

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

TÜRK EKONOMİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AT 31 MARCH 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 UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Türk Ekonomi Bankası AŞ.

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) as at 31 March 2021, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 31 March 2021, and of the results of their operations and their cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for English translation:

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 unconsolidated interim financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying unconsolidated 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 unconsolidated interim financial statements and IFRS.

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

Yaman Polat
Partner

İstanbul, 30 April 2021

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

**UNCONSOLIDATED INTERIM FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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

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

The accompanying unconsolidated interim financial statements for the three-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 guidances, and incompliance with the financial records of our Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Yavuz Canevi Chairman of the Board of Directors	Nicolas de Baudinet de Courcelles Chairman of the Audit Committee	Ayşe Aşardağ Vice Chairman of the Audit Committee	Ümit Leblebici Chief Executive Officer	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	Hatice Ertuğral Regulatory Reporting Senior Manager
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Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title : Aslıhan Kaya / External Reporting Senior Manager
Telephone Number : (0216) 635 24 51
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TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

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

<u>Name</u>	<u>Title</u>	<u>Education</u>
Board of Directors;		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygıl	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	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
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	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	University
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Bade Sipahioğlu Işık	Assistant General Manager Responsible from Human Resources	Master
Dr. Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Group Heads (*);		
Nimet Elif Kocaayan	Head of Group Risk Management	University
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
Internal Audit (*);		
Hakan Tıraşın	Head of Internal Audit	University

(*) Group Heads and Head of Internal Audit are in Assistant General Manager status.

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

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

IV. Information on the Bank’s Qualified Shareholders

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

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

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

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 March 2021, the Bank has 451 local branches and 4 foreign branches (31 December 2020: 451 local branches, 4 foreign branches). As of 31 March 2021, the number of employees of the Bank is 8,819 (31 December 2020: 8,850).

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

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

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

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

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Section 5 Note	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		17,001,761	23,111,233	40,112,994	20,245,141	22,528,451	42,773,592
1.1 Cash and Cash Equivalents		7,007,057	20,179,291	27,186,348	11,518,749	18,122,448	29,641,197
1.1.1 Cash and Balances with Central Bank	(I-1)	3,754,582	14,870,351	18,624,933	3,431,921	13,519,382	16,951,303
1.1.2 Banks	(I-4)	1,347,482	5,329,172	6,676,654	1,908,213	4,615,206	6,523,419
1.1.3 Money Markets		1,906,993	-	1,906,993	6,180,886	-	6,180,886
1.1.4 Expected Loss Provision (-)		2,000	20,232	22,232	2,271	12,140	14,411
1.2 Financial Assets at Fair Value Through Profit or Loss		853,254	725,436	1,578,690	511,089	1,119,802	1,630,891
1.2.1 Government Debt Securities	(I-2)	805,715	579,369	1,385,084	463,550	984,266	1,447,816
1.2.2 Equity Securities		47,539	146,067	193,606	47,539	135,536	183,075
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	5,102,148	2,013,230	7,115,378	5,628,391	3,022,986	8,651,377
1.3.1 Government Debt Securities		5,091,267	2,013,230	7,104,497	5,617,510	3,022,986	8,640,496
1.3.2 Equity Securities		10,881	-	10,881	10,881	-	10,881
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		4,039,302	193,276	4,232,578	2,586,912	263,215	2,850,127
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	3,009,722	193,276	3,202,998	1,520,531	232,078	1,752,609
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	1,029,580	-	1,029,580	1,066,381	31,137	1,097,518
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		76,054,898	15,136,265	91,191,163	76,191,309	15,213,133	91,404,442
2.1 Loans	(I-6)	68,920,355	13,942,799	82,863,154	69,567,055	13,365,035	82,932,090
2.2 Lease Receivables	(I-11)	-	-	-	-	-	-
2.3 Factoring Receivables	(I-7)	10,606,655	1,716,816	12,323,471	10,197,854	2,325,087	12,522,941
2.4 Other Financial Assets Measured at Amortized Cost		10,606,655	1,716,816	12,323,471	10,197,854	2,325,087	12,522,941
2.4.1 Government Debt Securities		-	-	-	-	-	-
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		3,472,112	523,350	3,995,462	3,573,600	476,989	4,050,589
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)		108,504	-	108,504	112,859	-	112,859
3.1 Held for Sale Purpose	(I-14)	108,504	-	108,504	112,859	-	112,859
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		116,041	-	116,041	116,041	-	116,041
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)	116,036	-	116,036	116,036	-	116,036
4.2.1 Unconsolidated Financial Subsidiaries		115,986	-	115,986	115,986	-	115,986
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
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)		831,897	-	831,897	836,192	-	836,192
VI. INTANGIBLE ASSETS (Net)		548,713	-	548,713	564,803	-	564,803
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		127,589	-	127,589	143,679	-	143,679
VII. INVESTMENT PROPERTIES (Net)	(I-13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		7,593	-	7,593	19,678	-	19,678
IX. DEFERRED TAX ASSET		485,495	-	485,495	632,912	-	632,912
X. OTHER ASSETS(Net)		2,005,029	316,486	2,321,515	1,965,145	1,622,378	3,587,523
TOTAL ASSETS		97,159,931	38,563,984	135,723,915	100,684,080	39,363,962	140,048,042

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Section 5 Note	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-1)	49,707,785	42,670,055	92,377,840	49,618,540	44,154,938	93,773,478
II. FUNDS BORROWED	(II-3)	366,592	10,790,249	11,156,841	412,907	9,334,699	9,747,606
III. MONEY MARKET FUNDS		-	2,178,375	2,178,375	3,830,785	2,717,468	6,548,253
IV. SECURITIES ISSUED (Net)	(II-3)	2,990,791	-	2,990,791	4,810,637	-	4,810,637
4.1 Bills		2,953,491	-	2,953,491	4,766,623	-	4,766,623
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		37,300	-	37,300	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		1,927,672	155,242	2,082,914	3,135,153	208,026	3,343,179
7.1 Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	1,535,633	143,370	1,679,003	2,067,218	193,125	2,260,343
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	392,039	11,872	403,911	1,067,935	14,901	1,082,836
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-5)	552,373	44,441	596,814	547,035	51,922	598,957
X. PROVISIONS	(II-7)	795,813	227,629	1,023,442	746,323	226,726	973,049
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		527,102	35,226	562,328	475,253	29,963	505,216
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		268,711	192,403	461,114	271,070	196,763	467,833
XI. CURRENT TAX LIABILITY	(II-8)	201,889	-	201,889	321,406	-	321,406
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		-	4,594,387	4,594,387	-	4,194,951	4,194,951
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	4,594,387	4,594,387	-	4,194,951	4,194,951
XV. OTHER LIABILITIES		4,809,761	1,724,424	6,534,185	4,070,593	256,082	4,326,675
XVI. SHAREHOLDERS' EQUITY	(II-9)	12,085,459	(99,022)	11,986,437	11,360,851	49,000	11,409,851
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		389,771	-	389,771	390,297	-	390,297
16.2.1 Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		387,206	-	387,206	387,732	-	387,732
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		53,439	-	53,439	279,006	-	279,006
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		18,572	(99,022)	(80,450)	(363,792)	49,000	(314,792)
16.5 Profit Reserves		9,080,158	-	9,080,158	7,664,139	-	7,664,139
16.5.1 Legal Reserves		510,951	-	510,951	452,086	-	452,086
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		8,262,725	-	8,262,725	7,020,021	-	7,020,021
16.5.4 Other Profit Reserves		306,482	-	306,482	192,032	-	192,032
16.6 Profit or Loss		339,129	-	339,129	1,186,811	-	1,186,811
16.6.1 Prior Periods' Profit / Loss		-	-	-	9,497	-	9,497
16.6.2 Current Periods' Profit / Loss		339,129	-	339,129	1,177,314	-	1,177,314
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		73,438,135	62,285,780	135,723,915	78,854,230	61,193,812	140,048,042

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 31 MARCH 2021

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

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Section 5 Note	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		79,977,872	99,744,099	179,721,971	82,223,013	89,376,868	171,599,881
I. GUARANTEES AND WARRANTIES	(III-1)	6,988,380	19,127,170	26,115,550	7,481,426	16,764,598	24,246,024
1.1 Letters of Guarantee		6,063,193	8,825,380	14,888,573	6,052,327	8,131,845	14,184,172
1.1.1 Guarantees Subject to State Tender Law		78,372	91,208	169,580	80,715	89,820	170,535
1.1.2 Guarantees Given for Foreign Trade Operations		370,342	360,941	731,283	344,482	545,346	889,828
1.1.3 Other Letters of Guarantee		5,614,479	8,373,231	13,987,710	5,627,130	7,496,679	13,123,809
1.2 Bank Acceptances		-	13,282	13,282	-	16,573	16,573
1.2.1 Import Letter of Acceptance		-	13,282	13,282	-	16,573	16,573
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	6,038,945	6,038,945	-	5,025,525	5,025,525
1.3.1 Documentary Letters of Credit		-	3,828,195	3,828,195	-	3,656,589	3,656,589
1.3.2 Other Letters of Credit		-	2,210,750	2,210,750	-	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		924,467	2,890,898	3,815,365	1,428,395	2,548,277	3,976,672
1.9 Other Collaterals		720	1,358,665	1,359,385	704	1,042,378	1,043,082
II. COMMITMENTS	(III-1)	18,531,466	3,844,026	22,375,492	17,188,967	2,831,971	20,020,938
2.1 Irrevocable Commitments		18,531,466	3,844,026	22,375,492	17,188,967	2,831,971	20,020,938
2.1.1 Asset Purchase Commitments		905,144	3,169,878	4,075,022	916,964	2,114,054	3,031,018
2.1.2 Deposit Purchase and Sale Commitments		-	12,553	12,553	-	94,524	94,524
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		5,949,908	253,169	6,203,077	5,498,822	237,748	5,736,570
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2,121,941	-	2,121,941	1,741,408	-	1,741,408
2.1.8 Tax and Fund Liabilities from Export Commitments		48,230	-	48,230	47,494	-	47,494
2.1.9 Commitments for Credit Card Limits		9,499,754	-	9,499,754	8,978,512	-	8,978,512
2.1.10 Commitments for Credit Cards and Banking Services Promotions		6,489	-	6,489	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		-	408,426	408,426	-	385,645	385,645
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		54,458,026	76,772,903	131,230,929	57,552,620	69,780,299	127,332,919
3.1 Derivative Financial Instruments for Hedging Purposes		15,434,788	5,723,552	21,158,340	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		15,434,788	5,723,552	21,158,340	12,120,663	5,636,711	17,757,374
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		39,023,238	71,049,351	110,072,589	43,440,539	59,884,939	103,325,478
3.2.1 Forward Foreign Currency Buy/Sell Transactions		5,272,665	8,779,517	14,052,182	6,698,057	10,100,110	16,798,167
3.2.1.1 Forward Foreign Currency Transactions-Buy		3,573,073	3,529,319	7,102,392	4,420,031	4,234,382	8,654,413
3.2.1.2 Forward Foreign Currency Transactions-Sell		1,699,592	5,250,198	6,949,790	2,278,026	5,865,728	8,143,754
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		31,825,674	53,331,434	85,157,108	35,101,585	43,210,657	78,312,242
3.2.2.1 Foreign Currency Swap-Buy		1,109,477	33,231,878	34,341,355	1,723,908	25,735,907	27,459,815
3.2.2.2 Foreign Currency Swap-Sell		23,253,197	13,082,808	36,336,005	20,517,677	10,825,732	31,343,409
3.2.2.3 Interest Rate Swaps-Buy		3,731,500	3,508,374	7,239,874	6,430,000	3,324,509	9,754,509
3.2.2.4 Interest Rate Swaps-Sell		3,731,500	3,508,374	7,239,874	6,430,000	3,324,509	9,754,509
3.2.3 Foreign Currency, Interest Rate and Securities Options		1,654,838	5,181,431	6,836,269	1,050,757	3,069,974	4,120,731
3.2.3.1 Foreign Currency Options-Buy		977,410	2,452,927	3,430,337	729,259	1,370,067	2,099,326
3.2.3.2 Foreign Currency Options-Sell		677,428	2,728,504	3,405,932	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		270,061	267,626	537,687	590,140	543,771	1,133,911
3.2.4.1 Foreign Currency Futures-Buy		28,018	239,815	267,833	2,957	541,030	543,987
3.2.4.2 Foreign Currency Futures-Sell		242,043	27,811	269,854	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		-	3,489,343	3,489,343	-	2,960,427	2,960,427
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		165,193,900	45,583,087	210,776,987	169,031,491	42,921,176	211,952,667
IV. ITEMS HELD IN CUSTODY		22,822,145	5,725,288	28,547,433	26,642,365	5,778,751	32,421,116
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		8,886,230	3,920,378	12,806,608	14,096,812	4,231,162	18,327,974
4.3 Cheques Received for Collection		13,001,800	1,153,455	14,155,255	11,666,295	953,460	12,619,755
4.4 Commercial Notes Received for Collection		644,685	133,388	778,073	532,953	81,589	614,542
4.5 Other assets Received for Collection		125	518,067	518,192	125	512,540	512,665
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		289,305	-	289,305	346,180	-	346,180
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		140,237,474	39,516,417	179,753,891	139,190,758	36,757,375	175,948,133
5.1 Marketable Securities		408,526	204,927	613,453	306,697	459,121	765,818
5.2 Guarantee Notes		50,879,115	26,504,453	77,383,568	50,158,510	24,390,412	74,548,922
5.3 Commodity		131,367	124,385	255,752	142,587	108,608	251,195
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		77,326,631	8,518,567	85,845,198	77,965,304	8,026,196	85,991,500
5.6 Other Pledged Items		11,491,835	4,164,085	15,655,920	10,617,660	3,773,038	14,390,698
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		2,134,281	341,382	2,475,663	3,198,368	385,050	3,583,418
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		245,171,772	145,327,186	390,498,958	251,254,504	132,298,044	383,552,548

