

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

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

**CONSOLIDATED FINANCIAL STATEMENTS AND  
RELATED DISCLOSURES TO THE FINANCIAL  
STATEMENTS FOR THE PERIOD 1 JANUARY –  
31 DECEMBER 2023 WITH INDEPENDENT AUDITOR'S  
REPORT**

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

**INDEPENDENT AUDITOR’S REPORT**

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

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

**1) Qualified Opinion**

We have audited the consolidated financial statements of Türk Ekonomi Bankası AŞ (the “Bank”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and Turkish Financial Reporting Standards for the matters not legislated by the aforementioned regulations.

**2) Basis for Qualified Opinion**

As of 31 December 2023, the consolidated financial statements include free provisions amounting to TL 2,050,000 thousand, TL 400,000 thousand of which had been recognized as an other provision expense in the prior period and TL 1,650,000 thousand of which had been recognized as an other provision expense in the consolidated financial statements in the current period, provided by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. If the mentioned free provision were not provided, the other provisions would decrease by TL 2,050,000 thousand and prior periods’ profit would increase by TL 400,000 thousand and the current period profit would increase by TL 1,650,000 thousand for the year ended 31 December 2023.

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

### 3) Key Audit Matters

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

Key Audit Matters	How the matter was addressed in the audit
<p data-bbox="165 562 774 660"><b><i>Impairment of loans determined within the framework of TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></b></p> <p data-bbox="165 683 774 907">Impairment of loans is an important area of jurisdiction for management. The Parent Bank has the total loans and factoring receivables amounting to TL 223,332,475 thousand, which comprise 53% of the Parent Bank’s total assets in its consolidated financial statements and the total provision for impairment amounting to TL 6,892,351 as of 31 December 2023.</p> <p data-bbox="165 929 774 1153">As of 1 January 2018, the Group has started to recognize provisions for impairment of loans at amortised cost in accordance with TFRS 9 and also “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p data-bbox="165 1176 774 1400">In accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies, the expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p data-bbox="165 1422 774 1579">The Group exercises significant decisions using judgment, interpretation, and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models.</p> <p data-bbox="165 1601 774 1825">Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p data-bbox="165 1848 774 1937">Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p data-bbox="774 683 1404 750">As part of our audit work, the following procedures were performed:</p> <p data-bbox="774 772 1404 952">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p data-bbox="774 974 1404 1064">We have assessed and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p data-bbox="774 1086 1404 1243">We have performed loan review procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p data-bbox="774 1265 1404 1601">We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p data-bbox="774 1624 1404 1691">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="774 1713 1404 1848">We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets’ exposure periods.</p> <p data-bbox="774 1870 1404 1960">We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p data-bbox="774 1982 1404 2027">Based on our discussions with the Group management, we evaluated whether the key assumptions and other</p>

	<p>judgements underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per the Group’s policy by means of supporting data and evaluated appropriateness via communications with the Group management.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Group with respect to loans and receivables and related impairment provisions.</p>
<p><b><i>Pension fund obligations</i></b></p> <p>Defined benefit pension plan that the Group provides to its employees is managed by Fortis Bank AŞ Mensupları Emekli Sandığı (“Plan”) which is established by the 20th provisional article of the Social Security Law numbered 506 (the “Law”).</p> <p>As disclosed in the Section III Note XVII to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Group that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation voucher.</p> <p>As of 31 December 2023, the Group’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section V Note II.8.c2 considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.</p>	<p>Our audit work included the following procedures:</p> <p>We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Group’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations, and legislation used in the calculations and whether the assumptions are reasonable.</p>

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

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

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

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

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

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

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

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

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

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

## 5) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (cont’d)

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

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

### B) Other Responsibilities Arising from Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Group’s set of accounts for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Bank’s articles of association in relation to financial reporting.

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

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

#### Additional paragraph for convenience translation to English

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

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

Yaman Polat  
Partner

İstanbul, 31 January 2024

**CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF FOR THE YEAR ENDED 31 DECEMBER 2023**

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

- General Information about the Parent Bank
- Consolidated Financial Statements of the Parent Bank
- Explanations on the Accounting Policies Applied in The Related Period
- Information on Financial Structure and Risk Management of the Group which is under Consolidation.
- Disclosures and Footnotes on Consolidated Financial Statements
- Other explanations
- Independent Auditor’s Audit Report

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

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

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

Dr. Akın Akbaygil	Patrick Philippe Poupon	Ayşe Aşardağ	Ümit Leblebici	M. Aşkın Dolaştır	Kamer Kızıllı
Chairman of the Board of Directors	Chairman of the Audit Committee	Vice Chairman of the Audit Committee	Chief Executive Officer	Assistant General Manager Responsible of Financial Reporting	Director Responsible of Financial Reporting

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

Name-Surname/Title : Ashlhan Kaya / External Reporting Senior Manager  
Telephone Number : (0216) 635 24 51  
Fax Number : (0216) 636 36 36



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# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### SECTION ONE

#### GENERAL INFORMATION

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

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

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

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

Shareholder’s Name	31 December 2023		31 December 2022	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	<b>2,204,390</b>	<b>100.00</b>	<b>2,204,390</b>	<b>100.00</b>

As of 31 December 2023, the Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (Full TL) nominal each.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

<u>Name</u>	<u>Title</u>	<u>Education</u>
<b>Board of Directors;</b>		
Dr. Akın Akbaygil	Chairman of the Board of Directors	PhD
François Andre Jesualdo Benaroya	Deputy Chairman of the Board of Directors	University
Patrick Philippe Poupon	Member of the Board of Directors and Chairman of the Audit Committee	Master
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
Yavuz Canevi	Member of the Board of Directors	Master
Hans Wilfried J. Broucke	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Jean-Charles Joseph Gabriel Aranda	Member of the Board of Directors	Master
Ayşe Meral Çimenbiçer	Member of the Board of Directors, Member of the Audit Committee	University
Metin Toğay	Member of the Board of Directors	Master
Didier Albert N. Van Hecke	Member of the Board of Directors, Member of the Audit Committee	Master
Ümit Leblebici	Chief Executive Officer and the Executive Member	Master
<b>Assistant General Managers;</b>		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Orhan Hatipoğlu	Assistant General Manager of Banking Operations and Support Services Group	University
Çiğdem Ünsal	Assistant General Manager Responsible from Human Resources	University
Dr. Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay (*)	Assistant General Manager Responsible from Financial Markets	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
<b>Group Heads (**);</b>		
Nimet Elif Kocaayan	Head of Group Risk Management	University
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
<b>Internal Audit (**);</b>		
Hakan Tıraşın	Head of Internal Audit	University

(\*) Deputy General Manager responsible for the Financial Markets Group, Akil Özçay, resigned from his position effective as of 1 January 2024, and Göker Orhan was appointed in his place.

