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

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

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

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

# REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

*Introduction*

We have reviewed the accompanying consolidated statement of financial position of Türk Ekonomi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 September 2021 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the 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 2021, 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:*

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying consolidated interim financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying consolidated financial statements. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the consolidated interim financial statements and IFRS.

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

Yaman Polat
Partner

Istanbul, 27 October 2021

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

# CONSOLIDATED INTERIM FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş. AS OF AND FOR THE NINE - MONTH PERIOD ENDED 30 SEPTEMBER 2021


| | |
|---|---|
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The consolidated interim 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 Footnotes on Consolidated Interim Financial Statements
- Auditor's Review Report
- Interim Activity Report

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

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

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

| Yavuz Canevi | Nicolas de Baudinet de Courcelles | Ayşe Aşardağ | Ümit Leblebici | M. Aşkın Dolaştır | Kamer Kıdıl |
|---|---|---|---|---|---|
| Chairman of the Board of Directors | Chairman of the Audit Committee | Vice Chairman of the Audit Committee | Chief Executive Officer | Assistant General Manager Responsible of Financial Reporting | Director Responsible of Financial Reporting |

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


Name-Surname/Title : Aslıhan Kaya / External Reporting Manager
Tel No : (0216) 635 24 51
Fax No : (0216) 636 36 36

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

# SECTION ONE

# GENERAL INFORMATION

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

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

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

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

| | **30 September 2021** | | **31 December 2020** | |
|---|---|---|---|---|
| **Name of shareholders** | **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 2021, the Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

## III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess

| Name | Title | Education |
|---|---|---|
| **Board of Directors;** | | |
| Yavuz Canevi | Chairman of the Board of Directors | Master |
| Dr.Akın Akbaygil | Deputy Chairman of the Board of Directors | PhD |
| François Andre Jesualdo Benaroya | Deputy Chairman of the Board of Directors | University |
| Ayşe Aşardağ | Member of the Board of Directors and Vice Chairman of the Audit Committee | University |
| Yvan L.A.M De Cock | Member of the Board of Directors and Audit Committee | University |
| Sabri Davaz | Member of the Board of Directors and Audit Committee | Master |
| Sandrine Ferdane | Member of the Board of Directors | University |
| Xavier Henri Jean Guilmineau | Member of the Board of Directors | Master |
| Özden Odabaşı | Member of the Board of Directors | Master |
| Hans Wilfried J. Broucke | Member of the Board of Directors | Master |
| Nicolas de Baudinet de Courcelles | Member of the Board of Directors and Chairman of the Audit Committee | University |
| Ümit Leblebici | Chief Executive Officer and the Executive Member | Master |
| **Assistant General Managers;** | | |
| Gökhan Mendi | Senior Assistant General Manager Responsible from Retail and Private Banking Group | Master |
| Ali İhsan Arıdaşır | Assistant General Manager Responsible from SME Loans | University |
| Melis Coşan Baban | Chief Legal Advisor and Secretary of the Board of Directors | Master |
| Ali Gökhan Cengiz | Assistant General Manager Responsible from SME Banking | Master |
| Mehmet Ali Cer | Assistant General Manager Responsible from Information Technologies | Master |
| Mustafa Aşkın Dolaştır | Assistant General Manager Responsible from Financial Affairs Group | Master |
| Osman Durmuş | Assistant General Manager Responsible from Retail and Small Business Credit Group | University |
| Orhan Hatipoğlu | Assistant General Manager of Banking Operations and Support Services Group | University |
| Gülümser Özgün Henden | Assistant General Manager Responsible from Corporate Banking Group | University |
| Bade Sipahioğlu Işık | Assistant General Manager Responsible from Human Resources Group | Master |
| Dr.Tuğrul Özbakan | Assistant General Manager Responsible from Asset Liability Management and Treasury Group | PhD |
| Akil Özçay | Assistant General Manager Responsible from 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 have the status of Assistant General Manager.

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

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

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

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

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

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

The Parent Bank's operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 30 September 2021, the Parent Bank has 452 local branches and 4 foreign branches (31 December 2020: 451 local branches, 4 foreign branches). As of 30 September 2021, the number of employees of the Group is 8,909 (31 December 2020: 9,129).

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

There is no difference for the Bank between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

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

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

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

None.

# SECTION TWO

## CONSOLIDATED FINANCIAL STATEMENTS

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

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

| | ASSETS | | Reviewed Current Period 30.09.2021 | | | Audited Prior Period 31.12.2020 | | |
|---|---|---|---|---|---|---|---|---|
| | | Section 5 Note | TL | FC | Total | TL | FC | Total |
| **I.** | **FINANCIAL ASSETS (Net)** | | **13,772,360** | **27,830,473** | **41,602,833** | **20,312,342** | **23,955,693** | **44,268,035** |
| **1.1** | **Cash and Cash Equivalents** | | **5,312,276** | **23,875,601** | **29,187,877** | **11,584,929** | **19,549,690** | **31,134,619** |
| 1.1.1 | Cash and Balances with Central Bank | (I-1) | 5,177,347 | 19,167,410 | 24,344,757 | 3,431,921 | 13,519,382 | 16,951,303 |
| 1.1.2 | Banks | (I-4) | 104,890 | 4,726,216 | 4,831,106 | 1,974,393 | 6,042,448 | 8,016,841 |
| 1.1.3 | Money Markets | | 32,236 | - | 32,236 | 6,180,886 | - | 6,180,886 |
| 1.1.4 | Expected Loss Provision (-) | | 2,197 | 18,025 | 20,222 | 2,271 | 12,140 | 14,411 |
| **1.2** | **Financial Assets at Fair Value Through Profit or Loss** | | **1,106,186** | **605,798** | **1,711,984** | **511,090** | **1,119,802** | **1,630,892** |
| 1.2.1 | Government Debt Securities | (I-2) | 1,053,226 | 438,704 | 1,491,930 | 463,550 | 984,266 | 1,447,816 |
| 1.2.2 | Equity Securities | | 52,960 | 91,939 | 144,899 | 47,540 | 75,378 | 122,918 |
| 1.2.3 | Other Financial Assets | | - | 75,155 | 75,155 | - | 60,158 | 60,158 |
| **1.3** | **Financial Assets at Fair Value Through Other Comprehensive Income** | **(I-5)** | **5,353,163** | **3,163,845** | **8,517,008** | **5,629,411** | **3,022,986** | **8,652,397** |
| 1.3.1 | Government Debt Securities | | 5,340,474 | 3,163,845 | 8,504,319 | 5,618,530 | 3,022,986 | 8,641,516 |
| 1.3.2 | Equity Securities | | 12,689 | - | 12,689 | 10,881 | - | 10,881 |
| 1.3.3 | Other Financial Assets | | - | - | - | - | - | - |
| **1.4** | **Derivative Financial Assets** | | **2,000,735** | **185,229** | **2,185,964** | **2,586,912** | **263,215** | **2,850,127** |
| 1.4.1 | Derivative Financial Assets at Fair Value Through Profit and Loss | (I-3) | 1,211,404 | 185,229 | 1,396,633 | 1,936,770 | 263,215 | 2,199,985 |
| 1.4.2 | Derivative Financial Assets at Fair Value Through Other Comprehensive Income | (I-12) | 789,331 | - | 789,331 | 650,142 | - | 650,142 |
| **II.** | **FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)** | | **84,286,480** | **22,424,457** | **106,710,937** | **77,577,144** | **16,143,819** | **93,720,963** |
| **2.1** | **Loans** | **(I-6)** | **74,377,947** | **18,036,608** | **92,414,555** | **69,418,968** | **13,342,867** | **82,761,835** |
| **2.2** | **Lease Receivables** | **(I-11)** | - | - | - | - | - | - |
| **2.3** | **Factoring Receivables** | **(I-15)** | **2,122,983** | **1,705,809** | **3,828,792** | **1,548,931** | **955,007** | **2,503,938** |
| **2.4** | **Other Financial Assets Measured at Amortized Cost** | **(I-7)** | **10,988,154** | **3,136,366** | **14,124,520** | **10,197,854** | **2,325,087** | **12,522,941** |
| 2.4.1 | Government Debt Securities | | 10,988,154 | 3,136,366 | 14,124,520 | 10,197,854 | 2,325,087 | 12,522,941 |
| 2.4.2 | Other Financial Assets | | - | - | - | - | - | - |
| **2.5** | **Expected Credit Loss (-)** | | **3,202,604** | **454,326** | **3,656,930** | **3,588,609** | **479,142** | **4,067,751** |
| **III.** | **PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)** | **(I-14)** | **102,665** | **-** | **102,665** | **112,859** | **-** | **112,859** |
| 3.1 | Held for Sale Purpose | | 102,665 | - | 102,665 | 112,859 | - | 112,859 |
| 3.2 | Related to Discontinued Operations | | - | - | - | - | - | - |
| **IV.** | **EQUITY INVESTMENTS** | | **55** | **-** | **55** | **55** | **-** | **55** |
| **4.1** | **Investments in Associates (Net)** | **(I-8)** | - | - | - | - | - | - |
| 4.1.1 | Associates Valued Based on Equity Method | | - | - | - | - | - | - |
| 4.1.2 | Unconsolidated Associates | | - | - | - | - | - | - |
| **4.2** | **Subsidiaries (Net)** | **(I-9)** | **50** | **-** | **50** | **50** | **-** | **50** |
| 4.2.1 | Unconsolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 4.2.2 | Unconsolidated Non-Financial Subsidiaries | | 50 | - | 50 | 50 | - | 50 |
| **4.3** | **Joint Ventures (Net)** | **(I-10)** | **5** | **-** | **5** | **5** | **-** | **5** |
| 4.3.1 | Joint Ventures Valued Based on Equity Method | | - | - | - | - | - | - |
| 4.3.2 | Unconsolidated Joint Ventures | | 5 | - | 5 | 5 | - | 5 |
| **V.** | **PROPERTY AND EQUIPMENT (Net)** | | **792,800** | **38** | **792,838** | **845,976** | **91** | **846,067** |
| **VI.** | **INTANGIBLE ASSETS(Net)** | | **551,906** | **-** | **551,906** | **572,547** | **-** | **572,547** |
| 6.1 | Goodwill | | 421,124 | - | 421,124 | 421,124 | - | 421,124 |
| 6.2 | Other | | 130,782 | - | 130,782 | 151,423 | - | 151,423 |
| **VII.** | **INVESTMENT PROPERTIES(Net)** | **(I-13)** | - | - | - | - | - | - |
| **VIII.** | **CURRENT TAX ASSET** | | **2,144** | **-** | **2,144** | **19,678** | **-** | **19,678** |
| **IX.** | **DEFERRED TAX ASSET** | | **602,318** | **-** | **602,318** | **651,589** | **-** | **651,589** |
| **X.** | **OTHER ASSETS (Net)** | | **2,719,866** | **396,217** | **3,116,083** | **2,232,039** | **305,935** | **2,537,974** |
| | **TOTAL ASSETS** | | **102,830,594** | **50,651,185** | **153,481,779** | **102,324,229** | **40,405,538** | **142,729,767** |

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

# CONSOLIDATED BALANCE SHEET FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2021

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

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

| | LIABILITIES | | Reviewed Current Period 30.09.2021 | | | Audited Prior Period 31.12.2020 | | |
|---|---|---|---|---|---|---|---|---|
| | | Section 5 Note | TL | FC | Total | TL | FC | Total |
| **I.** | **DEPOSITS** | **(II-1)** | **57,668,892** | **44,432,250** | **102,101,142** | **49,589,731** | **44,152,172** | **93,741,903** |
| **II.** | **FUNDS BORROWED** | **(II-3)** | **2,140,087** | **12,069,030** | **14,209,117** | **1,562,891** | **10,348,393** | **11,911,284** |
| **III.** | **MONEY MARKET FUNDS** | | **4,041,226** | **1,837,025** | **5,878,251** | **4,016,659** | **2,717,468** | **6,734,127** |
| **IV.** | **SECURITIES ISSUED (Net)** | **(II-3)** | **2,598,866** | **-** | **2,598,866** | **4,810,637** | **-** | **4,810,637** |
| 4.1 | Bills | | 2,598,866 | - | 2,598,866 | 4,766,623 | - | 4,766,623 |
| 4.2 | Asset Backed Securities | | - | - | - | - | - | - |
| 4.3 | Bonds | | - | - | - | 44,014 | - | 44,014 |
| **V.** | **FUNDS** | | - | - | - | - | - | - |
| 5.1 | Borrower Funds | | - | - | - | - | - | - |
| 5.2 | Other | | - | - | - | - | - | - |
| **VI.** | **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS** | | - | - | - | - | - | - |
| **VII.** | **DERIVATIVE FINANCIAL LIABILITIES** | | **1,724,815** | **138,787** | **1,863,602** | **3,135,153** | **208,026** | **3,343,179** |
| 7.1 | Derivative Financial Liabilities at Fair Value Through Profit and Loss | (II-2) | 1,394,199 | 132,585 | 1,526,784 | 2,151,316 | 193,125 | 2,344,441 |
| 7.2 | Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | (II-6) | 330,616 | 6,202 | 336,818 | 983,837 | 14,901 | 998,738 |
| **VIII.** | **FACTORING LIABILITIES** | **(II-11)** | **217** | **24,495** | **24,712** | **91** | **8,888** | **8,979** |
| **IX.** | **LEASE LIABILITIES (Net)** | **(II-5)** | **519,523** | **32,963** | **552,486** | **552,899** | **51,975** | **604,874** |
| **X.** | **PROVISIONS** | **(II-7)** | **707,800** | **247,725** | **955,525** | **778,091** | **226,726** | **1,004,817** |
| 10.1 | Restructuring Provisions | | - | - | - | - | - | - |
| 10.2 | Reserve for Employee Benefits | | 492,364 | 35,332 | 527,696 | 505,168 | 29,963 | 535,131 |
| 10.3 | Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 10.4 | Other Provisions | | 215,436 | 212,393 | 427,829 | 272,923 | 196,763 | 469,686 |
| **XI.** | **CURRENT TAX LIABILITY** | **(II-8)** | **273,614** | **-** | **273,614** | **343,527** | **-** | **343,527** |
| **XII.** | **DEFERRED TAX LIABILITY** | | - | - | - | - | - | - |
| **XIII.** | **LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)** | | - | - | - | - | - | - |
| 13.1 | Held For Sale | | - | - | - | - | - | - |
| 13.2 | Held From Discontinued Operations | | - | - | - | - | - | - |
| **XIV.** | **SUBORDINATED DEBT INSTRUMENTS** | | **-** | **4,904,543** | **4,904,543** | **-** | **4,194,951** | **4,194,951** |
| 14.1 | Loans | | - | - | - | - | - | - |
| 14.2 | Other Debt Instruments | | - | 4,904,543 | 4,904,543 | - | 4,194,951 | 4,194,951 |
| **XV.** | **OTHER LIABILITIES** | **(II-4)** | **6,489,947** | **567,363** | **7,057,310** | **4,079,335** | **262,481** | **4,341,816** |
| **XVI.** | **SHAREHOLDERS' EQUITY** | **(II-9)** | **13,108,951** | **(46,340)** | **13,062,611** | **11,640,673** | **49,000** | **11,689,673** |
| 16.1 | Paid-in Capital | | 2,204,390 | - | 2,204,390 | 2,204,390 | - | 2,204,390 |
| 16.2 | Capital Reserves | | 391,226 | - | 391,226 | 391,754 | - | 391,754 |
| 16.2.1 | Share Premiums | | 2,565 | - | 2,565 | 2,565 | - | 2,565 |
| 16.2.2 | Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 | Other Capital Reserves | | 388,661 | - | 388,661 | 389,189 | - | 389,189 |
| 16.3 | Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss | | 68,404 | - | 68,404 | 276,629 | - | 276,629 |
| 16.4 | Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss | | (65,671) | (46,340) | (112,011) | (363,855) | 49,000 | (314,855) |
| 16.5 | Profit Reserves | | 9,336,062 | - | 9,336,062 | 7,843,996 | - | 7,843,996 |
| 16.5.1 | Legal Reserves | | 550,906 | - | 550,906 | 490,587 | - | 490,587 |
| 16.5.2 | Status Reserves | | - | - | - | - | - | - |
| 16.5.3 | Extraordinary Reserves | | 8,478,674 | - | 8,478,674 | 7,161,377 | - | 7,161,377 |
| 16.5.4 | Other Profit Reserves | | 306,482 | - | 306,482 | 192,032 | - | 192,032 |
| 16.6 | Profit or Loss | | 1,159,062 | - | 1,159,062 | 1,272,252 | - | 1,272,252 |
| 16.6.1 | Prior Periods' Profit / Loss | | - | - | - | 9,497 | - | 9,497 |
| 16.6.2 | Current Periods' Profit / Loss | | 1,159,062 | - | 1,159,062 | 1,262,755 | - | 1,262,755 |
| 16.7 | Minority Shares | (II-10) | 15,478 | - | 15,478 | 15,507 | - | 15,507 |
| | **TOTAL LIABILITIES** | | **89,273,938** | **64,207,841** | **153,481,779** | **80,509,687** | **62,220,080** | **142,729,767** |