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD
ENDED 1 JANUARY - 31 MARCH 2021

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

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Section 5 Note	Reviewed Current Period 01.01-31.03.2021	Reviewed Prior Period 01.01-31.03.20120
I.	INTEREST INCOME	(IV-1)	3,451,841	2,686,758
1.1	Interest Income on Loans		2,479,515	2,272,065
1.2	Interest Income on Reserve Requirements		72,563	3,606
1.3	Interest Income on Banks		38,259	23,589
1.4	Interest Income on Money Market Transactions		49,598	4,971
1.5	Interest Income on Securities Portfolio		770,788	379,935
1.5.1	Financial Assets at Fair Value Through Profit or Loss		48,737	58,563
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		191,147	151,728
1.5.3	Financial Assets Measured at Amortized Cost		530,904	169,644
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		41,118	2,592
II.	INTEREST EXPENSE (-)	(IV-2)	1,899,264	1,181,027
2.1	Interest Expense on Deposits		1,508,918	837,201
2.2	Interest Expense on Funds Borrowed		128,460	120,884
2.3	Interest Expense on Money Market Transactions		91,351	54,009
2.4	Interest Expense on Securities Issued		110,436	76,778
2.5	Interest Expense on Leases		24,625	26,422
2.6	Other Interest Expenses		35,474	65,733
III.	NET INTEREST INCOME (I - II)		1,552,577	1,505,731
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		301,209	408,656
4.1	Fees and Commissions Received		509,809	570,103
4.1.1	Non-cash Loans		73,902	63,233
4.1.2	Other	(IV-9)	435,907	506,870
4.2	Fees and Commissions Paid (-)		208,600	161,447
4.2.1	Non-cash Loans		1,868	1,695
4.2.2	Other	(IV-9)	206,732	159,752
V.	DIVIDEND INCOME		5,341	27,950
VI.	TRADING INCOME / LOSS (Net)	(IV-3)	(531,588)	(370,539)
6.1	Securities Trading Gains / Losses		15,472	(105,346)
6.2	Gains / Losses on Derivative Financial Instruments		(345,668)	(575,283)
6.3	Foreign Exchange Gains / Losses		(201,392)	310,090
VII.	OTHER OPERATING INCOME	(IV-4)	64,559	25,324
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)		1,392,098	1,597,122
IX.	EXPECTED CREDIT LOSS (-)	(IV-5)	22,478	261,717
X.	OTHER PROVISION EXPENSES (-)	(IV-5)	1,375	(28,012)
XI.	PERSONNEL EXPENSE (-)		429,776	389,001
XII.	OTHER OPERATING EXPENSES (-)	(IV-6)	508,940	449,198
XIII.	NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)		429,529	525,218
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	INCOME/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(IV-7)	429,529	525,218
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)		(90,400)	(129,127)
18.1	Current Tax Provision		(2,348)	(61,048)
18.2	Deferred Tax Income Effect (+)		(559,506)	(215,966)
18.3	Deferred Tax Expense Effect (-)		471,454	147,887
XIX.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)		339,129	396,091
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 from Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)	(IV-7)	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
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)	339,129	396,091
25.1	Group's Profit / Loss		339,129	396,091
25.2	Minority Interest Profit / Loss (-)		-	-
	Earnings per Share		0.1538	0.1797

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2021

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed Current Period 01.01-31.03.2021	Reviewed Prior Period 01.01-31.03.2020
I. CURRENT PERIOD INCOME/LOSS	339,129	396,091
II. OTHER COMPREHENSIVE INCOME	237,457	(7,516)
2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss	3,115	2,069
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 Remeasurements of Defined Benefit Plans	3,894	2,586
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	-	-
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	(779)	(517)
2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss	234,342	(9,585)
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	(287,220)	(269,048)
2.2.3 Income (loss) related with Cash Flow Hedges	580,146	252,118
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	(58,584)	7,345
III. TOTAL COMPREHENSIVE INCOME (I+II)	576,586	388,575

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD FROM 1 JANUARY - 31 MARCH 2021

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves		Current Period Profit or (Loss)		Total Equity Except from Minority Shares		Minority Shares		Total Shareholders' Equity		
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)	Period Profit or (Loss)	Minority Shares	Minority Shares	Minority Shares	Minority Shares	Minority Shares	Minority Shares	Minority Shares	
I. Prior Period – 01.01-31.03.2020																					
Prior Period End Balance	2,204,390	2,565	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	-	9,720,574	-	-	-	-	9,720,574	
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	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	-	9,720,574	-	-	-	-	9,720,574	
IV. Total Comprehensive Income	-	-	-	-	-	2,069	-	-	(209,857)	200,272	-	-	396,091	-	388,575	-	-	-	-	388,575	
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	-	-	-	-	-	1,060,960	(1,070,354)	-	-	-	-	-	-	-	-	
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,060,960	(1,070,354)	-	-	-	-	-	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period-End Balance 31.03.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,732	275,516	43,391	4,743	-	(192,436)	(686,479)	7,664,139	9,497	396,091	-	10,109,149	-	-	-	-	10,109,149	
Current Period – 01.01-31.03.2021																					
I. Prior Period End Balance	2,204,390	2,565	-	387,732	275,516	(1,744)	5,234	-	(88,087)	(226,705)	7,664,139	1,186,811	-	-	11,409,851	-	-	-	-	11,409,851	
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	-	387,732	275,516	(1,744)	5,234	-	(88,087)	(226,705)	7,664,139	1,186,811	-	-	11,409,851	-	-	-	-	11,409,851	
IV. Total Comprehensive Income	-	-	-	-	-	3,115	-	-	(229,776)	464,118	-	-	339,129	-	576,586	-	-	-	-	576,586	
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	-	-	-	(526)	(229,617)	-	-	-	-	-	239,640	(9,497)	-	-	-	-	-	-	-	-	
XI. Profit Distribution	-	-	-	-	935	-	-	-	-	-	1,176,379	(1,177,314)	-	-	-	-	-	-	-	-	
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	935	-	-	-	-	-	1,176,379	(1,177,314)	-	-	-	-	-	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period-End Balance 31.03.2021 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,206	46,834	1,371	5,234	-	(317,863)	237,413	9,080,158	-	339,129	-	11,986,437	-	-	-	-	11,986,437	

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

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

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

4. Foreign currency translation differences,

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

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

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

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD FROM 1 JANUARY - 31 MARCH 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. STATEMENT OF CASH FLOWS

	Reviewed Current Period 01.01-31.03.2021	Reviewed Prior Period 01.01-31.03.2020
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	(228,630)	2,392,505
1.1.1 Interest received	3,107,376	2,761,119
1.1.2 Interest paid	(1,829,860)	(1,101,271)
1.1.3 Dividend received	219	27,950
1.1.4 Fees and commissions received	484,478	621,977
1.1.5 Other income	80,031	215,134
1.1.6 Collections from previously written off loans	281,396	357,997
1.1.7 Payments to personnel and service suppliers	(428,622)	(381,949)
1.1.8 Taxes paid	(119,407)	(32,909)
1.1.9 Others	(1,804,241)	(75,543)
1.2 Changes in operating assets and liabilities	(2,975,445)	(3,163,732)
1.2.1 Net decrease / (increase) in financial asset at fair value through profit or loss	45,129	(860,540)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions	(14,305)	491
1.2.3 Net decrease / (increase) in loans	924,468	(10,771,778)
1.2.4 Net decrease / (increase) in other assets	841,991	(3,553,288)
1.2.5 Net (decrease) / increase in bank deposits	(8,157,414)	3,351,543
1.2.6 Net (decrease) / increase in other deposits	(916,160)	7,709,081
1.2.7 Net increase / (decrease) in financial asset at fair value through profit or loss	-	-
1.2.8 Net increase / (decrease) in funds borrowed	1,382,408	359,347
1.2.9 Net increase / (decrease) in matured payables	-	-
1.2.10 Net increase / (decrease) in other liabilities	2,918,438	601,412
I. Net cash provided from banking operations	(3,204,075)	(771,227)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	1,980,913	(2,139,286)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-	-
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	(75,086)	(72,276)
2.4 Cash obtained from sale of tangible assets	591	295
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(1,744,087)	(2,952,757)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	3,062,642	1,019,412
2.7 Cash paid for purchase of financial assets measured at amortized cost	(338,111)	(729,542)
2.8 Cash obtained from sale of financial assets measured at amortized cost	1,079,505	597,947
2.9 Others	(4,541)	(2,365)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	(1,833,325)	1,046,595
3.1 Cash obtained from funds borrowed and securities issued	2,305,613	4,869,836
3.2 Cash used for repayment of funds borrowed and securities issued	(4,077,006)	(3,762,090)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	-
3.5 Payments for financial leases	(61,932)	(61,151)
3.6 Others	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	189,696	312,940
V. Net increase in cash and cash equivalents	(2,866,791)	(1,550,978)
VI. Cash and cash equivalents at beginning of the period	22,741,802	16,328,523
VII. Cash and cash equivalents at end of the period	19,875,011	14,777,545

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

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

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

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

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

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 2021. 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 stands. 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 Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the interim financial statements as of 31 March 2021, the Bank 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 31 March 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 accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained between Notes II and XXV.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

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

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

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

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

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

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

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

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

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

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

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

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

Pursuant to "IFRS 9 Financial Instruments" ("IFRS 9"), derivative financial instruments of the Bank are classified as "Derivative financial assets at fair value through profit or loss" or "Derivative financial assets at fair value through other comprehensive income".

Assets and liabilities arising from derivative transactions are recorded in off-balance sheet through their contractual amounts. Derivative transactions are measured at fair value after initial recognition. In accordance with the classification of derivative financial instruments, they are disclosed under "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" in financial statements. Differences arising from the fair value changes of derivative financial instruments at fair value through profit or loss are recognized under “Gains / Losses on Derivative Financial Instruments” in “Trading Income / Loss” in the statement of profit or loss. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

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

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market. As of 31 March 2021, necessary adjustments have been made in the TL yield curves used in the valuation of derivative transactions, since they do not fully reflect market conditions.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

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

The cash flows of forward, currency swap, interest rate swap, and cross currency swap, transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate at the valuation date. Valuation is calculated by discounting the cash flows with the market interest rate and foreign currencies are converted into Turkish Lira with exchange rates at the valuation date.

Derivative financial instruments based on interest rate are measured not only with fair value method but also with amortized cost. While the fair value of derivatives are reflected in a single valuation account within the balance sheet, the amortized cost and the difference between the fair value and the amortized cost are reflected separately on the income / expense accounts.

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

The Bank has adopted fair value and cash flow hedge accounting. Hedge accounting can be applied in order to prevent short-term fluctuations in the income statement resulting from differences between valuation methods of assets and liabilities exposed to interest rate risk and their hedging derivative instruments.

A part of the Bank's fixed income foreign currency securities and Turkish Lira loans are subject to fair value hedge accounting. The fair value risk of the related financial assets with fixed interest rate is hedged by currency swaps and cross currency swaps. The Bank is also hedging the cash flow risk arising from financial debts, with interest rate swaps and cross currency swaps.

The hedge effectiveness between the derivative instruments / transactions used for hedging and hedged item, are measured regularly and the results are documented. In case of ineffectiveness of hedge accounting, the hedge accounting is terminated.