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

The Parent Bank’s operating areas include, corporate, commercial, SME, retail, and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2023, the Parent Bank has 440 local branches and 4 foreign branches (31 December 2022: 444 local branches, 4 foreign branches). As of 31 December 2023, the number of employees of the Group is 8,730 (31 December 2022: 9,054).

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

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

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

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

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

None.

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023 AND 2022

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

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

ASSETS	Section 5 Notes	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>62,862,283</b>	<b>74,567,876</b>	<b>137,430,159</b>	<b>30,732,653</b>	<b>47,410,589</b>	<b>78,143,242</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>54,617,383</b>	<b>69,845,047</b>	<b>124,462,430</b>	<b>17,621,477</b>	<b>42,833,756</b>	<b>60,455,233</b>
1.1.1 Cash and Balances with Central Bank	(I-1)	40,713,424	63,894,514	104,607,938	7,210,359	36,629,352	43,839,711
1.1.2 Banks	(I-4)	1,671,460	6,002,217	7,673,677	2,820,682	6,227,454	9,048,136
1.1.3 Money Market Placement		12,243,739	-	12,243,739	7,604,278	-	7,604,278
1.1.4 Expected Loss Provisions (-)		11,240	51,684	62,924	13,842	23,050	36,892
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(I-2)	<b>469,481</b>	<b>660,327</b>	<b>1,129,808</b>	<b>2,927,230</b>	<b>541,639</b>	<b>3,468,869</b>
1.2.1 Government Debt Securities		242,988	345,477	588,465	2,809,744	202,058	3,011,802
1.2.2 Equity Securities		109,257	164,734	273,991	77,197	263,295	340,492
1.2.3 Other Financial Assets		117,236	150,116	267,352	40,289	76,286	116,575
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(I-5)	<b>5,104,017</b>	<b>2,722,321</b>	<b>7,826,338</b>	<b>5,357,851</b>	<b>3,062,485</b>	<b>8,420,336</b>
1.3.1 Government Debt Securities		5,021,682	2,722,321	7,744,003	5,308,538	3,062,485	8,371,023
1.3.2 Equity Securities		82,335	-	82,335	49,313	-	49,313
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>		<b>2,671,402</b>	<b>1,340,181</b>	<b>4,011,583</b>	<b>4,826,095</b>	<b>972,709</b>	<b>5,798,804</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	1,935,635	1,037,427	2,973,062	4,400,167	664,545	5,064,712
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	735,767	302,754	1,038,521	425,928	308,164	734,092
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>189,662,728</b>	<b>76,057,764</b>	<b>265,720,492</b>	<b>145,051,474</b>	<b>47,317,492</b>	<b>192,368,966</b>
<b>2.1 Loans</b>	(I-6)	<b>153,962,017</b>	<b>59,267,626</b>	<b>213,229,643</b>	<b>113,819,501</b>	<b>35,884,378</b>	<b>149,703,879</b>
<b>2.2 Lease Receivables</b>	(I-11)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>	(I-18)	<b>5,911,393</b>	<b>4,191,439</b>	<b>10,102,832</b>	<b>4,137,185</b>	<b>3,192,413</b>	<b>7,329,598</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(I-7)	<b>34,609,839</b>	<b>14,681,619</b>	<b>49,291,458</b>	<b>30,844,021</b>	<b>9,611,915</b>	<b>40,455,936</b>
2.4.1 Government Debt Securities		34,609,839	14,681,619	49,291,458	30,844,021	9,611,915	40,455,936
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>	(I-6,18)	<b>4,820,521</b>	<b>2,082,920</b>	<b>6,903,441</b>	<b>3,749,233</b>	<b>1,371,214</b>	<b>5,120,447</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(I-17)	<b>82,060</b>	<b>-</b>	<b>82,060</b>	<b>100,370</b>	<b>-</b>	<b>100,370</b>
3.1 Held for Sale Purpose		82,060	-	82,060	100,370	-	100,370
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>55</b>	<b>-</b>	<b>55</b>	<b>55</b>	<b>-</b>	<b>55</b>
<b>4.1 Associates (Net)</b>	(I-8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(I-9)	<b>50</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>-</b>	<b>50</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
<b>4.3 Joint Ventures (Net)</b>	(I-10)	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>5</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
<b>V. TANGIBLE ASSETS (Net)</b>	(I-13)	<b>1,980,316</b>	<b>-</b>	<b>1,980,316</b>	<b>1,276,406</b>	<b>-</b>	<b>1,276,406</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(I-14)	<b>1,304,219</b>	<b>-</b>	<b>1,304,219</b>	<b>903,856</b>	<b>-</b>	<b>903,856</b>
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		883,095	-	883,095	482,732	-	482,732
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(I-15)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>225,426</b>	<b>-</b>	<b>225,426</b>	<b>28,388</b>	<b>-</b>	<b>28,388</b>
<b>IX. DEFERRED TAX ASSET</b>	(I-16)	<b>2,531,368</b>	<b>-</b>	<b>2,531,368</b>	<b>1,624,898</b>	<b>-</b>	<b>1,624,898</b>
<b>X. OTHER ASSETS (Net)</b>	(I-19)	<b>11,647,472</b>	<b>670,575</b>	<b>12,318,047</b>	<b>8,821,151</b>	<b>268,689</b>	<b>9,089,840</b>
<b>TOTAL ASSETS</b>		<b>270,295,927</b>	<b>151,296,215</b>	<b>421,592,142</b>	<b>188,539,251</b>	<b>94,996,770</b>	<b>283,536,021</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023 AND 2022