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

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

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

| | | | Reviewed Current Period 30.09.2021 | | | Audited Prior Period 31.12.2020 | | |
|---|---|---|---|---|---|---|---|---|
| | | Section 5 Note | TL | FC | Total | TL | FC | Total |
| **A.** | **OFF BALANCE SHEET COMMITMENTS (I+II+III)** | | **75,481,537** | **89,434,176** | **164,915,713** | **82,225,686** | **89,376,868** | **171,602,554** |
| **I.** | **GUARANTEES AND WARRANTIES** | **(III-1)** | **7,608,594** | **22,450,663** | **30,059,257** | **7,480,648** | **16,764,598** | **24,245,246** |
| 1.1 | Letters of Guarantee | | 6,462,272 | 9,019,421 | 15,481,693 | 6,051,549 | 8,131,845 | 14,183,394 |
| 1.1.1 | Guarantees Subject to State Tender Law | | 98,294 | 98,463 | 196,757 | 80,715 | 89,820 | 170,535 |
| 1.1.2 | Guarantees Given for Foreign Trade Operations | | 375,985 | 387,280 | 763,265 | 344,482 | 545,346 | 889,828 |
| 1.1.3 | Other Letters of Guarantee | | 5,987,993 | 8,533,678 | 14,521,671 | 5,626,352 | 7,496,679 | 13,123,031 |
| 1.2 | Bank Acceptances | | - | 12,263 | 12,263 | - | 16,573 | 16,573 |
| 1.2.1 | Import Letter of Acceptance | | - | 12,263 | 12,263 | - | 16,573 | 16,573 |
| 1.2.2 | Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3 | Letters of Credit | | - | 9,043,537 | 9,043,537 | - | 5,025,525 | 5,025,525 |
| 1.3.1 | Documentary Letters of Credit | | - | 4,960,472 | 4,960,472 | - | 3,656,589 | 3,656,589 |
| 1.3.2 | Other Letters of Credit | | - | 4,083,065 | 4,083,065 | - | 1,368,936 | 1,368,936 |
| 1.4 | Prefinancing Given as Guarantee | | - | - | - | - | - | - |
| 1.5 | Endorsements | | - | - | - | - | - | - |
| 1.5.1 | Endorsements to the Central Bank of Turkey | | - | - | - | - | - | - |
| 1.5.2 | Other Endorsements | | - | - | - | - | - | - |
| 1.6 | Purchase Guarantees for Securities Issued | | - | - | - | - | - | - |
| 1.7 | Factoring Guarantees | | - | - | - | - | - | - |
| 1.8 | Other Guarantees | | 1,144,375 | 2,906,756 | 4,051,131 | 1,428,395 | 2,548,277 | 3,976,672 |
| 1.9 | Other Collaterals | | 1,947 | 1,468,686 | 1,470,633 | 704 | 1,042,378 | 1,043,082 |
| **II.** | **COMMITMENTS** | **(III-1)** | **20,809,875** | **5,329,193** | **26,139,068** | **17,192,418** | **2,831,971** | **20,024,389** |
| 2.1 | Irrevocable Commitments | | 20,809,875 | 5,329,193 | 26,139,068 | 17,192,418 | 2,831,971 | 20,024,389 |
| 2.1.1 | Asset Purchase Commitments | | 894,659 | 2,766,648 | 3,661,307 | 916,964 | 2,114,054 | 3,031,018 |
| 2.1.2 | Deposit Purchase and Sale Commitments | | - | 166,244 | 166,244 | - | 94,524 | 94,524 |
| 2.1.3 | Share Capital Commitment to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4 | Loan Granting Commitments | | 6,611,150 | 268,745 | 6,879,895 | 5,498,822 | 237,748 | 5,736,570 |
| 2.1.5 | Securities Issuance Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6 | Commitments for Reserve Deposit Requirements | | - | 1,429,622 | 1,429,622 | - | - | - |
| 2.1.7 | Commitments for Cheque Payments | | 2,122,459 | - | 2,122,459 | 1,741,408 | - | 1,741,408 |
| 2.1.8 | Tax and Fund Liabilities from Export Commitments | | 49,434 | - | 49,434 | 47,494 | - | 47,494 |
| 2.1.9 | Commitments for Credit Card Limits | | 11,122,804 | - | 11,122,804 | 8,978,512 | - | 8,978,512 |
| 2.1.10 | Commitments for Credit Cards and Banking Services Promotions | | 6,145 | - | 6,145 | 5,767 | - | 5,767 |
| 2.1.11 | Receivables from Short Sale Commitments on Securities | | - | - | - | | | |
| 2.1.12 | Payables for Short Sale Commitments on Securities | | - | - | - | | | |
| 2.1.13 | Other Irrevocable Commitments | | 3,224 | 697,934 | 701,158 | 3,451 | 385,645 | 389,096 |
| 2.2 | Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1 | Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| 2.2.2 | Other Revocable Commitments | | - | - | - | - | - | - |
| **III.** | **DERIVATIVE FINANCIAL INSTRUMENTS** | | **47,063,068** | **61,654,320** | **108,717,388** | **57,552,620** | **69,780,299** | **127,332,919** |
| 3.1 | Derivative Financial Instruments for Hedging Purposes | | 13,349,500 | 5,228,756 | 18,578,256 | 14,112,081 | 9,895,360 | 24,007,441 |
| 3.1.1 | Fair Value Hedge | | - | - | - | 1,991,418 | 4,258,649 | 6,250,067 |
| 3.1.2 | Cash Flow Hedge | | 13,349,500 | 5,228,756 | 18,578,256 | 12,120,663 | 5,636,711 | 17,757,374 |
| 3.1.3 | Foreign Net Investment Hedges | | - | - | - | - | - | - |
| 3.2 | Held for Trading Transactions | | 33,713,568 | 56,425,564 | 90,139,132 | 43,440,539 | 59,884,939 | 103,325,478 |
| 3.2.1 | Forward Foreign Currency Buy/Sell Transactions | | 6,189,806 | 8,947,794 | 15,137,600 | 6,698,057 | 10,100,110 | 16,798,167 |
| 3.2.1.1 | Forward Foreign Currency Transactions-Buy | | 4,076,563 | 3,577,730 | 7,654,293 | 4,420,031 | 4,234,382 | 8,654,413 |
| 3.2.1.2 | Forward Foreign Currency Transactions-Sell | | 2,113,243 | 5,370,064 | 7,483,307 | 2,278,026 | 5,865,728 | 8,143,754 |
| 3.2.2. | Swap Transactions Related to Foreign Currency and Interest Rates | | 24,856,301 | 39,515,714 | 64,372,015 | 35,101,585 | 43,210,657 | 78,312,242 |
| 3.2.2.1 | Foreign Currency Swap-Buy | | 1,295,443 | 22,291,980 | 23,587,423 | 1,723,908 | 25,735,907 | 27,459,815 |
| 3.2.2.2 | Foreign Currency Swap-Sell | | 15,581,858 | 10,561,050 | 26,142,908 | 20,517,677 | 10,825,732 | 31,343,409 |
| 3.2.2.3 | Interest Rate Swaps-buy | | 3,989,500 | 3,331,342 | 7,320,842 | 6,430,000 | 3,324,509 | 9,754,509 |
| 3.2.2.4 | Interest Rate Swaps-Sell | | 3,989,500 | 3,331,342 | 7,320,842 | 6,430,000 | 3,324,509 | 9,754,509 |
| 3.2.3 | Foreign Currency, Interest Rate and Securities Options | | 2,558,878 | 5,095,699 | 7,654,577 | 1,050,757 | 3,069,974 | 4,120,731 |
| 3.2.3.1 | Foreign Currency Options-Buy | | 1,714,651 | 2,179,676 | 3,894,327 | 729,259 | 1,370,067 | 2,099,326 |
| 3.2.3.2 | Foreign Currency Options-Sell | | 844,227 | 2,916,023 | 3,760,250 | 321,498 | 1,699,907 | 2,021,405 |
| 3.2.3.3 | Interest Rate Options-Buy | | - | - | - | - | - | - |
| 3.2.3.4 | Interest Rate Options-Sell | | - | - | - | - | - | - |
| 3.2.3.5 | Securities Options-Buy | | - | - | - | - | - | - |
| 3.2.3.6 | Securities Options-Sell | | - | - | - | - | - | - |
| 3.2.4 | Foreign Currency Futures | | 108,583 | 207,066 | 315,649 | 590,140 | 543,771 | 1,133,911 |
| 3.2.4.1 | Foreign Currency Futures-Buy | | 12,597 | 194,666 | 207,263 | 2,957 | 541,030 | 543,987 |
| 3.2.4.2 | Foreign Currency Futures-Sell | | 95,986 | 12,400 | 108,386 | 587,183 | 2,741 | 589,924 |
| 3.2.5 | Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1 | Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2 | Interest rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6 | Other | | - | 2,659,291 | 2,659,291 | - | 2,960,427 | 2,960,427 |
| **B.** | **CUSTODY AND PLEDGES RECEIVED (IV+V+VI)** | | **187,840,828** | **51,990,742** | **239,831,570** | **176,730,851** | **44,287,540** | **221,018,391** |
| **IV.** | **ITEMS HELD IN CUSTODY** | | **41,601,879** | **7,008,957** | **48,610,836** | **33,848,445** | **5,782,810** | **39,631,255** |
| 4.1 | Customer Fund and Portfolio Balances | | 6,077,632 | - | 6,077,632 | 4,218,738 | - | 4,218,738 |
| 4.2 | Investment Securities Held In Custody | | 16,417,812 | 5,197,315 | 21,615,127 | 15,992,767 | 4,231,162 | 20,223,929 |
| 4.3 | Cheques Received for Collection | | 18,030,222 | 1,265,863 | 19,296,085 | 12,745,727 | 957,162 | 13,702,889 |
| 4.4 | Commercial Notes Received for Collection | | 768,980 | 93,152 | 862,132 | 544,908 | 81,946 | 626,854 |
| 4.5 | Other assets Received for Collection | | 125 | 452,627 | 452,752 | 125 | 512,540 | 512,665 |
| 4.6 | Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7 | Other Items under Custody | | 307,108 | - | 307,108 | 346,180 | - | 346,180 |
| 4.8 | Custodians | | - | - | - | - | - | - |
| **V.** | **PLEDGES RECEIVED** | | **145,266,715** | **44,728,134** | **189,994,849** | **139,684,038** | **38,119,680** | **177,803,718** |
| 5.1 | Marketable Securities | | 418,979 | 340,551 | 759,530 | 306,697 | 459,121 | 765,818 |
| 5.2 | Guarantee Notes | | 53,288,969 | 30,139,974 | 83,428,943 | 50,620,121 | 25,752,717 | 76,372,838 |
| 5.3 | Commodity | | 167,940 | 130,360 | 298,300 | 142,587 | 108,608 | 251,195 |
| 5.4 | Warranty | | - | - | - | - | - | - |
| 5.5 | Immovables | | 77,630,295 | 10,155,409 | 87,785,704 | 77,966,304 | 8,026,196 | 85,992,500 |
| 5.6 | Other Pledged Items | | 13,760,532 | 3,961,840 | 17,722,372 | 10,648,329 | 3,773,038 | 14,421,367 |
| 5.7 | Pledged Items-Depository | | - | - | - | - | - | - |
| **VI.** | **ACCEPTED BILL, GUARANTEES AND WARRANTIES** | | **972,234** | **253,651** | **1,225,885** | **3,198,368** | **385,050** | **3,583,418** |
| | **TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)** | | **263,322,365** | **141,424,918** | **404,747,283** | **258,956,537** | **133,664,408** | **392,620,945** |

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

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

## III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | INCOME AND EXPENSE ITEMS | Section 5 Note | Reviewed Current Period 01.01-30.09.2021 | Reviewed Prior Period 01.01-30.09.2020 | Reviewed Current Period 01.07-30.09.2021 | Reviewed Prior Period 01.07-30.09.2020 |
|---|---|---|---|---|---|---|
| **I.** | **INTEREST INCOME** | **(IV-1)** | **11,473,768** | **8,250,905** | **4,189,545** | **2,827,005** |
| 1.1 | Interest Income on Loans | | 8,365,853 | 6,444,213 | 3,118,475 | 2,043,316 |
| 1.2 | Interest Income on Reserve Requirements | | 306,441 | 38,026 | 128,611 | 22,658 |
| 1.3 | Interest Income on Banks | | 124,996 | 105,461 | 29,065 | 47,054 |
| 1.4 | Interest Income on Money Market Transactions | | 117,295 | 48,029 | 21,698 | 31,951 |
| 1.5 | Interest Income on Securities Portfolio | | 2,207,557 | 1,476,018 | 764,413 | 637,234 |
| 1.5.1 | Financial Assets at Fair Value Through Profit or Loss | | 153,095 | 146,590 | 43,297 | 51,751 |
| 1.5.2 | Financial Assets at Fair Value Through Other Comprehensive Income | | 551,426 | 583,393 | 184,652 | 235,559 |
| 1.5.3 | Financial Assets Measured at Amortised Cost | | 1,503,036 | 746,035 | 536,464 | 349,924 |
| 1.6 | Financial Lease Income | | - | - | - | - |
| 1.7 | Other Interest Income | | 351,626 | 139,158 | 127,283 | 44,792 |
| **II.** | **INTEREST EXPENSE (-)** | **(IV-2)** | **6,564,045** | **3,563,607** | **2,478,999** | **1,225,013** |
| 2.1 | Interest Expense on Deposits | | 5,343,714 | 2,417,075 | 2,063,528 | 848,395 |
| 2.2 | Interest Expense on Funds Borrowed | | 596,071 | 428,176 | 217,129 | 145,710 |
| 2.3 | Interest Expense on Money Market Transactions | | 162,117 | 200,776 | 48,438 | 49,329 |
| 2.4 | Interest Expense on Securities Issued | | 341,435 | 333,886 | 120,144 | 152,914 |
| 2.5 | Interest Expense on Leases | | 77,645 | 74,207 | 26,809 | 24,318 |
| 2.6 | Other Interest Expenses | | 43,063 | 109,487 | 2,951 | 4,347 |
| **III.** | **NET INTEREST INCOME (I - II)** | | **4,909,723** | **4,687,298** | **1,710,546** | **1,601,992** |
| **IV.** | **NET FEES AND COMMISSIONS INCOME/EXPENSE** | | **1,147,265** | **1,013,636** | **433,179** | **303,497** |
| 4.1 | Fees and Commissions Received | | 1,897,566 | 1,454,531 | 735,865 | 453,553 |
| 4.1.1 | Non-cash Loans | | 227,221 | 190,354 | 80,339 | 65,058 |
| 4.1.2 | Other | (IV-9) | 1,670,345 | 1,264,177 | 655,526 | 388,495 |
| 4.2 | Fees and Commissions Paid (-) | | 750,301 | 440,895 | 302,686 | 150,056 |
| 4.2.1 | Non-cash Loans | | 6,611 | 5,359 | 2,175 | 1,787 |
| 4.2.2 | Other | (IV-9) | 743,690 | 435,536 | 300,511 | 148,269 |
| **V.** | **DIVIDEND INCOME** | | **3,030** | **3,440** | **247** | **205** |
| **VI.** | **TRADING INCOME / LOSS (Net)** | **(IV-3)** | **(1,949,669)** | **(1,104,838)** | **(612,852)** | **(492,456)** |
| 6.1 | Securities Trading Gains / Losses | | 69,716 | (39,811) | (4,828) | (29,953) |
| 6.2 | Gains / Losses on Derivative Financial Instruments | | (1,993,338) | (890,122) | (689,078) | (359,972) |
| 6.3 | Foreign Exchange Gains / Losses | | (26,047) | (174,905) | 81,054 | (102,531) |
| **VII.** | **OTHER OPERATING INCOME** | **(IV-4)** | **149,733** | **86,687** | **50,499** | **30,882** |
| **VIII.** | **GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)** | | **4,260,082** | **4,686,223** | **1,581,619** | **1,444,120** |
| **IX.** | **EXPECTED CREDIT LOSS (-)** | **(IV-5)** | **(226,150)** | **535,317** | **(103,952)** | **39,179** |
| **X.** | **OTHER PROVISION EXPENSES (-)** | **(IV-5)** | **2,322** | **(23,739)** | **(432)** | **1** |
| **XI.** | **PERSONNEL EXPENSE (-)** | | **1,403,004** | **1,251,304** | **467,057** | **419,731** |
| **XII.** | **OTHER OPERATING EXPENSES (-)** | **(IV-6)** | **1,580,529** | **1,367,375** | **548,194** | **476,663** |
| **XIII.** | **NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)** | | **1,500,377** | **1,555,966** | **670,752** | **508,546** |
| **XIV.** | **EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER** | | - | - | - | - |
| **XV.** | **INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUTY METHOD** | | - | - | - | - |
| **XVI.** | **INCOME/LOSS ON NET MONETARY POSITION** | | - | - | - | - |
| **XVII.** | **PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)** | | **1,500,377** | **1,555,966** | **670,752** | **508,546** |
| **XVIII** | **TAX PROVISION FOR CONTINUED OPERATIONS (±)** | **(IV-7)** | **336,137** | **354,638** | **170,796** | **93,954** |
| 18.1 | Current Tax Provision | | 336,019 | 44,317 | 155,880 | (295,934) |
| 18.2 | Deferred Tax Income Effect(+) | | 1,524,157 | 700,180 | 424,645 | 463,044 |
| 18.3 | Deferred Tax Expense Effect(-) | | (1,524,039) | (389,859) | (409,729) | (73,156) |
| **XIX.** | **CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)** | | **1,164,240** | **1,201,328** | **499,956** | **414,592** |
| **XX.** | **INCOME FROM DISCONTINUED OPERATIONS** | | - | - | - | - |
| 20.1 | Income from Non-current Assets Held for Sale | | - | - | - | - |
| 20.2 | Profit from Sales of Associates, Subsidiaries and Joint Ventures | | - | - | - | - |
| 20.3 | Income from Other Discontinued Operations | | - | - | - | - |
| **XXI.** | **EXPENSES FROM DISCONTINUED OPERATIONS (-)** | | - | - | - | - |
| 21.1 | Expenses from Non-current Assets Held for Sale | | - | - | - | - |
| 21.2 | Loss from Sales of Associates, Subsidiaries and Joint Ventures | | - | - | - | - |
| 21.3 | Expenses for Other Discontinued Operations | | - | - | - | - |
| **XXII.** | **PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)** | | - | - | - | - |
| **XXIII** | **TAX PROVISION FOR DISCONTINUED OPERATIONS (±)** | **(IV-7)** | - | - | - | - |
| 23.1 | Current Tax Provision | | - | - | - | - |
| 23.2 | Deferred Tax Expense Effect(+) | | - | - | - | - |
| 23.3 | Deferred Tax Income Effect(-) | | - | - | - | - |
| **XXIV.** | **CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)** | | - | - | - | - |
| **XXV.** | **NET INCOME/LOSS (XIX+XXIV)** | **(IV-8)** | **1,164,240** | **1,201,328** | **499,956** | **414,592** |
| 25.1 | Group's Profit / Loss | | 1,159,062 | 1,197,571 | 497,966 | 413,109 |
| 25.2 | Minority Interest Profit / Loss (-) | | 5,178 | 3,757 | 1,990 | 1,483 |
| | Earnings per Share | | 0.5258 | 0.5433 | 0.2259 | 0.1874 |

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

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

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

| | | Reviewed Current Period 01.01-30.09.2021 | Reviewed Prior Period 01.01-30.09.2020 |
|---|---|---|---|
| **I.** | **CURRENT PERIOD INCOME/LOSS** | **1,164,240** | **1,201,328** |
| **II.** | **OTHER COMPREHENSIVE INCOME** | **213,881** | **356,827** |
| **2.1** | **Other Comprehensive Income that will not be Reclassified through Profit or Loss** | **11,061** | **6,616** |
| 2.1.1 | Gains (losses) on Revaluation of Property, Plant and Equipment | - | - |
| 2.1.2 | Gains (losses) on Revaluation of Intangible Assets | - | - |
| 2.1.3 | Gains (losses) on Remeasurement of Defined Benefit Plans | 11,681 | 7,757 |
| 2.1.4 | Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss | 1,808 | 416 |
| 2.1.5 | Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss | (2,428) | (1,557) |
| **2.2** | **Other Comprehensive Income that will be Reclassified to Profit or Loss** | **202,820** | **350,211** |
| 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 | (86,524) | (281,658) |
| 2.2.3 | Income (loss) related with Cash Flow Hedges | 336,069 | 716,382 |
| 2.2.4 | Income (loss) related with Hedges of Net Investments in Foreign Operations | - | - |
| 2.2.5 | Other Components of Other Comprehensive Income that will be Reclassified through Other Profit or Loss | - | - |
| 2.2.6 | Taxes Relating to Components of Other Comprehensive Income that will be Reclassified through Profit or Loss | (46,725) | (84,513) |
| **III.** | **TOTAL COMPREHENSIVE INCOME (I+II)** | **1,378,121** | **1,558,155** |

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

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

## V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | | | | | Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss | | | Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reviewed | Paid-in Capital | Share Premiums | Share Cancellation Profit | Other Capital Reserves | 1 | 2 | 3 | 4 | 5 | 6 | Profit Reserves | Prior Period Profit or (Loss) | Current Period Profit or (Loss) | Total Equity Except from Minority Shares | Minority Shares | Total Shareholders' Equity |
| | **Prior Period – 01.01-30.09.2020** | | | | | | | | | | | | | | | | |
| I. | **Prior Period End Balance** | **2,204,390** | **2,565** | **-** | **389,189** | **266,122** | **39,999** | **4,743** | **-** | **17,357** | **(886,750)** | **6,728,424** | **1,134,463** | **-** | **9,900,502** | **9,406** | **9,909,908** |
| II. | **Corrections According to TAS 8** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 | The Effect of Corrections of Errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 | The Effects of Changes in Accounting Policy | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. | **New Balance (I+II)** | **2,204,390** | **2,565** | **-** | **389,189** | **266,122** | **39,999** | **4,743** | **-** | **17,357** | **(886,750)** | **6,728,424** | **1,134,463** | **-** | **9,900,502** | **9,406** | **9,909,908** |
| IV. | **Total Comprehensive Income** | - | - | - | - | - | **6,205** | **411** | - | **(219,692)** | **569,907** | - | - | **1,197,571** | **1,554,402** | **3,753** | **1,558,155** |
| V. | **Capital Increase by Cash** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. | **Capital Increase by Internal Sources** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. | **Paid-in Capital Inflation Adjustment Difference** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. | **Convertible Bonds to Shares** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. | **Subordinated Debt Instruments** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. | **Increase/Decrease by Other Changes** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. | **Profit Distribution** | - | - | - | - | **9,394** | - | - | - | - | - | **1,115,572** | **(1,124,966)** | - | - | - | - |
| 11.1 | Dividends Paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.2 | Transfers to Reserves | - | - | - | - | 9,394 | - | - | - | - | - | 1,115,572 | (1,124,966) | - | - | - | - |
| 11.3 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Period-End Balance 30.09.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)** | **2,204,390** | **2,565** | **-** | **389,189** | **275,516** | **46,204** | **5,154** | **-** | **(202,335)** | **(316,843)** | **7,843,996** | **9,497** | **1,197,571** | **11,454,904** | **13,159** | **11,468,063** |
| | **Current Period – 01.01-30.09.2021** | | | | | | | | | | | | | | | | |
| I. | **Prior Period End Balance** | **2,204,390** | **2,565** | **-** | **389,189** | **275,516** | **(4,120)** | **5,233** | **-** | **(88,151)** | **(226,704)** | **7,843,996** | **1,272,252** | **-** | **11,674,166** | **15,507** | **11,689,673** |
| II. | **Corrections According to TAS 8** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 | Effects of Corrections | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 | Effects of the Changes in Accounting Policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. | **Adjusted Beginning Balance (I+II)** | **2,204,390** | **2,565** | **-** | **389,189** | **275,516** | **(4,120)** | **5,233** | **-** | **(88,151)** | **(226,704)** | **7,843,996** | **1,272,252** | **-** | **11,674,166** | **15,507** | **11,689,673** |
| IV. | **Total Comprehensive Income** | - | - | - | - | - | **9,344** | **1,717** | - | **(66,562)** | **269,406** | - | - | **1,159,062** | **1,372,967** | **5,154** | **1,378,121** |
| V. | **Capital Increase by Cash** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. | **Capital Increase by Internal Sources** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. | **Paid-in Capital Inflation Adjustment Difference** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. | **Convertible Bonds to Shares** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. | **Subordinated Debt Instruments** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. | **Increase/Decrease by Other Changes** | - | - | - | **(528)** | **(220,221)** | - | - | - | - | - | **230,246** | **(9,497)** | - | - | - | - |
| XI. | **Profit Distribution** | - | - | - | - | **935** | - | - | - | - | - | **1,261,820** | **(1,262,755)** | - | - | **(5,183)** | **(5,183)** |
| 11.1 | Dividends Paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (5,183) | (5,183) |
| 11.2 | Transfers to Reserves | - | - | - | - | 935 | - | - | - | - | - | 1,261,820 | (1,262,755) | - | - | - | - |
| 11.3 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Period-End Balance 30.09.2021 (III+IV+V+VI+VII+VIII+IX+X+XI)** | **2,204,390** | **2,565** | **-** | **388,661** | **56,230** | **5,224** | **6,950** | **-** | **(154,713)** | **42,702** | **9,336,062** | **-** | **1,159,062** | **13,047,133** | **15,478** | **13,062,611** |

1. Increase/decrease from tangible assets accumulated revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other (Other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and / or classification gains / losses of financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedge gains / losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

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

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

# VI. CONSOLIDATED STATEMENT OF CASH FLOWS

| | | Reviewed Current Period 01.01-30.09.2021 | Reviewed Prior Period 01.01-30.09.2020 |
|---|---|---|---|
| **A.** | **CASH FLOWS FROM BANKING OPERATIONS** | | |
| **1.1** | **Operating profit before changes in operating assets and liabilities** | **2,738,675** | **3,680,551** |
| 1.1.1 | Interest received | 10,641,736 | 8,064,167 |
| 1.1.2 | Interest paid | (6,291,241) | (3,381,295) |
| 1.1.3 | Dividend received | 3,030 | 3,440 |
| 1.1.4 | Fees and commissions received | 1,843,502 | 1,059,812 |
| 1.1.5 | Other income | 219,449 | 86,987 |
| 1.1.6 | Collections from previously written off loans | 826,348 | 1,129,629 |
| 1.1.7 | Payments to personnel and service suppliers | (1,373,813) | (1,251,304) |
| 1.1.8 | Taxes paid | (159,060) | (358,459) |
| 1.1.9 | Others | (2,971,276) | (1,672,426) |
| **1.2** | **Changes in operating assets and liabilities** | **(6,831,693)** | **2,360,897** |
| 1.2.1 | Net (increase) in financial asset at fair value through profit or loss | (85,467) | (987,079) |
| 1.2.2 | Net (increase) in due from banks and other financial institutions | (34,927) | (85,154) |
| 1.2.3 | Net (increase) in loans | (9,278,441) | (8,009,832) |
| 1.2.4 | Net (increase) in other assets | (4,707,029) | (2,317,602) |
| 1.2.5 | Net (decrease) / increase in bank deposits | (5,513,546) | 5,713,103 |
| 1.2.6 | Net increase in other deposits | 7,064,295 | 5,244,773 |
| 1.2.7 | Net increase / (decrease) in financial liabilities at fair value through profit or loss | - | - |
| 1.2.8 | Net increase in funds borrowed | 2,220,707 | 1,270,270 |
| 1.2.9 | Net increase / (decrease) in matured payables | - | - |
| 1.2.10 | Net increase in other liabilities | 3,502,715 | 1,532,418 |
| **I.** | **Net cash provided from banking operations** | **(4,093,018)** | **6,041,448** |
| **B.** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| **II.** | **Net cash provided from investing activities** | **(83,573)** | **(11,557,151)** |
| 2.1 | Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.) | - | (50) |
| 2.2 | Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.) | - | - |
| 2.3 | Cash paid for purchase of tangible assets | (78,864) | (103,288) |
| 2.4 | Cash obtained from sale of tangible assets | 3,452 | 4,004 |
| 2.5 | Cash paid for purchase of financial assets at fair value through other comprehensive income | (3,056,216) | (6,317,562) |
| 2.6 | Cash obtained from sale of financial assets at fair value through other comprehensive income | 3,363,287 | 1,672,887 |
| 2.7 | Cash paid for purchase of financial assets measured at amortised cost | (2,032,496) | (7,592,934) |
| 2.8 | Cash obtained from sale of financial assets measured at amortised cost | 1,758,847 | 807,184 |
| 2.9 | Others | (41,583) | (27,392) |
| **C.** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| **III.** | **Net cash provided from financing activities** | **(2,381,012)** | **3,151,872** |
| 3.1 | Cash obtained from funds borrowed and securities issued | 7,327,941 | 14,631,331 |
| 3.2 | Cash used for repayment of funds borrowed and securities issued | (9,510,077) | (11,295,590) |
| 3.3 | Equity instruments issued | - | - |
| 3.4 | Dividends paid | (5,183) | - |
| 3.5 | Payments for financial leases | (193,693) | (183,869) |
| 3.6 | Others | - | - |
| **IV.** | **Effect of change in foreign exchange rate on cash and cash equivalents** | **913,173** | **1,079,772** |
| **V.** | **Net increase in cash and cash equivalents** | **(5,644,430)** | **(1,284,059)** |
| **VI.** | **Cash and cash equivalents at beginning of the period** | **24,235,224** | **18,210,469** |
| **VII.** | **Cash and cash equivalents at end of the period** | **18,590,794** | **16,926,410** |

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

# SECTION THREE

# ACCOUNTING PRINCIPLES

## I. Basis of Presentation

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

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

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

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

A new type of coronavirus (COVID-19), first emerging in China, has been classified as a pandemic affecting countries globally by the World Health Organization on 11 March 2020. COVID-19 has impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and it still maintains uncertainty about the future. While many countries announce economic and financial programs in order to limit the damage caused by the virus, Turkey also set regulatory fiscal and monetary actions in motion to support the companies and households in such difficult conditions. Additional regulatory measures are continued to be announced to tackle adverse impacts on companies and certain sectors.