During period where the relation between hedging instrument and the hedged item is measured;

- a) Within the scope fair value hedge accounting, the fair value change of the hedged item is recognized in profit or loss,
- b) Within the scope of cash flow hedge accounting, the fair value change of the hedged item is recognized in other comprehensive income and the ineffective part of the gain or loss arisen from the hedging instrument is booked in profit or loss.

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

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

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “Other Interest Income” and “Other Interest Expense” accounts.

V. Explanations on Interest Income and Expenses

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

Financial assets and liabilities for which the future cash payments and collections are known, are discounted by using effective interest rate.

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

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

V. Explanations on Interest Income and Expenses (continued)

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

VI. Explanations on Fees and Commission Income and Expenses

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

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

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

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

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

VII. Explanations on Financial Assets

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

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

Financial Assets at Fair Value Through Profit or Loss

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

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

Accounting policies related to derivative financial instruments at fair value through profit or loss are explained in Section III. Footnote IV.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

VII. Explanations on Financial Assets (continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Amortized Cost

Financial investments measured at amortized cost:

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

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

Loans:

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

TÜRK EKONOMİ BANKASI A.Ş.
NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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

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” which came into force starting from 1 January 2018. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

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

The Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is divided into “3 stage categories” depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

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

Stage 2:

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

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

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

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

BRSA had increased the default definition on loans from 90 days to 180 days with the decision dated 17 March 2020 that will be valid until 31 December 2020. According to the BRSA decision dated 8 December 2020 and numbered 9312 this date is extended until 30 June 2021. Following the BRSA decision, The Bank regularly reviews probability of default rates for loans those are overdue between 90-180 days and continued to be followed in Stage 2 and makes the necessary updates. The effects of these updates are reflected in the financial statements. The regulation change does not include loans those are overdue more than 90 days before 17 March 2020.

The Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948. According to the BRSA decision dated 8 December 2020 and numbered 9312 this date is extended until 30 June 2021.

Increased expected loss provision or simulated Stage 3 expected loan loss provision was allocated to Corporate and SME loan customers which are not subject to individual assessment by considering how many times the customer had delay more than 90 days in total after June 2020. In other segments, the expected credit loss provision was allocated as Stage 3 level.

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.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation

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

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

There are three loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

While the Bank uses the internal credit ratings for commercial portfolios, the internal 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 31 December 2020. Consistent with the subjected change, provision has been provided in accordance with the Bank's risk policies.

As of 31 March 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 Bank does not have any financial asset as purchased or originated credit-impaired.

Probability of Default (PD): PD represents the likelihood of default over a specified time period. Based on the historical data, 1-year PD of a customer is calculated for each portfolio on the basis of credit ratings and 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.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

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

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

Lifetime ECL is calculated by taking into account the period during which the 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 these scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product. The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

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

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

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

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

Qualitative assessments:

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

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

The Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948. According to the BRSA decision dated 8 December 2020 and numbered 9312 this date is extended until 30 June 2021.

Increased expected loss provision or simulated Stage 3 expected loan loss provision was allocated to Corporate and SME loan customers which are not subject to individual assessment by considering how many times the customer had delay more than 90 days in total after June 2020. In other segments, the expected credit loss provision was allocated as Stage 3 level.

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Expected Credit Loss Calculation (continued)

Quantitative assessments:

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

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

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

IX. Explanations on Offsetting of Financial Assets and Liabilities

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

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

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets carried at 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 obtained through repurchase agreements are booked in a separate liability account, namely funds provided under repurchase agreements under money market balances. Income and expenses arisen from these transactions are booked in “Interest Income on Marketable Securities Portfolio” and “Interest Expense on Money Market Borrowings” in income statement.

Securities purchased under repurchase agreements (“reverse repo”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 31 March 2021, the Bank has TL 1,906,993 amount of reverse repo transaction (31 December 2020: TL 3,679,810).

As of 31 March 2021, the Bank 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

Non-current assets held for sale consists of property, plant and equipment acquired for impairment and accounted in financial statements convenient with “TFRS 5 Assets Held for Sale and Discontinued Operations”.

As of 31 March 2021, assets held for sale and discontinued operations of the Bank are TL 108,504 (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 2,742 (31 December 2020: TL 5,330) has been reserved as provision for impairment losses.

As of 31 March 2021, the Bank has no discontinued operations.

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XII. Explanations on Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial 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. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL 421,124, which is the difference between TL 2,385,482, the fair value of transferred amount and TL 1,964,358, the identifiable net asset value is accounted as goodwill in the financial statements of the Bank and the equity impact is shown under other shareholder's equity section.

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

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

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

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

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XIII. Explanations on Tangible Fixed Assets

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

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

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

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

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

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

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

XIV. Explanations on Leasing Transactions

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

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

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

With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Tangible Assets” as an asset (tenure) and under “Lease Payables” as a liability.

XV. Explanations on Provisions and Contingent Liabilities

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

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

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XVI. Explanations on Contingent Assets

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

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

XVII. Explanations on Liabilities Regarding Employee Benefits

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. 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 Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are audited by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 31 March 2021, the Pension Fund has 1,483 employees and 1,208 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 Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

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XVIII. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 September 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate will be applied as 22% for the years between 2018-2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017. The Corporate Tax rate will be applied as 25% for 2021 taxation period income and 23% for 2022 taxation period income as per the 11th article of the Law on the Procedure for the Collection of Public Claims and the Law on the Amendment of Certain Laws, which has been published in the Official Gazette dated 22 April 2021 and numbered 31462, and the Provisional Article 13 added to the Corporate Tax Law No.5520. This amendment is valid for the corporate taxable income of taxation periods starting from 1 January 2021 and applicable for the tax declarations starting from 1 July 2021.

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter, the amounts thus calculated and paid are offset from the final tax computed over the earnings of the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are taken into account in the Tax Statement according to Article 22 of the Prevention of Double Taxation Treaty signed between Northern Cyprus and the Turkish Republic.

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

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

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

Deferred Tax Liability/Asset

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

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2021 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realized or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

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.

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XX. Explanations on Issued Equity Securities

There are no shares issued in 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 Bank.

XXIII. Explanations on Reporting According to Segmentation

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

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

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

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

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

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

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XXIII. Explanations on Reporting According to Segmentation (continued)

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

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	5,341	5,341
Profit Before Tax	(44,923)	116,696	14,693	343,063	429,529
Tax Provision (-)	-	-	-	90,400	90,400
Net Profit for the Period	(44,923)	116,696	14,693	252,663	339,129

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	31,116,002	29,780,691	17,452,068	57,259,113	135,607,874
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
Total Assets	31,116,002	29,780,691	17,452,068	57,375,154	135,723,915
Segment Liabilities	60,940,817	22,442,304	8,823,317	31,531,040	123,737,478
Shareholders' Equity	-	-	-	11,986,437	11,986,437
Total Liabilities	60,940,817	22,442,304	8,823,317	43,517,477	135,723,915

Prior Period(31.03.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	27,950	27,950
Profit Before Tax	127,408	122,675	31,665	243,470	525,218
Tax Provision (-)	-	-	-	129,127	129,127
Net Profit for the Period	127,408	122,675	31,665	114,343	396,091

Prior Period(31.12.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	29,454,535	30,864,545	17,917,969	61,694,952	139,932,001
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
Total Assets	29,454,535	30,864,545	17,917,969	61,810,993	140,048,042
Segment Liabilities	57,220,832	28,190,237	8,208,073	35,019,049	128,638,191
Shareholders' Equity	-	-	-	11,409,851	11,409,851
Total Liabilities	57,220,832	28,190,237	8,208,073	46,428,900	140,048,042

XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2021 of the Bank, TL 1,077,314 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 presentation of the financial statements dated 31 March 2021, some classifications were made on the statement of income and statement of cash flows dated 31 March 2020.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders’ Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks” and decision of BRSA dated 23 March 2020 and 3397 numbered, dated 16 April 2020 and 3984 numbered. According to the latest regulation changes;

In calculating the valued amounts in foreign currency in amount subject to credit risk; simple arithmetic average Central Bank foreign exchange bid rate of the last 252 business days before the reporting date are used.

In the case that the net valuation differences of the securities owned by Banks included in the "Securities with Fair Value Difference to Other Comprehensive Income" portfolio as of 23 March 2020 are negative, these differences are not taken into account in the amount of equity.

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

As of 31 March 2021, Group’s total capital has been calculated as TL 16,602,890 (31 December 2020: TL 16,429,056) and Capital Adequacy Ratio is 17.99% (31 December 2020: 18.51%). This ratio is well above the minimum ratio required by the legislation. The credit risk of banking accounts has been calculated by using the “standard approach”, the market risk of purchase and sale accounts by using the “standard method”, counterparty credit risk of derivative and repo transactions by using the “fair value method”, credit valuation adjustments of over the counter derivative transactions by using the “standard model” and operational risk by using the “basic indicator approach”.

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

Information related to the Components of Shareholders' Equity:

	Current Period	Amount related to
	31.03.2021	treatment before
		01.01.2014(*)
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	9,395,245	
Gains Recognized in Equity as per TAS	2,361	
Profit	339,129	
Current Period Profit	339,129	
Prior Period Profit	-	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	-	
Common Equity Tier 1 Capital Before Deductions	12,143,952	
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	130,717	
Leasehold Improvements on Operational Leases	34,643	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	117,772	117,772
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	308,092	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions from Common Equity Tier 1 Capital	1,012,348	
Total Common Equity Tier 1 Capital	11,131,604	

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

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

	Current Period 31.03.2021	Amount related to treatment before 01.01.2014(*)
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)	-	
Additional Tier 1 Capital before deductions	-	
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	-	
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	11,131,604	
TIER 2 CAPITAL		
Debt instruments and premiums approved by BRSA	4,480,604	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	996,960	
Tier 2 Capital Before Deductions	5,477,564	
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	5,477,564	
Total Capital (The sum of Tier 1 and Tier 2 Capital)	16,609,168	

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

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

	Current Period	Amount related to
	31.03.2021	treatment before
		01.01.2014(*)
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	3,368	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)		-
Other items to be defined by the BRSA (-)	2,910	
Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks		-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks		-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks		-
TOTAL CAPITAL		
Total Capital	16,602,890	
Total Risk Weighted Assets	92,314,341	
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.06	
Tier 1 Capital Adequacy Ratio (%)	12.06	
Capital Adequacy Ratio (%)	17.99	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.51	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	0.01	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets(%)	3.55	
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	193,359	
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)	485,495	
Limits related to provisions considered in Tier 2 Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2,049,963	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	996,960	
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	

(*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

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

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

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

	Prior Period	Amount related to
	31.12.2020	treatment before
		01.01.2014(*)
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	8,293,298	
Gains Recognized in Equity as per TAS	63,530	
Profit	1,186,811	
Current Period Profit	1,177,314	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Common Equity Tier 1 Capital Before Deductions	11,951,383	
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (D) 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	23,436	
Leasehold Improvements on Operational Leases	38,025	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	131,757	131,757
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	614,342	
Total Common Equity Tier 1 Capital	11,337,041	

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

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

	Prior Period 31.12.2020	Amount related to treatment before 01.01.2014 (*)
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)	-	
Additional Tier 1 Capital before deductions	-	
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	-	
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	11,337,041	
TIER 2 CAPITAL		
Debt instruments and premiums approved by BRSA	4,137,063	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	959,538	
Tier 2 Capital Before Deductions	5,096,601	
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	5,096,601	
Total Capital (The sum of Tier 1 and Tier 2 Capital)	16,433,642	

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

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

	Amount related to
	Prior Period
	31.12.2020
	01.01.2014 (*)
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	1,046
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years(-)	-
Other items to be defined by the BRSA (-)	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 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
TOTAL CAPITAL	
Total Capital	16,429,056
Total Risk Weighted Assets	88,762,236
Capital Adequacy Ratios	
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.77
Tier 1 Capital Adequacy Ratio (%)	12.77
Capital Adequacy Ratio (%)	18.51
BUFFERS	
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.50
a) Capital conservation buffer requirement (%)	2.50
b) Bank specific counter-cyclical buffer requirement (%)	-
c) Systemic significant bank buffer ratio (%)	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets(%)	4.27
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	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)	632,912
Limits related to provisions considered in Tier 2 Calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,996,558
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	959,538
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	177,147