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

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

LIABILITIES	Section 5 Notes	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(II-1)	185,336,376	99,230,825	284,567,201	128,658,964	71,690,956	200,349,920
<b>II. FUNDS BORROWED</b>	(II-3)	5,552,510	24,041,603	29,594,113	3,894,872	13,710,230	17,605,102
<b>III. MONEY MARKET FUNDS</b>	(II-4)	390,354	28,109,842	28,500,196	439,289	6,790,660	7,229,949
<b>IV. SECURITIES ISSUED (Net)</b>	(II-3)	1,511,941	-	1,511,941	422,045	-	422,045
4.1 Bills		868,080	-	868,080	422,045	-	422,045
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		643,861	-	643,861	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		1,834,898	800,400	2,635,298	2,971,255	595,978	3,567,233
7.1 Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	1,752,443	800,400	2,552,843	2,901,642	595,978	3,497,620
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	82,455	-	82,455	69,613	-	69,613
<b>VIII. FACTORING LIABILITIES</b>	(II-14)	533	29,949	30,482	564	4,227	4,791
<b>IX. LEASE LIABILITIES (Net)</b>	(II-6)	1,000,253	25,188	1,025,441	684,123	26,506	710,629
<b>X. PROVISIONS</b>	(II-8)	5,847,372	781,515	6,628,887	3,011,836	471,364	3,483,200
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		3,012,178	108,441	3,120,619	2,120,685	64,378	2,185,063
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		2,835,194	673,074	3,508,268	891,151	406,986	1,298,137
<b>XI. CURRENT TAX LIABILITY</b>	(II-9)	1,476,641	3	1,476,644	2,045,694	-	2,045,694
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(II-10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(II-11)	-	11,637,967	11,637,967	-	9,708,218	9,708,218
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	11,637,967	11,637,967	-	9,708,218	9,708,218
<b>XV. OTHER LIABILITIES</b>	(II-5)	13,864,853	2,834,703	16,699,556	9,613,470	2,651,378	12,264,848
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-12)	37,151,373	133,043	37,284,416	26,021,294	123,098	26,144,392
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		391,226	-	391,226	391,226	-	391,226
16.2.1 Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		388,661	-	388,661	388,661	-	388,661
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit or Loss		(374,505)	-	(374,505)	(419,019)	-	(419,019)
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit or Loss		(27,028)	133,043	106,015	850,588	123,098	973,686
16.5 Profit Reserves		21,754,128	-	21,754,128	11,310,414	-	11,310,414
16.5.1 Legal Reserves		761,245	-	761,245	649,424	-	649,424
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		16,375,979	-	16,375,979	10,773,450	-	10,773,450
16.5.4 Other Profit Reserves		4,616,904	-	4,616,904	(112,460)	-	(112,460)
16.6 Profit or Loss		13,128,180	-	13,128,180	11,655,252	-	11,655,252
16.6.1 Prior Periods' Profit / Loss		-	-	-	98,356	-	98,356
16.6.2 Current Periods' Profit / Loss		13,128,180	-	13,128,180	11,556,896	-	11,556,896
16.7 Minority Shares	(II-13)	74,982	-	74,982	28,443	-	28,443
<b>TOTAL LIABILITIES</b>		<b>253,967,104</b>	<b>167,625,038</b>	<b>421,592,142</b>	<b>177,763,406</b>	<b>105,772,615</b>	<b>283,536,021</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2023, AND 2022

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

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

	Section 5 Notes	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>219,967,384</b>	<b>342,246,423</b>	<b>562,213,807</b>	<b>194,692,438</b>	<b>235,219,732</b>	<b>429,912,170</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-1)</b>	<b>19,642,242</b>	<b>62,281,912</b>	<b>81,924,154</b>	<b>13,949,172</b>	<b>41,315,264</b>	<b>55,264,436</b>
1.1 Letters of Guarantee		13,354,063	31,813,601	45,167,664	9,433,911	20,598,041	30,031,952
1.1.1 Guarantees Subject to State Tender Law		104,520	205,134	309,654	152,535	205,253	357,788
1.1.2 Guarantees Given for Foreign Trade Operations		862,611	1,207,038	2,069,649	658,658	771,147	1,429,805
1.1.3 Other Letters of Guarantee		12,386,932	30,401,429	42,788,361	8,622,718	19,621,641	28,244,359
1.2 Bank Acceptances		-	70,513	70,513	-	23,623	23,623
1.2.1 Import Letter of Acceptance		-	70,513	70,513	-	23,623	23,623
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	22,935,305	22,935,305	-	15,650,244	15,650,244
1.3.1 Documentary Letters of Credit		-	5,661,471	5,661,471	-	2,596,937	2,596,937
1.3.2 Other Letters of Credit		-	17,273,834	17,273,834	-	13,053,307	13,053,307
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		3,246,496	7,446,704	10,693,200	2,495,355	4,855,637	7,350,992
1.9 Other Collaterals		3,041,683	15,789	3,057,472	2,019,906	187,719	2,207,625
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>72,435,602</b>	<b>9,642,055</b>	<b>82,077,657</b>	<b>38,756,549</b>	<b>5,487,840</b>	<b>44,244,389</b>
2.1 Irrevocable Commitments		71,532,810	9,642,055	81,174,865	38,756,549	5,487,840	44,244,389
2.1.1 Asset Purchase Commitments		1,651,971	8,591,528	10,243,499	2,181,948	5,049,902	7,231,850
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		13,465,372	111,782	13,577,154	11,589,114	68,589	11,657,703
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		4,044,146	-	4,044,146	2,776,761	-	2,776,761
2.1.8 Tax and Fund Liabilities from Export Commitments		302,721	-	302,721	127,411	-	127,411
2.1.9 Commitments for Credit Card Limits		52,048,755	-	52,048,755	22,073,226	-	22,073,226
2.1.10 Commitments for Credit Cards and Banking Services Promotions		3,181	-	3,181	2,141	-	2,141
2.1.11 Receivables from Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		16,664	938,745	955,409	5,948	369,349	375,297
2.2 Revocable Commitments		902,792	-	902,792	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		902,792	-	902,792	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-2)</b>	<b>127,889,540</b>	<b>270,322,456</b>	<b>398,211,996</b>	<b>141,986,717</b>	<b>188,416,628</b>	<b>330,403,345</b>
3.1 Derivative Financial Instruments for Hedging Purposes		1,665,300	24,498,209	26,163,509	965,300	18,524,343	19,489,643
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		1,665,300	24,498,209	26,163,509	965,300	18,524,343	19,489,643
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		126,224,240	245,824,247	372,048,487	141,021,417	169,892,285	310,913,702
3.2.1 Forward Foreign Currency Buy/Sell Transactions		14,836,229	21,682,347	36,518,576	20,240,521	22,818,260	43,058,781
3.2.1.1 Forward Foreign Currency Transactions-Buy		13,697,429	5,264,009	18,961,438	19,213,785	3,165,415	22,379,200
3.2.1.2 Forward Foreign Currency Transactions-Sell		1,138,800	16,418,338	17,557,138	1,026,736	19,652,845	20,679,581
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		86,388,981	131,816,100	218,205,081	98,861,030	100,640,060	199,501,090
3.2.2.1 Foreign Currency Swap-Buy		869,068	59,729,356	60,598,424	7,819,762	55,239,445	63,059,207
3.2.2.2 Foreign Currency Swap-Sell		32,587,503	33,978,278	66,565,781	42,400,268	21,434,565	63,834,833
3.2.2.3 Interest Rate Swaps-Buy		26,466,205	19,054,233	45,520,438	24,320,500	11,983,025	36,303,525
3.2.2.4 Interest Rate Swaps-Sell		26,466,205	19,054,233	45,520,438	24,320,500	11,983,025	36,303,525
3.2.3 Foreign Currency, Interest Rate and Securities Options		24,999,030	88,493,331	113,492,361	19,676,969	43,135,835	62,812,804
3.2.3.1 Foreign Currency Options-Buy		13,714,144	37,016,644	50,730,788	15,275,312	11,998,466	27,273,778
3.2.3.2 Foreign Currency Options-Sell		11,284,886	40,045,729	51,330,615	4,401,657	23,201,409	27,603,066
3.2.3.3 Interest Rate Options-Buy		-	5,715,479	5,715,479	-	3,967,980	3,967,980
3.2.3.4 Interest Rate Options-Sell		-	5,715,479	5,715,479	-	3,967,980	3,967,980
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	2,242,897	1,902,399	4,145,296
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	2,242,897	-	2,242,897
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	1,902,399	1,902,399
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	3,832,469	3,832,469	-	1,395,731	1,395,731
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>390,119,038</b>	<b>152,251,664</b>	<b>542,370,702</b>	<b>244,617,678</b>	<b>103,723,114</b>	<b>348,340,792</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>139,831,700</b>	<b>27,020,322</b>	<b>166,852,022</b>	<b>64,320,940</b>	<b>17,591,040</b>	<b>81,911,980</b>
4.1 Customer Fund and Portfolio Balances		62,442,422	-	62,442,422	23,356,409	-	23,356,409
4.2 Investment Securities Held in Custody		15,552,968	25,264,456	40,817,424	8,466,547	16,227,035	24,693,582
4.3 Cheques Received for Collection		49,729,946	267,984	49,997,930	31,598,332	534,262	32,132,594
4.4 Commercial Notes Received for Collection		1,307,602	132,130	1,439,732	803,051	90,839	893,890
4.5 Other assets Received for Collection		125	1,355,752	1,355,877	125	738,904	739,029
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		10,798,637	-	10,798,637	96,476	-	96,476
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>248,930,984</b>	<b>124,875,266</b>	<b>373,806,250</b>	<b>178,491,265</b>	<b>85,592,825</b>	<b>264,084,090</b>
5.1 Marketable Securities		537,996	1,056,614	1,594,610	1,756,158	1,100,377	2,856,535
5.2 Guarantee Notes		83,565,449	89,540,340	173,105,789	67,245,877	58,444,827	125,690,704
5.3 Commodity		664,315	604,663	1,268,978	220,087	364,691	584,778
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		114,299,639	27,356,588	141,656,227	90,488,447	19,546,647	110,035,094
5.6 Other Pledged Items		49,863,585	6,317,061	56,180,646	18,780,696	6,136,283	24,916,979
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>1,356,354</b>	<b>356,076</b>	<b>1,712,430</b>	<b>1,805,473</b>	<b>539,249</b>	<b>2,344,722</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>610,086,422</b>	<b>494,498,087</b>	<b>1,104,584,509</b>	<b>439,310,116</b>	<b>338,942,846</b>	<b>778,252,962</b>

