169,904,717	13,145,757	78,175	1,043,514
Working Capital Loans	17,696,905	3,004,893	-	867,415
Export Loans	40,035,775	228,663	-	1,103
Import Loans	-	-	-	-
Loans Given to Financial Sector	5,977,117	-	-	-
Consumer Loans	33,233,117	5,254,258	33,773	84,440
Credit Cards	17,838,452	2,333,629	38,621	-
Other	55,123,351	2,324,314	5,781	90,556
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	169,904,717	13,145,757	78,175	1,043,514

Prior Period:

Cash Loans	Standard Loans	Loans under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-Specialized Loans	135,719,372	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	49,514,846	1,622,353	4,551	169,941
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	135,719,372	10,235,887	49,531	1,067,224

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans: (continued)

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

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	590,774	-	734,536	-
Significant increase in Credit Risk	-	3,428,768	-	2,418,591
Total	590,774	3,428,768	734,536	2,418,591

Aging analysis for closely monitored loans

30 September 2023	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	76,112	167,514	89,386	333,012
Consumer Loans	985,493	212,997	382,597	1,581,087
Credit Cards	506,155	216,247	101,343	823,745
Total	1,567,760	596,758	573,326	2,737,844
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
Total	1,166,282	355,658	568,135	2,090,075

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans: (continued)

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	8,673,055	27,538,490	36,211,545
Housing Loans	4,708	3,072,075	3,076,783
Vehicle Loans	2,522,764	1,261,966	3,784,730
General Purpose Loans	6,145,583	23,204,449	29,350,032
Other	-	-	-
Consumer Loans-Indexed to FC	-	5,770	5,770
Housing Loans	-	5,770	5,770
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	11,036	11,036
Housing Loans	-	2,845	2,845
Vehicle Loans	-	-	-
General Purpose Loans	-	8,191	8,191
Other	-	-	-
Individual Credit Cards-TL	15,686,079	34,060	15,720,139
With Instalments	5,284,095	34,060	5,318,155
Without Instalments	10,401,984	-	10,401,984
Individual Credit Cards-FC	51,195	-	51,195
With Instalments	-	-	-
Without Instalments	51,195	-	51,195
Personnel Loans-TL	87,571	146,777	234,348
Housing Loans	-	162	162
Vehicle Loans	-	-	-
General Purpose Loans	87,571	146,615	234,186
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	95,757	28	95,785
With Instalments	35,684	28	35,712
Without Instalments	60,073	-	60,073
Personnel Credit Cards-FC	749	-	749
With Instalments	-	-	-
Without Instalments	749	-	749
Overdraft Accounts-TL (Real Persons) (*)	2,142,889	-	2,142,889
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	26,737,295	27,736,161	54,473,456

(*) Overdraft accounts include personnel loans amounting to TL 7,133.

(**) Loans granted via branches abroad.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans: (continued)

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

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	3,035,284	24,646,725	27,682,009
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	-	-	-
Consumer Loans-Indexed to FC	-	5,243	5,243
Housing Loans	-	5,243	5,243
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	12,322	12,322
Housing Loans	-	3,612	3,612
Vehicle Loans	-	-	-
General Purpose Loans	-	8,710	8,710
Other	-	-	-
Individual Credit Cards-TL	9,899,605	33,500	9,933,105
With Instalments	3,773,824	33,500	3,807,324
Without Instalments	6,125,781	-	6,125,781
Individual Credit Cards-FC	33,398	-	33,398
With Instalments	-	-	-
Without Instalments	33,398	-	33,398
Personnel Loans-TL	37,523	98,869	136,392
Housing Loans	-	326	326
Vehicle Loans	-	-	-
General Purpose Loans	37,523	98,543	136,066
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	68,406	18	68,424
With Instalments	27,336	18	27,354
Without Instalments	41,070	-	41,070
Personnel Credit Cards-FC	652	-	652
With Instalments	-	-	-
Without Instalments	652	-	652
Overdraft Accounts-TL (Real Persons) (*)	1,995,461	-	1,995,461
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	15,070,329	24,796,677	39,867,006

(*) Overdraft accounts include personnel loans amounting to TL 6,830.

(**) Loans granted via branches abroad.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans: (continued)

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

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Loans with Instalment-TL	4,730,972	8,886,882	13,617,854
Business Loans	536	91,099	91,635
Vehicle Loans	260,412	1,611,184	1,871,596
General Purpose Loans	4,470,024	7,184,599	11,654,623
Other	-	-	-
Commercial Loans with Instalment-Indexed to FC	-	11,477	11,477
Business Loans	-	6,026	6,026
Vehicle Loans	-	-	-
General Purpose Loans	-	5,451	5,451
Other	-	-	-
Commercial Loans with Instalment-FC	868	-	868
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	868	-	868
Other	-	-	-
Corporate Credit Cards-TL	4,292,557	39,292	4,331,849
With Instalments	945,775	39,292	985,067
Without Instalments	3,346,782	-	3,346,782
Corporate Credit Cards-FC	10,985	-	10,985
With Instalments	-	-	-
Without Instalments	10,985	-	10,985
Overdraft Accounts-TL (Legal Entities)	1,064,559	-	1,064,559
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	10,099,941	8,937,651	19,037,592

Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Loans with Instalment-TL	2,378,337	10,547,993	12,926,330
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	-	-	-
Commercial Loans with Instalment-Indexed to FC	-	20,114	20,114
Business Loans	-	6,082	6,082
Vehicle Loans	-	-	-
General Purpose Loans	-	14,032	14,032
Other	-	-	-
Commercial Loans with Instalment-FC	939	-	939
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	939	-	939
Other	-	-	-
Corporate Credit Cards-TL	4,364,826	36	4,364,862
With Instalments	1,655,525	36	1,655,561
Without Instalments	2,709,301	-	2,709,301
Corporate Credit Cards-FC	6,501	-	6,501
With Instalments	-	-	-
Without Instalments	6,501	-	6,501
Overdraft Accounts-TL (Legal Entities)	985,557	-	985,557
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	7,736,160	10,568,143	18,304,303