The effects of this global pandemic on the Group's financial statements are regularly monitored by the Risk Management as well as The Parent Bank's Management. While preparing the interim financial statements as of 30 September 2021, The Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 30 September 2021, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

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

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

The amendments to TAS/TFRS, effective from 1 January 2021, do not have a significant impact on the Parent Bank's accounting policies, financial position and performance. The amendments to TAS and TFRS, which have been published but not yet entered into force as of the finalization date of the financial statements, will not have a significant impact on the Parent Bank's accounting policies, financial position and performance.

## I. Basis of Presentation (continued)

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

In addition, Benchmark Rate Reform – Phase 2, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting implementations. The impact of the changes on the Parent Bank's financials has been evaluated and it has been concluded that there is no need that requires early application. On the other hand, the process for the Benchmark Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank continues to work within the scope of adaptation to the related changes.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained between notes II and XXV.

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

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

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

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

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

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

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

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

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

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

## III. Information about the Parent Bank and its Consolidated Subsidiaries

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

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

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

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

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

**Explanations on Consolidation Method and Scope**

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

| Commercial Name | Head Office |
|---|---|
| TEB Faktoring | Turkey |
| TEB Yatırım | Turkey |
| TEB Portföy | Turkey |

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

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

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

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

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

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

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

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

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

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

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

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

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

For the valuation of forward foreign currency purchase/sale contracts, swap money transactions, swap interest transactions and cross currency swap transactions using the fair value method, it is essential to determine the cash flows first. Cash movements related to variable interest rates in these products are determined by the current interest rates at the valuation date. The valuation is made by discounting these cash flows to the valuation date with the current interest rates and by converting the foreign currency ones into Turkish Lira at current rates.

Derivative transactions based on interest are valued according to the fair value method as well as the effective interest rate method. While the sum of the valuation amount made for such derivative transactions is shown in a single valuation account in the balance sheet, the amount calculated according to the effective interest method on the income/expense side and the difference amounts calculated according to the fair value method are shown in separate accounts.

The fair value method of option trading contracts are measured using the Black and Scholes model. Premiums of options are accrued on the starting date of maturity. The premium amount calculated on each valuation date constitutes the valuation amount. The premium amount to be paid, calculated within the scope of this model, is recorded as income and the premium amount to be collected as an expense, and the valuation is performed.

**Explanations on derivatives for hedging purposes**

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

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

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

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

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

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

While the Parent Bank accounts the changes in the fair values of the hedged items in the "Other Interest Income" and "Other Interest Expense" accounts, the fair value changes of the hedging instruments corresponding to the same period are accounted for in the "Profit/Loss from Derivative Financial Transactions" account.

However, the differences between the fair values of the hedged items at the starting date of the hedge accounting and their book values are amortized in line with the maturities of the said items and accounted for in the "Other Interest Income" and "Other Interest Expense" accounts.

## V. Explanations on Interest Income and Expenses

Interest is recorded according to the effective interest rate method (rate equalizing future cash flows of financial assets or liabilities to net present value) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. In applying the effective interest method, the Bank identifies fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognised in profit or loss. In those cases, such fees are accounted as revenue or expense when the financial instrument is initially recognised in the financial statements.

When applying the effective interest method, the Parent Bank amortizes the fees, transaction costs and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the financial instrument.

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

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

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

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

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

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

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

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

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

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

## VII. Explanations on Financial Assets

The Group classifies and recognizes its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to the classification and measurement of financial instruments of "TFRS 9 Financial Instruments" standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the first measurement of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to the fair value or deducted from the fair value.

The Parent Bank recognizes a financial asset in the financial statement when, and only when, the Parent Bank becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the settlement date. When the Parent Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

*Financial Assets at Fair Value through Profit or Loss*

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to hold to collect and hold & sell the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit / loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

As of 30 September 2021, the Parent Bank has reviewed the valuation of financial assets at fair value through other comprehensive income due to the negative effects of the COVID-19 outbreak and there is no change that would require an adjustment in the fair value measurement as of the reporting date.

Accounting policies for derivative financial instruments at fair value through profit or loss are explained in note III Chapter IV.

*Financial Assets at Fair Value through Other Comprehensive Income*

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

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

## VII. Explanations on Financial Assets (continued)

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

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

As of 30 September 2021, the Parent Bank has reviewed the valuation of equity instruments at fair value through other comprehensive income due to the adverse effects of the COVID-19 outbreak and there is no change that would require any adjustment in the fair value measurement as of the reporting date.

*Financial Assets Measured at Amortised Cost*

*Financial investments measured at amortised cost:*

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

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

*Loans:*

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

## VIII. Explanations on Impairment of Financial Assets

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

Measurement of the expected credit losses reflects:

-Time value of Money

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

The Parent Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is divided into "three categories" depending on the gradual increase in credit risk observed since their initial recognition:

***Stage 1:***

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

In accordance with the BRSA's decision dated 27 March 2020 and numbered 8970, the Parent Bank continued to classify its loans which delays between 30 and 90 days, effective from 17 March 2020 until 31 December 2020 as Stage 1. The relevant decision was extended until 30 June 2021, based on the BRSA's Decision dated 8 December 2020 and numbered 9312, and then until 30 September 2021, also based on the BRSA's decision dated 17 June 2021 and numbered 9624. It was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 31 days and for loans that do not exceed 90 days, BRSA decided to continue the in the same way as of 1 October 2021.Within the scope of the related decision, the Bank provides a 12 month expected loan loss provision for the loans which have delays between 30 and 90 days and continue to be classified in the Stage.

***Stage 2:***

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

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

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

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

The BRSA has changed the default definition from 90 days to 180 days, to be valid until 31 December 2020, with the first decision taken on 17 March 2020. Based on the BRSA's decision dated 8 December 2020 and numbered 9312, this period was extended until 30 June 2021, and again until 30 September 2021, based on the BRSA's decision dated 17 June 2021 and numbered 9624 and with the BRSA's decision dated 16 September 2021, the practice of increasing the default period definition from 90 days to 180 days and in spite the 90 days default period, the practice of classification under Stage 2 was terminated by 30 September 2021. However, based on the same decision of the BRSA, as of October 1, 2021, the decision will continue for loans which default date is more than 91 days and not exceeding 180 days. After the BRSA decision, the Bank regularly reviews the default probabilities of loans that have a delay of more than 90 days, less than 180 days and continue to be followed in Stage 2, and makes any necessary updates. The effects of these updates are reflected in the financial statements.

For customers with corporate and SME loans that are not subject to individual evaluation, an increased provision for expected loss or a simulated Stage 3 expected credit loss provision has been set, based on how many times the customer has been overdue for more than 90 days in total in June 2020 and after. In other segments, expected credit loss provision was made at Stage 3 level.

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

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

***Stage 3:***

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount. For the related financial assets, the probability of default is taken into account as 100%.

## Expected Credit Loss Calculation

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3-stage impairment model based on the change in credit quality. The Parent Bank uses two different calculations considering 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 is mainly three loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

While the Parent Bank uses the internal credit ratings for commercial portfolios, the internal behavioural scores is used for the retail portfolios. It is determined significant increase in credit risk by comparing the credit ratings/behavioural scores at the origination date and reporting date for both portfolios.

Default Definition: Debts having past due more than 90 days; in addition, the fact that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

In addition, due to COVID-19, the "more than 90 days delay" condition, which was used in the definition of default for the classification of loans, began to be applied as "more than 180 days delay" in accordance with the BRSA decision as of 17 March 2020. This implementation will be valid until 30 September 2021. Consistent with the subjected change, provision has been provided in accordance with the Parent Bank's risk policies.

As of 30 September 2021, considering the possible effects of COVID-19 the data obtained with the principle of best effort were reflected to the estimates and assumptions used in the calculation of expected credit losses with the best estimation method. In light of the related information, the Bank has reconsidered its macroeconomic expectations in the expected credit loss calculation. The Bank has also provided additional provisions through individual assessment for customers which may be considered as highly effected.

The Parent Bank considers different scenarios in the calculation of expected credit loss by evaluating current economic conditions and expert opinions. Accordingly, the macroeconomic value estimates taken into account in the expected loss provision calculation are presented below.

| | **2021** | | | | **2022** | | | | **2023** | | | | **2024** | | | | **2025** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Period(*)** | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| **GDP** | 7.0 | 21.3 | 6.4 | 5.7 | 4.6 | 3.8 | 2.8 | 2.8 | 3.4 | 4.1 | 4.2 | 4.2 | 4.1 | 4.0 | 4.1 | 4.0 | 3.9 | 3.9 | 4.1 | 4.3 |

(*) Represents 3-month periods

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

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

### Expected Credit Loss Calculation (continued)

Probability of Default (PD): PD represents the likelihood of default over a specified time period. Based on the historical data, 1-year PD of a customer is calculated for each portfolio on the basis of credit ratings and behavioural scores. PDs and LGDs used in the ECL calculation are point in time ("PIT") based on key portfolios and consider both current conditions and expected cyclical changes. Two types of probability of default are calculated.

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

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

Internal rating systems are used to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer's financial information and the answers to the qualitative question set. Behavioural score cards used in the retail portfolio include the behavioural data of the customer and the product in the Bank, the demographic information of the customer and the behavioural data of the customer in the sector. The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

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

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

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

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

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

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as "Base", "Adverse" and "Favourable" and the weighted average of the results of this scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product. The Parent Bank periodically reviews the parameters included in the calculation and updates them when necessary.

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

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

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

### Expected Credit Loss Calculation (continued)

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

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

Qualitative assessments:

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

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

In accordance with the BRSA's decision dated 17 March 2020 and numbered 8948, the Bank continued to classify its loans which delay between 90 and 180 days, effective from 17 March 2020 until 31 December 2020, as Stage 2. The relevant decision was extended until 30 June 2021, based on the BRSA's decision dated 8 December 2020 and numbered 9312, and then until 30 September 2021, also based on the BRSA's decision dated 17 June 2021 and numbered 9624. It was terminated pursuant to the decision of the Board of Directors of BRSA dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue the in the same way as of 1 October 2021, within the scope of the related decision.

The customers of which have corporate and SME exposures and not subject to individual assessment, after June 2020. The bank provided additional expected loan loss provision provided based on the how many times past due days over 90 days or simulated stage 3 expected loan loss provision. In other segments, Stage 3 expected loan loss provision has been provided.

Quantitative assessments:

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

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

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

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

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the 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.

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

Securities purchased under repurchase agreements ("reverse repo") are accounted under "Money Market Placements" in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 30 September 2021, the Group does not have reverse repo transaction. (31 December 2020: TL 3,679,810).

As of 30 September 2021, the Group does not have any marketable securities lending transaction (31 December 2020: None).

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

Assets held for sale consist of tangible assets acquired due to non-performing loans and are accounted for in accordance with the provisions of "TFRS 5 Non-current Assets Held for Sale and Discontinued Operations" in the financial statements. An asset (or a group of assets to be disposed) is regarded as "asset held for sale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

As of 30 September 2021, assets held for sale and discontinued operations of the Group are TL 102,665 (31 December 2020: TL 112,859). As per the appraisals performed for the real estates held for sale included "Assets Held for Sale" in the financial statements, TL 2,726 (31 December 2020: TL 5,330) has been reserved as provision for impairment losses.

As of 30 September 2021 the Group has no discontinued operations.

## XII. Explanations on Goodwill and Other Intangible Assets

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

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

Within the framework of TFRS 3 Business Combination, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. In this context, the 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 1,964,348 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.

## XII. Explanations on Goodwill and Other Intangible Assets (continued)

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Parent Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

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

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

## XIII. Explanations on Tangible Fixed Assets

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

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

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

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

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

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

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

## XIV. Explanations on Leasing Transactions

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

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

On 5 June 2020, POA made amendments to TFRS 16 "Leases" by publishing the Concessions Granted in Rent Payments Related to COVID-19 - "Amendments to TFRS 16 Leases". With this change, tenants are exempted from evaluating whether the concessions granted due to COVID-19 in rent payments have been changed or not. The related change did not have a significant impact on the financial position or performance of the Parent Bank.

With the "TFRS 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" (right of use asset) as an asset (tenure) and under "Lease Payables" as a liability.

## XV. Explanations on Provisions and Contingent Liabilities

Provisions are provided for liabilities of uncertain timing or amount arising from past events have the probability to result in an expense or loss in the future and when it can be measured reliably.

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

## XVI. Explanations on Contingent Assets

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

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

## XVII. Explanations on Liabilities Regarding Employee Benefits

In accordance with existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Parent Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 Employee Benefits.

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

Employees transferred to the Parent Bank following the business combination defined in "General Information" of the Parent Bank and Fortis Bank A.Ş. are the members of "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 reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the "Actuary Regulations" issued based on the same article. As of 30 September 2021, the Pension Fund has 1,428 employees and 1,236 pensioners (31 December 2020 1,505 employees and 1,191 pensioners).

Provisional Article 23 (1) of Banking Law No: 5411 (the "Banking Law") published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the "SSI") within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court's ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the "TGNA") initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers' resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers' resolution dated 24 February 2014 issued in the Official Gazette No:28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers' resolution dated 8 April 2013 issued in the Official Gazette No:28636 on 3 May 2013. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2020. Since the Parent Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

## XVIII. Explanations on Taxation

*Corporate tax*

According to Article 32 of the Corporate Tax Law No. 5520 announced in the Official Gazette dated 21 June 2006, the corporate tax rate in Turkey is 20%. However, with the "Law on Amendments to Some Tax Laws and Some Other Laws" numbered 7061 published in the Official Gazette dated 5 December 2017, this rate was applied as 22% for 3 years between 2018-2020. The Corporate Tax rate with the Provisional Article 13 added to the Corporate Tax Law no. It will be applied as 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021.

In accordance with the tax legislation, provisional tax is calculated and paid on quarterly earnings, and the paid amounts are deducted from the tax calculated on annual earnings. On the other hand, the earnings obtained in foreign branches are taken into account in the Corporate Tax Declaration by being exempted within the scope of Article 22 of the Double Taxation Prevention Agreement signed between Turkey and the Turkish Republic of Northern Cyprus on the prevention of double taxation.

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

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

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

*Deferred Tax 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.

As stated in the explanations regarding the Corporate Tax, the rates to be applied to the corporate earnings of the 2021 and 2022 taxation periods are determined as 25% and 23%, respectively. In the scope of TAS 12 Income Taxes standard, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. As of 30 September 2021, the Bank evaluated its assets and liabilities according to their maturities, and deferred tax calculations were made according to 25%, 23% or 20% corresponding to the relevant maturities.

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

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

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

## XIX. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

## XX. Explanations on Issued Equity Securities

There is no share issued in the year 2021.

## XXI. Explanations on Bill Guarantees and Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

## XXII. Explanations on Government Incentives

There is no government incentive utilized by the Group.

## XXIII. Explanations on Reporting According to Segmentation

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

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

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

SME banking provides small and medium-sized enterprises with financial solutions and exclusive services for non-financial matters. The Parent Bank, which specifically designed its services for different segments in the field of SME Banking, has developed solutions that are tailored to the needs of these segments. In addition to solutions developed for small and medium-sized enterprises, solutions were developed for agricultural producers, 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.

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

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

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

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

| Current Period | Retail and Private Banking | Corporate Banking | SME Banking | Other | Elimination | Total |
|---|---|---|---|---|---|---|
| Segment Assets | 35,218,817 | 37,315,334 | 20,209,040 | 61,195,961 | (457,428) | 153,481,724 |
| Investments in Associates, Subsidiaries and Jointly Controlled Entities | - | - | - | 126,652 | (126,597) | 55 |
| **Total Assets** | **35,218,817** | **37,315,334** | **20,209,040** | **61,322,613** | **(584,025)** | **153,481,779** |
| | | | | | | |
| Segment Liabilities | 69,288,468 | 26,448,713 | 10,000,809 | 35,139,149 | (457,971) | 140,419,168 |
| Shareholders' Equity | - | - | - | 13,188,665 | (126,054) | 13,062,611 |
| **Total Liabilities** | **69,288,468** | **26,448,713** | **10,000,809** | **48,327,814** | **(584,025)** | **153,481,779** |

| Prior Period (30.09.2020) | Retail and Private Banking | Corporate Banking | SME Banking | Other | Elimination | Total |
|---|---|---|---|---|---|---|
| Dividend Income | - | - | - | 32,190 | (28,750) | 3,440 |
| Profit / (Loss) Before Tax | 430,442 | 311,612 | 63,185 | 779,477 | (28,750) | 1,555,966 |
| Tax Provision (-) | - | - | - | 354,638 | - | 354,638 |
| **Net Profit For The Period** | **430,442** | **311,612** | **63,185** | **424,839** | **(28,750)** | **1,201,328** |

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

## XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2021 of the Parent Bank, TL 1,177,314 that constitutes the 2020 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 58,866 as Legal Reserves, TL 935 as Special Reserves, TL 0.96 (full TL) as profit distributed to the holders of the founder jouissance certificates.

## XXV. Reclassifications

In order to comply with the financial statement presentation dated 30 September 2021, some reclassifications have been made on the income statement and cash flow statement dated 30 September 2020 and the balance sheet dated 31 December 2020. The relevant classification has no effect on the Parent Bank's performance.

In order to comply with the Parent Bank's financial position as of 30 September 2021 prepared in accordance with the Uniform Chart of Accounts published on 1 January 2021, a reclassification was performed for the collateral amounts given over the derivative transactions made with foreign banks between cash and cash equivalents and other assets lines as of 31 December 2020 amounting to TL 1,332,737. The effects of this classification on the cash flow statement have also been updated. Collaterals in foreign non-bank institutions are continued to be recorded under other assets line. These mentioned classifications did not have any impact on the asset size and performance of the Parent Bank's statement of financial position.

# SECTION FOUR

# INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP

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

Equity amount and capital adequacy standard ratio within the framework of the “Regulation on the Equity of Banks” and the “Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks” and in addition to these, the BRSA's numbered 9312 dated 8 December 2020, numbered 3984 dated 16 April 2020 and numbered 9624 dated 17 June 2021 regulations. According to the latest regulation changes;

In the calculation of the amount subject to credit risk; while calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the reporting date is used.

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

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

The Group's current consolidated period equity amount calculated as of 30 September 2021 is TL 18,477,772 (31 December 2020: 16,717,321 TL), and the consolidated capital adequacy standard ratio is 16.73% (31 December 2020: 18.25%). The Group's the consolidated capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation. Credit risk “standard approach” for banking accounts, market risk “standard method” for trading accounts, counterparty credit risk “fair value valuation method” for derivatives and repo transactions, credit valuation adjustment capital load “standard method” for over-the-counter derivative transactions method and operational risk were calculated using the “basic indicator method”.