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023 AND 2022 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

### III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS	Section 5 Notes	Audited Current Period 01.01-31.12.2023	Audited Prior Period 01.01-31.12.2022
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>58,670,877</b>	<b>36,528,298</b>
1.1 Interest Income on Loans		39,004,633	22,525,749
1.2 Interest Income on Reserve Requirements		171,551	106,992
1.3 Interest Income on Banks		1,334,997	232,661
1.4 Interest Income on Money Market Transactions		3,425,247	399,683
1.5 Interest Income on Securities Portfolio		12,329,218	12,210,893
1.5.1 Financial Assets at Fair Value Through Profit or Loss		207,377	397,218
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		1,810,442	1,716,235
1.5.3 Financial Assets Measured at Amortised Cost		10,311,399	10,097,440
1.6 Financial Lease Income		-	-
1.7 Other Interest Income	(IV-12)	2,405,231	1,052,320
<b>II. INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>39,859,453</b>	<b>15,800,491</b>
2.1 Interest Expense on Deposits		30,922,727	13,292,902
2.2 Interest Expense on Funds Borrowed		6,508,959	1,674,889
2.3 Interest Expense on Money Market Transactions		837,792	256,830
2.4 Interest Expense on Securities Issued		1,082,805	236,045
2.5 Interest Expense on Leases		289,688	173,030
2.6 Other Interest Expenses		217,482	166,795
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>18,811,424</b>	<b>20,727,807</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>5,573,589</b>	<b>2,607,619</b>
4.1 Fees and Commissions Received		10,073,602	4,614,814
4.1.1 Non-cash Loans		982,110	590,236
4.1.2 Other	(IV-12)	9,091,492	4,024,578
4.2 Fees and Commissions Paid (-)		4,500,013	2,007,195
4.2.1 Non-cash Loans		20,453	10,859
4.2.2 Other	(IV-12)	4,479,560	1,996,336
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>12,917</b>	<b>7,759</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(IV-4)</b>	<b>10,255,401</b>	<b>1,953,420</b>
6.1 Securities Trading Gains / Losses		1,536,948	(60,373)
6.2 Gains / Losses on Derivative Financial Instruments		(3,563,885)	(3,235,269)
6.3 Foreign Exchange Gains / Losses		12,282,338	5,249,062
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>526,785</b>	<b>295,174</b>
<b>VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>35,180,116</b>	<b>25,591,779</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(IV-6)</b>	<b>1,647,451</b>	<b>1,806,241</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(IV-6)</b>	<b>1,805,505</b>	<b>401,447</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>7,589,857</b>	<b>4,189,162</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>7,370,800</b>	<b>3,801,703</b>
<b>XIII. NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)</b>		<b>16,766,503</b>	<b>15,393,226</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XV. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XVI. INCOME/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(IV-8)</b>	<b>16,766,503</b>	<b>15,393,226</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>3,591,417</b>	<b>3,818,745</b>
18.1 Current Tax Provision		4,065,869	5,458,691
18.2 Deferred Tax Expense Effect (+)		2,433,818	3,320,176
18.3 Deferred Tax Income Effect (-)		(2,908,270)	(4,960,122)
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(IV-10)</b>	<b>13,175,086</b>	<b>11,574,481</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses from Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX- XXI)</b>	<b>(IV-8)</b>	-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>	<b>(IV-10)</b>	-	-
<b>XXV. NET INCOME/LOSS (XIX+XXIV)</b>	<b>(IV-11)</b>	<b>13,175,086</b>	<b>11,574,481</b>
25.1 Group's Profit / Loss		13,128,180	11,556,896
25.2 Minority Interest Profit / Loss (-)		46,906	17,585
Earnings per Share		5.9555	5.2427

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 AND 2022

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

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

	Audited Current Period 01.01-31.12.2023	Audited Prior Period 01.01-31.12.2022
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>13,175,086</b>	<b>11,574,481</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(916,002)</b>	<b>520,446</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss</b>	<b>(48,290)</b>	<b>(360,297)</b>
2.1.1 Gains /losses on Revaluation of Property, Plant and Equipment	-	-
2.1.2 Gains/losses on Revaluation of Intangible Assets	-	-
2.1.3 Gains/losses on Remeasurement of Defined Benefit Plans	(159,583)	(497,654)
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	33,023	5,643
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	78,270	131,714
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>(867,712)</b>	<b>880,743</b>
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(1,080,797)	1,173,138
2.2.3 Income/Loss related with Cash Flow Hedges	(66,060)	1,743
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	279,145	(294,138)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>12,259,084</b>	<b>12,094,927</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2023 AND 2022