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans: (continued)

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	183,333,005	146,214,496
Foreign Loans	839,158	857,518
Total	184,172,163	147,072,014

f) Loans granted to subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

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

	Current Period	Prior Period
Loans with Limited Collectability	218,531	197,372
Loans with Doubtful Collectability	358,347	365,183
Uncollectible Loans	1,199,546	1,335,772
Total	1,776,424	1,898,327

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period			
Gross Amounts before Provisions	52,272	34,448	30,785
Restructured Loans	52,272	34,448	30,785
Prior Period			
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:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Prior Period End Balance	315,766	510,806	1,805,293
Additions during the Period (+)	1,101,255	12,752	60,818
Transfers from other accounts of Non-performing (+)	-	866,386	709,835
Transfers to other accounts of Non-performing (-)	866,386	709,835	-
Collections during the Period (-)	137,460	140,448	684,222
Write-Offs (-)	-	-	96,505
Sold (-) (*)	148	107	396,632
Corporate and Commercial Loans	31	29	24,178
Retail Loans	2	23	283,011
Credit Cards	115	55	89,443
Other	(74,541)	(19,521)	188,389
Current Period End Balance	338,486	520,033	1,586,976
Provision (-)	218,531	358,347	1,199,546
Net Balances on Balance Sheet	119,955	161,686	387,430

(*) The portion of the Bank's non-performing receivables portfolio amounting to TL 396,887 with a provision of TL 343,169 was sold for TL 159,375 in 2023 and the sale proceeds were collected after the completion of the necessary procedures and the related non-performing receivables were derecognised.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans: (continued)

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

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

	III. Group Loans and Receivables with Limited Collectability	IV. Group Loans and Receivables with Doubtful Collectability	V. Group Uncollectable Loans and Receivables
30 September 2023			
Period End Balance	91,383	22,760	66,741
Provision Amount (-)	74,401	11,309	49,316
Net Balance on Balance Sheet	16,982	11,451	17,425
31 December 2022			
Period End Balance	92,224	3,070	99,092
Provision Amount (-)	64,461	1,354	72,617
Net Balance on Balance Sheet	27,763	1,716	26,475

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

	III. Group Loans and Receivables with Limited Collectability	IV. Group Loans and Receivables with Doubtful Collectability	V. Group Uncollectable Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	338,486	520,033	1,586,976
Provision Amount (-)	218,531	358,347	1,199,546
Loans to Real Persons and Legal Entities (Net)	119,955	161,686	387,430
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	315,766	510,806	1,805,293
Provision Amount (-)	197,372	365,183	1,335,772
Loans to Real Persons and Legal Entities (Net)	118,394	145,623	469,521
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectable Loans
Current Period (Net)	384	483	1,617
Interest Accruals, Rediscounts and Valuation Differences	32,605	61,572	395,250
Provision Amount (-)	32,221	61,089	393,633
Prior Period (Net)	699	83	7,659
Interest Accruals, Rediscounts 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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on loans: (continued)

i) Explanations on write-off policy:

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

- Limited possibility of recovery: Loans with low collateralization rates, limited collateral capability, limited assets that provide foreclosure collection opportunities, loans with higher collection costs and lower collection expectations are evaluated,
- Financial indicators: Financial indicators that show that the entire loan does not have the ability to recover, or that the monetary cost to be incurred due to lawsuits/prosecution to be filed is higher than the collection to be made, are evaluated.
- Long-term follow-up: 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 96,505 (31 December 2022: TL 454,825) and its effect on NPL ratio is 0.05% (31 December 2022: 0.30%). The follow-up conversion rate is 1.30% (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 1.35% (31 December 2022: 2.06%).

7. Information on financial assets measured at amortized cost:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	3,175,323	13,282,532	-	7,460,842
Total	3,175,323	13,282,532	-	7,460,842

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	21,538,820	-	19,897,126	-
Other	-	-	-	-
Total	21,538,820	-	19,897,126	-

Unrestricted financial assets measured at amortized cost are TL 6,596,501 (31 December 2022: TL 13,097,968).

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

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

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

	Current Period	Prior Period
Government Bonds	44,593,176	40,455,936
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	44,593,176	40,455,936

An expected loss provision of TL 10,033 (31 December 2022: TL 9,103) is reserved for government debt securities classified in amortized cost portfolio.

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

	Current Period	Prior Period
Debt Securities	44,593,176	40,455,936
Quoted on a Stock Exchange	44,593,176	40,455,936
Unquoted on a Stock Exchange	-	-
Impairment Provision (-)	-	-
Total	44,593,176	40,455,936

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	4,318,269	2,524,109
Purchases During the Year (*)	8,628,076	20,808,138
Disposals Through Sales and Redemptions	(8,809,105)	(2,428,011)
Impairment Provision (-)	-	-
Closing Balance	44,593,176	40,455,936

(*) Includes rediscount amounts.

8. Information on associates (Net):

- a.1) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2022: None).
- a.2) Information on the unconsolidated associates: None (31 December 2022: None).
- a.3) Information on the 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).

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

9. Information on subsidiaries (Net):

a) Information on shareholders' equity of significant subsidiaries:

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.	TEB Finansman A.Ş.
Paid-in capital to be entitled for compensation after all creditors	50,000	28,794	30,000	71,626
Reserves	387,400	41,461	1,965	500,556
Net income for the period and prior period income	297,699	613,229	102,094	133,244
Income/ Loss recognized under equity in accordance with TAS	-	-	87	-
Leasehold improvements on operational leases (-)	3,402	324	3,020	955
Goodwill and intangible asset and the related deferred tax liability (-)	9,226	14,868	2,285	3,693
Total Common Equity Tier 1 Capital	722,471	668,292	128,667	700,778
Provisions	8,331	-	-	5,725
Equity	730,802	668,292	128,667	706,503

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

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subsection 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 subsidiaries:

Title	Address (City/Country)	Group's Share Percentage-If Different Voting Percentage (%)	Other Shareholders' Share Percentage (%)
1 TEB Faktoring A.Ş.	Istanbul/Turkey	100.00	-
2 TEB Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100.00	-
3 TEB Portföy Yönetimi A.Ş.	Istanbul/Turkey	54.74	45.26
4 TEB Finansman A.Ş.	Istanbul/Turkey	100.00	-

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss (*)	Fair Value
1	8,739,741	735,099	13,690	1,466,661	-	286,661	134,918	-
2	1,933,265	683,484	9,347	425,639	-	269,945	78,689	-
3	174,745	133,972	7,577	2,471	61	71,050	20,495	-
4	3,482,982	705,426	6,447	864,822	-	133,672	75,873	-

(*) These figures are shown per BRSA financial statements as of 30 September 2022.