(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:

| **Common Equity Tier 1 Capital** | **Current Period 30.09.2021** | **Prior Period 31.12.2020** |
|---|---|---|
| Paid-in Capital to be Entitled for Compensation after All Creditors | 2,404,652 | 2,404,652 |
| Share Premium | 2,565 | 2,565 |
| Reserves | 9,666,381 | 8,472,235 |
| Gains Recognized in Equity as per TAS | 4,078 | 63,530 |
| Profit | 1,159,062 | 1,272,252 |
| Current Period Profit | 1,159,062 | 1,262,755 |
| Prior Period Profit | - | 9,497 |
| Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit | - | 527 |
| Minority interest | 432 | 530 |
| **Common Equity Tier 1 Capital Before Deductions** | **13,237,170** | **12,216,291** |
| **Deductions from Common Equity Tier 1 Capital** | | |
| Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital | - | - |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS | 154,712 | 23,436 |
| Leasehold Improvements on Operational Leases | 28,286 | 38,571 |
| Goodwill netted off deferred tax liability | 421,124 | 421,124 |
| Other intangible assets netted off deferred tax liabilities except mortgage servicing rights. | 119,692 | 139,502 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | - | - |
| Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk | - | - |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision | - | - |
| Gains arising from securitization transactions | - | - |
| Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities | - | - |
| Net amount of defined-benefit plan assets | - | - |
| Direct and indirect investments of the Bank in its own Tier 1 Capital | - | - |
| Excess amount expressed in the law (Article 56 4$^{th}$ paragraph) | - | - |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - | - |
| Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital | - | - |
| Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital | - | - |
| Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | - | - |
| Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph) | - | - |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | - | - |
| Amounts related to mortgage servicing rights | - | - |
| Excess amount of deferred tax assets from temporary differences | - | - |
| Other Items Determined by BRSA | - | - |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital | - | - |
| **Total Deductions from common equity Tier 1 Capital** | **723,814** | **622,633** |
| **Common Equity Tier 1 Capital** | **12,513,356** | **11,593,658** |

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

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

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

| | Current Period 30.09.2021 | Prior Period 31.12.2020 |
|---|---|---|
| **ADDITIONAL TIER 1 CAPITAL** | | |
| Preferred Stock not Included in Common Equity and the Related Share Premiums | - | - |
| Debt instruments and premiums approved by BRSA | - | - |
| Debt instruments and premiums approved by BRSA(Temporary Article 4) | - | - |
| Third Parties Share in the Additional Tier 1 Capital | 93 | 114 |
| Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3) | 93 | 114 |
| **Additional Tier 1 Capital before deductions** | **93** | **114** |
| **Deductions from Additional Tier 1 Capital** | - | |
| Bank's direct or indirect investment on its own Tier 1 Capital | - | - |
| Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation | - | - |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital | - | - |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital | - | - |
| Other Items Determined by BRSA | - | - |
| **Items to be deducted from Tier I Capital during the Transition Period** | - | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-) | - | - |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-) | - | - |
| The amount to be deducted from Additional Tier 1 Capital (-) | - | - |
| **Total Deductions from Additional Tier 1 Capital** | **-** | **-** |
| **Total Additional Tier 1 Capital** | **93** | **114** |
| **Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)** | **12,513,449** | **11,593,772** |
| **TIER 2 CAPITAL** | | |
| Debt instruments and premiums approved by BRSA | 4,781,328 | 4,137,063 |
| Debt instruments and premiums approved by BRSA (Temporary Article 4) | - | - |
| Third parties' share in the Tier 2 Capital | 123 | 151 |
| Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3) | 123 | 151 |
| Provisions (Amounts stated in the first paragraph of the Article 8 of the Regulation on the Bank Capital) | 1,214,527 | 990,921 |
| **Tier 2 Capital Before Deductions** | **5,995,978** | **5,128,135** |
| **Deductions From Tier 2 Capital** | | |
| Bank's direct or indirect investment on its own Tier 2 Capital (-) | - | - |
| Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation | - | - |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-) | - | - |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital (-) | - | - |
| Other Items Determined by BRSA (-) | - | - |
| **Total Deductions From Tier 2 Capital** | **-** | **-** |
| **Total Tier 2 Capital** | **5,995,978** | **5,128,135** |
| **Total Capital (The sum of Tier 1 and Tier 2 Capital)** | **18,509,427** | **16,721,907** |

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

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

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

| | Current Period 30.09.2021 | Prior Period 31.12.2020 |
|---|---|---|
| **The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)** | - | - |
| Loan granted to Customer against the Articles 50 and 51 of the Banking Law | 3,667 | 1,046 |
| Net Book Value of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years | - | - |
| Other items to be defined by the BRSA | 27,988 | 3,540 |
| **Items to be deducted from the sum of Tier I and Tier II Capital ("Capital") during the Transition Period** | | |
| Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. | - | - |
| Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. | - | - |
| Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks | - | - |
| **TOTAL CAPITAL** | | |
| Total Capital | 18,477,772 | 16,717,321 |
| Total Risk Weighted Assets | 110,426,564 | 91,603,777 |
| **Capital Adequacy Ratios** | | |
| Common Equity Tier 1 Capital Adequacy Ratio (%) | 11.33 | 12.66 |
| Tier 1 Capital Adequacy Ratio (%) | 11.33 | 12.66 |
| Capital Adequacy Ratio (%) | 16.73 | 18.25 |
| **BUFFERS** | | |
| Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%) | 2.51 | 2.50 |
| a) Capital conservation buffer requirement (%) | 2.50 | 2.50 |
| b) Bank specific counter-cyclical buffer requirement (%) | 0.01 | - |
| c) Systemic significant bank buffer ratio (%) | - | - |
| The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets(%) | 2.83 | 4.15 |
| **Amounts below the Excess Limits as per the Deduction Principles** | | |
| Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital | 217,826 | 182,843 |
| Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital | - | - |
| Mortgage servicing rights | - | - |
| Deferred tax assets arising from temporary differences (net of related tax liability) | 602,318 | 651,589 |
| **Limits related to provisions considered in Tier 2 Calculation** | | |
| General provisions for standard based receivables (before tenthousandtwentyfive limitation) | 1,811,134 | 2,000,390 |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**) | 1,214,527 | 990,921 |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | - | - |
| Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | - | - |
| **Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)** | | |
| Upper limit for Additional Tier 1 Capital subjected to temporary Article 4 | - | - |
| Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4 | - | - |
| Upper limit for Additional Tier 2 Capital subjected to temporary Article 4 | - | - |
| Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4 | - | - |
| The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 | 88,574 | 177,147 |

(*) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

(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 Shareholders' Equity: (continued)

| | T | T-1 | T-2 | T-3 | T-4 |
|---|---|---|---|---|---|
| **CAPITAL ITEMS** | | | | | |
| Common Equity Tier 1 Capital | 12,513,356 | 11,974,869 | 11,425,440 | 11,593,658 | 11,563,600 |
| Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a) | 12,424,782 | 11,886,295 | 11,336,866 | 11,416,511 | 11,386,453 |
| Tier 1 Capital | 12,513,449 | 11,974,954 | 11,425,536 | 11,593,772 | 11,563,674 |
| Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b) | 12,424,875 | 11,886,380 | 11,336,962 | 11,416,625 | 11,386,527 |
| Capital | 18,477,772 | 17,785,748 | 16,926,550 | 16,717,321 | 16,717,156 |
| Capital where the transition impact of TFRS 9 has not been applied (c) | 18,389,198 | 17,697,174 | 16,837,976 | 16,540,174 | 16,540,009 |
| | | | | | |
| **TOTAL RISK WEIGHTED ASSETS** | | | | | |
| Total Risk Weighted Assets | 110,426,564 | 99,515,070 | 95,123,030 | 91,603,777 | 88,968,214 |
| | | | | | |
| **CAPITAL ADEQUENCY RATIOS** | | | | | |
| Common Equity Tier 1 Capital Adequacy Ratio (%) | 11.33 | 12.03 | 12.01 | 12.66 | 13.00 |
| Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d) | 11.25 | 11.94 | 11.92 | 12.46 | 12.80 |
| Tier 1 Capital Adequacy Ratio (%) | 11.33 | 12.03 | 12.01 | 12.66 | 13.00 |
| Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d) | 11.25 | 11.94 | 11.92 | 12.46 | 12.80 |
| Capital Adequacy Ratio (%) | 16.73 | 17.87 | 17.79 | 18.25 | 18.79 |
| Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d) | 16.65 | 17.78 | 17.70 | 18.06 | 18.59 |
| | | | | | |
| **LEVERAGE RATIO** | | | | | |
| Leverage Ratio Total Risk Amount | 208,552,980 | 193,379,229 | 185,131,548 | 186,259,132 | 182,140,647 |
| Leverage Ratio | 6.00% | 6.19% | 6.07% | 6.16% | 6.25% |
| FTA not Applied Leverage Ratio (e) | 5.96% | 6.15% | 6.02% | 6.06% | 6.15% |

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

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

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

| | |
|---|---|
| **Total Capital per Balance Sheet** | **13,062,611** |
| Hedging Funds (effective portion) | (42,702) |
| Deductions Made Under Regulation | (595,127) |
| Transition Impact of TFRS 9 (Temporary 5th Article) | 88,574 |
| Accumulated revaluation and / or classification on gains / losses of financial assets with fair value through comprehensive income | - |
| **Common Equity Tier 1 Capital** | **12,513,356** |
| Additional Tier 1 Capital | 93 |
| **Tier 1 Capital** | **12,513,449** |
| General Provisions (Stage 1 and 2) | 1,214,527 |
| Bank's Borrowing Instruments | 4,781,328 |
| Deductions Made Under Regulation | (31,655) |
| Share of Third Parties in Capital | 123 |
| **Total Equity** | **18,477,772** |

(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 securities included in the equity calculation are issued by the Parent Bank.

| **Issuer** | **TEB** | **TEB** | **TEB** | **TEB** |
|---|---|---|---|---|
| Unique identifier of the debt instrument (e.g. CUSIP, ISIN) | XS0700889081 | XS0808626013 | XS0780562665 | XS0947781315 |
| Governing law(s) of the instrument | Turkey | Turkey | Turkey | Turkey |
| **Regulatory treatment** | | | | |
| Subject to 10% deduction as of 1/1/2015 | No | No | No | No |
| Eligible at consolidated /unconsolidated/ consolidated and unconsolidated | Available | Available | Available | Available |
| Type of the debt instrument | Borrowing Instrument | Borrowing Instrument | Borrowing Instrument | Borrowing Instrument |
| Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date) | 1,858.7 | 1,025.5 | 615.3 | 1,281.9 |
| Par value of instrument(TL Currency in mil) | 1,858.7 | 1,025.5 | 615.3 | 1,281.9 |
| 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 | - | - | - | - |
| **Coupons/dividends** | | | | |
| 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 |
| **Convertible or non-convertible** | | | | |
| If convertible, conversion trigger (s) | - | - | - | - |
| If convertible, fully or partially | - | - | - | - |
| If convertible, conversion rate | - | - | - | - |
| If convertible, mandatory or optional conversion | - | - | - | - |
| If convertible, specify instrument type convertible into | - | - | - | - |
| If convertible, specify issuer of instrument it converts into | - | - | - | - |
| **Write-down feature** | | | | |
| If write-down, write-down trigger(s) | - | - | - | - |
| If write-down, full or partial | - | - | - | - |
| If write-down, permanent or temporary | - | - | - | - |
| If temporary write-down, description of write-up mechanism | - | - | - | - |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | deposit and other receivables | deposit and other receivables | deposit and other receivables | deposit and other receivables |
| Whether conditions which stands in Article of 7 and 8 of Banks' shareholder equity law are possessed or not | Possess | Possess | Possess | Possess |
| According to Article 7 and 8 of Banks' shareholders equity law that are not possessed (*) | - | - | - | - |

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

(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 2021, the Group's balance sheet short position is TL 13,511,774 (31 December 2020: TL 21,600,540 short position) off-balance sheet long position is TL 13,261,547 (31 December 2020: TL 21,041,159 long position) and as a result net foreign currency short position is net TL 250,227 (31 December 2020: net TL 559,381 short position).

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

| | **23.09.2021** | **24.09.2021** | **27.09.2021** | **28.09.2021** | **29.09.2021** | **30.09.2021** |
|---|---|---|---|---|---|---|
| **USD** | 8.7121 | 8.8257 | 8.8071 | 8.8513 | 8.8433 | 8.8510 |
| **EURO** | 10.2333 | 10.3340 | 10.3052 | 10.3374 | 10.2786 | 10.2548 |

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

| | **Monthly Average Foreign Exchange Buying Rate** |
|---|---|
| **USD** | 8.5087 |
| **EURO** | 10.0247 |

(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:

The table below shows the Group's distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Group also monitors the delta-adjusted position of the option transactions. As of 30 September 2021, the Parent Bank has net USD long position TL 427,626 and net EUR long position TL 17,846.

| Current Period | EUR | USD | Other FC | Total |
|---|---|---|---|---|
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey(1) | 9,473,354 | 8,029,399 | 1,661,759 | 19,164,512 |
| Banks (2) | 743,750 | 2,139,677 | 1,827,662 | 4,711,089 |
| Financial Assets at Fair Value Through Profit or Loss | 21,661 | 584,137 | - | 605,798 |
| Money Market Placements | - | - | - | - |
| Financial Assets at Fair Value through Other Comprehensive Income | 1,252,560 | 1,885,377 | 25,908 | 3,163,845 |
| Loans (3) | 12,425,701 | 4,330,196 | 972,181 | 17,728,078 |
| Subsidiaries, Associates and Entities Under Common Control | - | - | - | - |
| Held-to-Maturity Investments(4) | 1,857,614 | 1,278,046 | - | 3,135,660 |
| Derivative Financial Assets for Hedging Purposes(5) | - | - | - | - |
| Tangible Assets | 38 | - | - | 38 |
| Intangible Assets | - | - | - | - |
| Other Assets (6) | 1,871,702 | 177,693 | 62,899 | 2,112,294 |
| **Total Assets** | **27,646,380** | **18,424,525** | **4,550,409** | **50,621,314** |
| Liabilities | | | | |
| Bank Deposits | 80 | - | 13 | 93 |
| Foreign Currency Deposits (7) | 14,527,025 | 22,283,005 | 7,622,127 | 44,432,157 |
| Money Market Borrowings | 1,837,025 | - | - | 1,837,025 |
| Funds Provided From Other Financial Institutions | 11,309,838 | 5,598,109 | 65,626 | 16,973,573 |
| Securities Issued | - | - | - | - |
| Miscellaneous Payables | - | - | - | - |
| Derivative Financial Liabilities for Hedging Purposes | 6,202 | - | - | 6,202 |
| Other Liabilities (8) | 417,074 | 399,767 | 67,197 | 884,038 |
| **Total Liabilities** | **28,097,244** | **28,280,881** | **7,754,963** | **64,133,088** |
| **Net Balance Sheet Position** | **(450,864)** | **(9,856,356)** | **(3,204,554)** | **(13,511,774)** |
| **Net Off-Balance Sheet Position** | **556,467** | **9,540,883** | **3,164,197** | **13,261,547** |
| Financial Derivative Assets(9) | 12,361,036 | 21,545,193 | 4,935,029 | 38,841,258 |
| Financial Derivative Liabilities(9) | 11,804,569 | 12,004,310 | 1,770,832 | 25,579,711 |
| Non-Cash Loans (10) | 10,312,219 | 10,159,552 | 1,978,892 | 22,450,663 |
| **Prior Period** | | | | |
| Total Assets | 22,191,983 | 13,680,795 | 4,522,259 | 40,395,037 |
| Total Liabilities | 25,621,853 | 28,701,864 | 7,671,860 | 61,995,577 |
| Net Balance Sheet Position | (3,429,870) | (15,021,069) | (3,149,601) | (21,600,540) |
| Net Off-Balance Sheet Position | 3,506,359 | 14,570,186 | 2,964,614 | 21,041,159 |
| Financial Derivative Assets (9) | 15,993,374 | 25,685,642 | 4,743,380 | 46,422,396 |
| Financial Derivative Liabilities (9) | 12,487,015 | 11,115,456 | 1,778,766 | 25,381,237 |
| Non-Cash Loans (10) | 8,000,422 | 7,226,322 | 1,537,854 | 16,764,598 |

(1) Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 2,898 TL (31 December 2020: TL 2,561).
(2) The banks include TL 15,127 (31 December 2020: TL 9,579) of expected credit loss provisions.
(3) Loans include foreign currency indexed loan accounts amounting to TL 142,509 (31 December 2020: TL 233,707). As of 30 September 2021, there is no foreign currency indexed factoring receivables (31 December 2020: None). Includes expected loss provisions balance amounting to TL 451,039 (31 December 2020: TL 476,466).
(4) Financial assets at amortized cost includes expected credit loss amounting to TL 706 (31 December 2020: TL 523).
(5) There is no income accruals from derivative financial instruments is deducted from derivative financial assets held for risk management. (31 December 2020: TL 31,137)
(6) TL 172,380 (31 December 2020: TL 213,071) income accruals from derivative financial instruments is deducted from other assets. In the Other Assets row TL 1,705,809 factoring receivables and TL 2,581 factoring receivables include expected loss provision.
(7) Precious metal accounts amounting to TL 5,499,754 (31 December 2020: TL 6,002,054) are included in the foreign currency deposits.
(8) TL 121,093 (31 December 2020: TL 175,503) expense accruals from derivative financial instruments are deducted from other liabilities.
(9) Forward asset and marketable securities purchase-sale commitments of TL 1,332,263 (31 December 2020: TL 951,630) are added to derivative financial assets and TL 1,434,385 (31 December 2020: TL 1,071,704) has been added to derivative financial assets.
(10) There is no effect on the net off-balance sheet position.

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

## III. Explanations Related to Consolidated Interest Rate Risk

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

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

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

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

The Group carries interest rate risk within legal and internal limits and manages interest rate risk in line with the bank's risk appetite.

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

| | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non-interest Bearing (1) | Total |
|---|---|---|---|---|---|---|---|
| **Current Period** | | | | | | | |
| **Assets** | | | | | | | |
| Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey(2) | 15,131,578 | - | - | - | - | 9,209,212 | 24,340,790 |
| Banks(3) | 2,523,850 | - | - | - | - | 2,291,001 | 4,814,851 |
| Financial Assets at Fair Value Through Profit or Loss | 321,770 | 299,169 | 182,311 | 581,412 | 109,235 | 218,087 | 1,711,984 |
| Money Market Placements | 32,236 | - | - | - | - | - | 32,236 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 1,678,934 | 310,583 | 2,910,805 | 3,603,997 | - | 12,689 | 8,517,008 |
| Loans(4) | 25,346,664 | 9,671,731 | 29,821,542 | 23,277,369 | 1,271,800 | (603,394) | 88,785,712 |
| Financial Assets Measured at Amortized Cost (5) | 1,223,730 | 8,576,785 | 1,696,518 | 2,587,413 | 40,074 | (3,178) | 14,121,342 |
| Other Assets(6) | 1,380,818 | 1,628,047 | 1,553,101 | 699,253 | 163,087 | 5,733,550 | 11,157,856 |
| **Total Assets** | **47,639,580** | **20,486,315** | **36,164,277** | **30,749,444** | **1,584,196** | **16,857,967** | **153,481,779** |
| **Liabilities** | | | | | | | |
| Bank Deposits | 2,777,252 | - | - | - | - | 36,008 | 2,813,260 |
| Other Deposits | 54,476,563 | 8,034,084 | 293,358 | 428 | - | 36,483,449 | 99,287,882 |
| Money Market Borrowings | 5,878,251 | - | - | - | - | - | 5,878,251 |
| Miscellaneous Payables | - | - | - | - | - | - | - |
| Securities Issued | 1,541,571 | 1,057,295 | - | - | - | - | 2,598,866 |
| Funds Provided From Other Financial Institutions | 6,325,653 | 7,567,038 | 3,282,648 | - | 1,938,321 | - | 19,113,660 |
| Other Liabilities | - | 291,361 | 596,629 | 707,241 | 28,201 | 22,166,428 | 23,789,860 |
| **Total Liabilities** | **70,999,290** | **16,949,778** | **4,172,635** | **707,669** | **1,966,522** | **58,685,885** | **153,481,779** |
| Balance Sheet Long Position | - | 3,536,537 | 31,991,642 | 30,041,775 | - | - | 65,569,954 |
| Balance Sheet Short Position | (23,359,710) | - | - | - | (382,326) | (41,827,918) | (65,569,954) |
| Off-Balance Sheet Long Position | 3,203,054 | 5,922,688 | - | - | - | - | 9,125,742 |
| Off-Balance Sheet Short Position | - | - | (5,949,394) | (2,611,570) | (367,696) | - | (8,928,660) |
| **Total Position** | **(20,156,656)** | **9,459,225** | **26,042,248** | **27,430,205** | **(750,022)** | **(41,827,918)** | **197,082** |

(1) The expected loss provisions are presented under the "Non-Interest Bearing" column.
(2) Cash balances (Cash in Vault, Effectives, Money in Transit, Cheques Purchasesd) and the Central Bank of Turkey include balances of expected losses amounting to TL 3,967.
(3) The banks include TL 16,255 of expected loss provisions.
(4) The revolving loans amounting to TL 11,226,651 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 3,628,843.
(5) Financial assets at amortized cost include losses amounting to TL 3,178.
(6) Includes factoring receivables amounting to TL 3,828,792 and factoring receivables expected loss provisions amounting to TL 24,909.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 792,838, intangible assets amounting to TL 551,906, assets held for sales purpose amounting to TL 102,665 TL, subsidiaries amounting to TL 50 entities under common control (joint vent.) amounting to TL 5 and the other liabilities line includes the shareholders' equity of TL 13,062,611.

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

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

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

| | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non-interest Bearing[1] | Total |
|---|---|---|---|---|---|---|---|
| **Prior Period** | | | | | | | |
| **Assets** | | | | | | | |
| Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey[2] | 11,452,134 | - | - | - | - | 5,495,853 | 16,947,987 |
| Banks[3] | 4,796,899 | - | - | - | - | 3,209,286 | 8,006,185 |
| Financial Assets at Fair Value Through Profit or Loss | 297,525 | 91,886 | 760,926 | 201,959 | 95,521 | 183,075 | 1,630,892 |
| Money Market Placements[4] | 6,180,886 | - | - | - | - | (439) | 6,180,447 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 805,587 | 113,055 | 2,319,571 | 4,657,098 | 746,205 | 10,881 | 8,652,397 |
| Loans[5] | 11,140,029 | 6,681,908 | 25,261,054 | 32,741,342 | 3,435,619 | (545,888) | 78,714,064 |
| Financial Assets Measured at Amortized Cost[6] | 1,012,657 | 825,220 | 9,171,693 | 1,472,121 | 41,250 | (2,818) | 12,520,123 |
| Other Assets [7] | 1,678,659 | 1,506,874 | 696,926 | 672,721 | 299,267 | 5,223,225 | 10,077,672 |
| **Total Assets** | **37,364,376** | **9,218,943** | **38,210,170** | **39,745,241** | **4,617,862** | **13,573,175** | **142,729,767** |
| **Liabilities** | | | | | | | |
| Bank Deposits | 7,424,601 | - | - | - | - | 43,796 | 7,468,397 |
| Other Deposits | 47,468,264 | 5,865,710 | 235,318 | 367 | - | 32,703,847 | 86,273,506 |
| Money Market Borrowings | 6,734,127 | - | - | - | - | - | 6,734,127 |
| Miscellaneous Payables | - | - | - | - | - | - | - |
| Securities Issued | 2,160,640 | - | 2,649,997 | - | - | - | 4,810,637 |
| Funds Provided From Other Financial Institutions | 1,827,122 | 1,289,465 | 8,703,539 | 91,158 | 4,194,951 | - | 16,106,235 |
| Other Liabilities | 227,987 | 28,532 | 383,341 | 1,309,066 | 244,413 | 19,143,526 | 21,336,865 |
| **Total Liabilities** | **65,842,741** | **7,183,707** | **11,972,195** | **1,400,591** | **4,439,364** | **51,891,169** | **142,729,767** |
| Balance Sheet Long Position | - | 2,035,236 | 26,237,975 | 38,344,650 | 178,498 | - | 66,796,359 |
| Balance Sheet Short Position | (28,478,365) | - | - | - | - | (38,317,994) | (66,796,359) |
| Off-Balance Sheet Long Position | 3,031,120 | 3,816,103 | - | - | - | - | 6,847,223 |
| Off-Balance Sheet Short Position | - | - | (796,816) | (5,154,568) | (487,360) | - | (6,438,744) |
| **Total Position** | **(25,447,245)** | **5,851,339** | **25,441,159** | **33,190,082** | **(308,862)** | **(38,317,994)** | **408,479** |

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

(2) Cash balances (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and the Central Bank of Turkey include balances of expected losses amounting to TL 3,316.