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
Audited	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Profit or Loss	Total Equity Except from Minority Shares	Minority Shares	Total Equity
<b>Prior Period – 01.01-31.12.2022</b>																
I. Prior Period End Balance	2,204,390	2,565	-	388,661	56,230	(123,085)	7,482	-	(199,759)	292,799	9,336,062	2,072,708	-	14,038,053	18,217	14,056,270
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	2,565	-	388,661	56,230	(123,085)	7,482	-	(199,759)	292,799	9,336,062	2,072,708	-	14,038,053	18,217	14,056,270
IV. Total Comprehensive Income	-	-	-	-	-	(364,876)	5,230	-	891,000	(10,354)	-	-	11,556,896	12,077,896	17,031	12,094,927
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1,974,352	(1,974,352)	-	-	(6,805)	(6,805)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,805)	(6,805)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1,974,352	(1,974,352)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance 31.12.2022 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>	<b>2,204,390</b>	<b>2,565</b>	<b>-</b>	<b>388,661</b>	<b>56,230</b>	<b>(487,961)</b>	<b>12,712</b>	<b>-</b>	<b>691,241</b>	<b>282,445</b>	<b>11,310,414</b>	<b>98,356</b>	<b>11,556,896</b>	<b>26,115,949</b>	<b>28,443</b>	<b>26,144,392</b>
<b>Current Period – 01.01-31.12.2023</b>																
I. Prior Period End Balance	2,204,390	2,565	-	388,661	56,230	(487,961)	12,712	-	691,242	282,444	11,310,414	11,655,252	-	26,115,949	28,443	26,144,392
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	2,565	-	388,661	56,230	(487,961)	12,712	-	691,242	282,444	11,310,414	11,655,252	-	26,115,949	28,443	26,144,392
IV. Total Comprehensive Income	-	-	-	-	-	(78,379)	30,415	-	(802,599)	(65,072)	-	-	13,128,180	12,212,545	46,539	12,259,084
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	92,478	-	-	-	-	-	(92,478)	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	10,536,192	(11,655,252)	-	(1,119,060)	-	(1,119,060)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(1,119,060)	-	(1,119,060)	-	(1,119,060)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	10,536,192	(10,536,192)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance 31.12.2023 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>	<b>2,204,390</b>	<b>2,565</b>	<b>-</b>	<b>388,661</b>	<b>148,708</b>	<b>(566,340)</b>	<b>43,127</b>	<b>-</b>	<b>(111,357)</b>	<b>217,372</b>	<b>21,754,128</b>	<b>-</b>	<b>13,128,180</b>	<b>37,209,434</b>	<b>74,982</b>	<b>37,284,416</b>

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

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

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

4. Foreign currency translation differences,

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS FROM 1 JANUARY TO 31 DECEMBER 2023 AND 2022

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

### VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Section 5 Notes	Audited Current Period 01.01-31.12.2023	Audited Prior Period 01.01-31.12.2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Banking Operations Assets and Liabilities</b>		<b>19,285,635</b>	<b>12,433,941</b>
1.1.1 Interest Received		58,872,724	24,749,272
1.1.2 Interest Paid		(35,987,707)	(13,980,622)
1.1.3 Dividend Received		12,917	516
1.1.4 Fees and Commissions Received		9,722,598	4,270,611
1.1.5 Other Income		15,467,609	7,043,218
1.1.6 Collections from Previously Written-Off Loans		1,627,126	1,480,497
1.1.7 Payments to Personnel and Service Suppliers		(7,398,046)	(3,866,908)
1.1.8 Taxes Paid		(7,632,502)	(4,178,029)
1.1.9 Other	(VI-1)	(15,399,084)	(3,084,614)
<b>1.2 Changes in Banking Operations Assets and Liabilities</b>		<b>37,696,271</b>	<b>4,349,071</b>
1.2.1 Net Decrease / (Increase) in Financial Asset at Fair Value Through Profit or Loss		2,284,418	(610,925)
1.2.2 Net Decrease / (Increase) in Due from Banks		22,673	(23,844)
1.2.3 Net (Increase) in Loans		(39,138,178)	(34,776,854)
1.2.4 Net (Increase) in Other Assets	(VI-1)	(8,570,346)	(7,824,618)
1.2.5 Net Increase / (Decrease) in Bank Deposits		22,011,374	(1,936,025)
1.2.6 Net Increase in Other Deposits		47,963,190	48,276,847
1.2.7 Net Increase / (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in Funds Borrowed		9,290,539	(2,353,382)
1.2.9 Net Increase / (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities	(VI-1)	3,832,601	3,597,872
<b>I. Net Cash Flows from Banking Operations</b>		<b>56,981,906</b>	<b>16,783,012</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Flow Provided from Investing Activities</b>		<b>(4,511,777)</b>	<b>(8,741,206)</b>
2.1 Purchase of Entities Under Common Control, Associates and Subsidiaries (Joint Vent.)		(162,985)	-
2.2 Sale of Entities Under Common Control, Associates and Subsidiaries (Joint Vent.)		-	-
2.3 Purchase of Tangible Assets		(664,325)	(366,739)
2.4 Sale of Tangible Assets		5,136	42,656
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(4,776,041)	(1,867,612)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		7,742,659	4,392,377
2.7 Purchase of Financial Assets Measured at Amortised Cost		(15,451,927)	(12,931,495)
2.8 Sale of Financial Assets Measured at Amortised Cost		9,541,486	2,428,011
2.9 Other	(VI-1)	(745,780)	(438,404)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(4,125,268)</b>	<b>(1,110,479)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		2,482,550	7,030,561
3.2 Cash Outflow from Repayment of Funds Borrowed and Securities Issued		(4,943,988)	(7,776,517)
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		(1,119,060)	(6,805)
3.5 Payments for Leases		(544,770)	(357,718)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(VI-1)	<b>6,438,331</b>	<b>3,764,592</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>54,783,192</b>	<b>10,695,919</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	(VI-2)	<b>42,110,784</b>	<b>31,414,865</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	(VI-2)	<b>96,893,976</b>	<b>42,110,784</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEARS FROM 1 JANUARY TO 31 DECEMBER 2023 AND 2022

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

### VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION (\*)

	Audited Current Period 31.12.2023(**)	Audited Prior Period 31.12.2022
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	14,913,193	14,880,958
1.2 TAXES AND DUTIES PAYABLE (-)	3,186,545	3,690,354
1.2.1 Corporate tax (Income tax)	3,647,896	5,323,264
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (***)	(461,351)	(1,632,910)
<b>A. NET INCOME FOR THE PERIOD (1.1-1.2)</b>	<b>11,726,648</b>	<b>11,190,604</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>11,726,648</b>	<b>11,190,604</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	110,220
1.6.1 To owners of ordinary shares	-	110,220
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	1,008,841
1.9.1 To owners of ordinary shares	-	1,008,841
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (pre-emptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	112,093
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	9,821,074
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	138,376
<b>II. DISTRIBUTION OF RESERVES</b>	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (pre-emptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>	-	-
3.1 TO OWNERS OF ORDINARY SHARES	5.3197	5.0765
3.2 TO OWNERS OF ORDINARY SHARES (%)	531.97	507.65
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(\*) The profit distribution table has been prepared according to the unconsolidated financial statements of the Parent Bank.