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I. Explanations and Disclosures Related to the Consolidated 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	134,897	130,139
Movements during the Period	162,985	4,758
Purchases (*)	162,985	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase/(Decrease)	-	4,758
Provisions for Impairment	-	-
Balance at the End of the Period	297,882	134,897
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 61,300,800 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 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	91,480	91,480
Total	297,882	134,897

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

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 Parent Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.(*)	0.1	33.3	208,000	159,642	101,958	618,063	(611,075)

(*) Current period information is based on the financial statements as of 31 August 2023.

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

- 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 Parent Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, 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).

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	724,665	322,372	425,928	308,164
Foreign Net Investment Hedge	-	-	-	-
Total	724,665	322,372	425,928	308,164

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 Parent Bank, accumulated valuation differences amounted TL 42,190 (31 December 2022: TL 49,903) is recorded under equity as of 30 September 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 (-)	-	-
Net Book Value	100,370	65,933
Opening Balance	100,370	65,933
Acquired	39,259	129,422
Disposed (-)	50,848	94,115
Impairment (-)	1,071	870
Depreciation Value (-)	-	-
Period End Cost	87,710	100,370
Period End Accumulated Depreciation (-)	-	-
Closing Net Book Value	87,710	100,370

As of 30 September 2023, the Group has no non-current assets related to discontinued operations (31 December 2022: None).

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

15. Information on Group's factoring receivables:

a) Maturity analysis explanation:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term (*)	4,771,825	3,651,129	4,137,185	3,192,413
Mid and Long-Term	-	-	-	-
Stage 1 Provision (-)	2,924	201	2,316	25
Stage 2 Provision (-)	5,206	-	5,302	2
Stage 3 Provision (-)	63,765	6,858	47,639	4,606
Total	4,699,930	3,644,070	4,081,928	3,187,780

(*) Includes factoring receivables amounting to TL 71,348 (31 December 2022: TL 60,250).

b) Aging analysis for non-performing loans:

30 September 2023	1-30 Days	31-60 Days	61-90 Days	Total
Commercial Loans	7,216	891	32,149	40,256
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Total	7,216	891	32,149	40,256

31 December 2022	1-30 Days	31-60 Days	61-90 Days	Total
Commercial Loans	2,091	124	1,906	4,121
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Total	2,091	124	1,906	4,121

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II. Explanations and Disclosures Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current Period:

	7 Day Call		Up to 1 Month	1-3 Months	3-6 6 Months- 1 Year		1 Year and Over	Acc. Deposits	Total
	Demand	Accounts			Months	1 Year			
Saving Deposits	10,309,400	-	15,772,993	69,800,929	1,589,131	1,314,883	1,955,459	-	100,742,795
Foreign Currency Deposits	59,919,884	-	9,499,153	11,258,383	91,063	57,709	12,041	-	80,838,233
Residents in Turkey	56,771,624	-	8,761,997	10,628,267	70,840	54,083	7,945	-	76,294,756
Residents Abroad	3,148,260	-	737,156	630,116	20,223	3,626	4,096	-	4,543,477
Public Sector Deposits	1,575,496	-	414,261	1,459,189	586,837	-	-	-	4,035,783
Commercial Deposits	15,880,425	-	11,121,130	11,097,801	854,622	1,047,254	2,017,365	-	42,018,597
Other Institutions Deposits	1,006,380	-	142,852	671,501	892	79	127	-	1,821,831
Precious Metals Deposits	11,507,646	-	17,864	107,004	10,675	17,807	246	-	11,661,242
Bank Deposits	311,004	-	3,526,393	-	-	-	-	-	3,837,397
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	4	-	-	-	-	-	-	-	4
Foreign Banks	311,000	-	3,526,393	-	-	-	-	-	3,837,393
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	100,510,235	-	40,494,646	94,394,807	3,133,220	2,437,732	3,985,238	-	244,955,878

Currency-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the current accounting period reported. As of 30 September 2023, TL deposit amount includes TL 53,500,916 (31 December 2022: TL 37,257,017) deposits within this scope.

a.2) Prior Period:

	7 Day Call		Up to 1 Month	1-3 Months	3-6 6 Months- 1 Year		1 Year and Over	Acc. Deposits	Total
	Demand	Accounts			Months	1 Year			
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	41,602,360	-	9,563,959	10,687,797	158,722	62,260	114,862	-	62,189,960
Residents in Turkey	39,562,308	-	9,079,292	10,025,022	145,626	58,115	108,559	-	58,978,922
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	12,649,467	-	11,477,484	16,113,341	2,246,338	102,882	3,409,323	-	45,998,835
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 Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	8	-	-	-	-	-	-	-	8
Foreign Banks	185,505	-	1,597,800	-	-	-	-	-	1,783,305
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	73,397,313	-	36,883,435	79,573,544	4,675,856	216,868	5,602,904	-	200,349,920

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

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

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

Saving Deposits	Under the Guarantee of Insurance (**)		Exceeding the Insurance Limit (**)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	39,265,360	26,516,373	59,881,829	48,478,289
Foreign Currency Saving Deposits	19,219,534	11,272,053	28,055,869	25,728,396
Other Deposits in the Form of Saving Deposits	4,653,986	2,818,412	5,465,452	5,428,436
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	63,138,880	40,606,838	93,403,150	79,635,121

(*) 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 8,463,371 (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.