(3) Banks include balance of expected loss provisions amounting to TL 10,656.

(4) Money market placements include balance of expected loss provisions amounting to TL 439.

(5) The revolving loans amounting to TL 6,201,511 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 4,047,771.

(6) Financial assets at amortized cost include balance of expected loss provisions of TL 2,818.

(7) Includes factoring receivables amounting to TL 2,503,938 and factoring receivables expected loss provisions amounting to TL 17,162.

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

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

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

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

| | EUR % | USD % | YEN % | TL % |
|---|---|---|---|---|
| **End of Current Period** | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | 13.50 |
| Banks | (0.58) | 0.19 | (0.27) | 19.01 |
| Financial Assets at Fair Value Through Profit or Loss | 3.28 | 4.37 | - | 18.56 |
| Money Market Placements | - | - | - | 18.69 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 2.42 | 3.62 | - | 12.99 |
| Loans (*) | 2.63 | 2.92 | 5.45 | 18.14 |
| Financial Assets Measured at Amortized Cost | 3.00 | 6.16 | - | 23.87 |
| Liabilities | | | | |
| Bank Deposits | - | - | - | 15.66 |
| Other Deposits | 0.02 | 0.23 | - | 17.25 |
| Money Market Borrowings | 1.75 | - | - | 18.01 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | - | - | - | 19.09 |
| Funds Provided From Other Financial Institutions | 1.82 | 4.84 | - | 18.19 |

(*) Includes factoring receivable.

| | EUR % | USD % | YEN % | TL % |
|---|---|---|---|---|
| **End of Prior Period** | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | 12.00 |
| Banks | (0.25) | 0.21 | (0.26) | 17.79 |
| Financial Assets at Fair Value Through Profit or Loss | 2.60 | 2.65 | - | 10.12 |
| Money Market Placements | - | - | - | 17.98 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 2.91 | 3.86 | - | 12.91 |
| Loans(*) | 2.65 | 3.79 | 5.37 | 14.43 |
| Financial Assets Measured at Amortized Cost | 2.04 | 3.51 | - | 8.26 |
| Liabilities | | | | |
| Bank Deposits | - | - | - | 10.65 |
| Other Deposits | 0.04 | 1.25 | - | 15.12 |
| Money Market Borrowings | 0.88 | - | - | 17.06 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | - | - | - | 9.54 |
| Funds Provided From Other Financial Institutions | 1.93 | 4.88 | - | 11.62 |

(*) Includes factoring receivable.

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

Equity securities which are not publicly traded in the Parent Bank's financial statements are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determined properly.

The Parent Bank does not have any shares traded on Borsa Istanbul.

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

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

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

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

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

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

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

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

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

d) Information on liquidity management based on currency which consists of a minimum of 5% of the Parent Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the Liquidity Coverage Ratio is calculated daily for total TL and Foreign Currency. The Asset-Liability Management and Treasury Group is responsible for taking the necessary steps to keep ratios within the limits determined by the Board of Directors. Trend of these ratios are monitored on a monthly basis by the Market and Liquidity Risk Committee which includes the General Manager, Assistant General Manager responsible from Financial Affairs Group, Group Risk Chief Officer, and the Assistant General Manager in charge of the Asset-Liability Management and Treasury Group. Furthermore, senior management is periodically informed about the relevant ratios.

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

e) Information on liquidity risk mitigation techniques:

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

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

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

f) Explanation on the usage of the stress test:

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

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

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

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

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

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

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

### Liquidity Coverage Ratio:

| | | Rate of Percentage to Be Taken into Account not Implemented Total Value(*) | | Rate of Percentage to Be Taken into Account Implemented Total Value(*) | |
|---|---|---|---|---|---|
| **Current Period – 30 September 2021** | | **TL+FC** | **FC** | **TL+FC** | **FC** |
| **High Quality Liquid Assets** | | | | | |
| 1 | High Quality Liquid Assets | | | 41,063,158 | 21,656,916 |
| **Cash Outflows** | | | | | |
| 2 | Real Person and Retail Deposits | 69,424,686 | 31,629,677 | 6,107,856 | 3,162,968 |
| 3 | Stable Deposits | 16,692,250 | - | 834,612 | - |
| 4 | Less Stable Deposits | 52,732,436 | 31,629,677 | 5,273,244 | 3,162,968 |
| 5 | Unsecured Debts Other than Real Person and Retail Deposits | 37,360,927 | 16,769,420 | 21,478,273 | 9,413,627 |
| 6 | Operational Deposits | 910,505 | 325,440 | 227,626 | 81,360 |
| 7 | Non-operational Deposits | 29,093,572 | 11,934,026 | 13,930,313 | 4,822,313 |
| 8 | Other Unsecured Funding | 7,356,850 | 4,509,954 | 7,320,334 | 4,509,954 |
| 9 | Secured Funding | | | 14,522 | - |
| 10 | Other Cash Outflows | 1,754,117 | 3,104,604 | 1,754,117 | 3,104,604 |
| 11 | Outflows Related to Derivative Exposures and | 1,754,117 | 3,104,604 | 1,754,117 | 3,104,604 |
| 12 | Other Collateral Requirements | - | - | - | - |
| 13 | Outflows Related to Restructured Financial Instruments | - | - | - | - |
| 14 | Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market | - | - | - | - |
| 15 | Other Revocable Off-Balance Sheet | 38,375,753 | 13,919,230 | 3,048,027 | 1,393,388 |
| **16** | **Total Cash Outflows** | | | **32,402,795** | **17,074,587** |
| **Cash Inflows** | | | | | |
| 17 | Secured Liabilities | - | - | - | - |
| 18 | Unsecured Liabilities | 13,002,990 | 6,290,151 | 9,550,846 | 5,728,953 |
| 19 | Other Cash Inflows | 235,389 | 11,588,049 | 235,389 | 11,588,049 |
| **20** | **Total Cash Inflows** | **13,238,379** | **17,878,200** | **9,786,235** | **17,317,002** |
| | | | | **Upper Limit Applied Values** | |
| **21** | **Total High Quality Liquid Assets** | | | **41,063,158** | **21,656,916** |
| **22** | **Total Net Cash Outflows** | | | **22,616,560** | **4,268,647** |
| **23** | **Liquidity Coverage Ratio (%)** | | | **181.56** | **507.35** |

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

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

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

### Liquidity Coverage Ratio: (continued)

| | | Rate of Percentage to Be Taken into Account not Implemented Total Value(*) | | Rate of Percentage to Be Taken into Account Implemented Total Value(*) | |
|---|---|---|---|---|---|
| **Prior Period – 31 December 2020** | | **TL+FC** | **FC** | **TL+FC** | **FC** |
| **High Quality Liquid Assets** | | | | | |
| 1 | High Quality Liquid Assets | | | 36,616,220 | 15,499,469 |
| **Cash Outflows** | | | | | |
| 2 | Real Person and Retail Deposits | 61,582,931 | 31,915,012 | 5,475,939 | 3,191,501 |
| 3 | Stable Deposits | 13,647,077 | - | 682,354 | - |
| 4 | Less Stable Deposits | 47,935,854 | 31,915,012 | 4,793,585 | 3,191,501 |
| 5 | Unsecured Debts Other than Real Person and Retail Deposits | 33,093,749 | 14,777,629 | 17,888,232 | 7,359,701 |
| 6 | Operational Deposits | 787,661 | 293,937 | 196,915 | 73,484 |
| 7 | Non-operational Deposits | 28,302,592 | 12,070,372 | 13,715,146 | 4,872,897 |
| 8 | Other Unsecured Funding | 4,003,496 | 2,413,320 | 3,976,171 | 2,413,320 |
| 9 | Secured Funding | | | 120,457 | - |
| 10 | Other Cash Outflows | 1,665,525 | 2,927,065 | 1,665,525 | 2,927,065 |
| 11 | Outflows Related to Derivative Exposures and | 1,665,525 | 2,927,065 | 1,665,525 | 2,927,065 |
| 12 | Other Collateral Requirements | - | - | - | - |
| 13 | Outflows Related to Restructured Financial Instruments | - | - | - | - |
| 14 | Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market | - | - | - | - |
| 15 | Other Revocable Off-Balance Sheet | 34,907,829 | 12,938,807 | 2,830,475 | 1,288,863 |
| **16** | **Total Cash Outflows** | | | **27,980,628** | **14,767,130** |
| **Cash Inflows** | | | | | |
| 17 | Secured Liabilities | - | - | - | - |
| 18 | Unsecured Liabilities | 12,262,838 | 5,715,266 | 9,531,260 | 5,304,699 |
| 19 | Other Cash Inflows | 966,659 | 9,003,399 | 966,659 | 9,003,399 |
| **20** | **Total Cash Inflows** | **13,229,497** | **14,718,665** | **10,497,919** | **14,308,098** |
| | | | | **Upper Limit Applied Values** | |
| **21** | **Total High Quality Liquid Assets** | | | **36,616,220** | **15,499,469** |
| **22** | **Total Net Cash Outflows** | | | **17,482,709** | **3,691,783** |
| **23** | **Liquidity Coverage Ratio (%)** | | | **209.44** | **419.84** |

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

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

High quality liquid assets in order of their priority consist of the time accounts, bond portfolio, reserve deposit, cash and effective deposit. Funding sources consists of corporate customer deposits, real person deposits, borrowings and SME deposit accounts which are weighted by ratios used in Liquidity Coverage Ratio reporting considering their maturity types. Due to amount differences between buy and sell transactions, derivative products effects more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

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

Liquidity management of subsidiaries are managed by individual legal entities. Although Liquidity Coverage Ratio is reported on a basis, there is no centralized liquidity management system. Finally, there is no other significant cash inflow or outflow item which are not required by section two of communiqué.

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

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

### Liquidity Coverage Ratio: (continued)

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

| | Current Period | |
|---|---|---|
| | **TL+FC** | **FC** |
| July 2021 | 177.83% | 495.95% |
| August 2021 | 193.93% | 479.05% |
| September 2021 | 187.15% | 530.60% |
| | **Prior Period** | |
| | **TL+FC** | **FC** |
| October 2020 | 191.54% | 351.74% |
| November 2020 | 219.37% | 487.73% |
| December 2020 | 256.32% | 519.02% |

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

| Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Undistributed[1] | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey[2] | 9,213,179 | 15,131,578 | - | - | - | - | (3,967) | 24,340,790 |
| Banks [3] | 3,177,279 | 1,653,827 | - | - | - | - | (16,255) | 4,814,851 |
| Financial Assets at Fair Value Through Profit and Loss | - | 294,245 | 3,853 | 282,325 | 804,238 | 109,235 | 218,088 | 1,711,984 |
| Money Market Placements | - | 32,236 | - | - | - | - | - | 32,236 |
| Financial Assets Measured at Other Comprehensive Income | 12,689 | 1,440,835 | 310,583 | 2,550,355 | 4,135,844 | 66,702 | - | 8,517,008 |
| Loans [4] | - | 24,266,256 | 9,671,731 | 30,529,622 | 23,649,697 | 1,271,800 | (603,394) | 88,785,712 |
| Financial Assets Measured at Amortised Cost [5] | - | - | 292,150 | 1,744,160 | 11,728,167 | 360,043 | (3,178) | 14,121,342 |
| Other Assets[6] | - | 2,440,772 | 1,757,670 | 1,680,880 | 740,615 | 163,087 | 4,374,832 | 11,157,856 |
| **Total Assets** | **12,403,147** | **45,259,749** | **12,035,987** | **36,787,342** | **41,058,561** | **1,970,867** | **3,966,126** | **153,481,779** |
| **Liabilities** | | | | | | | | |
| Bank Deposits | 36,008 | 2,777,252 | - | - | - | - | - | 2,813,260 |
| Other Deposits | 36,483,449 | 54,476,563 | 8,034,084 | 293,358 | 428 | - | - | 99,287,882 |
| Funds Provided From Other Financial Institutions | - | 6,262,237 | 5,451,979 | 2,369,355 | 125,546 | 4,904,543 | - | 19,113,660 |
| Money Market Borrowings | - | 5,878,251 | - | - | - | - | - | 5,878,251 |
| Securities Issued | - | 1,541,571 | 1,057,295 | - | - | - | - | 2,598,866 |
| Miscellaneous Payables | - | - | - | - | - | - | - | - |
| Other Liabilities | 30,156 | 7,326,388 | 407,301 | 737,447 | 1,050,619 | 235,813 | 14,002,136 | 23,789,860 |
| **Total Liabilities** | **36,549,613** | **78,262,262** | **14,950,659** | **3,400,160** | **1,176,593** | **5,140,356** | **14,002,136** | **153,481,779** |
| **Liquidity Gap** | **(24,146,466)** | **(33,002,513)** | **(2,914,672)** | **33,387,182** | **39,881,968** | **(3,169,489)** | **(10,036,010)** | **-** |
| **Net Off-Balance Sheet Position** | **-** | **178,360** | **(198,831)** | **509,598** | **28,412** | **70,297** | **-** | **587,836** |
| Financial Derivative Assets | - | 17,041,874 | 9,801,367 | 14,261,651 | 12,654,111 | 893,609 | - | 54,652,612 |
| Financial Derivative Liabilities | - | 16,863,514 | 10,000,198 | 13,752,053 | 12,625,699 | 823,312 | - | 54,064,776 |
| Non-Cash Loans | 7,904,992 | 2,507,241 | 5,047,637 | 9,916,405 | 4,682,982 | - | - | 30,059,257 |
| **Prior Period** | | | | | | | | |
| Total Assets | 7,953,511 | 35,595,503 | 9,025,132 | 30,273,292 | 49,907,055 | 5,235,185 | 4,740,089 | 142,729,767 |
| Total Liabilities | 32,759,066 | 70,645,813 | 7,408,453 | 12,761,820 | 1,761,901 | 4,712,459 | 12,680,255 | 142,729,767 |
| **Liquidity Gap** | **(24,805,555)** | **(35,050,310)** | **1,616,679** | **17,511,472** | **48,145,154** | **522,726** | **(7,940,166)** | **-** |
| **Net Off-Balance Sheet Position** | **-** | **223,288** | **(240,996)** | **117,535** | **126,240** | **(3,144)** | **-** | **222,923** |
| Financial Derivative Assets | - | 18,691,080 | 19,520,863 | 9,383,245 | 11,983,043 | 4,199,690 | - | 63,777,921 |
| Financial Derivative Liabilities | - | 18,467,792 | 19,761,859 | 9,265,710 | 11,856,803 | 4,202,834 | - | 63,554,998 |
| Non-Cash Loans | 6,917,238 | 1,354,463 | 2,719,244 | 6,823,344 | 6,430,957 | - | - | 24,245,246 |

(1) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and loans under follow-up, are classified as under undistributed.
(2) Cash and cash equivalents include cash balances (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and the Central Bank of Turkey's outstanding loss provisions amounting to TL 3,967.
(3) The banks include TL 16,255 of expected loss provisions.
(4) Revolving loans amounting to TL 11,266,651 are shown in the "Up to 1 Month" maturity bracket. Includes expected loss provisions balance amounting to TL 3,628,843.
(5) Financial Assets Valued at Amortized Cost includes expected loss provisions balance amounting to TL 3,178.
(6) TL 24,909 factoring receivables and TL 3,828,792 factoring receivables include expected loss provision.

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

## VI. Explanations Related to Consolidated Leverage Ratio

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

The leverage ratio decreased due to the increase in total risks.

b) Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:

| | | Current Period (**) | Prior Period (**) |
|---|---|---|---|
| 1 | Total assets in the consolidated financial statements prepared in accordance with TAS (*) | 149,988,513 | 140,377,909 |
| 2 | Difference between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks | - | - |
| 3 | Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | 438,148 | 492,002 |
| 4 | Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | 681,153 | 900,450 |
| 5 | Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | 54,538,951 | 46,027,051 |
| 6 | Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | (1,533,102) | (1,943,151) |
| **7** | **Total Risk** | **204,113,663** | **185,854,261** |

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

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

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

## VI. Explanations Related to Consolidated Leverage Ratio (continued)

c) Leverage Ratio:

| | Assets On the Balance Sheet | Current Period(*) | Prior Period(*) |
|---|---|---|---|
| 1 | Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals) | 148,588,600 | 137,340,711 |
| 2 | (Assets Deducted from Core Capital) | (569,185) | (683,621) |
| 3 | Total Risk Amount for Assets on the Balance Sheet | 148,019,415 | 136,657,090 |
| | **Derivative Financial Instruments and Credit Derivatives** | | |
| 4 | Renewal Cost of Derivative Financial Instruments and Credit Derivatives | 435,996 | 1,777,668 |
| 5 | Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives | 438,148 | 492,002 |
| 6 | Total Risk Amount of Derivative Financial Instruments and Credit Derivatives | 874,144 | 2,269,670 |
| | **Financing Transactions With Securities Or Goods Warranties** | | |
| 7 | Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet) | 681,153 | 900,450 |
| 8 | Risk Amount Arising from Intermediated Transactions | - | - |
| 9 | Total Risk Amount of Financing Transactions with Securities or Goods Warranties | 681,153 | 900,450 |
| | **Off-Balance Sheet Transactions** | | |
| 10 | Gross Nominal Amount of the Off-balance Sheet Transactions | 54,538,951 | 46,027,051 |
| 11 | (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate) | - | - |
| 12 | Total Risk Amount for Off-balance Sheet Transactions | 54,538,951 | 46,027,051 |
| | **Capital and Total Risk** | | |
| 13 | Tier 1 Capital | 12,289,605 | 11,397,559 |
| 14 | Total Risk Amount | 204,113,663 | 185,854,261 |
| | **Leverage Ratio** | | |
| 15 | Leverage Ratio | 6.02% | 6.13% |

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

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

## VII. Explanations Related to Consolidated Risk Management

Notes and explanations prepared in accordance with "the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks" published in Official Gazette numbered 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of Internal Rating Based Approach ("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) (CCR) | 96,043,711 | 77,157,249 | 7,683,497 |
| 2 | Of which Standardized Approach (SA) | 96,043,711 | 77,157,249 | 7,683,497 |
| 3 | Of which Internal Rating-based (IRB) Approach | - | - | - |
| 4 | Counterparty Credit Risk | 1,118,444 | 2,116,406 | 89,476 |
| 5 | Of which Standardized Approach for Counterparty Credit Risk (SA-CCR) | 1,118,444 | 2,116,406 | 89,476 |
| 6 | Of which Internal Model Method (IMM) | - | - | - |
| 7 | Equity positions in banking accounts under market-based approach | - | - | - |
| 8 | Equity investments in funds – Look-through Approach | - | - | - |
| 9 | Equity investments in funds – Mandate-based Approach | - | - | - |
| 10 | Equity investments in funds – 1250% Weighted Risk Approach | - | - | - |
| 11 | Settlement Risk | - | - | - |
| 12 | Securitization Positions in banking accounts. | - | - | - |
| 13 | Of which IRB Ratings-based Approach (RBA) | - | - | - |
| 14 | Of which IRB Supervisory Formula Approach (SFA) | - | - | - |
| 15 | Of which SA/Simplified Supervisory Formula Approach (SSFA) | - | - | - |
| 16 | Market Risk | 2,321,278 | 2,435,660 | 185,702 |
| 17 | Standardized Approach (SA) | 2,321,278 | 2,435,660 | 185,702 |
| 18 | Internal Model Approaches (IMM) | - | - | - |
| 19 | Operational Risk | 10,943,131 | 9,894,462 | 875,450 |
| 20 | Of which Basic Indicator Approach | 10,943,131 | 9,894,462 | 875,450 |
| 21 | Of which Standard Approach | - | - | - |
| 22 | Of which Advanced Measurement Approach | - | - | - |
| 23 | Amounts below the Thresholds for Deduction (Subject to a 250% Risk Weight) | - | - | - |
| 24 | Floor Adjustment | - | - | - |
| **25** | **Total (1+4+7+8+9+10+11+12+16+19+23+24)** | **110,426,564** | **91,603,777** | **8,834,125** |

(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 Turkey:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Cash in TL/Foreign Currency | 425,071 | 3,850,288 | 382,963 | 1,948,389 |
| Balances with the Central Bank of Turkey | 4,752,276 | 15,002,967 | 3,048,958 | 11,382,722 |
| Other | - | 314,155 | - | 188,271 |
| **Total** | **5,177,347** | **19,167,410** | **3,431,921** | **13,519,382** |

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Unrestricted Demand Deposit | 4,623,665 | - | 2,979,546 | - |
| Unrestricted Time Deposit | - | 4,633,593 | - | 4,626,036 |
| Restricted Time Deposit | 128,611 | 10,369,374 | 69,412 | 6,756,686 |
| **Total** | **4,752,276** | **15,002,967** | **3,048,958** | **11,382,722** |

Foreign currency unrestricted deposit amounting to TL 4,633,593 (31 December 2020: TL 4,626,036), Foreign currency restricted deposit amounting to TL 10,369,374 (31 December 2020: TL 6,756,686), TL unrestricted deposit amount is TL 4,623,665 (31 December 2020: TL 2,979,546), TL restricted amount is TL 128,611 (31 December 2020: TL 69,412) consists of required reserves.

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

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

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

Net book value of unrestricted financial assets at fair value through profit or loss is TL 1,491,930 (31 December 2020: TL 1,447,816).