(\*\*) The authorized body of the Parent Bank regarding profit distribution is the General Assembly, and as of the preparation date of these financial statements, the annual ordinary General Assembly meeting has not been held yet. Since the profit distribution proposal for 2023 has not yet been prepared by the Board of Directors, only the distributable profit amount is indicated in the profit distribution table.

(\*\*\*) Deferred tax income shown in other tax and legal liabilities (31 December 2022: Deferred tax income)

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### SECTION THREE

#### ACCOUNTING PRINCIPLES

##### I. Basis of Presentation

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

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

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

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

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

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

The amendments to TAS/TFRS, effective from 1 January 2023, do not have a significant impact on the Parent Bank's accounting policies, financial position, and performance. The amendments to TAS and TFRS, which have been published but not yet entered into force as of the finalization date of the financial statements, will not have a significant impact on the Parent Bank's accounting policies, financial position, and performance.

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

In addition, TAS 29 requires all entities reporting in the currency of a hyperinflationary economy to adopt this Standard from the same date. Therefore, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 at the same time with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority to ensure consistency in practice across the country. POA, on 23 November 2023, published an announcement regarding that companies that apply Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises (FRS for LME) should present their financial statements for the annual reporting period ending on or after 31 December 2023 in accordance with the relevant accounting principles in "Turkish Accounting Standard 29 Financial Reporting in Economies with High Inflation" and "FRS for LME Chapter 25 Financial Reporting in Economies with High Inflation", adjusted for the effect of inflation. However, institutions or organizations authorized to regulate and supervise their own fields may determine transition dates different from those foreseen above for the implementation of the provisions in TAS 29 or FRS for LME. Based on this announcement, BRSA, in accordance with its decision dated 12 December 2023 and numbered 10744, has decided that the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TAS 29. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated 31 December 2023.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### I. Basis of Presentation (Continued)

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

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

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

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

#### Explanations on Consolidation Method and Scope

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

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

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

The financial statements of subsidiaries are prepared as of 31 December 2023 and 31 December 2022.

Transactions and balances between the Parent Company and its subsidiaries are netted off against each other.

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

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

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

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

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

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

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

In this context, the Parent Bank determines the point in the range that best reflects the fair value in the current market conditions.

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

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

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

#### Explanations on derivatives for hedging purposes

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

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### V. Explanations on Interest Income and Expenses

Interest income, when purchased or used according to the effective interest method specified in TFRS 9 (the ratio that equates to the present net value of the future cash flows of the financial asset or liability), credit-impaired financial assets and when purchased or granted, except for financial assets that are not credit-impaired financial assets but later become credit-impaired financial assets, is recognized by applying an effective interest rate to the gross book value of the financial asset. While applying the effective interest rate method, the Parent Bank determines the fees that are an integral part of the effective interest rate of the financial instrument. Fees, which are an integral part of the effective interest rate of the financial instrument, are considered as adjustments to the effective interest rate, unless the financial instrument is measured at fair value through profit or loss. In such cases, these fees are recognized as income or expense during the initial recognition of the financial instrument.

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

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

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

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

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

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

Fees and commissions other than integral part of the effective interest rate of the financial instruments measured at 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 should not be related with a credit transaction.

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### VII. Explanations on Financial Assets

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

#### *Financial Assets at Fair Value Through Profit/Loss*

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

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

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

#### *Financial Assets at Fair Value Through Other Comprehensive Income*

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

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

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

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

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

##### *Loans:*

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

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### VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” which came into force starting 1 January 2018. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

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

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

#### **Stage 1:**

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

#### **Stage 2:**

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

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

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

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

#### **Stage 3:**

Stage 3 includes financial assets that have objective evidence that they are impaired as of the reporting date. For these assets, lifetime expected credit losses are recorded. For the related financial assets, the probability of default is taken into account as 100%.

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

#### Expected Credit Loss Calculation

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3 stage impairment model based on the change in credit quality. The 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 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.

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

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

(\*) Represents 3-month periods.

The Parent 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.

LGD estimates for commercial segments are calculated with statistical models that take into account historical collection and direct cost items and explain the realized LGD rates based on risk factors. Historical collection rates by collateral type for the corporate segment and by product class for the retail segment are calculated by taking into account the time value of money, and these rates are used in the calculation of LGD estimates. For the corporate segment, collaterals are included in the calculation by taking into account the expected cash conversion rate order.

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

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

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

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

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

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

Qualitative assessments:

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

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

Quantitative assessments:

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

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

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

#### Expected Credit Loss Calculation (continued)

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

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

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

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

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

Securities purchased under repurchase agreements (“reverse repo”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 31 December 2023, the Group has TL 12,243,734 amount of reverse repo transaction (31 December 2022: TL 7,604,278).

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

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

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

As of 31 December 2023, assets held for sale and discontinued operations of the Group are TL 82,060 (31 December 2022: TL 100,370). As per the appraisals performed for the real estate’s held for sale included “Assets Held for Sale” in the financial statements, TL 3,806 (31 December 2022: TL 3,158) has been reserved as provision for impairment losses.

As of 31 December 2023, the Group has no discontinued operations.



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

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

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

Within the framework of TFRS 3 Business Combination, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. In this context, the Parent Bank has measured the identifiable assets acquired and the identifiable liabilities acquired in the date of the merger of Fortis Bank A.Ş. at fair value and presented in the financial statements as related items. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL 421,124, which is the difference between TL 2,385,482, the fair value of transferred amount and TL 1,964,358, the identifiable net asset value is accounted as goodwill in the financial statements of the Bank and the equity impact is shown under other shareholder's equity section.