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

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

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

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

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	1,778,428	1,336,331
Deposits of Controlling Shareholders and Their Close Families	2,818,167	4,182,430
Deposits of Chairman and Members of the Board of Directors and Their Close Families	169,384	91,901
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-	-
Saving Deposits in Banks Established in Turkey exclusively for 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	1,590,834	101,876	93,782	34,238
Swap Transactions	1,069,125	328,358	2,665,390	156,043
Futures Transactions	-	-	-	-
Options	426,238	578,430	142,470	405,697
Other	-	-	-	-
Total	3,086,197	1,008,664	2,901,642	595,978

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 Türkiye	-	-	-	-
From Domestic Banks and Institutions	4,420,930	19,442	3,894,869	74,613
From Foreign Banks, Institutions and Funds	204,809	21,371,089	3	13,635,617
Total	4,625,739	21,390,531	3,894,872	13,710,230

As of 30 September 2023, the Group has borrowings from its related parties amounting to TL 3,663,295 (31 December 2022: TL 3,142,174).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	4,625,739	6,350,855	3,851,876	4,933,207
Medium and Long-term	-	15,039,676	42,996	8,777,023
Total	4,625,739	21,390,531	3,894,872	13,710,230

c) Information on debt securities issued:

	Current Period		Prior Period	
	TP	YP	TP	YP
Bonds	380,476	-	422,045	-
Treasury Bills	553,364	-	-	-
Total	933,840	-	422,045	-

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

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

Other external funding payables amounting to TL 15,878,464 (31 December 2022: TL 12,274,028) 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 30 September 2023, the Bank has leasing liability amounting to TL 945,095 (31 December 2022: TL 710,629).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	-	69,613	-
Hedging the Risk of Net Investments Abroad	-	-	-	-
Total	-	-	69,613	-

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 30 September 2023, there are accumulated valuation differences of TL 42,190 (31 December 2022: TL 49,903) under equity. Regarding the cash flow hedging transactions terminated by the Parent Bank, this amount is spread over the remaining terms of the hedged items by the Parent 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	149,130	163,475
Stage 2	642,173	389,419
Stage 3	124,163	133,621
Total	915,466	686,515

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

As of 30 September 2023, TL 100,336 (31 December 2022: TL 31,493) unused vacation provision, TL 1,124,613 (31 December 2022: TL 1,291,701) employment termination benefit provision, TL 1,035,565 (31 December 2022: TL 859,982) bonus provision, and TL 11,250 (31 December 2022: TL None) health expense provision and TL 4,882 (31 December 2022: TL 1,887) other expense provision are presented under “Provision of Employee Rights” in financial statements.

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

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

7. Information on provisions: (continued)

d) Information on other provisions:

	Current Period	Prior Period
Provision for Non-cash Loans	915,466	686,515
Provision for Legal Cases	207,267	137,465
Provision for Promotions of Credit Cards and Banking Services	15,179	10,677
Other	742,788	454,300
Total	1,880,700	1,288,957

8. Information on taxes payable:

a) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	3,113,818	1,584,567
Taxation on Securities	99,442	69,692
Property Tax	5,214	3,907
Banking Insurance Transaction Tax (BITT)	304,739	154,358
Foreign Exchange Transaction Tax	8,395	10,779
Value Added Tax Payable	12,974	34,536
Other (*)	119,632	74,901
Total	3,664,214	1,932,740

(*) Others include income taxes deducted from wages amounting to TL 100,225 (31 December 2022: TL 57,679) and stamp taxes payable amounting to TL 5,541 (31 December 2022: TL 6,855).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	158,135	79,488
Social Security Premiums-Employer	55,980	27,840
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	3,998	2,081
Unemployment Insurance-Employer	7,104	3,545
Other	-	-
Total	225,217	112,954

c) Explanations on deferred tax liabilities, if any: The Group has no deferred tax liabilities as of 30 September 2023 (31 December 2022: None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

9. Information on shareholders’ equity:

- a) Presentation of paid-in capital:

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

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

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

- c) Information on share capital increases and their sources and other information on increased capital shares in current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Parent Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Parent Bank’s equity due to the uncertainty of these indicators:

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

- g) Information on 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	365,605	(80,557)	773,927	(82,686)
Foreign Exchange Difference	-	-	-	-
Total	365,605	(80,557)	773,927	(82,686)

10. **Information on minority interest:** As of 30 September 2023, part of the Group equity that belongs to minority shares is TL 60,636 (31 December 2022: TL 28,443).

11. **Information on factoring liabilities:** As of 30 September 2023, the Group has factoring debt of TL 29,332 (31 December 2022: TL 4,791).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Limits	39,245,696	22,073,226
Asset Purchase Commitments	12,741,279	7,231,850
Loan Granting Commitments	12,296,851	11,657,703
Commitments for Cheque Payments	4,138,533	2,776,761
Tax and Fund Liabilities from Export Commitments	230,599	127,411
Commitments for Credit Cards and Banking Services Promotions	2,986	2,141
Other Irrevocable Commitments	824,570	375,297
Other Revocable Commitments	26,006	-
Total	69,506,520	44,244,389

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

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

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

	Current Period	Prior Period
Letters of credit	20,634,753	15,650,244
Bank acceptances	91,719	23,623
Other guarantees	9,977,982	7,350,992
Other contingencies	2,554,431	2,207,625
Total	33,258,885	25,232,484

- b.2) Guarantees, temporary guarantees, suretyships, and similar transactions:

	Current Period	Prior Period
Guarantee letters	26,458,385	17,249,510
Advance guarantee letters	8,258,234	6,944,286
Guarantee letters given for customs	1,183,207	961,508
Temporary guarantee letters	1,498,945	1,517,892
Other guarantee letters	5,659,094	3,358,756
Total	43,057,865	30,031,952