(*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

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

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I. Explanations Related to Components of 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	11,131,604	11,337,041	11,343,942	11,084,682	10,582,731
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	11,043,030	11,159,894	11,166,795	10,907,535	10,405,584
Tier 1 Capital	11,131,604	11,337,041	11,343,942	11,084,682	10,582,731
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	11,043,030	11,159,894	11,166,795	10,907,535	10,405,584
Capital	16,602,890	16,429,056	16,472,605	15,644,097	15,063,625
Capital where the transition impact of TFRS 9 has not been applied (c)	16,514,316	16,251,909	16,295,458	15,466,950	14,886,478
TOTAL RISK WEIGHTED ASSETS					
Total Risk Weighted Assets	92,314,341	88,762,236	86,658,046	87,260,960	97,225,786
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.06	12.77	13.09	12.70	10.88
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.96	12.57	12.89	12.50	10.70
Tier 1 Capital Adequacy Ratio (%)	12.06	12.77	13.09	12.70	10.88
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.96	12.57	12.89	12.50	10.70
Capital Adequacy Ratio (%)	17.99	18.51	19.01	17.93	15.49
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	17.89	18.31	18.80	17.72	15.31
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	183,350,920	183,587,494	179,856,846	167,785,998	168,042,884
Leverage Ratio	5.97%	6.11%	6.20%	6.57%	6.18%
FTA not Applied Leverage Ratio (d)	5.92%	6.01%	6.11%	6.47%	6.08%

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.
ç: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.
d: 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	11,986,437
Hedging Funds (effective portion)	(237,413)
Deductions Made Under Regulation	(893,140)
Transition Impact of TFRS 9 (Temporary 5 th Article)	88,574
Accumulated revaluation and/or classification on gains/losses of financial assets at fair value through other comprehensive income	187,146
Common Equity Tier 1 Capital	11,131,604
Additional Tier 1 Capital	-
Tier 1 Capital	11,131,604
General Provisions (Stage 1 and 2)	996,960
Bank's Borrowing Instruments	4,480,604
Deductions Made Under Regulation	(6,278)
Total Equity	16,602,890

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

Information related to debt instruments included in equity calculation:

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

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS1895575071	XS2023308278	XS1973559484	XS1845118865
Governing law(s) of the debt instrument	Türkiye	Türkiye	Türkiye	Türkiye
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated/consolidated/consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,727.4	966.0	579.6	1,207.5
Par value of debt instrument (TL Currency in mil)	1,727.4	966.0	579.6	1,207.5
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	5.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	5.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	5.11.2023	22.07.2024	14.05.2024	27.06.2023
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 the debt instrument)	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed(*)	-	-	-	-

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

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II. Explanations Related to Currency Risk

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

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

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

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

As of 31 March 2021, the Bank’s balance sheet short position is TL 23,673,729 (31 December 2020: TL 21,615,848 short position) off-balance sheet long position is TL 23,579,221 (31 December 2020: TL 20,950,439 long position) and as a result net foreign currency short position is TL 94,508 (31 December 2020: net TL 665,409 short position).

The announced current foreign exchange buying rates of the Bank at 31 March 2021 and the previous five working days in full TL are as follows:

	24.03.2021	25.03.2021	26.03.2021	27.03.2021	30.03.2021	31.03.2021
USD	7.8562	7.8823	7.9448	8.1353	8.2582	8.2258
JPY	0.0721	0.0722	0.0724	0.0741	0.0748	0.0743
EUR	9.2883	9.3019	9.3646	9.5818	9.6819	9.6603

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 March 2021 are as follows:

	Monthly Average Foreign Exchange Rate
USD	7.5875
JPY	0.0698
EUR	9.025

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II. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

The table below shows the Bank’s distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Bank also monitors the delta-adjusted position of the option transactions. As of 31 March 2021, the Bank has net USD long position TL 249,350 and net EUR short position TL 17,668.

Current Period	EURO	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	5,710,292	7,383,979	1,773,458	14,867,729
Banks ⁽²⁾	778,768	2,788,085	1,744,709	5,311,562
Financial Assets at Fair Value Through Profit or Loss	27,429	698,007	-	725,436
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,150,924	836,233	26,073	2,013,230
Loans ⁽³⁾	10,077,024	2,691,992	846,547	13,615,563
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost ⁽⁴⁾	613,282	1,103,148	-	1,716,430
Derivative Financial Assets for Hedging Purposes ⁽⁵⁾	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽⁶⁾	305,339	26,578	2,767	334,684
Total Assets	18,663,058	15,528,022	4,393,554	38,584,634
Liabilities				
Bank Deposits	9	164,516	16	164,541
Foreign Currency Deposits ⁽⁷⁾	12,542,895	22,445,505	7,517,114	42,505,514
Money Market Borrowings	2,178,375	-	-	2,178,375
Funds Provided From Other Financial Institutions	9,638,487	5,745,733	416	15,384,636
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	11,872	-	-	11,872
Other Liabilities ⁽⁸⁾	812,688	1,174,220	26,517	2,013,425
Total Liabilities	25,184,326	29,529,974	7,544,063	62,258,363
Net Balance Sheet Position	(6,521,268)	(14,001,952)	(3,150,509)	(23,673,729)
Net Off-Balance Sheet Position	6,686,376	14,034,628	2,858,217	23,579,221
Financial Derivative Assets ⁽⁹⁾	17,053,230	29,388,059	5,319,712	51,761,001
Financial Derivative Liabilities ⁽⁹⁾	10,366,854	15,353,431	2,461,495	28,181,780
Non-Cash Loans ⁽¹⁰⁾	8,594,411	8,667,697	1,865,062	19,127,170

Prior Period				
Total Assets	21,277,098	13,617,682	4,458,681	39,353,461
Total Liabilities	24,717,839	28,642,995	7,608,475	60,969,309
Net Balance Sheet Position	(3,440,741)	(15,025,313)	(3,149,794)	(21,615,848)
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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 2,622 (31 December 2020: TL 2,561).

(2) The banks include TL 17,610 of expected credit loss provisions (31 December 2020: TL 9,579).

(3) Foreign currency indexed loans amounting to TL 195,728 (31 December 2020: TL 233,707) are included in the loan portfolio. Also, it includes TL 522,964 (31 December 2020: TL 476,466) amounting to expected credit loss.

(4) Financial assets at amortized cost includes expected credit loss amounting to TL 386 (31 December 2020: TL 523).

(5) There is no (31 December 2020: TL 31,137) income accruals from derivative financial instruments is deducted from derivative financial assets held for risk management.

(6) TL 175,078 (31 December 2020: TL 213,071) income accruals from derivative financial instruments is deducted from other assets.

(7) Precious metal accounts amounting to TL 5,612,602 (31 December 2020: TL 6,002,054) are included in the foreign currency deposits.

(8) TL 126,439 (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 1,484,689 (31 December 2020: TL 951,630) are added to derivative financial assets and TL 1,685,189 (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.

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III. Explanations Related to Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	11,725,174	-	-	-	-	6,896,376	18,621,550
Banks ⁽³⁾	4,250,788	-	-	-	-	2,407,080	6,657,868
Financial Assets at Fair Value Through Profit and Loss	358,224	92,288	449,388	383,533	101,651	193,606	1,578,690
Money Market Placements	1,906,993	-	-	-	-	(63)	1,906,930
Financial Assets at Fair Value Through Other Comprehensive Income	247,081	-	4,124,745	2,694,497	38,174	10,881	7,115,378
Loans ⁽⁴⁾	12,093,504	8,636,683	23,006,784	32,510,893	3,360,604	(738,004)	78,870,464
Financial Assets Measured at Amortized Cost ⁽⁵⁾	1,167,282	8,029,283	1,311,277	1,775,624	40,005	(2,772)	12,320,699
Other Assets	-	241,591	182,250	1,268,114	147,851	6,812,530	8,652,336
Total Assets	31,749,046	16,999,845	29,074,444	38,632,661	3,688,285	15,579,634	135,723,915
Liabilities							
Bank Deposits	3,636,493	-	-	-	-	45,566	3,682,059
Other Deposits	48,931,361	7,037,463	782,048	627	-	31,944,282	88,695,781
Money Market Borrowings	2,178,375	-	-	-	-	-	2,178,375
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	411,923	2,541,568	37,300	-	-	-	2,990,791
Funds Provided from Other Financial Institutions	3,392,529	3,671,626	6,814,194	72,456	1,800,423	-	15,751,228
Other Liabilities	2,212	91,448	618,930	915,862	34,722	20,762,507	22,425,681
Total Liabilities	58,552,893	13,342,105	8,252,472	988,945	1,835,145	52,752,355	135,723,915
Balance Sheet Long Position	-	3,657,740	20,821,972	37,643,716	1,853,140	-	63,976,568
Balance Sheet Short Position	(26,803,847)	-	-	-	-	(37,172,721)	(63,976,568)
Off-Balance Sheet Long Position	677,353	2,163,210	-	-	-	-	2,840,563
Off-Balance Sheet Short Position	-	-	(443,513)	(1,732,898)	(371,706)	-	(2,548,117)
Total Position	(26,126,494)	5,820,950	20,378,459	35,910,818	1,481,434	(37,172,721)	292,446

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

⁽²⁾ Cash and cash equivalents include cash balances (cash in hand, cash in the safe deposit box, purchased checks) and the Central Bank of Turkey's outstanding loss provisions in the amount of TL 3,383.

⁽³⁾ Banks include balance of expected loss provisions amounting to TL 18,786.

⁽⁴⁾ Receivables from Money Markets include balance of expected loss provisions amounting to TL 63.

⁽⁵⁾ The revolving loans amounting to TL 6,765,686 TL are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,992,690.

⁽⁶⁾ Financial assets at amortized cost include losses amounting to TL 2,772.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 831,897 intangible assets amounting to TL 548,713, subsidiaries amounting to TL 116,036 and entities under common control (joint vent.) amounting to TL 5, assets held for sale amounting to TL 108,504 while other liabilities line includes the shareholders’ equity of TL 11,986,437.

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III. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, 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⁾	4,732,084	-	-	-	-	1,780,679	6,512,763
Financial Assets at Fair Value Through Profit or Loss	297,525	91,886	760,926	201,958	95,521	183,075	1,630,891
Money Market Placements ⁽⁴⁾	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income ⁽⁴⁾	805,587	113,055	2,319,571	4,656,078	746,205	10,881	8,651,377
Loans ⁽⁵⁾	11,310,285	6,681,908	25,261,054	32,741,342	3,435,619	(545,889)	78,884,319
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	338,380	535,384	266,647	672,721	299,267	6,607,736	8,720,135
Total Assets	36,129,538	8,247,453	37,779,891	39,744,220	4,617,862	13,529,078	140,048,042
Liabilities							
Bank Deposits	7,424,601	-	-	-	-	43,796	7,468,397
Other Deposits	47,493,350	5,865,710	235,318	367	-	32,710,336	86,305,081
Money Market Borrowings	6,548,253	-	-	-	-	-	6,548,253
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	2,160,640	-	2,649,997	-	-	-	4,810,637
Funds Provided From Other Financial Institutions	758,398	594,518	8,303,532	91,158	4,194,951	-	13,942,557
Other Liabilities	227,987	28,532	383,341	1,309,066	244,413	18,779,778	20,973,117
Total Liabilities	64,613,229	6,488,760	11,572,188	1,400,591	4,439,364	51,533,910	140,048,042
Balance Sheet Long Position	-	1,758,693	26,207,703	38,343,629	178,498	-	66,488,523
Balance Sheet Short Position	(28,483,691)	-	-	-	-	(38,004,832)	(66,488,523)
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	(25,452,571)	5,574,796	25,410,887	33,189,061	(308,862)	(38,004,832)	408,479

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

(2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic 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.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 836,192 intangible assets amounting to TL 564,803, subsidiaries amounting to TL 116,036 and entities under common control (joint vent.) amounting to TL 5, assets held for sale amounting to TL 112,859 while other liabilities line includes the shareholders’ equity of TL 11,409,851.

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III. Explanations Related to 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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	13.50
Banks	(0.57)	0.07	(2.40)	18.90
Financial Assets at Fair Value Through Profit and Loss	5.00	3.29	-	16.25
Money Market Placements	-	-	-	17.96
Financial Assets at Fair Value Through Other Comprehensive Income	3.30	6.07	-	13.94
Loans	2.80	3.86	5.37	15.85
Financial Assets Measured at Amortized Cost	1.82	5.50	-	20.55
Liabilities				
Bank Deposits	-	0.10	-	16.34
Other Deposits	0.03	0.77	-	16.92
Money Market Borrowings	1.45	-	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	16.10
Funds Provided from Other Financial Institutions	2.07	4.54	-	12.45
	EUR %	USD %	YEN %	TL %
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.29)	0.21	(0.26)	17.88
Financial Assets at Fair Value Through Profit and 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	2.79	3.81	5.37	14.33
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	-	-	17.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	9.54
Funds Provided from Other Financial Institutions	2.09	4.91	-	10.69

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

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

The Bank does not have any shares traded in Borsa Istanbul.