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Government Debt Securities | 1,053,226 | 438,704 | 463,550 | 984,266 |
| Securities Representing Share in Capital | 52,960 | 91,939 | 47,540 | 75,378 |
| Other Financial Assets | - | 75,155 | - | 60,158 |
| **Total** | **1,106,186** | **605,798** | **511,090** | **1,119,802** |

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Forward Transactions | 143,152 | 12,609 | 392,758 | 56,660 |
| Swap Transactions | 1,024,309 | 147,932 | 1,091,529 | 165,479 |
| Futures Transactions | - | - | - | - |
| Options | 43,943 | 24,688 | 36,244 | 9,939 |
| Other | - | - | - | - |
| **Total** | **1,211,404** | **185,229** | **1,520,531** | **232,078** |

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

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

### 4. Information on banks:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic Banks | 1,396 | 442,797 | 1,917,454 | 801,216 |
| Foreign Banks | 103,494 | 4,283,419 | 56,939 | 5,241,232 |
| Foreign Head Offices and Branches | - | - | - | - |
| **Total** | **104,890** | **4,726,216** | **1,974,393** | **6,042,448** |

An expected loss provision of TL 16,255 (December 31, 2020: TL 10,656) has been set aside for receivables from banks.

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

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Equity Securities | - | - | - | - |
| Bond, Treasury Bill and Similar Investment Securities | 332,832 | 310,573 | 876,626 | 272,329 |
| Other | - | - | - | - |
| **Total** | **332,832** | **310,573** | **876,626** | **272,329** |

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Government Bonds | - | 1,075,221 | 869,642 | 2,567,087 |
| Treasury Bills | - | - | - | - |
| Other Government Debt Securities | - | - | - | - |
| Bank Bonds and Bank Guaranteed Bonds | - | - | - | - |
| Asset Backed Securities | - | - | - | - |
| Other | - | - | - | - |
| **Total** | **-** | **1,075,221** | **869,642** | **2,567,087** |

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 6,798,382 (31 December 2020: TL 4,066,713).

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

| | Current Period | Prior Period |
|---|---|---|
| Debt Securities | 8,504,319 | 8,641,516 |
| Quoted on a Stock Exchange | 8,478,412 | 8,618,350 |
| Unquoted | 25,907 | 23,166 |
| Equity Securities | 12,689 | 10,881 |
| Quoted on a Stock Exchange | - | - |
| Unquoted | 12,689 | 10,881 |
| Impairment Provision (-) | - | - |
| **Total** | **8,517,008** | **8,652,397** |

An expected loss provision of TL 1,958 (31 December 2020: TL 1,969) has been reserved for financial assets at fair value through other comprehensive income.

(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 the Parent Bank:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | Cash | Non-Cash | Cash | Non-Cash |
| Direct Loans Granted to Shareholders | - | 268,028 | - | 438,193 |
| Corporate Shareholders | - | 268,028 | - | 438,193 |
| Real Person Shareholders | - | - | - | - |
| Indirect Loans Granted to Shareholders | - | - | - | - |
| Loans Granted to Employees | 150,653 | - | 153,482 | - |
| **Total** | **150,653** | **268,028** | **153,482** | **438,193** |

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

**Current Period:**

| | | Loans Under Close Monitoring | | |
|---|---|---|---|---|
| | | | Restructuring | |
| Cash Loans | Standard Loans | Loans Not Subject to Restructing | Loans with Revised Contract Terms | Refinance |
| Non-specialized loans | 80,340,059 | 7,566,187 | 79,476 | 1,403,384 |
| Working Capital Loans | 5,985,335 | 762,370 | 50,432 | 868,850 |
| Export Loans | 11,588,302 | 115,295 | - | 4,312 |
| Import Loans | - | - | - | - |
| Loans Given to Financial Sector | 3,831,996 | - | - | - |
| Consumer Loans | 19,147,824 | 3,950,250 | 11,019 | 140,468 |
| Credit Cards | 6,069,334 | 965,035 | 10,902 | - |
| Other | 33,717,268 | 1,773,237 | 7,123 | 389,754 |
| Specialized Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| **Total** | **80,340,059** | **7,566,187** | **79,476** | **1,403,384** |

**Prior Period:**

| | | Loans Under Close Monitoring | | |
|---|---|---|---|---|
| | | | Restructuring | |
| Cash Loans | Standard Loans | Loans Not Subject to Restructing | Loans with Revised Contract Terms | Refinance |
| Non-specialized loans | 71,307,608 | 6,190,429 | 92,352 | 1,669,564 |
| Working Capital Loans | 5,389,404 | 835,979 | 54,422 | 796,995 |
| Export Loans | 9,300,529 | 62,917 | - | 89,456 |
| Import Loans | - | - | - | - |
| Loans Given to Financial Sector | 2,655,503 | - | - | - |
| Consumer Loans | 16,922,139 | 2,915,680 | 3,912 | 150,693 |
| Credit Cards | 4,540,033 | 655,741 | 22,188 | - |
| Other | 32,500,000 | 1,720,112 | 11,830 | 632,420 |
| Specialized Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| **Total** | **71,307,608** | **6,190,429** | **92,352** | **1,669,564** |

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

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

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

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | Standard Loans | Loans Under Close Monitoring | Standard Loans | Loans Under Close Monitoring |
| 12 Month Expected Credit Loss | 379,622 | - | 393,446 | - |
| Significant increase in Credit Risk | - | 1,207,667 | - | 1,360,252 |
| **Total** | **379,622** | **1,207,667** | **393,446** | **1,360,252** |

Aging analysis for loans under close monitoring

| 30 September 2021 (*) | 1-30 Days | 31-60 Days | 61-90 Days | Total |
|---|---|---|---|---|
| Loans and Receivables | | | | |
| Commercial Loans | 172,986 | 95,861 | 317,059 | 585,906 |
| Consumer Loans | 751,187 | 249,726 | 306,397 | 1,307,310 |
| Credit Cards | 120,189 | 102,166 | 67,442 | 289,797 |
| **Total** | **1,044,362** | **447,753** | **690,898** | **2,183,013** |

(*) As of 30 September 2021, based on the BRSA's decision dated 17 June 2021 and numbered 9624, to be valid until 30 September 2021, the loans that are delayed between 91 and 180 days and continue to be classified as the second stage, total TL 487,711 (December 31, 2020 : TL 626,606).

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

(*) As of 31 December 2020, based on the BRSA's decision dated 17 March 2020 and numbered 8948 and dated 8 December 2020 numbered 9312, the Bank continued to classify its loans amounting TL 626,606 with a delay between 91 and 180 days, effective from 17 March 2020 until 30 June 2021 in the Second Group.

(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** | **627,339** | **21,576,233** | **22,203,572** |
| Housing Loans | 1,700 | 4,231,709 | 4,233,409 |
| Vehicle Loans | 5,699 | 437,810 | 443,509 |
| General Purpose Loans | 619,940 | 16,906,714 | 17,526,654 |
| Other | - | - | - |
| **Consumer Loans –Indexed to FC** | **-** | **14,576** | **14,576** |
| Housing Loans | - | 14,576 | 14,576 |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| **Consumer Loans-FC (**)** | **-** | **17,218** | **17,218** |
| Housing Loans | - | 4,803 | 4,803 |
| Vehicle Loans | - | 857 | 857 |
| General Purpose Loans | - | 11,558 | 11,558 |
| Other | - | - | - |
| **Individual Credit Cards-TL** | **4,727,402** | **10,364** | **4,737,766** |
| With Instalments | 1,548,918 | 10,364 | 1,559,282 |
| Without Instalments | 3,178,484 | - | 3,178,484 |
| **Individual Credit Cards-FC** | **10,830** | **-** | **10,830** |
| With Instalments | - | - | - |
| Without Instalments | 10,830 | - | 10,830 |
| **Personnel Loans-TL** | **8,241** | **100,912** | **109,153** |
| Housing Loans | - | 219 | 219 |
| Vehicle Loans | - | - | - |
| General Purpose Loans | 8,241 | 100,693 | 108,934 |
| 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** | **37,279** | **21** | **37,300** |
| With Instalments | 12,863 | 21 | 12,884 |
| Without Instalments | 24,416 | - | 24,416 |
| **Personnel Credit Cards-FC** | **287** | **-** | **287** |
| With Instalments | - | - | - |
| Without Instalments | 287 | - | 287 |
| **Overdraft Accounts-TL(Real Persons) (*)** | **905,037** | **-** | **905,037** |
| **Overdraft Accounts-FC(Real Persons)** | **5** | **-** | **5** |
| **Total** | **6,316,420** | **21,719,324** | **28,035,744** |

(*) Overdraft accounts include personnel loans amounting to TL 3,913.

(**) Loans granted via branches abroad.

(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:

| Prior Period | Short Term | Medium and Long Term | Total |
|---|---|---|---|
| **Consumer Loans-TL** | **450,376** | **18,715,717** | **19,166,093** |
| Housing Loans | 663 | 4,502,862 | 4,503,525 |
| Vehicle Loans | 6,877 | 451,829 | 458,706 |
| General Purpose Loans | 442,836 | 13,761,026 | 14,203,862 |
| Other | - | - | - |
| **Consumer Loans –Indexed to FC** | **-** | **15,510** | **15,510** |
| Housing Loans | - | 15,510 | 15,510 |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| **Consumer Loans-FC (**)** | **-** | **19,914** | **19,914** |
| Housing Loans | - | 5,349 | 5,349 |
| Vehicle Loans | - | 1,909 | 1,909 |
| General Purpose Loans | - | 12,656 | 12,656 |
| Other | - | - | - |
| **Individual Credit Cards-TL** | **3,497,240** | **21,003** | **3,518,243** |
| With Instalments | 1,160,176 | 21,003 | 1,181,179 |
| Without Instalments | 2,337,064 | - | 2,337,064 |
| **Individual Credit Cards-FC** | **4,898** | **-** | **4,898** |
| With Instalments | - | - | - |
| Without Instalments | 4,898 | - | 4,898 |
| **Personnel Loans-TL** | **10,001** | **107,618** | **117,619** |
| Housing Loans | - | 356 | 356 |
| Vehicle Loans | - | - | - |
| General Purpose Loans | 10,001 | 107,262 | 117,263 |
| Other | - | - | - |
| **Personnel Loans- Indexed to FC** | - | - | - |
| Housing Loans | - | - | - |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| **Personnel Loans-FC** | - | - | - |
| Housing Loans | - | - | - |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| **Personnel Credit Cards-TL** | **32,257** | **52** | **32,309** |
| With Instalments | 9,979 | 52 | 10,031 |
| Without Instalments | 22,278 | - | 22,278 |
| **Personnel Credit Cards-FC** | **32** | **-** | **32** |
| With Instalments | - | - | - |
| Without Instalments | 32 | - | 32 |
| **Overdraft Accounts-TL(Real Persons) (*)** | **673,283** | **-** | **673,283** |
| **Overdraft Accounts-FC(Real Persons)** | **5** | **-** | **5** |
| **Total** | **4,668,092** | **18,879,814** | **23,547,906** |

(*) Overdraft accounts include personnel loans amounting to TL 3,522.

(**) Loans granted via branches abroad.

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

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

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

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

| Current Period | Short Term | Medium and Long Term | Total |
|---|---|---|---|
| **Commercial Loans with Instalment -TL** | **1,283,885** | **10,415,263** | **11,699,148** |
| Business Loans | 196 | 174,135 | 174,331 |
| Vehicle Loans | 86,908 | 2,116,471 | 2,203,379 |
| General Purpose Loans | 1,196,781 | 8,124,657 | 9,321,438 |
| Other | - | - | - |
| **Commercial Loans with Instalment - Indexed to FC** | **-** | **85,555** | **85,555** |
| Business Loans | - | 6,139 | 6,139 |
| Vehicle Loans | - | 288 | 288 |
| General Purpose Loans | - | 79,128 | 79,128 |
| Other | - | - | - |
| **Commercial Loans with Instalment - FC** | **-** | **-** | **-** |
| Business Loans | - | - | - |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| **Corporate Credit Cards-TL** | **2,255,989** | **307** | **2,256,296** |
| With Instalments | 840,666 | 307 | 840,973 |
| Without Instalments | 1,415,323 | - | 1,415,323 |
| **Corporate Credit Cards-FC** | **2,792** | **-** | **2,792** |
| With Instalments | - | - | - |
| Without Instalments | 2,792 | - | 2,792 |
| **Overdraft Accounts-TL(Legal Entities)** | **861,780** | **-** | **861,780** |
| **Overdraft Accounts-FC(Legal Entities)** | **-** | **-** | **-** |
| **Total** | **4,404,446** | **10,501,125** | **14,905,571** |

| Prior Period | Short Term | Medium and Long Term | Total |
|---|---|---|---|
| **Commercial Loans with Instalment -TL** | **2,173,068** | **8,946,399** | **11,119,467** |
| Business Loans | 257 | 163,797 | 164,054 |
| Vehicle Loans | 61,037 | 1,257,926 | 1,318,963 |
| General Purpose Loans | 2,111,774 | 7,524,676 | 9,636,450 |
| Other | - | - | - |
| **Commercial Loans with Instalment - Indexed to FC** | **-** | **148,076** | **148,076** |
| Business Loans | - | 6,192 | 6,192 |
| Vehicle Loans | - | 23,201 | 23,201 |
| General Purpose Loans | - | 118,683 | 118,683 |
| Other | - | - | - |
| **Commercial Loans with Instalment - FC** | - | - | - |
| Business Loans | - | - | - |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| **Corporate Credit Cards-TL** | **1,660,003** | **917** | **1,660,920** |
| With Instalments | 601,673 | 917 | 602,590 |
| Without Instalments | 1,058,330 | - | 1,058,330 |
| **Corporate Credit Cards-FC** | **1,560** | **-** | **1,560** |
| With Instalments | - | - | - |
| Without Instalments | 1,560 | - | 1,560 |
| **Overdraft Accounts-TL(Legal Entities)** | **741,420** | **-** | **741,420** |
| **Overdraft Accounts-FC(Legal Entities)** | - | - | - |
| **Total** | **4,576,051** | **9,095,392** | **13,671,443** |

(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 | 88,831,979 | 78,767,136 |
| Foreign Loans | 557,127 | 492,817 |
| **Total** | **89,389,106** | **79,259,953** |

f) Loans granted to subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

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

| | Current Period | Prior Period |
|---|---|---|
| Loans and Receivables with Limited Collectability | 144,157 | 104,606 |
| Loans and Receivables with Doubtful Collectability | 189,128 | 198,193 |
| Uncollectible Loans and Receivables | 1,708,269 | 1,991,274 |
| **Total** | **2,041,554** | **2,294,073** |

h) Information on Non Performing loans (Net):

h.1) Information on loans and other receivables included in loans under follow-up which are restructured or rescheduled:

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | Loans and Receivables with Limited Collectability | Loans and Receivables with Doubtful Collectability | Uncollectible Loans and Receivables |
| **Current Period** | | | |
| Gross Amounts before Provisions | 29,254 | 13,797 | 57,169 |
| Restructured Loans | 29,254 | 13,797 | 57,169 |
| **Prior Period** | | | |
| Gross Amounts before Provisions | 22,018 | 24,809 | 52,292 |
| Restructured Loans | 22,018 | 24,809 | 52,292 |

h.2) Movement of loans under follow-up:

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | Loans and Receivables with Limited Collectability | Loans and Receivables with Doubtful Collectability | Uncollectible Loans and Receivables |
| **Prior Priod End balance** | **168,152** | **313,729** | **3,020,001** |
| Additions (+) | 649,526 | 11,629 | 20,245 |
| Transfers from other Categories of Loans under Follow-up (+) | - | 498,086 | 418,065 |
| Transfers to other Categories of Loans under Follow-up (-) | 498,086 | 418,065 | - |
| Collections (-) | 88,416 | 102,445 | 603,892 |
| Write-Offs (-) | - | - | 56,623 |
| Sold Portfolio (-)(*) | 43 | 770 | 265,269 |
| Corporate and Commercial Loans | 5 | 707 | 100,960 |
| Retail Loans | - | 7 | 106,876 |
| Credit Cards | 38 | 56 | 57,433 |
| Other | - | - | - |
| Other | (8,837) | 6,493 | (38,031) |
| **Current Period End balance** | **222,296** | **308,657** | **2,494,496** |
| Provision (-) | 144,157 | 189,128 | 1,708,269 |
| **Net Balances on Balance Sheet** | **78,139** | **119,529** | **786,227** |

(*) Past due receivables amounting to TL 266,082 for which TL 259,522 of provision had been allocated, is sold for TL 31,595 during 2021. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

(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 loans under follow-up (continued):

h.3) Information on foreign currency loans under follow-up:

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | **Loans and Receivables with Limited Collectability** | **Loans and Receivables with Doubtful Collectability** | **Uncollectable Loans and Receivables** |
| **30 September 2021** | | | |
| Current Period End Balance | 10,272 | 11,323 | 217,424 |
| Provision (-) | 6,046 | 8,769 | 154,076 |
| **Net Balance on Balance Sheet** | **4,226** | **2,554** | **63,348** |
| **31 December 2020** | | | |
| Prior Period End Balance | 13,274 | 82,483 | 206,622 |
| Provision (-) | 7,729 | 57,368 | 158,053 |
| **Net Balance on Balance Sheet** | **5,545** | **25,115** | **48,569** |

h.4) Information regarding gross and net amounts of loans under follow-up with respect to user groups:

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | **Loans and Receivables with Limited Collectability** | **Loans and Receivables with Doubtful Collectability** | **Uncollectible Loans and Receivables** |
| **Current Period (Net)** | | | |
| Loans to Real Persons and Legal Entities (Gross) | 222,296 | 308,657 | 2,494,496 |
| Provision (-) | 144,157 | 189,128 | 1,708,269 |
| **Loans to Real Persons and Legal Entities (Net)** | **78,139** | **119,529** | **786,227** |
| Banks (Gross) | - | - | - |
| Provision (-) | - | - | - |
| **Banks (Net)** | **-** | **-** | **-** |
| Other Loans and Receivables (Gross) | - | - | - |
| Provision (-) | - | - | - |
| **Other Loans and Receivables (Net)** | **-** | **-** | **-** |
| **Prior Period (Net)** | | | |
| Loans to Real Persons and Legal Entities (Gross) | 168,152 | 313,729 | 3,020,001 |
| Provision (-) | 104,606 | 198,193 | 1,991,274 |
| **Loans to Real Persons and Legal Entities (Net)** | **63,546** | **115,536** | **1,028,727** |
| Banks (Gross) | - | - | - |
| Provision (-) | - | - | - |
| **Banks (Net)** | **-** | **-** | **-** |
| Other Loans and Receivables (Gross) | - | - | - |
| Provision (-) | - | - | - |
| **Other Loans and Receivables (Net)** | **-** | **-** | **-** |

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

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | **Loans with Limited Collectability** | **Loans with Doubtful Collectability** | **Uncollectible Loans** |
| **Current Period (Net)** | **2,257** | **2,600** | **38,813** |
| Interest Accruals, Rediscounts and Valuation Differences | 22,578 | 45,568 | 562,062 |
| Provision (-) | 20,321 | 42,968 | 523,249 |
| **Prior Period (Net)** | **1,649** | **2,775** | **46,489** |
| Interest Accruals, Rediscounts and Valuation Differences | 20,070 | 39,689 | 637,348 |
| Provision (-) | 18,421 | 36,914 | 590,859 |

(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 criterias. And the following write-off criterias are considered:

- Limited possibility of recovery: Loans with low collateralization rates, limited collateral capability, limited assets that provide foreclosure collection opportunities, loans with higher collection costs and lower collection expectations are evaluated,

- Financial indicators: Financial indicators regarding the inability to recover the entire loan are evaluated,

- Long-term follow-up: Loans which do not have reasonable collection expectations, among the loans that have been in legal follow-up for a long time, are evaluated,

The following applications regarding the loans which is under follow-up and written-off cannot be different form registered loans.
a) The methods applied for legal collection of loans from debtors,
b) Decisions regarding the inclusion to the non-performing loans sale,
c) Decisions to waive the receivables by waiving the loans.

The amount written-off by the Parent Bank within the scope of TFRS 9 during the financial period is TL 56,623 (31 December 2020: TL 97,496) and its effect on NPL ratio is 0.06% (31 December 2020: 0.12%). The follow-up conversion rate is 3.27% (31 December 2020: 4.22%) with the current period non-performing loans after write-offs, while the calculated rate including the loans written-off during the year is 3.33% (31 December 2020: 4.34%).

### 7. Information on financial assets measured at amortized cost:

a) a.1) Financial assets valued at amortized cost subject to repo transactions :

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Equity Securities | - | - | - | - |
| Bond, Treasury bill and similar investment securities | 4,066,773 | 1,420,190 | 2,971,137 | 1,153,219 |
| **Total** | **4,066,773** | **1,420,190** | **2,971,137** | **1,153,219** |

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Equity Securities | - | - | - | - |
| Bond, Treasury bill and similar investment securities | 5,999,893 | 185,565 | 6,698,645 | 1,171,868 |
| Other | - | - | - | - |
| **Total** | **5,999,893** | **185,565** | **6,698,645** | **1,171,868** |

Unrestricted financial assets measured at amortized cost are TL 2,452,099 (31 December 2020: TL 528,072).

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

| | Current Period | Prior Period |
|---|---|---|
| Government Bonds | 14,124,520 | 12,522,941 |
| Treasury Bills | - | - |
| Other Government Debt Securities | - | - |
| **Total** | **14,124,520** | **12,522,941** |

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

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

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

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

| | Current Period | Prior Period |
|---|---|---|
| Debt Securities | 14,124,520 | 12,522,941 |
| Quoted on a Stock Exchange | 14,124,520 | 12,522,941 |
| Unquoted | - | - |
| Impairment Provision(-) | - | - |
| **Total** | **14,124,520** | **12,522,941** |

An expected loss provision of TL 3,178 (31 December 2020: TL 2,818) is reserved for financial assets valued at amortized cost.

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

| | Current Period | Prior Period |
|---|---|---|
| Beginning Balance | 12,522,941 | 4,906,618 |
| Foreign Currency Differences on Monetary Assets | 231,456 | 377,092 |
| Purchases during the Year (*) | 3,128,970 | 8,062,415 |
| Disposals Through Sales and Redemptions | (1,758,847) | (823,184) |
| Impairment Provision (-) | - | - |
| **Closing Balance** | **14,124,520** | **12,522,941** |

(*) This line includes discount amounts.

### 8. Information on associates (Net):

a.1) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2020: None).

a.2) Information on the unconsolidated associates: None (31 December 2020: None).

a.3) Explanations on the consolidated associates: None (31 December 2020: None).

a.4) Information on sector information on consolidated associates: None (31 December 2020: None).

a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2020: None).