- c) Total amount of non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Achieving Cash Loans	5,661,945	3,362,152
With Maturity of One Year or Less Than One Year	908,304	469,739
With Maturity of More Than One Year	4,753,641	2,892,413
Other Non-Cash Loans	70,654,805	51,902,284
Total	76,316,750	55,264,436

For non-cash loans amounting to TL 249,932 (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 124,163 (31 December 2022: TL 133,621) has been set aside. In addition, TL 149,130 (31 December 2022: TL 163,475) Stage 1, TL 642,173 (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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-Term Loans	14,048,754	1,657,495	8,475,538	628,383
Medium and Long-Term Loans	7,733,538	814,315	6,267,530	501,764
Interest on Loans under Follow-Up	170,086	8,504	192,250	1,869
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	21,952,378	2,480,314	14,935,318	1,132,016

(*) Includes fees and commissions obtained from cash loans amounting to TL 725,052 (30 September 2022: TL 379,593).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Türkiye	-	11,464	-	84
Domestic Banks	463,827	503	122,795	432
Foreign Banks	58,611	180,157	5,748	23,868
Branches and Head Office Abroad	-	-	-	-
Total	522,438	192,124	128,543	24,384

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	150,420	21,503	247,141	35,830
Financial Assets at Fair Value Through Other Comprehensive Income	1,043,169	113,223	1,051,840	114,259
Financial Assets Measured at Amortized Cost	6,686,443	310,959	6,015,854	308,376
Total	7,880,032	445,685	7,314,835	458,465

As stated in Note VII of Section Three, the Parent Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include CPI-indexed bonds. These securities are valued and accounted for using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these securities are created according to the CPI of two months ago. The Parent Bank determines the estimated inflation rate in parallel with this. The estimated inflation rate used is updated during the year when deemed necessary. In this context, as of 30 September 2023, the valuation of the mentioned assets was made according to an annual inflation forecast of 55%. In case the CPI forecast increases or decreases by 5%, the profit for the period before tax as of 30 September 2023 will increase by approximately 519 million TL (full TL) or decrease by the same amount.

d) Interest income on subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

2. Explanations on Interest Expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of the Republic of Türkiye	-	-	-	-
Domestic Banks	2,563,182	3,797	386,290	3,370
Foreign Banks	117,418	1,834,392	21,060	721,198
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	2,680,600	1,838,189	407,350	724,568

(*) Includes fees and commission expenses related to cash loans amounting to TL 81,243 (30 September 2022: TL 18,828).

b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	857,900	-	228,955	-
Total	857,900	-	228,955	-

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

Current Period:	Time Deposit							Acc. Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TL									
Bank Deposits	-	154,011	-	-	-	-	-	154,011	
Saving Deposits	35	3,066,160	10,096,832	196,978	43,437	247,283	-	13,650,725	
Public Sector Deposits	-	12,966	182,088	3,837	-	-	-	198,891	
Commercial Deposits	-	1,092,481	2,451,135	162,439	37,828	296,519	-	4,040,402	
Other Deposits	-	10,211	118,896	6,549	2	914	-	136,572	
7 Day Call Accounts	-	-	-	-	-	-	-	-	
Total	35	4,335,829	12,848,951	369,803	81,267	544,716	-	18,180,601	
FC									
Foreign Currency Deposits	-	7,180	235,493	14,690	1,629	357	-	259,349	
Bank Deposits	-	344	-	-	-	-	-	344	
7 Day Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	23	3,637	214	-	-	-	3,874	
Total	-	7,547	239,130	14,904	1,629	357	-	263,567	
Grand Total	35	4,343,376	13,088,081	384,707	82,896	545,073	-	18,444,168	

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

2. Explanations on Interest Expenses (continued)

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

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

3. Information on trading profit/loss:

	Current Period	Prior Period
Profit	180,483,104	140,599,596
Profit on Capital Market Operations	1,792,478	344,254
Profit on Derivative Financial Instruments ⁽¹⁾	80,726,795	30,603,593
Foreign Exchange Profit	97,963,831	109,651,749
Loss (-)	170,713,611	139,890,174
Losses on Capital Market Operations	339,713	440,946
Losses on Derivative Financial Instruments ⁽¹⁾	80,888,355	33,585,417
Foreign Exchange Losses	89,485,543	105,863,811

⁽¹⁾ Includes exchange rate fluctuations of hedging transactions net loss of TL 2,285,829 (30 September 2022: TL 481,932 loss), derivative financial instruments exchange rate changes in profit accounts amounting to TL 254,943 (30 September 2022: TL 740,355 profit) net exchange profit.

4. Information on other operating income:

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

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

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

	Current Period	Prior Period
Expected Credit Losses	538,539	720,388
12-Month Expected Credit Losses (Stage 1)	(194,661)	355,922
Significant Increase in Credit Risk (Stage 2)	582,715	959
Credit-Impaired (Stage 3)	150,485	363,507
Impairment Provisions on 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	253,149	(101)
Total	791,688	720,287

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

6. Information on other operating expenses:

	Current Period	Prior Period
Reserve For Employment Termination Benefits ⁽¹⁾	169,805	78,691
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	353,743	240,335
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Depreciation Expenses of Intangible Assets	136,344	69,827
Impairment for Investments Accounted With Equity Method	-	-
Impairment Expenses of Assets to be Disposed	1,071	1,546
Depreciation Expenses of Assets to be Disposed	-	-
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	3,244,659	1,462,981
Leasing Expenses on TFRS 16 Exceptions	68,972	49,871
Maintenance and Repair Expenses	97,501	46,628
Advertisement Expenses	52,656	111,260
Other Expenses ⁽³⁾	3,025,530	1,255,222
Loss on Sales of Assets	1,132	3,618
Other ⁽²⁾	1,083,474	598,219
Total	4,990,228	2,455,217

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

⁽²⁾ Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 434,562 (30 September 2022: TL 256,961) and other taxes and fees paid in the amount of TL 360,591 (30 September 2022: TL 198,200).