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V. Explanations Related to Liquidity Risk and Liquidity Coverage Ratio

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

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

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

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

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

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

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

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

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

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

- e) Information on liquidity risk mitigation techniques:

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

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

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

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

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

f) Explanation on the usage of the stress test:

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

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

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

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

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

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

Liquidity Coverage Ratio:

Current Period – 31 March 2021		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
High Quality Liquid Assets					
1	High Quality Liquid Assets			33,739,361	16,525,068
Cash Outflows					
2	Real Person and Retail Deposits	59,343,327	29,632,234	5,265,920	2,963,223
3	Stable Deposits	13,368,257	-	668,413	-
4	Less Stable Deposits	45,975,070	29,632,234	4,597,507	2,963,223
5	Unsecured Debts Other than Real Person and Retail Deposits	29,954,102	11,777,483	16,572,002	5,202,958
6	Operational Deposits	200,325	-	50,081	-
7	Non-Operational Deposits	25,884,808	11,031,514	12,687,353	4,456,989
8	Other Unsecured Funding	3,868,969	745,969	3,834,568	745,969
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	2,099,722	3,633,321	2,099,722	3,633,321
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	2,099,722	3,633,321	2,099,722	3,633,321
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	33,873,832	12,036,785	2,670,634	1,199,924
16	Total Cash Outflows			26,608,278	12,999,426
Cash Inflows					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	13,279,267	6,598,136	10,038,627	6,128,940
19	Other cash Inflows	471,224	9,788,798	471,224	9,788,798
20	Total Cash Inflows	13,750,491	16,386,934	10,509,851	15,917,738
Values to which the upper limit is applied					
21	Total High Quality Liquid Assets			33,739,361	16,525,068
22	Total Net Cash Outflows			16,098,427	3,249,857
23	Liquidity Coverage Ratio (%)			209.58	508.49

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

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

Liquidity Coverage Ratio: (continued)

	Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
	TL+FC	FC	TL+FC	FC
Prior Period – 31 December 2020				
High Quality Liquid Assets				
1 High Quality Liquid Assets			36,582,088	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	32,361,702	14,472,515	17,661,127	7,275,184
6 Operational Deposits	117,835	-	29,459	-
7 Non-Operational Deposits	28,298,303	12,070,133	13,713,430	4,872,802
8 Other Unsecured Funding	3,945,564	2,402,382	3,918,238	2,402,382
9 Secured Funding	-	-	-	-
10 Other Cash Outflows	1,665,525	2,927,065	1,665,525	2,927,065
11 Outflows Related to Derivative Exposures and Other Collateral Requirements	1,665,525	2,927,065	1,665,525	2,927,065
12 Outflows Related to Restructured Financial Instruments	-	-	-	-
13 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14 Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15 Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	34,747,936	12,938,807	2,767,596	1,288,863
16 Total Cash Outflows			27,570,187	14,682,613
Cash Inflows				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	11,815,328	5,566,219	9,247,037	5,177,146
19 Other cash Inflows	966,659	9,003,399	966,659	9,003,399
20 Total Cash Inflows	12,781,987	14,569,618	10,213,696	14,180,545
			Values to which the upper limit is applied	
21 Total High Quality Liquid Assets			36,582,088	15,499,469
22 Total Net Cash Outflows			17,356,491	3,670,653
23 Liquidity Coverage Ratio (%)			210.77	422.25

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

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

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

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

Liquidity Coverage Ratio: (continued)

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

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

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest Week	171.89%	376.22%	170.05%	274.27%
	26.02.2021	26.03.2021	23.10.2020	16.10.2020
Highest Week	288.04%	592.45%	267.71%	491.66%
	15.01.2021	12.02.2021	18.12.2020	11.12.2020

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, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	6,899,759	11,725,174	-	-	-	-	(3,383)	18,621,550
Banks ⁽³⁾	3,145,044	3,531,610	-	-	-	-	(18,786)	6,657,868
Financial Assets at Fair Value Through Profit and Loss	-	96,503	3,932	449,388	733,610	101,651	193,606	1,578,690
Money Market Placements	-	1,906,993	-	-	-	-	(63)	1,906,930
Financial Assets at Fair Value Through Other Comprehensive Income	10,881	28,601	-	3,788,392	3,185,856	101,648	-	7,115,378
Loans ⁽⁴⁾	-	11,036,491	8,636,683	23,019,320	33,555,370	3,360,604	(738,004)	78,870,464
Financial Assets Measured at Amortized Cost ⁽⁵⁾	-	-	367,960	1,055,971	10,549,427	350,113	(2,772)	12,320,699
Other Assets	-	1,063,947	1,887,473	401,074	1,358,036	147,851	3,793,955	8,652,336
Total Assets	10,055,684	29,389,319	10,896,048	28,714,145	49,382,299	4,061,867	3,224,553	135,723,915
Liabilities								
Bank Deposits	45,566	3,636,493	-	-	-	-	-	3,682,059
Other Deposits	31,944,282	48,931,361	7,037,463	782,048	627	-	-	88,695,781
Funds Provided from Other Financial Institutions	-	2,814,851	1,359,738	6,875,752	106,500	4,594,387	-	15,751,228
Money Market Placements	-	2,178,375	-	-	-	-	-	2,178,375
Securities Issued	-	411,923	2,541,568	37,300	-	-	-	2,990,791
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	6,846,961	172,139	829,203	1,298,630	268,869	13,009,879	22,425,681
Total Liabilities	31,989,848	64,819,964	11,110,908	8,524,303	1,405,757	4,863,256	13,009,879	135,723,915
Liquidity Gap	(21,934,164)	(35,430,645)	(214,860)	20,189,842	47,976,542	(801,389)	(9,785,326)	-
Net Off-Balance Sheet Position	-	215,998	1,335,197	(350,871)	509,988	56,795	-	1,767,107
Financial Derivative Assets	-	18,125,741	19,702,795	9,931,661	17,896,450	842,371	-	66,499,018
Financial Derivative Liabilities	-	17,909,743	18,367,598	10,282,532	17,386,462	785,576	-	64,731,911
Non-Cash Loans	7,014,065	1,618,655	3,541,069	7,486,205	6,455,556	-	-	26,115,550
Prior Period								
Total Assets	7,857,641	34,346,873	8,052,628	29,840,791	49,906,032	5,235,185	4,808,892	140,048,042
Total Liabilities	32,754,132	69,399,201	6,706,629	12,332,810	1,759,911	4,712,459	12,382,900	140,048,042
Liquidity Gap	(24,896,491)	(35,052,328)	1,345,999	17,507,981	48,146,121	522,726	(7,574,008)	-
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	6,918,016	1,354,463	2,719,244	6,823,344	6,430,957	-	-	24,246,024

⁽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 hand, cash in the safe deposit box, purchased checks) and the Central Bank of Turkey's outstanding loss provisions amounting to TL 3,383.

⁽³⁾ The banks include TL 18,786 of expected loss provisions.

⁽⁴⁾ Receivables from Money Markets include balance of expected loss provisions amounting to TL 63.

⁽⁵⁾ The revolving loans amounting to TL 6,765,686 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,992,690.

⁽⁶⁾ Financial assets at amortized cost include losses amounting to TL 2,772.

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VI. Explanations Related to Leverage Ratio

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

There is an increase in the leverage ratio in line with the decrease on-balance sheet risks.

b) 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)	129,896,892	134,762,915
2 (Assets Deducted from Core Capital)	(685,170)	(675,833)
3 Total Risk Amount for Assets on the Balance Sheet	129,211,722	134,087,082
Derivative Financial Instruments and Credit Derivatives		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	1,535,637	1,777,668
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	563,052	492,002
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	2,098,689	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)	767,102	900,450
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	767,102	900,450
Off-the-Balance Sheet Transactions		
10 Gross Nominal Amount of the Off-Balance Sheet Transactions	47,479,002	46,024,212
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	47,479,002	46,024,212
Capital and Total Risk		
13 Tier 1 Capital	11,158,461	11,154,878
14 Total Risk Amount	179,556,515	183,281,414
Leverage Ratio		
15 Leverage Ratio	6.21%	6.09%

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

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VII. Explanations Related to Risk Management

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

Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum capital Requirement
	Current Period	Prior Period	Current Period
1 Credit Risk (Excluding Counterparty Credit Risk) (CCR)	78,055,725	74,646,643	6,244,458
2 Of which Standardized Approach (SA)	78,055,725	74,646,643	6,244,458
3 Of which Internal Rating-Based (IRB) Approach	-	-	-
4 Counterparty Credit risk	1,701,085	2,116,406	136,087
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,701,085	2,116,406	136,087
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity Investment in Funds - Look-Through Approach	-	-	-
9 Equity Investment in Funds - Mandate-Based Approach	-	-	-
10 Equity Investment in Funds - 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	2,048,613	2,451,650	163,889
17 Of which Standardized approach (SA)	2,048,613	2,451,650	163,889
18 Of which Internal model approaches (IMM)	-	-	-
19 Operational Risk	10,508,918	9,547,537	840,713
20 Of which Basic Indicator Approach	10,508,918	9,547,537	840,713
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)	92,314,341	88,762,236	7,385,147

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	373,118	2,971,466	382,963	1,948,389
Balances with the Central Bank of Turkey	3,381,464	11,652,672	3,048,958	11,382,722
Other	-	246,213	-	188,271
Total	3,754,582	14,870,351	3,431,921	13,519,382

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3,308,901	61	2,979,546	-
Unrestricted Time Deposit	-	4,491,487	-	4,626,036
Restricted Time Deposit	72,563	7,161,124	69,412	6,756,686
Total	3,381,464	11,652,672	3,048,958	11,382,722

Foreign currency unrestricted deposit amounting to TL 4,491,487 (31 December 2020: TL 4,626,036), foreign currency restricted deposit amounting to TL 7,161,124 (31 December 2020: TL 6,756,686), unrestricted deposit balance amounting to TL 3,308,901 (31 December 2020: TL 2,979,546) and restricted deposit amounting to TL 72,563 (31 December 2020: TL 69,412) comprises of reserve deposits. As of 31 March 2021, the Turkish lira required reserve ratios are determined to be within the range of 3% - 8% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2020: 1% - 6%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 2% - 22% (31 December 2020: 5% - 22%).

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

- a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2020: None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2020: None).

Net book value of unrestricted financial assets at fair value through profit and loss is TL 1,385,084 (31 December 2020: TL 1,447,816).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	227,558	25,151	392,758	56,660
Swap Transactions	2,717,516	129,639	1,091,529	165,479
Futures Transactions	-	-	-	-
Options	64,648	38,486	36,244	9,939
Other	-	-	-	-
Total	3,009,722	193,276	1,520,531	232,078

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

4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	1,301,145	539,017	1,851,274	801,236
Foreign Banks	46,337	4,790,155	56,939	3,813,970
Foreign Head Offices and Branches	-	-	-	-
Total	1,347,482	5,329,172	1,908,213	4,615,206

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	611,255	294,338	876,626	272,329
Other	-	-	-	-
Total	611,255	294,338	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	-	1,660,756	869,642	2,567,087
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	1,660,756	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 4,549,029 (31 December 2020: TL 4,065,693).