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

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

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

a) Information on shareholders' equity of significant subsidiaries:

| | TEB Faktoring A.Ş. | TEB Yatırım Menkul Değerler A.Ş. | TEB Portföy Yönetimi A.Ş. |
|---|---|---|---|
| Paid-in Capital to be Entitled for Compensation after All Creditors | 50,000 | 28,794 | 6,860 |
| Reserves | 129,871 | 47,846 | 6,674 |
| Net income for the period and prior period income | 45,816 | 184,581 | 20,835 |
| Income/ Loss recognized under equity in accordance with TAS | - | - | (172) |
| Leasehold Improvements on Operational Leases (-) | 116 | 247 | 253 |
| Goodwill and intangible asset and the related deferred tax liability (-) | 3,272 | 4,389 | 523 |
| **Total Common Equity Tier 1 Capital** | **222,299** | **256,585** | **33,421** |
| Provision | 4,804 | - | - |
| **Total Equity** | **227,103** | **256,585** | **33,421** |

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

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non–consolidate and minimum capital requirement: None (31 December 2020: None).

c) Information on the unconsolidated subsidiaries: None (31 December 2020: None).

d) Information on the consolidated financial subsidiaries:

d.1) Information on the consolidated financial subsidiaries:

| | Title | Address (City/Country) | Group's share percentage-If different voting percentage (%) | Other shareholders' share percentage (%) |
|---|---|---|---|---|
| 1 | TEB Faktoring A.Ş. | Istanbul/Turkey | 100.00 | - |
| 2 | TEB Yatırım Menkul Değerler A.Ş. | Istanbul/Turkey | 100.00 | - |
| 3 | TEB Portföy Yönetimi A.Ş. | Istanbul/Turkey | 54.74 | 45.26 |

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

| | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income on Marketable Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss (*) | Fair Value |
|---|---|---|---|---|---|---|---|---|
| 1 | 3,912,782 | 225,687 | 3,956 | 295,045 | - | 34,778 | 18,307 | - |
| 2 | 424,541 | 261,221 | 6,649 | 65,239 | - | 80,516 | 51,800 | - |
| 3 | 43,289 | 34,198 | 2,767 | 4,969 | 67 | 11,440 | 8,300 | - |

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

d.2) Information on consolidated subsidiaries:

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

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

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

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

d) Information on the consolidated financial subsidiaries:

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

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

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

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2020: None).

e) Information on unconsolidated non-financial subsidiaries:

TEB ARF Teknoloji A.Ş. was established by the Bank with a paid-in capital of TL 50,000 and 100% ownership; It was registered in the Trade Registry Gazette on 16 July 2020.

### 10. Information on entities under common control (Joint Ventures):

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

| Entities under common control (joint ventures) | Share of the Parent Bank (%) | Share of the Group (%) | Current Asset | Non-current Asset | Long-term Receivable | Profit | Loss |
|---|---|---|---|---|---|---|---|
| Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. | 0.1 | 33.3 | 143,071 | 42,240 | 28,121 | 197,007 | (163,152) |

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

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

### 11. Information on financial lease receivables (Net): None (31 December 2020: None).

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Fair Value Hedge | - | - | 416,239 | 31,137 |
| Cash Flow Hedge | 789,331 | - | 650,142 | - |
| Foreign Net Investment Hedge | - | - | - | - |
| **Total** | **789,331** | **-** | **1,066,381** | **31,137** |

In case the fair value hedge accounting is terminated, any adjustment made to the book value of the hedged financial instrument determined by using the effective interest method within the scope of fair value hedge accounting is amortized through profit or loss until the maturity of the financial instrument. Regarding the fair value hedge accounting transactions that the Bank terminated due to maturity, there is TL 6,210 in the income statement. As of 30 September 2021, there is no hedge accounting for fair value hedges.

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

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

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

According to cash flow hedges terminated by the Parent Bank, as of 30 September 2021 accumulated valuation differences amounted TL 17,493 (31 December 2020: TL 18,266) is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

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

| | Current Period | Prior Period |
|---|---|---|
| Beginning of Period Cost | 112,859 | 131,362 |
| Beginning of Period Accumulated Depreciation (-) | - | - |
| **Net Book Value** | **112,859** | **131,362** |
| Opening Balance | 112,859 | 131,362 |
| Acquired | 98,233 | 137,125 |
| Disposed (-) | 111,031 | 160,897 |
| Impairment (-) | (2,604) | (5,269) |
| Depreciation Value (-) | - | - |
| Period End Cost | 102,665 | 112,859 |
| Period End Accumulated Depreciation (-) | - | - |
| **Closing Net Book Value** | **102,665** | **112,859** |

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

### 15. Information on Group's factoring receivables:

a) Maturity analysis explanation:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Short Term(*) | 2,123,012 | 1,705,809 | 1,548,931 | 955,007 |
| Mid and Long Term | (29) | - | - | - |
| Stage 1 Provision (-) | 1,362 | 136 | 1,861 | 115 |
| Stage 2 Provision (-) | 3,303 | 3 | 1,856 | - |
| Stage 3 Provision (-) | 17,662 | 2,443 | 11,293 | 2,037 |
| **Total** | **2,100,656** | **1,703,227** | **1,533,921** | **952,855** |

(*) Incudes impaired factoring receivables amounting to TL 24,901 (31 December 2020: TL 18,268).

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

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

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

a.1) Current period:

| | Demand | 7 Day Call Accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Month-1 Year | 1 Year and Over | Accumulated Deposits | Total |
|---|---|---|---|---|---|---|---|---|---|
| Saving Deposits | 4,055,298 | - | 17,419,946 | 13,228,317 | 101,833 | 11,415 | 33,732 | - | 34,850,541 |
| Foreign Currency Deposits | 21,741,241 | - | 6,356,402 | 10,581,708 | 142,173 | 51,702 | 59,177 | - | 38,932,403 |
| Residents in Turkey | 19,780,264 | - | 6,074,018 | 10,215,734 | 125,054 | 43,684 | 52,989 | - | 36,291,743 |
| Residents Abroad | 1,960,977 | - | 282,384 | 365,974 | 17,119 | 8,018 | 6,188 | - | 2,640,660 |
| Public Sector Deposits | 620,449 | - | 163,831 | 111,170 | - | - | - | - | 895,450 |
| Commercial Deposits | 4,435,350 | - | 6,459,449 | 6,972,802 | 189,806 | 6,550 | 83,497 | - | 18,147,454 |
| Other Institutions Deposits | 242,497 | - | 63,072 | 655,031 | 1,075 | 86 | 519 | - | 962,280 |
| Precious Metals Deposits | 5,388,614 | - | 22,178 | 62,691 | 9,294 | 15,148 | 1,829 | - | 5,499,754 |
| Bank Deposits | 36,008 | - | 2,777,252 | - | - | - | - | - | 2,813,260 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 3 | - | 350,180 | - | - | - | - | - | 350,183 |
| Foreign Banks | 36,005 | - | 2,417,967 | - | - | - | - | - | 2,453,972 |
| Special Financial Institutions | - | - | 9,105 | - | - | - | - | - | 9,105 |
| Other | - | - | - | - | - | - | - | - | - |
| **Total** | **36,519,457** | **-** | **33,262,130** | **31,611,719** | **444,181** | **84,901** | **178,754** | **-** | **102,101,142** |

a.2) Prior period:

| | Demand | 7 Day Call Accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Month-1 Year | 1 Year and Over | Accumulated Deposits | Total |
|---|---|---|---|---|---|---|---|---|---|
| | 3,343,473 | - | 13,247,327 | 9,248,027 | 174,061 | 15,303 | 31,868 | - | 26,060,059 |
| Saving Deposits | | | | | | | | | |
| Foreign Currency Deposits | 18,424,730 | - | 7,600,065 | 11,882,963 | 97,381 | 92,277 | 52,616 | - | 38,150,032 |
| Residents in Turkey | 17,200,394 | - | 7,316,504 | 11,506,796 | 67,244 | 42,090 | 36,070 | - | 36,169,098 |
| Residents Abroad | 1,224,336 | - | 283,561 | 376,167 | 30,137 | 50,187 | 16,546 | - | 1,980,934 |
| Public Sector Deposits | 431,997 | - | 59,843 | 136,651 | 8,020 | - | - | - | 636,511 |
| Commercial Deposits | 4,489,927 | - | 3,928,324 | 5,879,776 | 158,781 | 1,448 | 13,824 | - | 14,472,080 |
| Other Institutions Deposits | 206,580 | - | 145,091 | 539,426 | 61,442 | 63 | 168 | - | 952,770 |
| Precious Metals Deposits | 5,807,140 | - | 31,022 | 94,004 | 15,788 | 50,503 | 3,597 | - | 6,002,054 |
| Bank Deposits | 43,796 | - | 7,424,601 | - | - | - | - | - | 7,468,397 |
| Central Bank of Turkey | 31 | - | - | - | - | - | - | - | 31 |
| Domestic Banks | 8 | - | - | - | - | - | - | - | 8 |
| Foreign Banks | 43,757 | - | 7,424,601 | - | - | - | - | - | 7,468,358 |
| Special Financial Institutions | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| **Total** | **32,747,643** | | **32,436,273** | **27,780,847** | **515,473** | **159,594** | **102,073** | **-** | **93,741,903** |

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

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

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

| **Saving Deposits** | **Under the Guarantee of Insurance (*)** | | **Exceeding the Limit of Insurance (*)** | |
|---|---|---|---|---|
| | **Current Period** | **Prior Period** | **Current Period** | **Prior Period** |
| Saving Deposits | 14,383,632 | 14,783,424 | 10,768,265 | 10,931,481 |
| Foreign Currency Saving Deposits | 6,724,105 | 7,067,339 | 14,689,526 | 14,081,460 |
| Other Deposits in the Form of Saving Deposits | 2,556,526 | 2,567,019 | 3,060,073 | 2,854,708 |
| Foreign Branches' Deposits under Foreign Authorities' Insurance | - | - | - | - |
| Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance | - | - | - | - |
| **Total** | **23,664,263** | **24,417,782** | **28,517,864** | **27,867,649** |

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

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

## 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 | 659,274 | 639,161 |
| Deposits of Controlling Shareholders and Their Close Families | 1,171,739 | 1,130,777 |
| Deposits of Chairman and Members of the Board of Directors and Their Close Families | 67,149 | 66,845 |
| Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 2004. | - | - |
| Saving Deposits in Banks Established in Turkey exclusively for Off-shore Banking Activities | - | - |

### 2. Information on derivative financial liabilities:

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Forward Transactions | 91,659 | 23,886 | 71,044 | 6,778 |
| Swap Transactions | 1,278,714 | 86,680 | 1,977,574 | 179,821 |
| Futures Transactions | - | 119 | - | - |
| Options | 23,826 | 21,900 | 18,600 | 6,526 |
| Other | - | - | - | - |
| **Total** | **1,394,199** | **132,585** | **2,067,218** | **193,125** |

### 3. Information on funds borrowed and debt securities issued:

a) Information on banks and other financial institutions:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Funds Borrowed from Central Bank of Turkey | - | - | - | - |
| From Domestic Banks and Institutions | 2,012,278 | 53,377 | 1,338,253 | 34,399 |
| From Foreign Banks, Institutions and Funds | 127,809 | 12,015,653 | 224,638 | 10,313,994 |
| **Total** | **2,140,087** | **12,069,030** | **1,562,891** | **10,348,393** |

As of 30 September 2021, the Group has borrowings from its related parties amounting to TL 5,854,747 (31 December 2020: TL 5,013,477).

b) Maturity analysis of borrowings:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Short-term | 2,033,788 | 6,729,359 | 1,562,891 | 5,872,731 |
| Medium and Long-term | 106,299 | 5,339,671 | - | 4,475,662 |
| **Total** | **2,140,087** | **12,069,030** | **1,562,891** | **10,348,393** |

c) Information on Debt Securities Issued:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Bank Bonds | 2,598,866 | - | 4,766,623 | - |
| Treasury Bills | - | - | 44,014 | - |
| **Total** | **2,598,866** | **-** | **4,810,637** | **-** |

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

## 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 7,057,310 (31 December 2020: TL 4,341,816) do not exceed 10% of the total balance sheet.

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

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under "Liabilities from Leasing" as a liability. As of 30 September 2021, the banks has leasing liability amounting to TL 552,486 (31 December 2020: TL 604,874).

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Fair Value Hedge | - | - | 84,098 | - |
| Cash Flow Hedge | 330,616 | 6,202 | 983,837 | 14,901 |
| Foreign Net Investment Hedge | - | - | - | - |
| **Total** | **330,616** | **6,202** | **1,067,935** | **14,901** |

In case the fair value hedge accounting is terminated, any adjustment made to the book value of the hedged financial instrument determined by using the effective interest method within the scope of fair value hedge accounting is amortized through profit or loss until the maturity of the financial instrument. Regarding the fair value hedge accounting transactions that the Bank terminated due to maturity, there is TL 6,210 in the income statement. As of 30 September 2021, there is no hedge accounting for fair value hedges.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences as of 30 September 2021 amounted TL 17,493 (31 December 2020: TL 18,266) is recorded under equity. These accumulated differences are transferred into income statement by considering maturity date of hedged items.

**7. Information on provisions:**

a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2020: None).

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

| | **Current Period** | **Prior Period** |
|---|---|---|
| Stage 1 | 52,080 | 58,241 |
| Stage 2 | 151,085 | 165,265 |
| Stage 3 | 90,122 | 87,824 |
| **Total** | **293,287** | **311,330** |

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

As of 30 September 2021, TL 30,416 (31 December 2020: TL 15,249) unused vacation provision, TL 326,250 (31 December 2020: TL 297,059) employee termination benefit provision, TL 167,730 (31 December 2020: TL 185,723) bonus provision for the group employee, and TL 3,330 (31 December 2020: TL 37,100) other expense provision are presented under "Reserve for Employee Benefit" in financial statements.

(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:

d) Information on other provisions:

| | Current Period | Prior Period |
|---|---|---|
| Provision for Non-cash Loans | 293,287 | 311,330 |
| Provision for Legal Cases | 70,772 | 93,625 |
| Provision for Promotions of Credit Cards and Banking Services | 16,728 | 11,935 |
| Other | 47,042 | 52,796 |
| **Total** | **427,829** | **469,686** |

### 8. Explanations on taxes payable:

a) Information on current tax liability:

| | Current Period | Prior Period |
|---|---|---|
| Corporate Tax Payable | 79,303 | 171,984 |
| Taxation on Securities | 46,575 | 45,038 |
| Property Tax | 1,241 | 1,223 |
| Banking Insurance Transaction Tax (BITT) | 74,840 | 53,917 |
| Foreign Exchange Transaction Tax | 4,141 | 4,556 |
| Value Added Tax Payable | 3,753 | 6,695 |
| Other (*) | 34,414 | 32,586 |
| **Total** | **244,267** | **315,999** |

(*) Others include income taxes deducted from wages amounting to TL 29,543 (31 December 2020: TL 25,404) and stamp taxes payable amounting to TL, 1,901 (31 December 2020: TL 1,784).

b) Information on premiums:

| | Current Period | Prior Period |
|---|---|---|
| Social Security Premiums-Employee | 12,638 | 11,813 |
| Social Security Premiums-Employer | 13,857 | 13,052 |
| Bank Social Aid Pension Fund Premium-Employee | - | - |
| Bank Social Aid Pension Fund Premium-Employer | - | - |
| Pension Fund Membership Fees and Provisions-Employee | - | - |
| Pension Fund Membership Fees and Provisions-Employer | - | - |
| Unemployment Insurance-Employee | 1,065 | 997 |
| Unemployment Insurance-Employer | 1,787 | 1,666 |
| Other | - | - |
| **Total** | **29,347** | **27,528** |

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

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

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

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.) | - | - | - | - |
| Valuation Difference | (113,140) | (41,573) | (149,198) | 61,169 |
| Foreign Exchange Difference | - | - | (122) | - |
| **Total** | **(113,140)** | **(41,573)** | **(149,320)** | **61,169** |

**10. Information on minority interest:** As of 30 September 2021, part of the group equity that belongs to minority shares is TL 15,478 (31 December 2020: TL 15,507).

**11. Information on factoring liabilities:** As of 30 September 2021, group has factoring debt of TL 24,712 (31 December 2020: TL 8,979).

(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 Expenditure Limits | 11,122,804 | 8,978,512 |
| Loan Granting Commitments | 6,879,895 | 5,736,570 |
| Asset Purchase and Sale Commitments | 3,661,307 | 3,031,018 |
| Payment Commitments for Cheques | 2,122,459 | 1,741,408 |
| Commitment to Pay Required Reserves | 1,429,622 | - |
| Time Deposit Purchase and Sale Commitments | 166,244 | 94,524 |
| Tax and Fund Liabilities from Export Commitments | 49,434 | 47,494 |
| Commitments for Promotions Related with Credit Cards and Banking Activities | 6,145 | 5,767 |
| Other Irrevocable Commitments | 701,158 | 389,096 |
| **Total** | **26,139,068** | **20,024,389** |

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

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

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

| | Current Period | Prior Period |
|---|---|---|
| Letters of Credit | 9,043,537 | 5,025,525 |
| Bank Acceptances | 12,263 | 16,573 |
| Other Commitments | 4,051,131 | 3,976,672 |
| Other Contingencies | 1,470,633 | 1,043,082 |
| **Total** | **14,577,564** | **10,061,852** |

b.2) Performance guarantees, provisional guarantees, sureties and similar transactions:

| | Current Period | Prior Period |
|---|---|---|
| Guarantee Letters | 10,532,862 | 9,864,566 |
| Advance Guarantee Letters | 2,574,461 | 2,244,080 |
| Guarantee Letters Given for Customs | 532,540 | 481,964 |
| Temporary Guarantee Letters | 377,932 | 332,396 |
| Other Guarantee Letters | 1,463,898 | 1,260,388 |
| **Total** | **15,481,693** | **14,183,394** |

c) Total amount of non-cash loans:

| | Current Period | Prior Period |
|---|---|---|
| Non-Cash Loans Given Against Achieving Cash Loans | 1,466,344 | 1,262,302 |
| With Maturity of One Year or Less Than One Year | 244,510 | 94,973 |
| With Maturity of More Than One Year | 1,221,834 | 1,167,329 |
| Other Non-Cash Loans | 28,592,913 | 22,982,944 |
| **Total** | **30,059,257** | **24,245,246** |

Third stage expected loss provision of TL 90,122 (31 December 2020: TL 87,824) has been set aside for non-cash loans amounting to TL 310,270 (31 December 2020: TL 263,951) which are not compensated and not cashed in off-balance sheet accounts. In addition, TL 52,080 (31 December 2020: TL 58,241) Stage 1, TL 151,085 (31 December 2020: TL 165,265) Stage 2 TFRS 9 expected loss provision has been made.

(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 | 3,752,462 | 180,369 | 2,407,661 | 173,538 |
| Medium and Long Term Loans | 4,162,049 | 181,346 | 3,544,665 | 181,569 |
| Interest on Loans under Follow-Up | 89,627 | - | 136,780 | - |
| Premiums Received from Resource Utilization Support Fund | - | - | - | - |
| **Total** | **8,004,138** | **361,715** | **6,089,106** | **355,107** |

(*) Includes fees and commissions obtained from cash loans amounting to TL 161,606 (30 September 2020: TL 112,724)

b) Information on interest income on banks:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| The Central Bank of Turkey | - | - | - | - |
| Domestic Banks | 116,215 | 230 | 95,422 | 467 |
| Foreign Banks | 5,646 | 2,905 | 2,372 | 7,200 |
| Branches and Head Office Abroad | - | - | - | - |
| **Total** | **121,861** | **3,135** | **97,794** | **7,667** |

c) Information on interest income on marketable securities portfolio:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Financial Assets Valued at Fair Value Through Profit or Loss | 123,135 | 29,960 | 111,915 | 34,675 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 486,373 | 65,053 | 520,469 | 62,924 |
| Financial Assets at Amortized Cost | 1,423,435 | 79,601 | 683,051 | 62,984 |
| **Total** | **2,032,943** | **174,614** | **1,315,435** | **160,583** |

d) Information on interest income received from affiliates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

### 2. Explanations on Interest Expense

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

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Banks | | | | |
| The Central Bank of Turkey | - | - | - | - |
| Domestic Banks | 192,794 | 1,420 | 53,787 | 3,419 |
| Foreign Banks | 17,291 | 384,566 | 33,883 | 337,087 |
| Branches and Head Office Abroad | - | - | - | - |
| Other Financial Institutions | - | - | - | - |
| **Total** | **210,085** | **385,986** | **87,670** | **340,506** |

(*) Includes fees and commission expenses related to cash loans amounting to TL 24,030 (30 September 2020: TL 7,876).

b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

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

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

### 2. Explanations on Interest Expense (continued)

c) Information on interest expenses on securities issued:

| | Current Period | | Prior Period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Interest Expense on securities issued | 341,435 | - | 333,886 | - |
| **Total** | **341,435** | **-** | **333,886** | **-** |

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

**Current Period:**

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

**Prior Period:**

| | | Time Deposit | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Account Name** | **Demand Deposit** | **Up to 1 Month** | **Up to 3 Months** | **Up to 6 Months** | **Up to 1 Year** | **More than 1 Year** | **Accumulated Deposits** | **Total** |
| **TL** | | | | | | | | |
| Bank Deposits | - | 81,218 | - | - | - | - | - | 81,218 |
| Saving Deposits | - | 797,567 | 571,538 | 9,744 | 4,256 | 14,040 | - | 1,397,145 |
| Public Sector Deposits | - | 1,298 | 11,399 | 529 | - | - | - | 13,226 |
| Commercial Deposits | - | 329,978 | 385,435 | 13,507 | 211 | 4,621 | - | 733,752 |
| Other Deposits | - | 5,239 | 91,064 | 3,218 | 6 | 34 | - | 99,561 |
| 7 Days Call Accounts | - | - | - | - | - | - | - | - |
| **Total** | **-** | **1,215,300** | **1,059,436** | **26,998** | **4,473** | **18,695** | **-** | **2,324,902** |
| **FC** | | | | | | | | |
| Foreign Currency Deposits | 9 | 17,237 | 65,351 | 1,114 | 487 | 801 | - | 84,999 |
| Bank Deposits | - | 276 | - | - | - | 5 | - | 281 |
| 7 Days Call Accounts | - | - | - | - | - | - | - | - |
| Precious Metal Deposits | - | 238 | 2,430 | 469 | 2,199 | 1,557 | - | 6,893 |
| **Total** | **9** | **17,751** | **67,781** | **1,583** | **2,686** | **2,363** | **-** | **92,173** |
| **Grand Total** | **9** | **1,233,051** | **1,127,217** | **28,581** | **7,159** | **21,058** | **-** | **2,417,075** |

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

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

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

| | Current Period | Prior Period |
|---|---|---|
| **Gains** | **45,363,461** | **43,791,620** |
| Gains on capital market operations | 213,189 | 242,662 |
| Gains on derivative financial instruments [(1)] | 12,212,329 | 13,215,567 |
| Foreign exchange gains | 32,937,943 | 30,333,391 |
| **Losses (-)** | **47,313,130** | **44,896,458** |
| Losses on capital market operations | 143,473 | 282,473 |
| Losses on derivative financial instruments [(1)] | 14,205,667 | 14,105,689 |
| Foreign exchange losses | 32,963,990 | 30,508,296 |

(1) Includes exchange rate fluctuations of hedging transactions net profit of TL 502,291 (30 September 2020: TL 979,814 profit), derivative financial instruments exchange rate changes in profit / loss accounts amounting to TL 155,494 (30 September 2020: TL 236,595 profit) net exchange loss.