⁽³⁾ It includes a cash donation of TL 193,475 made to the Republic of Türkiye 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 30 September 2023, the current tax expense from continued operations is TL 3,773,912 (30 September 2022: TL 3,886,321 expense) and net deferred tax expense is TL 92,780 (30 September 2022: TL 1,218,233 income), and there is no current and deferred tax income/expense from discontinued operations (30 September 2022: None).
- b) Deferred tax expense on temporary differences resulted from continued operations is TL 92,780 (30 September 2022: TL 1,218,233 net deferred tax income).
- c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	14,847,758	11,192,023
Additions	103,211	44,688
Nonallowable expenses	103,211	44,688
Deductions	(558,675)	(70,511)
Dividend income	(11,039)	(5,250)
Other	(547,636)	(65,261)
Taxable Profit/ (Loss)	14,392,294	11,166,200
Corporate tax rate	%30	%25
Effect of different tax rate	(353,548)	(123,317)
Tax Calculated	3,964,140	2,668,233
Prior year tax correction	(97,448)	(145)
Tax expense	3,866,692	2,668,088

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NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (30 September 2022: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (30 September 2022: None).
- c) Profit/loss attributable to minority interest:

	Current Period	Prior Period
Minority interest profit/loss	32,157	9,276

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

	Current Period	Prior Period
Other interest income		
Interest received from factoring transactions	1,454,858	659,691
Other	136,759	50,369
Total	1,591,617	710,060

	Current Period	Prior Period
Other fees and commissions received		
Card fee and commissions	3,005,654	1,720,577
Insurance commissions	494,282	243,583
Brokerage commissions	450,596	203,055
Fund management fees	344,158	138,336
Transfer commissions	287,905	125,903
General limit revision commissions	153,788	107,336
Settlement expense provision, eft, swift, agency commissions	140,082	50,278
Consultancy commissions	55,708	10,130
Early closing commissions	22,624	25,734
Other	735,072	176,718
Total	5,689,869	2,801,650

Other fees and commissions given		
Credit card commissions and fees	1,987,901	1,106,330
Commissions and fees paid to correspondent banks	274,728	130,710
Settlement expense provision, eft, swift, agency commissions	94,686	41,093
Other	329,243	132,297
Total	2,686,558	1,410,430

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

Balance sheet items of previous periods are presented as of 31 December 2022 and income/expense items of previous periods are presented as of 30 September 2022.

a) Current Period:

Risk Group Involving the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of the Period	-	-	295,698	1,118,603	1,317,029	93,918
Balance at End of the Period	-	-	386,406	1,117,105	1,249,222	132,841
Interest and Commission Income	-	-	25,407	1,500	108,243	1,237

Direct and indirect shareholders of the Group balance above includes TL 386,406 and other entities included in the risk group balance above includes TL 216,763 placement in “Banks”.

b) Prior Period:

Risk Group Involving the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of the Period	-	-	238,949	389,230	1,775,528	129,424
Balance at End of the Period	-	-	295,698	1,118,603	1,317,029	93,918
Interest and Commission Income	-	-	1,792	2,509	99,392	330

Direct and indirect shareholders of the Group balance above includes TL 295,698 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 Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at Beginning of Period	-	-	5,686,882	4,577,873	1,332,483	1,263,224
Balance at End of Period	-	-	5,753,766	5,686,882	2,102,497	1,332,483
Deposit Interest Expense	-	-	451,668	151,397	133,132	143,194

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

Risk Group Involving the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	58,227,206	36,494,649	2,322,171	729,855
End of the Period	-	-	79,758,532	58,227,206	1,779,640	2,322,171
Total Profit/Loss	-	-	426,505	(1,143,165)	(34,617)	(18,298)
Hedging Transactions Purposes						
Beginning of Period	-	-	16,690,868	9,575,676	-	-
End of the Period	-	-	14,246,466	16,690,868	-	-
Total Profit/Loss	-	-	108,831	1,314,111	-	-

d) As of 30 September 2023, the total amount of remuneration and benefits provided for the senior management of the Group is TL 190,816 (30 September 2022: TL 107,393).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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VI. Explanations and Disclosures Related to Subsequent Events

- i) With the Board of Directors decision dated 5 October 2023 and numbered 6865/131, it was decided to provide a Syndicated Loan up to 367 days in Euro, US Dollar and Chinese Yuan and to authorize the General Management to carry out the necessary transactions.
- ii) The Board of Directors of the Bank has decided to exercise the early redemption option on December 27, 2023 for the subordinated bond (Tier II Capital) issued by the Bank on 27 June 2018 amounting to EURO 125 million with a maturity of 10 years and an early redemption option at the end of 5 years, provided that the necessary permissions for the exercise of the early redemption option are obtained.

SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. Explanations on the Independent Auditor’s Review Report

The consolidated financial statements of the Group were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 26 October 2023 is presented preceding the financial statements.

II. Other Notes and Explanations Prepared by the Independent Auditors

None.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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

Dear stakeholders,

Global economic activity, which grew above expectations in the first two quarters of the year, started to slow down in the third quarter. The significant decline in manufacturing activity in the Eurozone and the USA also negatively affected developing countries. While global manufacturing activity lost momentum, the service sector kept growing in the same period.

The US Federal Reserve (FED) kept the policy rate unchanged at 5.5% at its September meeting. Thus, the FED did not increase interest rates for the first time since June 2022. The FED also updated its macroeconomic expectations. Accordingly, the US economy is expected to grow by 2.1% in 2023, 1.5% in 2024 and 1.8% in 2025. FED's policy rate expectation for the end of 2024 was announced as 5.1% and 3.9% for 2025.

The European Central Bank (ECB) increased the policy rate by 25 basis points to 4.5% at its September meeting. The ECB raised inflation expectations for the next two years. While the 2023 Eurozone inflation expectation increased from 5.4% to 5.6%, the 2024 inflation expectation was increased from 3% to 3.2%.

The Turkish economy continued its growth momentum in the second quarter. After the earthquake disaster in the first quarter, the economy recovered quickly and recorded a growth of 3.8% in the second quarter. While the net export dragged down growth, domestic demand made a high contribution to growth. The sectors that recorded the highest growth in the second quarter were the services and construction sectors.