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

	Current Period	Prior Period
Debt Securities	7,104,497	8,640,496
Quoted at Stock Exchange	7,078,424	8,617,330
Unquoted at Stock Exchange	26,073	23,166
Share Certificates	10,881	10,881
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	10,881	10,881
Impairment Provision (-)	-	-
Total	7,115,378	8,651,377

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

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	939,672	-	438,193
Corporate Shareholders	-	939,672	-	438,193
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	151,492	-	153,482	-
Total	151,492	939,672	153,482	438,193

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

	Loans under Close Monitoring			
	Standard Loans	Loans Not Subject to Restructuring	Restructured	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized Loans	70,870,992	7,160,992	84,300	1,492,184
Working Capital Loans	5,745,554	979,649	53,488	767,088
Export Loans	8,316,245	26,327	-	5,589
Import Loans	-	-	-	-
Loans Given to Financial Sector	2,915,709	29,705	-	-
Consumer Loans	17,580,732	3,400,489	7,987	145,781
Credit Cards	4,855,538	737,499	16,995	-
Other	31,457,214	1,987,323	5,830	573,726
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	70,870,992	7,160,992	84,300	1,492,184

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	411,009	-	393,446	-
Significant increase in Credit Risk	-	1,391,941	-	1,360,252
Total	411,009	1,391,941	393,446	1,360,252

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

6. Information on loans: (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	533,161	19,697,480	20,230,641
Housing Loans	1,819	4,424,654	4,426,473
Vehicle Loans	8,135	486,534	494,669
General Purpose Loans	523,207	14,786,292	15,309,499
Other	-	-	-
Consumer Loans –Indexed to FC	-	15,640	15,640
Housing Loans	-	15,640	15,640
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	19,870	19,870
Housing Loans	-	5,535	5,535
Vehicle Loans	-	1,494	1,494
General Purpose Loans	-	12,841	12,841
Other	-	-	-
Individual Credit Cards-TL	3,762,573	16,218	3,778,791
With Instalments	1,159,353	16,218	1,175,571
Without Instalments	2,603,220	-	2,603,220
Individual Credit Cards-FC	5,962	-	5,962
With Instalments	-	-	-
Without Instalments	5,962	-	5,962
Personnel Loans-TL	9,668	105,033	114,701
Housing Loans	-	273	273
Vehicle Loans	-	-	-
General Purpose Loans	9,668	104,760	114,428
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	32,728	40	32,768
With Instalments	9,878	40	9,918
Without Instalments	22,850	-	22,850
Personnel Credit Cards-FC	141	-	141
With Instalments	-	-	-
Without Instalments	141	-	141
Overdraft Accounts-TL(Real Persons) (*)	754,132	-	754,132
Overdraft Accounts-FC(Real Persons)	5	-	5
Total	5,098,370	19,854,281	24,952,651

(*) Overdraft accounts include personnel loans amounting to TL 3,882.

(**) Loans granted via branches abroad.

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

6. Information on loans: (continued)

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

Prior Period	Short Term	Medium and Long Term	Total
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.

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

6. Information on loans: (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Commercial loans with instalment – TL	1,891,593	9,519,440	11,411,033
Business Loans	179	167,311	167,490
Vehicle Loans	84,815	1,494,916	1,579,731
General Purpose Loans	1,806,599	7,857,213	9,663,812
Other	-	-	-
Commercial loans with instalment - Indexed to FC	-	112,044	112,044
Business Loans	-	6,668	6,668
Vehicle Loans	-	2,269	2,269
General Purpose Loans	-	103,107	103,107
Other	-	-	-
Commercial loans with instalment – FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	1,789,609	580	1,790,189
With Instalments	640,559	580	641,139
Without Instalments	1,149,050	-	1,149,050
Corporate Credit Cards-FC	2,181	-	2,181
With Instalments	-	-	-
Without Instalments	2,181	-	2,181
Overdraft Accounts-TL(Legal Entities)	822,750	-	822,750
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	4,506,133	9,632,064	14,138,197

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

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

6. Information on loans: (continued)

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	79,076,746	78,937,391
Foreign Loans	531,722	492,817
Total	79,608,468	79,430,208

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	310,203	345,966
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	310,203	345,966

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

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	94,621	104,606
Loans and Receivables with Doubtful Collectability	230,699	198,193
Uncollectible Loans and Receivables	1,864,420	1,991,274
Total	2,189,740	2,294,073

h) Information on loans under follow-up (Net):

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

	III. Group Loans and Receivables with Limited Collectability	IV. Group Loans and Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period			
Gross Amounts before Provisions	17,267	26,500	43,227
Restructured Loans	17,267	26,500	43,227
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 Loans and Receivables with Limited Collectability	IV. Group Loans and Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Prior period end balance	168,152	313,729	3,020,001
Additions (+)	187,472	-	-
Transfers from other Categories of Loans under Follow-up (+)	-	74,446	72,142
Transfers to other Categories of Loans under Follow-up (-)	181,269	-	-
Collections (-)	20,807	27,180	222,734
Write-Offs (-)	-	-	31,354
Sold Portfolio (-)(*)	12	28	97,872
Corporate and Commercial Loans	3	13	30,280
Retail Loans	-	1	41,604
Credit Cards	9	14	25,988
Other	-	-	-
Current period end balance	153,536	360,967	2,740,183
Provision (-)	94,621	230,699	1,864,420
Net Balances on Balance Sheet	58,915	130,268	875,763

(*) Past due receivables amounting to TL 97,912 for which TL 95,053 of provision had been allocated, is sold for TL 10,675 during 2021. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

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

6. Information on loans: (continued)

h) Information on loans under follow-up (Net): (continued)

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

	III. Group	IV. Group	V. Group
	Loans and	Loans and	Uncollectible
	Receivables	Receivables	Loans and
	with Limited	with Doubtful	Receivables
	Collectability	Collectability	
31 March 2021			
Period End Balance	1,186	36,495	255,193
Provision (-)	1,039	29,198	189,437
Net Balance on Balance Sheet	147	7,297	65,756
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	Loans and	Uncollectible
	Receivables	Receivables	Loans and
	with Limited	with Doubtful	Receivables
	Collectability	Collectability	
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	153,536	360,967	2,740,183
Provision (-)	94,621	230,699	1,864,420
Loans to Real Persons and Legal Entities (Net)	58,915	130,268	875,763
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, discounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible Loans
	Limited	Doubtful	
	Collectability	Collectability	
Current Period(Net)	1,663	13,283	316,634
Interest Accruals, Discounts and Valuation Differences	17,947	53,554	576,535
Provision (-)	16,284	40,271	259,901
Prior Period (Net)	2,233	10,665	357,174
Interest Accruals, Discounts and Valuation Differences	18,675	40,732	637,700
Provision (-)	16,442	30,067	280,526

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

6. Information on loans: (continued)

i) Explanations on write-off policy:

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

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

The amount written-off by the Bank within the scope of TFRS 9 during the financial period is TL 31,353 (31 December 2020: TL 97,496) and its effect on NPL ratio is 0.03% (31 December 2020: 0.12%). The follow-up conversion rate is 3.93% (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 3.96% (31 December 2020: 4.34%).

7. Information on financial assets measured at amortized cost:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	-	1,202,078	2,971,137	1,153,219
Total	-	1,202,078	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	6,928,394	175,211	6,698,645	1,171,868
Other	-	-	-	-
Total	6,928,394	175,211	6,698,645	1,171,868

Financial assets valued over their amortized cost classified as free warehouse amounting to TL 4,017,788 (31 December 2020: TL 528,072).

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

	Current Period	Prior Period
Government Bonds	12,323,471	12,522,941
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	12,323,471	12,522,941

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I. Explanations and Disclosures Related to the 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	12,323,471	12,522,941
Quoted on a Stock Exchange	12,323,471	12,522,941
Unquoted	-	-
Impairment Provision (-)	-	-
Total	12,323,471	12,522,941

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	129,995	377,092
Purchases During the Year ^{(*)(**)}	750,040	8,062,415
Disposals Through Sales and Redemptions	(1,079,505)	(823,184)
Impairment Provision (-)	-	-
Closing Balance	12,323,471	12,522,941

(*) Includes rediscount amounts.

8. Information on associates (Net):

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

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

a.3) Explanations of 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).

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

9. Information on subsidiaries (Net):

- a) Information on shareholders’ equity of significant subsidiaries:

Subsidiaries do not use internal capital adequacy assessment approach.

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	50,000	28,794	6,860
Reserves	129,871	47,846	6,674
Net income for the period and prior period income	19,709	136,992	12,903
Income/ Loss recognized under equity in accordance with TAS	-	-	(216)
Leasehold Improvements on Operational Leases (-)	161	284	48
Goodwill and intangible asset and the related deferred tax liability (-)	3,199	4,029	514
Total Common Equity Tier 1 Capital	196,220	209,319	25,659
General Provision	3,831	-	-
Total Equity	200,051	209,319	25,659

- 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 subsidiaries:

- d.1) Information on the consolidated financial subsidiaries:

	Address (City/ Country)	The Bank’s share percentage-If different voting percentage (%)	Other shareholders’ share percentage (%)
1	TEB Faktoring A.Ş.	100.00	-
2	TEB Yatırım Menkul Değerler A.Ş.	96.62	3.38
3	TEB Portföy Yönetimi A.Ş.	25.60	29.14

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

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	2,434,184	199,580	4,020	80,328	-	8,671	6,719	-
2	406,886	213,632	3,860	19,319	-	32,927	14,866	-
3	48,834	26,221	2,181	1,705	22	3,508	2,629	-

(*) These figures are shown per BRSA financial statements as of 31 March 2020.

- d.2) Information on consolidated financial subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	115,986	115,986
Movements during the period	-	-
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	115,986	115,986
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

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

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	72,569	72,569
Total	115,986	115,986

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

e) Information on non-financial subsidiaries that are not consolidated:

TEB ARF Teknoloji A.Ş. was established by the Bank with 50,000 TL paid in capital 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 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	113,101	44,605	29,065	63,114	(53,705)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated the Bank’s financial statements:

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

11. Information on financial lease receivables (Net): None (31 December 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	1,029,580	-	650,142	-
Foreign Net Investment Hedge	-	-	-	-
Total	1,029,580	-	1,066,381	31,137

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset. There is TL 6,210 in the income statement regarding the fair value hedge accounting transactions those terminated by the Bank due to its maturity. As of 31 March 2021, there is no fair value hedge accounting.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted TL 18,925 (31 December 2020: TL 18,266) is recorded under equity as of 31 March 2021 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).

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

14. Information on 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	33,412	137,125
Disposed(-)	40,355	160,897
Impairment (-)	(2,588)	(5,269)
Depreciation Value (-)	-	-
Period End Cost	108,504	112,859
Period End Accumulated Depreciation (-)	-	-
Closing Net Book Value	108,504	112,859

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II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year and Over	1 Year	Accumulated Deposits	Total
Saving Deposits	3,513,307	-	14,389,932	10,697,916	77,086	17,027	37,483	-	28,732,751
Foreign Currency Deposits	18,396,046	-	6,183,429	12,073,839	86,296	98,660	54,642	-	36,892,912
Residents in Turkey	16,959,793	-	5,890,514	11,683,618	59,217	44,390	38,244	-	34,675,776
Residents Abroad	1,436,253	-	292,915	390,221	27,079	54,270	16,398	-	2,217,136
Public Sector Deposits	575,979	-	8,615	344,043	8,434	-	-	-	937,071
Commercial Deposits	3,761,087	-	4,390,083	6,357,763	251,787	5,774	18,082	-	14,784,576
Other Institutions Deposits	248,638	-	67,007	951,999	467,846	69	310	-	1,735,869
Precious Metals Deposits	5,449,225	-	35,451	85,904	12,518	26,510	2,994	-	5,612,602
Bank Deposits	45,566	-	3,636,493	-	-	-	-	-	3,682,059
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3	-	-	-	-	-	-	-	3
Foreign Banks	45,563	-	3,630,290	-	-	-	-	-	3,675,853
Special Financial Institutions	-	-	6,203	-	-	-	-	-	6,203
Other	-	-	-	-	-	-	-	-	-
Total	31,989,848	-	28,711,010	30,511,464	903,967	148,040	113,511	-	92,377,840

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year and Over	1 Year	Accumulated Deposits	Total
Saving Deposits	3,343,473	-	13,247,327	9,248,027	174,061	15,303	31,868	-	26,060,059
Foreign Currency Deposits	18,427,496	-	7,600,065	11,882,963	97,381	92,277	52,616	-	38,152,798
Residents in Turkey	17,203,160	-	7,316,504	11,506,796	67,244	42,090	36,070	-	36,171,864
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	4,493,650	-	3,953,410	5,879,776	158,781	1,448	13,824	-	14,500,889
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	32,754,132	-	32,461,359	27,780,847	515,473	159,594	102,073	-	93,773,478

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	15,793,279	14,783,424	12,538,594	10,931,481
Foreign Currency Saving Deposits	6,376,889	7,067,339	15,357,515	14,081,460
Other Deposits in the Form of Saving Deposits	2,327,960	2,567,019	2,736,565	2,854,708
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	24,498,128	24,417,782	30,632,674	27,867,649

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

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

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

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

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

	Current Period		Prior Period	
Foreign Branches’ Deposits and Other Accounts		669,774		639,161
Deposits of Controlling Shareholders and Their Close Families		1,133,206		1,130,777
Deposits of Chairman and Members of the Board of Directors and Their Close Families		75,595		66,845
Deposits Obtained Through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.		-		-
Saving Deposits in Banks Established in Turkey Exclusively for Offshore Banking Activities		-		-

2. Information on derivative financial liabilities:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	234,907	18,407	71,044	6,778
Swap Transactions	1,240,047	95,963	1,977,574	179,821
Futures Transactions	-	-	-	-
Options	60,679	29,000	18,600	6,526
Other	-	-	-	-
Total	1,535,633	143,370	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	366,592	33,982	412,907	34,552
From Foreign Banks, Institutions and Funds	-	10,756,267	-	9,300,147
Total	366,592	10,790,249	412,907	9,334,699

As of 31 March 2021, the Bank has borrowings from its related parties amounting to TL 4,169,331 (31 December 2020: TL 3,915,889).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	358,136	5,270,143	412,907	4,859,037
Medium and long-term	8,456	5,520,106	-	4,475,662
Total	366,592	10,790,249	412,907	9,334,699

c) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2,953,491	-	4,766,623	-
Treasury Bills	37,300	-	44,014	-
Total	2,990,791	-	4,810,637	-

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

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

Other external funding payables amounting to TL 2,325,065 (31 December 2020: TL 1,699,019) do not exceed 10% of the total balance sheet.