### 4. Information on other operating income:

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

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

Allowance for Expected Credit Losses and Other Provisions:

| | Current Period | Prior Period |
|---|---|---|
| Expected Credit Losses | (226,150) | 535,317 |
| 12 Month Expected Credit Losses (Stage 1) | (26,105) | (26,636) |
| Significant Increase in Credit Risk (Stage 2) | (243,270) | 183,771 |
| Credit-Impaired (Stage 3) | 43,225 | 378,182 |
| Impairment Losses on Securities | - | - |
| Financial Assets Measured at Fair Value through Profit or Loss | - | - |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - |
| Impairment Losses on Associates, Subsidiaries and Joint Ventures | - | - |
| Associates | | |
| Subsidiaries | - | - |
| Joint Ventures | - | - |
| Others | 2,322 | (23,739) |
| **Total** | **(223,828)** | **511,578** |

### 6. Information on other operating expenses:

| | Current Period | Prior Period |
|---|---|---|
| Reserve for employee termination benefits [(1)] | 29,191 | 24,680 |
| Bank social aid fund deficit provision | - | - |
| Impairment expenses of fixed assets | - | 943 |
| Depreciation expenses of fixed assets | 197,625 | 184,005 |
| Impairment expenses of intangible assets | - | - |
| Impairment expense of goodwill | - | - |
| Depreciation expenses of intangible assets | 61,739 | 57,606 |
| Impairment for investments accounted with equity method | | - |
| Impairment expenses of assets to be disposed | (2,604) | 3,065 |
| Depreciation expenses of assets to be disposed | - | - |
| Impairment expenses of assets held for sale and discontinued operations | - | - |
| Other operating expenses | 956,498 | 785,461 |
| Rent expenses related to TFRS16 Exceptions | 31,141 | 27,383 |
| Maintenance expenses | 25,407 | 20,915 |
| Advertisement expenses | 59,659 | 27,160 |
| Other expenses | 840,291 | 710,003 |
| Loss on sales of assets | 4,940 | 2,881 |
| Other [(2)] | 362,331 | 333,414 |
| **Total** | **1,609,720** | **1,392,055** |

(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 162,054 (30 September 2020: TL 141,954) and other taxes and fees paid in the amount of TL 151,437 (30 September 2020: TL 136,592).

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

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

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

a) As of 30 September 2021, the current tax expense is TL 336,019 (30 September 2020: TL 44,317 expense) Deferred tax expense is TL 118 (30 September 2020: TL 310,321 deferred tax expense) and there is no current and deferred tax income/expense from discontinued operations (30 September 2020: None).

b) Deferred tax expense on temporary differences resulted from continued operations is TL 118 (30 September 2020: TL 310,321 deferred tax expense).

c) Tax reconciliation:

| | Current Period | Prior Period |
|---|---|---|
| **Profit Before Taxes** | **1,500,377** | **1,555,966** |
| **Additions** | **29,994** | **63,862** |
| Nonallowable Expenses | 29,994 | 32,078 |
| Other | - | 31,784 |
| **Deductions** | **(185,822)** | **(7,839)** |
| Dividend Income | (2,165) | (1,007) |
| Effect of Different Tax Rate | (110,800) | (4,546) |
| Other | (72,857) | (2,286) |
| **Taxable Profit/Loss** | **1,344,549** | **1,611,989** |
| Corporate Tax Rate | 25% | 22% |
| **Calculated Tax** | **336,137** | **354,638** |
| Prior Year Tax Correction | - | - |
| **Tax Charge** | **336,137** | **354,638** |

### 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 2020: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (30 September 2020: None).

c) Profit/loss attributable to minority interest:

| | Current Period | Prior Period |
|---|---|---|
| Minority interest profit/loss | 5,178 | 3,757 |

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

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

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

| | Current Period | Prior Period |
|---|---|---|
| **Other Interest Income** | | |
| Interest Received from Factoring Transactions | 294,131 | 131,918 |
| Other | 57,495 | 7,240 |
| **Total** | **351,626** | **139,158** |

| | Current Period | Prior Period |
|---|---|---|
| **Other fees and commissions received** | | |
| Card and POS Fees and Commissions | 943,674 | 582,047 |
| Insurance Commissions | 189,581 | 127,395 |
| Brokerage and Advisory Commissions | 103,040 | 115,507 |
| Fund Management Fees | 67,271 | 60,419 |
| General Limit Revision Commissions | 60,212 | 38,857 |
| Transfer commissions | 54,137 | 36,745 |
| Consultancy Commission | 51,505 | 8,899 |
| Settlement Expense Provision, Eft, Swift, Agency Commissions | 29,288 | 25,063 |
| Early Closing Commissions | 15,306 | 72,204 |
| Periodic Service Commissions | - | 28,230 |
| Other | 156,331 | 168,811 |
| **Total** | **1,670,345** | **1,264,177** |
| | | |
| **Other Fees and Commissions Given** | | |
| Credit Cards Commissions and Fees | 561,925 | 295,468 |
| Commission and Fees Paid to Correspondent Banks | 57,831 | 42,611 |
| Settlement Expense Provision, Eft, Swift, Agency Commissions | 25,585 | 21,918 |
| Other | 98,349 | 75,539 |
| **Total** | **743,690** | **435,536** |

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

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

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

Balance sheet items of previous periods are presented as of 31 December 2020 and income/expense items of previous periods are presented as of 30 September 2020.

a) Current Period:

| Related Parties | Subsidiaries, Associates and Entities under Common Control (Joint Vent.) | | Direct and Indirect Shareholders of the Parent Bank | | Other Entities Included in the Risk Group | |
|---|---|---|---|---|---|---|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans | | | | | | |
| Balance at Beginning of Period | - | - | 161,422 | 438,193 | 810,094 | 89,477 |
| Balance at End of Period | - | - | 135,362 | 268,028 | 987,547 | 117,379 |
| Interest and Commission Income | - | - | 2,779 | 2,416 | 40,446 | 220 |

Direct and indirect shareholders of the Group balance above includes TL 135,362 and other entities included in the risk group balance above includes TL 62,466 placement in "Banks".

b) Prior Period:

| Related Parties | Subsidiaries, Associates and Entities under Common Control (Joint Vent.) | | Direct and Indirect Shareholders of the Parent Bank | | Other Entities Included in the Risk Group | |
|---|---|---|---|---|---|---|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans | | | | | | |
| Balance at Beginning of Period | - | - | 19,196 | 182,856 | 393,152 | 101,145 |
| Balance at End of Period | - | - | 161,422 | 438,193 | 810,094 | 89,477 |
| Interest and Commission Income | - | - | 3,936 | 1,071 | 10,011 | 516 |

Direct and indirect shareholders of the Group balance above includes TL 161,422 and other entities included in the risk group balance above includes TL 76,533 placement in "Banks".

c) c.1) Information on related party deposits balances:

| Related parties | Subsidiaries, Associates and Entities under Common Control (Joint Vent.) | | Direct and Indirect Shareholders of the Parent Bank | | Other Entities Included in the Risk Group | |
|---|---|---|---|---|---|---|
| Deposits | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Balance at Beginning of Period | - | - | 5,596,710 | 3,313,150 | 1,281,302 | 648,747 |
| Balance at End of Period | - | - | 3,626,605 | 5,596,710 | 1,274,573 | 1,281,302 |
| Interest on Deposits | - | - | 347,147 | 75,710 | 61,309 | 19,050 |

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

| Related Parties | Subsidiaries, Associates and Entities under Common Control (Joint Vent.) | | Direct and Indirect Shareholders of the Parent Bank | | Other Entities Included in the Risk Group | |
|---|---|---|---|---|---|---|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Financial Assets at Fair Value Through Profit or Loss | | | | | | |
| Beginning of Period | - | - | 18,396,561 | 29,930,097 | 284,453 | 913,846 |
| End of Period | - | - | 19,001,693 | 18,396,561 | 429,979 | 284,453 |
| Total Profit/Loss | - | - | (357,801) | (887,704) | (25,451) | (31,938) |
| Hedging Transactions Purposes | | | | | | |
| Beginning of Period | - | - | 10,139,721 | 17,648,505 | - | - |
| End of Period | - | - | 8,011,906 | 10,139,721 | - | - |
| Total Profit/Loss | - | - | 354,021 | 721,726 | - | - |

d) As of 30 September 2021, the total amount of remuneration and fees provided for the senior management of the Group is TL 57,596 (30 September 2020: TL 53,854).

## VI. Explanations and Disclosures Related to Subsequent Events

None.

# SECTION SIX

# INDEPENDENT AUDITOR'S REVIEW REPORT

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

The consolidated financial statements of the Group have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor's interim review report dated 27 October 2021 is presented preceding the consolidated financial statements.

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

None.

# SECTION SEVEN (*)

# INFORMATION ON INTERIM ACTIVITY REPORT

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

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

**Chairman of Board of Director's Message**

Esteemed stakeholders,

In the third quarter of 2021, global manufacturing activity maintained its strength; the global service sector entered a rapid recovery period, with the acceleration of vaccination. However, in this period, the mutations of Covid-19 increased uncertainties about the economic outlook. Deterioration in climate conditions in major agricultural commodity-exporting countries adversely affected global food prices, and food prices increased worldwide due to the increase in transportation costs. Due to high uncertainties and supply-side constraints, The International Monetary Fund (IMF) decreased its 2021 global economic growth forecast from 6% to 5.9%

In the US, the increase in inflation continued in the third quarter of the year, and consumer inflation stood at 5.4%. The US Federal Reserve (FED) maintained its accommodative stance in the third quarter. FED stated that inflation might increase in the short term due to the openings in the services sector and supply constraints, but FED expects stabilization in the longer term. In the September meeting, FED Chairman Powell signalled they might start to decrease in the asset purchase program soon and that they might end their asset purchases in mid-2022. The US 10-year bond yield rose to 1.5% in September, driven by inflation concerns and increasing expectations for the rate hike in the next year.

The rise in global food and energy prices also affected Turkey's economy. The annual inflation, 17.5% in June, rose to 19.6% in September. However, citing transitory effects on CPI inflation, the Central Bank of Turkey (CBRT) decreased the policy rate to 18% in September.

In the January-September period, Turkey's exports increased by 36% and imports by 23.7%, improving the trade balance. Tourism and transportation revenues contributed positively to the current account balance in the third quarter of the year. The annual current account deficit decreased to USD23bn as of August, thanks to the strong export performance and tourism revenues. Preliminary indicators for the fourth quarter indicate robust manufacturing activity and a high capacity utilization rate. At the end of the August, industrial production increased by 13.8% per year.

In the Medium Term Program (MTP), covering 2022-2024, Turkey is expected to grow 9% in 2021. The budget deficit/GDP ratio forecast is at 3.5% and, the annual inflation forecast is at 16.2% for this year. In its latest report, the IMF increased its growth forecast for the Turkish economy from 5.8% to 9%.

The emergence of further new variants of Covid-19 increases the concerns and uncertainties related to the pandemic. In the upcoming period, the course of the vaccination rate and the policies of the developed countries' central banks will be the determining factors in growth.

Yours respectfully,
Yavuz Canevi

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

**CEO’s Message**

Conducting its operations in line with its goal of fulfilling its responsibilities towards all of its stakeholders, in keeping with its “Good and Exemplary Bank” attitude Türk Ekonomi Bankası (TEB) continues to engage in efforts which create added value for stakeholders and which have a positive impact on society while also contributing to the national economy and supporting sustainable growth.

According to the bank’s Q3 2021 financial results, as of 30 September 2021 TEB’s consolidated total assets were worth TL 153.5 billion while its consolidated net profit weighed in at TL 1,164.2 million. Loans, the most important indicator of TEB’s support both for its customers and for the national economy, made up 61% of the bank’s total assets in the third quarter.

Giving importance to risk management and asset quality as it always does, TEB’s total consolidated lendings reached TL 93.2 billion in Q3 2021 while the bank’s total consolidated deposits amounted to TL 102.1 billion in value. Continuing to register solid growth with a strong capital structure while sustainably maintaining its profitability during the first nine months of the year, TEB’s consolidated shareholders’ equity was TL 13.1 billion as of 30 September 2021 while the bank’s 16.73% capital adequacy ratio was well above the targeted 12% figure.

In the third quarter TEB signed a new cooperation agreement worth USD 50 million with the European Bank for Reconstruction and Development (EBRD) This agreement is intended to ensure the continuity of foreign trade while also continuing to provide for the needs of firms in the conduct of their foreign trade operations.

Known for supplying depositors and savers with alternative products, TEB supports its customers in their efforts to save while also promoting saving habits with its Marifetli Hesap, an account which earns interest on a daily basis and which thus provides the flexibility of making deposits and withdrawals at any time. With the addition of newly opened accounts, the total volume of TEB’s Marifetli Hesap increased by 32% in the first nine months of 2021.

The growth in TEB’s consumer loans also continued in the third quarter of the year. Offering its customers with alternative repayment plans along with three-month deferrals, TEB has realized most of these solutions through its digital channels. During this period, TEB extended 85% of its consumer loans through digital channels.

To help support businesses in areas suffering from disastrous forest fires and floods, in the third quarter of the year TEB granted three-month interest-free deferments on such customers’ installment current commercial loan, KMH (overdraft account), and credit card repayments. In addition, TEB also takes part in the Small and Medium Enterprises Development Organization (KOSGEB) Emergency Support Loan Program, in which banks supply the principal and KOSGEB covers the interest on loans. Within the program, companies demonstrating that they have been affected by forest fires or floods are given access to up to TL 250 thousand in credit with an initial grace period of 12 months and 36-month repayment terms in equal quarterly installments.

Since the introduction of “Remote Customer Acquisition” procedures at the beginning of May this year, one out of three of TEB’s newly-acquired customers have been signed up within a matter of minutes by means of video calls through the bank’s CEPTETEB mobile app. The number of TEB customers making active use of the bank’s digital banking channels surpassed 2 million in the third quarter of 2021 while the number of customers making use only of its mobile banking channel increased by 23% as compared to the same period of the previous year.

Making another addition to the lineup of innovative products that are made available to TEB’s private banking customers, TEB Private Banking introduced TEB Private Infinite Card Limited Edition, a new and distinctive credit card equipped with a variety of select domestic and international features. Black in design and fashioned from metal, TEB Private Infinite Card Limited Edition is also distinguished by the opportunities that it provides its users with. The exclusive practices and successful services provided by TEB Private Banking to its customers have made it the recipient of numerous awards and recognitions from various organizations in the business of international finance. TEB Private Banking once again earned the “Best Private Banking” accolade in Global Finance magazine’s 2021 series of Private Banking Awards.

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

**CEO's Message (continued)**

Making another addition to the lineup of innovative products that are made available to TEB's private banking customers, TEB Private Banking introduced TEB Private Infinite Card Limited Edition, a new and distinctive credit card equipped with a variety of select domestic and international features. Black in design and fashioned from metal, TEB Private Infinite Card Limited Edition is also distinguished by the opportunities that it provides its users with. The exclusive practices and successful services provided by TEB Private Banking to its customers have made it the recipient of numerous awards and recognitions from various organizations in the business of international finance. TEB Private Banking once again earned the "Best Private Banking" accolade in Global Finance magazine's 2021 series of Private Banking Awards.

TEB received awards in three different categories as "Best Call Center", "Best Use of Technology", and "Best Customer Experience" at the Contact Center World 2021 Awards event. Awards organized by Contact Center World, a global association with more than 200,000 members worldwide in the field of contact center and customer engagement best practices. The customer experience-enhancing voice guidance, enhanced self-service functions, and speech recognition and analysis features of the TEB Call Center have earned the bank many awards. A recent addition to the roster of awards is a gold medal in the "Best Use of Technology" category for the Call Center's TELEPATİ chatbot. TELEPATİ is a personal banking assistant equipped with an identity-verification capability that makes it possible for customers to take care of a great deal of their banking business quickly and conveniently.

During the third quarter of 2021 TEB once again continued to support production and employment in Turkey by standing by the small and medium-sized businesses (SME) that are the engines of the country's economy. Following the relaxation of full lockdown rules, TEB offered customers loans on up to 36-month terms with an initial three-month grace period to help them meet their financial needs. The bank also provided a number of products with features specially designed for SME such as "KOBİ Dört Dörtlük" and "KOBİ PRATİK" while also forgoing normal charges on their day-to-day banking transactions.

TEB Startup Business Banking continues to support innovative, value-adding technology companies during their growth stages with both financing support and non-financial services. The number of ventures receiving support through the acceleration programs provided by TİM-TEB Startup Houses in seven cities to address the needs of techs has reached 1,300. TEB has also introduced a roster of fee and charge advantages that makes it possible for techs to take care of their day-to-day banking needs more practicably.

In line with the digital transformation products initiated by Global Trade Solutions in 2021, TEB launched the Export Value Acceptance Certificate (IBKB) that makes it possible for its exporter customers use the service through digital channels. Similarly in line with its goal of providing products, solutions, and services compatible with its customers' digital transformation processes, TEB launched its Digital Supplier Financing System, which not only offers suppliers a range of cost-effective financing options but also gives buyers the benefit of uninterrupted procurements management. Through its online banking channel, TEB makes it possible for buyers and vendors to select and display invoices and to view credit limits and use with the additional advantage of incorporating such information into their own accounting systems. Among other things, this allows TEB customers to quickly convert their invoice-based future receivables into the cash they need now in order to continue their manufacturing and service-provision activities without interruption. In a recent addition to TEB's online corporate banking services, exporter customers may also issue Export Value Acceptance Certificate (IBKB) through that channel and view those which have already been issued.

TEB Cash Management has introduced a service that enables its corporate customers to make payments through SWIFT SCORE (Standardized Corporate Environment). SWIFT SCORE is a closed messaging system that allows firms to interact with financial institutions and to issue payment orders. TEB customers who are members of this system can issue Turkish lira and FX payment orders using the MT101 or FileAct formats by sending them to a bank from their registered SWIFT address.

Yours respectfully,
Ümit Leblebici

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

## B. Shareholding Structure

As of 30 September 2021;

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

## C. Management and Corporate Governance Practices

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

| Name | Title |
|---|---|
| Yavuz Canevi | Chairman of the Board of Directors |
| Dr. Akın Akbaygil | Deputy Chairman of the Board of Directors |
| François Andre Jesualdo Benaroya | Deputy Chairman of the Board of Directors |
| Ayşe Aşardağ | Member of the Board of Directors and Vice Chairman of the Audit Committee |
| Sandrine Ferdane | Member of the Board of Directors |
| Yvan L.A.M. De Cock | Member of the Board of Directors and Audit Committee |
| Sabri Davaz | Member of the Board of Directors and Audit Committee |
| Xavier Henri Jean Guilmineau | Member of the Board of Directors |
| Özden Odabaşı | Member of the Board of Directors |
| Hans Wilfried J. Broucke | Member of the Board of Directors |
| Nicolas de Baudinet de Courcelles | Member of the Board of Directors and Chairman of the Audit Committee |
| Ümit Leblebici | Chief Executive Officer and the Executive Member |

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

As of 30 September 2021, the Board of Directors have accepted 143 resolutions and Audit Committee 43 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

**Executive Management**

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

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

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

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

### Amendments to Main Contract in 1 January – 30 September 2021:

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

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

Past due receivables amounting to TL 266,082 for which TL 259,522 of provision had been allocated, is sold for TL 31,595 during 2021. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

### Summary of Financial Results:

| (million TL) | 30 September 2021 Consolidated Financial Statements | 31 December 2020 Consolidated Financial Statements |
|---|---|---|
| Loans, Net | 92,589 | 81,201 |
| Loans(*) | 93,194 | 81,746 |
| Non-Performing Loans | 3,049 | 3,520 |
| Expected Loses | (3,654) | (4,065) |
| Total Assets | 153,482 | 142,730 |
| Deposits | 102,101 | 93,742 |
| Shareholder's Equity | 13,063 | 11,690 |
| Net Income (Prior Period 30 September 2020) | 1,164 | 1,201 |

(*) Includes factoring receivables.

### Summary of Financial Results:

| | 30 September 2021 Consolidated Financial Statements | 31 December 2020 Consolidated Financial Statements |
|---|---|---|
| Loans / Total Assets | 60.33% | 56.89% |
| Deposits / Total Assets | 66.52% | 65.68% |
| Return on Equity (Prior Period, 30 September 2020) | 12.98% | 15.60% |
| NPL Ratio | 3.17% | 4.13% |
| Capital Adequacy Ratio | 16.73% | 18.25% |
| Coverage Ratio | 67.61% | 65.55% |

## E. Credit Ratings Assigned By Rating Agencies and Information On Their Contents (*)

TEB maintained its position as one of the most highly rated banks in Turkey. As of the Third quarter of 2021, TEB's ratings were as follows:

**Moody's Investor Services:**

| | |
|---|---|
| Baseline Credit Assessment | b3 |
| Adjusted Baseline Credit Assessment | b1 |
| Long Term FC Bank Deposits | B2 |
| Short Term FC Bank Deposits | NP |
| Long Term LC Bank Deposits | B1 |
| Short Term LC Bank Deposits | NP |
| Outlook b2 | Negative |

**Fitch Ratings:**

| | |
|---|---|
| *Foreign Currency* | |
| **Long-term** | B+ |
| Short-term | B |
| Outlook | Stable |
| ***Turkish Lira*** | |
| **Long-term** | BB- |
| Short-term | B |
| Outlook | Stable |
| National | AA (tur) |
| Outlook | Stable |
| Viability Rating | b+ |

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

## F. Donations

The Parent Bank has donated TL 998,299 with 127 items to the several agencies and institutions during the period of 1 January 2021 – 30 September 2021.