Consumer inflation started to trend upward in the third quarter of the year. The new tax regulations in July and the depreciation in the exchange rate created upward pressure on inflation. Inflation, which dropped to 38.2% annually at the end of June, rose to 61.5% as of September.

The Central Bank of the Republic of Turkey (CBRT) increased the policy rate by 500 basis points at its September meeting. Thus, the CBRT increased the policy rate from 8.5% to 30% by increasing the interest rate in four consecutive meetings. The CBRT emphasized that it will continue monetary tightening steps until the inflation outlook and expectations improve.

According to the data of the Ministry of Commerce, in the January-September period, our exports decreased by 0.3% compared to the same period of the previous year, while our imports increased by 1.3%. In the first nine months of 2023, total exports reached USD 187.5 billion, imports reached USD 274.8 billion, and the foreign trade deficit reached USD 87.3 billion.

Medium Term Program (MTP) covering the years 2024-2026 was published in the Official Gazette. According to the program, the growth expectation for 2023 was 4.4%, while the growth estimate for 2024 was announced as 4%. It was estimated that inflation would be 65% at the end of 2023 and 33% at the end of 2024. It was predicted that the current account deficit would be USD 42.5 billion (4% of GDP) and the budget deficit would be TRY 1.6 trillion (6.4% of GDP) in 2023.

The World Bank increased its year-end growth forecast for Turkey again in its latest report. The growth expectation for 2023, which was previously predicted to be 3.2%, was updated to 4.2%. The report stated that the Turkish economy grew beyond expectations, thanks to the strong domestic demand and the impact of public expenditures. It was mentioned that normalization steps in monetary policy will alleviate the pressure on foreign exchange reserves by increasing portfolio inflows.

The effects of tightening financial conditions on global economic activity and the effectiveness of monetary and fiscal policies on the Turkish side will continue to be decisive on growth.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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

Chairman of Board of Director’s Message (continued)

Our Bank, which started its activities under the name of Kocaeli Halk Bankası in the first years of the Republic, has been working for our country for 96 years since its establishment. As we celebrate the 100th anniversary of our Republic with pride and gratitude, we will continue to work in every field and fulfill our responsibilities in the new century of our Republic, as we have done so far, to carry our country to a better future.

Kind Regards,

Dr. Akın AKBAYGİL

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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

Türk Ekonomi Bankası (TEB) announced its consolidated financial results for the third quarter of 2023. As of 30 September 2023, TEB's consolidated total assets were TL 367 billion, while its consolidated net profit was TL 10,981 million. TEB's consolidated loans, which are the most important indicator of the support it provides to the economy and its customers, constituted 50.8 percent of its total assets. Prioritizing risk management and asset quality, TEB's consolidated total loans amounted to TL 186.6 billion in the third quarter of the year, while its consolidated total deposits reached TL 245 billion in the same period. The consolidated equity capital of TEB, which achieved stable growth with its strong capital structure and maintained its profitability in a sustainable manner in 2023, was TL 35.6 billion, while its consolidated capital adequacy ratio was 19.07 percent, well above the target ratio of 12 percent.

TEB, which prioritizes savings regarding deposits, continued to encourage its customers with savings to save in TL deposits. While it ensured the growth of term deposits by offering advantageous interest rates to savers in the third quarter of the year with the attractive campaigns it offered with the TL Marifetli Account, the increase in the bank's digital customer acquisition continued.

Meeting the daily banking needs of its customers 24/7 without interruption with the CEPTETEB Mobile Application and Internet Branch, TEB continued to make life easier for its users by adding new payment transactions that can be made through digital channels.

In order to offer more financial flexibility to its customers, the Bank incorporated the Open Banking application into CEPTETEB Mobile, CEPTETEB Internet Branch, CEPTETEB İŞTE Mobile and Corporate Internet Branch, enabling customers to view information about their accounts at other banks and make money transfer transactions if they add other bank accounts.

TEB started to prepare various banking product and service APIs within the scope of third-party collaborations established with APIs under Open Banking and Service Model Banking. Working with key players in the financial ecosystem to identify new business models, TEB aims to offer value-added services that enable end-users to directly access their financial needs from their environment.

TEB is aware of its responsibilities for a sustainable world and develops an effective and systematic environmental management approach to minimize the environmental impact of its banking activities. Accordingly, TEB launched various campaigns in the third quarter of the year under four headings: mobility, circular economy, environment and well-being.

Since 2012, TEB has been providing financial literacy training to individuals through the TEB Family Academy. In 2023, TEB further expanded its sphere of influence by providing training to more than 15 thousand employees of nearly 30 organizations from 10 different sectors. Within the scope of cooperation with the Ministry of National Education (MONE), more than 20 thousand teachers completed digital financial literacy trainings through the Teacher Training and Development Platform (ÖBA).

The scope of the training offered under the roof of TEB Family Academy was further developed, and as of September, in addition to financial literacy training, "Environmental Law Literacy" and "Climate Literacy" trainings were prepared in cooperation with UNICEF. With climate literacy training, it is aimed to provide individuals with information about climate and its financial impacts, while also raising awareness about sustainability. The training, which is initially offered to new employees at TEB, is aimed to be delivered to large segments of society, especially children and young people, in the coming period.

TEB continued its efforts to strengthen the presence of women business owners and entrepreneurs in the business world for sustainable economic growth with Women's Banking. In the third quarter of 2023, the volume of cash loans extended by TEB to women business owners increased by approximately 60 percent compared to the end of last year. With nearly 95 thousand female-owned customers, TEB's Women's Banking provided approximately TL 4 billion in cash loan support to women entrepreneurs in the first nine months. TEB, which provided special support to women entrepreneurs in the earthquake region by making the funds provided by EBRD TurWIB 2 available to women entrepreneurs in the earthquake region, continues to support women business owners with different financing models.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 (continued)

TEB signed a cooperation with the Turkish Mercantile Exchange (TMEX) to facilitate access to finance for all stakeholders in the agricultural sector, especially farmers. Within the scope of the cooperation, TEB provides financing support to producers, traders and industrialists through TMEX in exchange for the Electronic Warehouse Receipts (EWR) they own, while offering EWR buying and selling opportunities to its customers who want to make individual investments from their bank accounts.