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

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

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

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

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### XIII. Explanations on Tangible Assets

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

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

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

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

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

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

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

### XIV. Explanations on Leasing Transactions

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

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

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

### XV. Explanations on Provisions and Contingent Liabilities

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

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

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### XVI. Explanations on Contingent Assets

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

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

### XVII. Explanations on Liabilities Regarding Employee Benefits

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

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

Employees transferred to the Parent Bank following the business combination defined in “General Information” of the Parent Bank and Fortis Bank A.Ş. are the members of “Fortis Bank A.Ş. Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No. 506. Technical financial statements of the Pension Fund are audited by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 31 December 2023, the Pension Fund has 891 employees and 2,031 pensioners (as of 31 December 2022: 1,351 employees and 1,302 pensioners).

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

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

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## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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### **XVII. Explanations on Liabilities Regarding Employee Benefits (Continued)**

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2023. Since the Parent Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

### **XVIII. Explanations on Taxation**

#### *Corporate Tax*

In Turkey, corporate tax rate of 20% for corporate income was applied at 25% for the corporate income for the taxation period of 2021 and 23% for the corporate income for the taxation period of 2022 in accordance with the regulation introduced by the Law No. 7316 "Law on the Amendment of the Law on the Procedure for Collection of Public Receivables and Certain Laws", and pursuant to the regulation numbered 7394 "Law on the Amendment of Certain Laws and Decree Laws with the Law on the Evaluation of Immovable Properties Belonging to the Treasury and Amendment to the Value Added Tax Law", this rate has been determined as 25% to be applied to the corporate income of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation period starting from 2022. In addition, with the Law No. 7417 "Law on the Amendment of the Law on Civil Servants and Certain Laws and the Decree Law No. 375", the effective date of aforementioned article regarding 25% corporate income rate within the scope of Law No. 7394 has been amended, and thus, the relevant regulation has been made that 25% corporate tax will be calculated on the corporate income of the above-mentioned banks and financial institutions for the taxation period of 2023 and the following periods. With the latest regulation on corporate tax rates, the general corporate tax rate was increased from 20% to 25% and the corporate tax rate for financial institutions was increased from 25% to 30% within the scope of the "Law No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375". The aforementioned article enters into force on the date of its publication, starting from the declarations to be submitted as of 1 October 2023 (3rd Provisional Tax Period).

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter, the amounts calculated and paid are offset from the final tax computed over the earnings of the year. With the Law No. 7338 Amending the Tax Procedure Law and Certain Laws published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th period provisional tax return to be implemented in 2022 was abolished. In the new application, a total of 3 temporary tax returns will be submitted in quarterly periods for the first 9 months of the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are taken into account as exemption in the Tax Statement according to Article 22 of the Avoidance 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 from the Bank under the scope of legal proceedings and 75% portion of participation shares, founder's shares, dividend right shares and pre-emption rights is tax exempt. In the scope of Article 5/1-e of Corporate Income Tax Law, 75% portion of the capital gains derived from the sale of participation shares held for at least two years are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for 5 years. In addition, within the scope of the "Law No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375", the Corporate Tax exemption (Corporate Tax Law 5/1-e) on the sales gains of immovable properties held in assets for at least 2 years has been repealed. However, for the immovables acquired before the publication date of the Law (for the registered immovables in the assets of the institutions before 15 July 2023), the exemption rate will be applied as 25% for the gains obtained.

Tax returns are required to be declared and paid between the first and last day of the fourth month following the accounting period.

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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XVIII. Explanations on Taxation (Continued)

#### *Corporate Tax (Continued)*

In accordance with the repeated Article 298 of the Tax Procedure Law, if the increase in the producer price index is more than 100% in the last 3 accounting periods including the current period and more than 10% in the current period, the financial statements will be subject to inflation adjustment and these conditions have been met as of 31 December 2021. However, with the “Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law” numbered 7352 published in the Official Gazette dated 29 January 2022 and numbered 31734, temporary article 33 was added to the Tax Procedure Law numbered 213 and regardless of whether the conditions for the inflation adjustment within the scope of article 298 are met in the 2021 and 2022 accounting periods (for those designated as special accounting periods, as of the accounting periods ending in 2022 and 2023), including the provisional tax periods, and in the provisional tax periods of the 2023 accounting period, that, financial statements will not be adjusted for inflation, it is stated that the financial statements as of 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, that the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account, the previous year's profit determined in this way will not be subject to tax, and the previous year's loss will not be considered as a loss. In addition, the “Law on Amendments to Certain Laws and Decree Laws” numbered 7491 was published in the Official Gazette dated 28 December 2023 and Article 17 of this law regulates that banks, companies within the scope of Law No. 6361, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies shall not take into account the profit and loss arising from the inflation adjustment of 2024 and 2025 accounting periods (including temporary tax periods) in the corporate tax base.

On the other hand, with the Temporary Article 32 and repeated article 298/ç which were added to the Tax Procedure Law by the Law No. 7338, taxpayers within the scope of aforementioned articles were allowed to revalue their real estate and depreciable economic assets recorded in their balance sheets. In addition, with the Communiqué Amending the Tax Procedure Law General Communiqué (seriesno. 537) with series no. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, additional explanations have been introduced in the procedures and principles regarding the revaluation of real estate and economic assets subject to depreciation for taxpayers who, despite keeping books on the balance sheet basis, have to use different accounting techniques in terms of their fields of activity. Accordingly, the Bank made a revaluation of the immovable in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Temporary Article 32 and Repeated Article 298/ç are met. Thus, corporate tax will be paid according to the new depreciation expenses determined after revaluation of real estate and depreciable economic assets.

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

#### *Deferred Tax Asset/Liability*

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

In the scope of TAS 12 Income Taxes standard, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. As of 31 December 2023, the deferred tax is calculated over 30% in accordance with the tax legislation in effect.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

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

#### *Transfer Pricing*

Article 13 of the Corporate Tax Law contains detailed explanations on “concealed gain distribution through transfer pricing” and in this context, if the corporations purchase or sell goods or services with related parties at a price or price determined in violation of the arm's length principle, the profit is deemed to be distributed in whole or in part as disguised through transfer pricing. In the application of Corporate Tax laws, the earnings distributed in a disguised manner through transfer pricing in whole or in part are taken into consideration as the dividend distributed as of the last day of the accounting period in which the conditions in this article are met, or the amount transferred to the head office for limited taxpayers, and the earnings distributed in a disguised manner cannot be deducted in the determination of corporate income.

The “arm's length principle,” which forms the basis of the regulation on transfer pricing, means that the price or price applied in the purchase or sale of goods or services with related parties is in accordance with the price or price that would occur in the absence of such a relationship between them. In this sense, important issues such as related person, arm's length principle, arm's length price determination methods, which are handled within the scope of transfer pricing application, are included in detail in the Transfer Pricing communiqués published on the subject.

Corporate taxpayers are required to fill in the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form” for the purchase or sale of goods or services with related parties within an accounting period and submit it to the tax office in the annex of the corporate tax return.