5. Explanations on financial lease obligations (Net):

With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease have been removed and the lease transactions are started to be recognized under “Tangible Fixed Asset” as an asset (tenure) and under “Liabilities from Leasing” as a liability. As of 31 March 2021, the bank has leasing liability amounting to TL 596,814 (31 December 2020: TL 598,957)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	84,098	-
Cash Flow Hedge	392,039	11,872	983,837	14,901
Foreign Net Investment Hedge	-	-	-	-
Total	392,039	11,872	1,067,935	14,901

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset. Regarding the fair value hedge accounting transactions that the Bank terminated due to its maturity, there is TL 6,210 in the income statement. As of 31 March 2021, there is no hedge accounting for fair value hedges.

As of 31 March 2021, there are accumulated valuation differences of TL 18,925 (31 December 2020: TL 18,266) under equity as of 31 March 2021. This amount is spread over the remaining terms of the hedged items by the Bank and transferred to the income statement.

7. Information on provisions:

- 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 unindemnified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	62,119	58,241
Stage 2	158,111	165,265
Stage 3	88,413	87,824
Total	308,643	311,330

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

As of 31 March 2021, TL 26,317 (31 December 2020: TL 13,581) unused vacation provision, TL 297,432 (31 December 2020: TL 286,464) employee termination benefit provision, TL 211,293 (31 December 2020: TL 168,071) bonus provision, and TL 27,286 (31 December 2020: TL 37,100) other expense provision are presented under “Provision of Employee Rights” in financial statements.

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

7. Information on provisions: (continued)

d) Information on other provisions:

	Current Period	Prior Period
Provision for Non-Cash Loans	308,643	311,330
Provision for Legal Cases	96,177	91,772
Provision for Promotions of Credit Cards and Banking Services	12,632	11,935
Other	43,662	52,796
Total	461,114	467,833

8. Explanations on taxes payable:

a) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	41,441	158,727
Taxation on Securities	53,933	45,038
Property Tax	1,244	1,223
Banking Insurance Transaction Tax (BITT)	56,864	50,699
Foreign Exchange Transaction Tax	3,774	4,556
Value Added Tax Payable	2,687	6,365
Other (*)	18,058	28,268
Total	178,001	294,876

(*) Others include income taxes deducted from wages amounting to TL 14,693 (31 December 2020: TL 24,127) and stamp taxes payable amounting to TL 2,045 (31 December 2020: TL 1,761).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	10,318	11,386
Social Security Premiums-Employer	11,248	12,575
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	873	966
Unemployment Insurance-Employer	1,449	1,603
Other	-	-
Total	23,888	26,530

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

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

9. Information on Shareholders’ Equity:

a) Presentation of Paid-in Capital:

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

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

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

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

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

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

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

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

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(227,908)	(89,955)	(149,256)	61,169
Foreign Exchange Difference	-	-	-	-
Total	(227,908)	(89,955)	(149,256)	61,169

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	9,499,754	8,978,512
Loan Granting Commitments	6,203,077	5,736,570
Asset Purchase and Sale Commitments	4,075,022	3,031,018
Payment Commitments for Cheques	2,121,941	1,741,408
Tax and Fund Liabilities from Export Commitments	48,230	47,494
Time Deposit Purchase and Sale Commitments	12,553	94,524
Commitments for Promotions Related with Credit Cards and Banking Activities	6,489	5,767
Other Irrevocable Commitments	408,426	385,645
Total	22,375,492	20,020,938

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

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

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

	Current Period	Prior Period
Letters of Credit	6,038,945	5,025,525
Bank Acceptances	13,282	16,573
Other Commitments	3,815,365	3,976,672
Other Contingencies	1,359,385	1,043,082
Total	11,226,977	10,061,852

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

	Current Period	Prior Period
Guarantee Letters	10,133,793	9,864,566
Advance Guarantee Letters	2,505,413	2,244,080
Guarantee Letters Given for Customs	515,597	481,964
Temporary Guarantee Letters	337,545	332,396
Other Guarantee Letters	1,396,225	1,261,166
Total	14,888,573	14,184,172

c) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	1,397,208	1,262,302
With Maturity of One Year or Less Than One Year	109,445	94,973
With Maturity of More Than One Year	1,287,763	1,167,329
Other Non-Cash Loans	24,718,342	22,983,722
Total	26,115,550	24,246,024

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IV. Explanations and Disclosures Related to the Statement of Income

1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income on loans (*)				
Short term loans	1,079,637	48,730	840,873	63,166
Medium and long term loans	1,268,111	57,663	1,252,061	57,508
Interest on loans under follow-up	25,374	-	58,457	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,373,122	106,393	2,151,391	120,674

(*) Includes fees and commissions obtained from cash loans amounting to TL 45,840 (31 March 2020: TL 70,232).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	36,066	53	16,203	351
Foreign banks	1,291	849	1,196	5,839
Branches and head office abroad	-	-	-	-
Total	37,357	902	17,399	6,190

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	32,289	16,448	52,899	5,664
Financial Assets at Fair Value Through Other Comprehensive Income	169,476	21,671	130,468	21,260
Financial Assets Measured at Amortized Cost	510,432	20,472	151,554	18,090
Total	712,197	58,591	334,921	45,014

d) Interest Income on Subsidiaries and Associates:

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	13,118	5,718

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	10,815	201	9,229	1,042
Foreign banks	-	117,444	-	110,613
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	10,815	117,645	9,229	111,655

(*) Includes fees and commission expenses of cash loans amounting to TL 4,178 (31 March 2020: TL 2,705).

b) Information on interest expense on associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	1,313	310

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IV. Explanations and Disclosures Related to the 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	110,436	-	76,778	-
Total	110,436	-	76,778	-

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Current Period								
TL								
Bank Deposits	-	129,890	-	-	-	-	-	129,890
Saving Deposits	-	496,840	389,333	4,682	375	1,170	-	892,400
Public Sector Deposits	-	1,427	7,917	295	-	-	-	9,639
Commercial Deposits	-	155,322	234,814	5,231	100	435	-	395,902
Other Deposits	-	2,801	36,925	4,080	2	6	-	43,814
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	786,280	668,989	14,288	477	1,611	-	1,471,645
FC								
Foreign Currency Deposits	-	1,987	34,936	112	20	199	-	37,254
Bank Deposits	-	7	-	-	-	-	-	7
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	1	-	10	1	-	12
Total	-	1,994	34,937	112	30	200	-	37,273
Grand Total	-	788,274	703,926	14,400	507	1,811	-	1,508,918
Prior Period								
TL								
Bank Deposits	-	19,452	-	-	-	-	-	19,452
Saving Deposits	-	278,702	196,523	4,111	2,635	6,285	-	488,256
Public Sector Deposits	-	311	3,395	193	-	-	-	3,899
Commercial Deposits	-	142,263	95,856	1,686	76	1,952	-	241,833
Other Deposits	-	1,819	21,332	545	3	20	-	23,719
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	442,547	317,106	6,535	2,714	8,257	-	777,159
FC								
Foreign Currency Deposits	-	12,667	42,071	833	245	411	-	56,227
Bank Deposits	-	217	-	-	-	-	-	217
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	206	1,670	143	916	663	-	3,598
Total	-	13,090	43,741	976	1,161	1,074	-	60,042
Grand Total	-	455,637	360,847	7,511	3,875	9,331	-	837,201

3. Information on trading gain / loss:

	Current Period	Prior Period
Gains	21,832,459	14,935,788
Gains on capital market operations	125,226	60,697
Gains on derivative financial instruments ⁽¹⁾	7,316,254	6,256,417
Foreign exchange gains	14,390,979	8,618,674
Losses (-)	22,364,047	15,306,327
Losses on capital market operations	109,754	166,043
Losses on derivative financial instruments ⁽¹⁾	7,661,922	6,831,700
Foreign exchange losses	14,592,371	8,308,584

⁽¹⁾ Includes exchange rate fluctuations of hedging transactions net profit of TL 357,166 (31 March 2020: TL 372,382 profit), derivative financial instruments exchange rate changes loss accounts amounting to TL 147,490 (31 March 2020: TL 33,495 profit) net exchange loss.

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

4. Information on other operating income:

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

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

a) Allowance for Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	22,478	261,717
12-Month Expected Credit Losses (Stage 1)	22,974	27,024
Significant Increase in Credit Risk (Stage 2)	(15,053)	63,117
Credit-Impaired (Stage 3)	14,557	171,576
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other ⁽¹⁾	1,375	(28,012)
Total	23,853	233,705

⁽¹⁾ Includes reversal of provisions amounting to TL 3,716 (31 March 2020: TL 29,520).

6. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ⁽¹⁾	1,154	7,052
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	64,077	62,237
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	20,632	18,815
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	(2,588)	4,065
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	288,779	257,509
Leasing Expenses on TFRS 16 Exceptions	8,378	8,867
Maintenance expenses	5,544	4,492
Advertisement expenses	21,582	14,803
Other expenses	253,275	229,347
Loss on sales of assets	3,706	1,043
Other ⁽²⁾	134,334	105,529
Total	510,094	456,250

⁽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 TL54,897 (31 March 2020: TL 45,293) and other taxes and fees paid in the amount of TL 63,912 (31 March 2020: TL 36,808).

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

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

- a) As of 31 March 2021, the current tax expense is TL 2,348 (31 March 2020: TL 61,048 expense). Deferred tax expense is TL 88,052 (31 March 2020: TL 68,079 deferred tax expense) and there is no current and deferred tax income/expense from discontinued operations (31 March 2020: None).
- b) Deferred tax expense on temporary differences resulted from continued operations is TL 88,052 (31 March 2020: TL 68,079 deferred tax expense).
- c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	429,529	525,218
Additions	27,556	103,694
Nonallowable expenses	8,310	6,805
Effect of different tax rate	-	96,889
Deductions	19,246	-
Dividend income	(5,083)	(41,969)
Other	(5,083)	(27,698)
Taxable Profit/ (Loss)	-	(14,271)
Corporate tax rate	452,002	586,943
Tax calculated	20%	22%
Prior year tax correction	90,400	129,127
Tax charge	-	-
	90,400	129,127

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 (31 March 2020: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 March 2020: None).
- c) Profit/ loss attributable to minority interest: None (31 March 2020: None).

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

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Card Fee and Commissions	262,916	219,869
Insurance Commissions	62,246	56,967
General Limit Revision Commissions	17,450	11,844
Transfer Commissions	16,371	10,274
Settlement Expense Provision, Eft, Swift, Agency Commissions	11,910	10,720
Fund Management Fees	9,892	12,374
Early Closing Commissions	4,238	28,482
Periodic Service Commissions	-	28,297
Other	50,884	128,043
Total	435,907	506,870
<u>Other fees and commissions paid</u>		
Credit Cards Commissions and Fees	143,060	110,678
Commission and Fees Paid to Correspondent Banks	9,764	9,733
Settlement Expense Provision, Eft, Swift, Agency Commissions	7,785	6,734
Other	46,123	32,607
Total	206,732	159,752

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

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

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

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of Period	345,966	778	71,698	438,193	741,973	89,477
Balance at End of Period	310,203	739	81,903	939,672	1,835,735	90,695
Interest and Commission Income	13,118	7	333	852	8,076	58

Direct and indirect shareholders of the Bank balance above includes TL 81,903 and other entities included in the risk group balance above includes TL 1,019,631 placement in “Banks”.

b) Prior Period:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of Period	277,729	716	15,616	182,856	248,301	101,145
Balance at end of Period	345,966	778	71,698	438,193	741,973	89,477
Interest and Commission Income	5,718	8	747	558	1,770	142

Direct and indirect shareholders of the Bank balance above includes TL 71,698 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 Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Balance at Beginning of Period	31,575	16,476	5,596,710	3,313,150	1,281,302	648,747
Balance at End of Period	24,835	31,575	4,169,944	5,596,710	2,106,311	1,281,302
Interest on Deposits	1,313	310	101,513	9,516	12,140	7,618

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 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 and Loss					
Beginning of Period	-	-	18,396,561	30,904,435	284,453	109,762
End of Period	-	-	16,032,807	18,396,561	659,621	284,453
Total Profit/Loss	-	-	(138,561)	(87,297)	(22,006)	(14,032)
Hedging Transactions purposes						
Beginning of Period	-	-	10,139,721	17,648,505	-	-
End of Period	-	-	9,702,680	10,139,721	-	-
Total Profit/Loss	-	-	133,122	368,244	-	-

d) As of 31 March 2021, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 11,090 (31 March 2020: TL 9,642).