TEB Venture Banking continued its support for technology companies in the third quarter of the year. At the TIM-TEB Venture House 2023 Demo Day event, attended by many investors and corporate company representatives from the startup ecosystem, Venture House entrepreneurs came together with investors and explained their business ideas. Representatives of 19 corporate companies supported by the Turkish Exporters Assembly (TİM) InoSuit Program met with 25 Startup House entrepreneurs in Istanbul as part of the Start Up To Corporate program.

While supporting the sustainability transformation of its customers, TEB Corporate and Corporate Investment Banking continued its efforts to provide training and awareness raising as well as the financing opportunities they may need in their transformation processes. Within the scope of the credit protocol signed with the Turkish Exporters Assembly (TIM) in September and opened to the use of exporter companies in line with the goal of contributing to our country's economy, 37 million dollars of credit was utilized in a short period of time. Continuing to effectively mediate its customers' access to EXIM and CBRT-sourced credits, TEB's use of CBRT rediscount credits reached TL 1.9 billion in 2023.

TEB won the gold award by coming first in the "Customer at the Center of Everything" category at the Turkey Customer Experience Awards, which has been held for six years in the field of Customer Experience and attended by leading institutions from different sectors.

TEB Private Banking received the "Most Innovative Private Banking" award at the International Finance Awards 2023 organized by International Finance magazine, one of the UK's leading finance and business analysis publications.

TEB received the "Honorable Mention" award from the Global SME Finance Forum for its project realized in cooperation with agricultural unions and fintech.

As a bank that has been working to make our Republic move forward for 96 years, we are proudly celebrating the 100th anniversary of our Republic.

Kind Regards,
Ümit LEBLEBİCİ

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B. Share Capital and Shareholding Structure

As of 30 September 2023;

Name of Shareholders-Title	TL 2,204,390,000.00 Paid-in Capital	
	Share	Rate
TEB Holding A.Ş.	1,212,414,500.002	55.0000%
BNPP Yatırımlar Holding A.Ş.	518,342,498.520	23.5141%
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879,148.835	21.2249%
BNP Paribas SA	5,253,352.000	0.2383%
Kocaeli Ticaret Odası	500,500.643	0.0227%
Grand Total	2,204,390,000	100.00%

C. Management and Corporate Governance Practices

The Chairman and the Members of Board of Directors

Name	Title
Dr. Akın Akbaygil	Chairman of the Board of Directors
François Andre Jesualdo Benaroya	Deputy Chairman of the Board of Directors
Patrick Philippe Poupon	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, Member of Audit Committee
Metin Toğay	Member of the Board of Directors
Didier Albert N. Van Hecke	Member of the Board of Directors, Member of Audit Committee
Ümit Leblebici	Chief Executive Officer and the Executive Member

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

As of 30 September 2023, the Board of Directors have accepted 129 resolutions and Audit Committee 46 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
Ali İhsan Arıdaşır	Assistant General Manager Responsible for SME Loans
Melis Coşan Baban	Head of Legal Affairs, Secretary of the Board of Directors
Ali Gökhan Cengiz	Assistant General Manager, SME Banking
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Mustafa Aşkın Dolaştır	Assistant General Manager, Financial Affairs Group
Osman Durmuş	Assistant General Manager Responsible for Retail and Business Loans
Orhan Hatipoğlu	Assistant General Manager, Banking Operations and Support Services
Çiğdem Ünsal	Assistant General Manager, Human Resources
Dr. Tuğrul Özbakan	Assistant General Manager, Treasury & ALM
Akil Özçay	Assistant General Manager, Financial Markets
Gökhan Özdil	Assistant General Manager, Corporate Loans
Ömer Abidin Yenidoğan	Assistant General Manager, Corporate and Corporate Investment Banking Group
Nimet Elif Kocaayan	Chief Risk Officer
Hakan Tıraşın	Head of Internal Audit
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 during 1 January – 30 September 2023:

There have been no changes to the main contract during the period of 1 January – 30 September 2023.

Significant Events and Transaction in the Current Period:

None.

Summary of Financial Information:

(million TL)	30 September 2023 Consolidated Financial Statements	31 December 2022 Consolidated Financial Statements
Loans, Net	189,166	151,922
Loans (*)	192,524	154,341
Non-Performing Loans	2,517	2,692
Provision for Expected Losses	(5,875)	(5,111)
Total Assets	367,502	283,536
Deposits	244,956	200,350
Shareholder’s Equity	35,626	26,144
Net Profit (Prior Period 30 September 2022)	10,981	8,524

(*) Includes factoring receivables.

Summary of Financial Ratios:

	30 September 2023 Consolidated Financial Statements	31 December 2022 Consolidated Financial Statements
Loans / Total Assets	51.47%	53.58%
Deposits / Total Assets	66.65%	70.66%
Return on Equity (Prior Period 30 September 2022)	48.06%	62.28%
NPL Ratio	1.29%	1.71%
Capital Adequacy Ratio	19.07%	18.26%
Coverage Ratio	73.39%	72.46%

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 (*)

In terms of the ratings given by the institutions rating banks in Turkey, our Parent Bank continues to be one of the banks with the highest rating. As of 30 September 2023, TEB’s ratings were 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:

<i>Foreign Currency Commitments</i>	
Long-Term	B-
Short-Term	B
Outlook	Stable
<i>Turkish Lira</i>	
Long-Term	B
Short-Term	B
Outlook	Stable
National	AA (tur)
Outlook	Stable
Financial Capacity	b-
Shareholder Support Rating	b-

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

F. Donations

The Bank has donated TL 686,000 with 78 items to the several agencies and institutions during the period of 1 January 2023 – 30 September 2023.