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VI. Explanations and Disclosures Related to Subsequent Events

The Corporate Tax rate will be applied as 25% for 2021 taxation period income and 23% for 2022 taxation period income as per the 11th article of the Law on the Procedure for the Collection of Public Claims and the Law on the Amendment of Certain Laws, which has been published in the Official Gazette dated 22 April 2021 and numbered 31462, and the Provisional Article 13 added to the Corporate Tax Law No.5520. This amendment is valid for the corporate taxable income of taxation periods starting from 1 January 2021 and applicable for the tax declarations starting from 1 July 2021.

SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. Explanations on the Independent Auditor’s Review Report

The unconsolidated financial statements of the Bank were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 30 April 2021 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.

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SECTION SEVEN (*)

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim Period Reports Included Chairman of The Board of Directors and CEO’s of the Bank Assessments For The Interim Activities

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

Chairman of Board of Director’s Message

Esteemed stakeholders,

The rapid spread of various variants of the Covid-19 virus caused an increase in the number of cases and many countries have resorted to quarantine and restriction measures. However, global economic activity has recovered strongly in the first quarter of 2021 despite the epidemic. In the first quarter of the year, the US and China were the countries with the fastest recovery. In Europe, the recovery in the services sector was lagged due to the quarantine measures. The International Monetary Fund (IMF) increased its global economic growth forecast for 2021 from 5.5% to 6% in its World Economic Outlook report. In the same report, the US growth estimate was updated from 5.1% to 6.4%, and the Eurozone growth expectation was updated from 4.2% to 4.4%.

In the first quarter, volatility in financial markets was high. Since the US economy grew faster than forecast, inflation expectations and long-term bond yields increased. The US 10-year bond interest, 0.9% at the end of 2020, rose to 1.7% in March. During this period, developing countries’ currencies depreciated, Turkish Lira also lost value 10.9% against the US dollar.

The US Federal Reserve (FED) and the European Central Bank (ECB) continued their accommodative monetary policies in the first quarter. FED’s Powell stated that the economy recovered in a short time with financial supports and expansionary monetary policy, but uncertainties due to the epidemic still pose a risk. ECB, on the other hand, announced that it would accelerate bond purchases within the scope of the Pandemic Emergency Purchase Program in the second quarter of the year.

The vaccination program started in Turkey, but the number of cases increased sharply in our country due to the rapid spread of the mutant virus and the slow vaccination rate. Despite the epidemic and partial quarantine conditions, economic activity maintained its strength in the first quarter. Industrial production increased 11.3% yearly in January and 8.8% in February. According to the Ministry of Trade data, exports increased by 17.3% yearly in the first quarter, while imports increased by 9.7%. The foreign trade deficit decreased by 15.2% in the January-March period compared to the previous year, reaching USD11bn.

Due to the epidemic, the increase in international commodity and food prices, supply restrictions in some sectors, and developments in the exchange rate led to inflation to rise. Annual inflation (CPI), 14.6% at the end of 2020, rose to 16.2% in March. The Central Bank of the Republic of Turkey (CBRT) raised the policy rate from 17% to 19% in the first quarter, considering the upside risks to the inflation outlook.

In its report, the IMF announced its 2021 growth expectation for Turkey as 6%. In the first quarter, leading indicators point to strong economic activity and continued growth. In the upcoming period, the services sector is expected to contribute to growth with the acceleration of vaccination efforts and normalization.

TEB has the power and prestige in global financial circles. Representing its sector successfully on all platforms, TEB will continue to improve its cooperation with global financial resources and to put the resources needed by the Turkish economy in its sustainable development journey to the disposal of the real sector.

TEB, one of the major players in the Turkish banking sector, aims to continue to contribute to the Turkish economy as it has done until present and to create increasing value for all its stakeholders by increasing its growth and efficiency in this process, which includes risks and opportunities. TEB will continue to build on these strong bases, work, produce, share and make a difference with the great responsibility it bears.

Yours respectfully,
Yavuz Canevi

(*) Amounts in section seven expressed in full Turkish Lira (“TL”) amount unless otherwise stated.

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

CEO’s Message

Since the very first appearance of the pandemic in Turkey, Türk Ekonomi Bankası (TEB) has been prioritizing both protecting its employees’ and customers’ health and continuing to contribute to the national economy and to social wellbeing. Striving to fulfill its obligations towards all of its stakeholders, TEB once again conducted its operations in keeping with its “good and exemplary bank” approach of creating value for its stakeholders and making a socially-beneficial impact while contributing to the national economy and supporting sustainable growth.

As of 31 March 2021, TEB showed total assets of TL 135.7 billion and a net profit of TL 339 million. Loans, the most important indicator of the bank’s support for its customers and economic activity, made up 61% of its total assets.

Giving the same importance to risk management and asset quality as it always does, TEB’s total lendings in the first quarter of the year amounted to TL 82.9 billion while its total deposits during the same period stood at TL 92.4 billion. Continuing to support solid growth with a strong capital structure and by ensuring the sustainable continuity of its profitability, TEB’s shareholders’ equity as of the first quarter was TL 12 billion while at 17.99%, its capital adequacy ratio was significantly above the 12% target which the bank had set for itself.

During the first quarter of 2021 TEB continued to achieve growth in retail lending while supporting customers suffering from disrupted cashflows by means of loan deferrals. Developments in digital-channel capabilities enabled the bank to conduct new campaigns for its customers and to improve its retail-credit production processes. Offering depositors and savers a range of alternative products, the bank supported its customers in their efforts to save with its TEB Marifetli Hesap product, a daily-accrual savings account that pays attractive rates while providing the flexibility of making deposits and withdrawals whenever one wishes. In its efforts to help its customers regularize their cashflows and facilitate their collections, TEB also speeded up efforts to sell POS units and promote after-sales services during the first quarter.

Continuing to take a customer-focused and innovative approach in the improvement of customers’ digital-channel experience, TEB became one of the first banks to join the Turkish central bank’s FAST system, whose development TCMB had completed and put into service at the very beginning of 2021. Thanks to FAST (a Turkish acronym meaning “Instant and Continuous Transfer of Funds”), TEB customers can now send money quickly and conveniently 24/7 to any IBAN or Kolay Adres (user-defined) account. Benefiting from the ability to take care of their banking business quickly and without interruption through the bank’s digital banking channels, more than two million TEB customers used one or more online channels during the first quarter of 2021 while the digital-banking utilization rate among them reached 70%.

During the first quarter of 2021, TEB Private Banking organized a series of online events (dubbed “TEB Özel Online Etkinlik Serisi”) to help its private banking customers cut off from social interaction to pass their time more enjoyably and productively. TEB Private Banking’s offerings of private banking products and services earned it the “Best Private Banking” accolade in Global Finance magazine’s 2021 series of Private Banking Awards.

Looking to speed up the automation and digital transformation of banking processes in response to the global pandemic, TEB SME Banking continues to provide small and medium-sized businesses with the best customer experience. CEPTETEB İŞTE, a mobile banking platform which TEB launched especially for its SME customers, completed its first year in operation with an even richer set of newly-added functions such as installment-based commercial credit, creating customer-specific offers and opportunities, keeping track of FX transfer details, online customer acquisition, and easy-to-remember user-defined money-transfer addresses.

In addition to its offerings of advantageous fee packages, TEB also stood by its SME customers with an array of product and transaction opportunities during the first quarter of 2021. Recognizing the strategic importance of the export trade in keeping the country’s economy alive as the pandemic continues to unfold, the bank also introduced three different foreign-trade fee packages for exporters as well.

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

CEO’s Message (continued)

To support the farming industry, whose strategic importance has become especially crucial because of the pandemic, TEB raised its farmer customers’ credit limits in order to help them take care of their working capital needs. It is also standing by them by granting an up to six-month deferral of interest on purchases of agricultural inputs which they make using their TEB Harman Kart, a credit card specially designed for farmers, from the card’s steadily expanding network of merchant partners.

Through its TEB Startup Business Banking business line, TEB continues to support entrepreneurs and the development of the entrepreneurial ecosystem throughout the country. The bank organized a special textile-industry meeting which brought entrepreneurs who benefit from the support of TİM-TEB Startup Houses together with potential corporate customers. Through this meeting, TEB served as a go-between bringing entrepreneurs who produce technological products and services together with leading textile industry firms and potentially leading to value-adding collaborations among them.

Making important progress in line with its goal of providing its customers with better and faster service, TEB Corporate Banking continued to grow during the first quarter of 2021. The bank registered a significant increase in the share of Turkish-lira loans in its total lendings to corporate banking customers as well as growth in the volume of its export-financing.

Benefitting from the support of the bank’s strong technological infrastructure, TEB Cash Management continued to provide digital solutions addressing its customers’ needs. With the importance of cash-management products becoming especially critical during the first quarter, the bank introduced its Mobil-İnk instruction-management platform and its e-signature products to help speed up the processing of banking instructions.

During the first quarter, TEB continued to develop the best solutions for customers’ needs through ICC-certified foreign trade specialists located in Trade Centers in İstanbul, Bursa, and İzmir. During this period, with the aim of contributing the economy, TEB focused on international trade, export companies and bank-sourced foreign currency and TL loans. In addition to this, TEB managed to maintain its position as a pioneer bank in export specially designed commodity finance transactions such as structured trade finance, CMA, SMA, TARES and ELUS. TEB also continued to support long-term import Letters of Credit investments. Continuing its strong collaborations with exporters’ unions, trade and industry chambers, and similar NGOs, TEB made it possible for foreign trade specialists to provide firms in Turkey with information support through a large number of online and private foreign trade training courses and seminars addressing such firms’ foreign-trade issues and dealing with their needs.

Yours respectfully,
Ümit Leblebici

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B. Shareholding Structure

As of 31 March 2021;

Name of Shareholders	TL 2,204,390,000.00 Paid in Capital	
	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	2,204,390,000.00	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
Jean Paul Sabet	Deputy Chairman of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee
François Andre Jesualdo Benaroya	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 31 March 2021, the Board of Directors have accepted 46 resolutions and Audit Committee 16 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

Executive Management

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

Name	Title
Ümit Leblebici	Chief Executive Officer and the Executive Member
Gökhan Mendi	Senior Assistant General Manager, Retail and Private Banking
Mustafa Aşkın Dolaştır	Assistant General Manager, Financial Affairs
Bade Sipahioğlu Işık	Assistant General Manager, Human Resources
Gökhan Özdil	Assistant General Manager, Corporate Loans
Osman Durmuş	Assistant General Manager, Retail and Micro SME Loans
Melis Coşan Baban	Secretary of the Board of Directors, Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Kubilay Güler	Assistant General Manager, Banking Operations and Support Services
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
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

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D. Significant Events and Transactions in the Current Period

Amendments to Main Contract in 1 January – 31 March 2021:

There have been no changes to the main contract during the period of 1 January – 31 March 2021.

Significant Events and Transactions in the Current Period:

Past due receivables amounting to TL 97,912 for which TL 95,053 of provision had been allocated, is sold for TL 10,675 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)	31 March 2021 Unconsolidated Financial Statements	31 December 2020 Unconsolidated Financial Statements
Loans, Net	78,870	78,884
Loans	79,608	79,430
Non-Performing Loans	3,255	3,502
Expected Losses	(3,993)	(4,048)
Total Assets	135,724	140,048
Deposits	92,378	93,773
Shareholder’s Equity	11,986	11,410
Net Income (Prior Period 31 March 2020)	339	396

Summary on Financial Ratios

	31 March 2021 Unconsolidated Financial Statements	31 December 2020 Unconsolidated Financial Statements
Loans / Total Assets	58.11%	56.33%
Deposits / Total Assets	68.06%	66.96%
Return on Equity (Prior Period 31 March 2020)	3.01%	16.69%
NPL Ratio	3.93%	4.22%
Capital Adequacy Ratio	17.99%	18.51%
Coverage Ratio	67.28%	65.51%

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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 first 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	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 Bank has donated TL 34,880 with 44 items to the several agencies and institutions during the period of 1 January 2021 - 31 March 2021.