### **XIX. Additional Explanations on Borrowings**

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

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

### **XX. Explanations on Issued Equity Securities**

There is no share issued in 2023.

### **XXI. Explanations on Bill Guarantees and Acceptances**

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

### **XXII. Explanations on Government Incentives**

There is no government incentive utilized by the Group.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### XXIII. Explanations on Reporting According to Segmentation

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	26,324	(13,407)	12,917
Profit Before Tax	2,797,898	5,822,286	964,741	7,208,132	(26,554)	16,766,503
Tax Provision (-)	-	-	-	3,592,553	(1,136)	3,591,417
<b>Net Profit for the Period</b>	<b>2,797,898</b>	<b>5,822,286</b>	<b>964,741</b>	<b>3,615,579</b>	<b>(25,418)</b>	<b>13,175,086</b>

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	69,420,398	99,657,778	45,401,615	207,586,847	(474,551)	421,592,087
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	311,084	(311,029)	55
<b>Total Assets</b>	<b>69,420,398</b>	<b>99,657,778</b>	<b>45,401,615</b>	<b>207,897,931</b>	<b>(785,580)</b>	<b>421,592,142</b>
Segment Liabilities	193,618,357	75,009,396	22,216,126	93,940,542	(476,695)	384,307,726
Shareholders' Equity	-	-	-	37,593,301	(308,885)	37,284,416
<b>Total Liabilities</b>	<b>193,618,357</b>	<b>75,009,396</b>	<b>22,216,126</b>	<b>131,533,843</b>	<b>(785,580)</b>	<b>421,592,142</b>

Prior Period (31.12.2022)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	20,376	(12,617)	7,759
Profit before Tax	663,372	2,975,976	813,904	10,957,349	(17,375)	15,393,226
Tax Provision (-)	-	-	-	3,819,042	(297)	3,818,745
<b>Net Profit for The Period</b>	<b>663,372</b>	<b>2,975,976</b>	<b>813,904</b>	<b>7,138,307</b>	<b>(17,078)</b>	<b>11,574,481</b>

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

### XXIV. Explanations on Other Matters

According to the decision taken at the Ordinary General Assembly Meeting of the Parent Bank held on 28 March 2023, out of the net balance sheet profit for the year 2022 amounting to TL 11,190,604, TL 112,093 was allocated to Legal Reserves, TL 138,376 to Special Reserves, TL 1,119,060 to shareholders and TL 9,50 (full TL) was allocated to Extraordinary Reserves as recommended by the Board of Directors.

### XXV. Reclassifications

Reclassifications have been made on the income statement and cash flow statement as of 31 December 2023 in order to comply with the presentation of 31 December 2022 financial statements. The related reclassification has no impact on the Parent Bank's performance.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### SECTION FOUR

#### INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

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

Equity amount and capital adequacy standard ratio has been calculated in accordance with the "Regulation on Bank's Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to these, the BRSA's regulations dated 1 July 2021 and numbered 9645, dated 21 December 2021 and numbered 9996, 28 April 2022 and numbered 10188, dated 23 June 2022 and numbered 10248, dated 7 July 2022 and numbered 10265, dated 31 January 2023 and numbered 10496, dated 14 February 2023 and numbered 10508, dated 31 July 2023 and numbered 10630, dated 24 August 2023 and numbered 10655. According to the latest regulation changes.

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

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

In accordance with the BRSA Board Decision dated 1 July 2021 and numbered 9645, the risk weights of individual credit cards and consumer loans were changed. In consumer loans extended after the decision was taken, the risk weight was applied 100% instead of 75% for those with a remaining maturity of 1-12 months, and 150% instead of 75% for those with more than 1 year. Likewise, after the date of the decision, in individual credit cards; the risk weight was applied to 100% instead of 75% for those with 1-6 months to maturity, and 150% instead of 75% for those with 6 months or more.

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

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

In accordance with the Board decision dated 21 December 2021 and numbered 9996, in case of the net valuation differences of the financial assets included in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of the decision date are negative, these differences have been calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756 and have not been taken into account in the amount of equity to be used for the capital adequacy ratio.

In accordance with the BRSA Board Decision dated 28 April 2022 and numbered 10188, two hundred percent risk weight has been applied to commercial TL cash loans to be extended as of 1 May 2022 (excluding loans exempted as per the decision).

With the BRSA Board Decision of 23 June 2022 and numbered 10248, five hundred percent risk weight has been applied to commercial cash loans in TL and FC that will be extended to non-residents, excluding banks and financial institutions, after the date of the said Decision.

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

As of 31 December 2023, the Group's consolidated shareholders' equity amounts to TL 48,970,889 (31 December 2022: TL 36,818,836) and the consolidated capital adequacy standard ratio is 16.85% (31 December 2022: 18.26%). The Group's the consolidated capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation. Credit risk “standard approach” for banking accounts, market risk “standard method” for trading accounts, counterparty credit risk “standard approach method” for derivatives and repo transactions, credit valuation adjustment capital load “standard method” for over-the-counter derivative transactions method and operational risk were calculated using the “basic indicator method.”

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

	Current Period	Prior Period
	31.12.2023	31.12.2022
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	2,404,652
Share Premium	2,565	2,565
Reserves	21,519,937	11,060,692
Gains recognized in equity as per Turkish Accounting Standards (TAS)	177,939	783,777
Profit	13,128,180	11,655,252
Current Period's Profit	13,128,180	11,556,896
Prior Years' Profit	-	98,356
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	-
Minority interest	2,054	1,309
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>37,235,327</b>	<b>25,908,247</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	245,377	9
Leasehold Improvements on Operational Leases	81,306	49,879
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights	833,304	455,025
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	-
Net amount of defined-benefit plan assets	-	-
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital in accordance with the second paragraph of the Provisional Article 2 of the Regulation on Banks' Equity)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>1,581,111</b>	<b>926,037</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>35,654,216</b>	<b>24,982,210</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### I. Explanations Related to Components of Consolidated Shareholders’ (Continued)

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

	Current Period 31.12.2023	Prior Period 31.12.2022
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (In the scope of Provisional Article 4)	-	-
Third Parties Share in the Additional Tier 1 Capital	440	281
Third Parties Share in the Additional Tier 1 Capital (in the scope of Provisional Article 3)	440	281
<b>Additional Tier 1 Capital before deductions</b>	<b>440</b>	<b>281</b>
<b>Deductions from Additional Tier 1 Capital</b>		
Bank’s direct or indirect investment on its own Tier 1 Capital	-	-
Investments in equity instruments issued by banks or financial institutions invested in Bank’s additional Tier I Capital which are compatible with the article 7 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
<b>Items to be deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
<b>Total Deductions from Additional Tier 1 Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>440</b>	<b>281</b>
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)</b>	<b>35,654,656</b>	<b>24,982,491</b>
<b>TIER 2 CAPITAL</b>		
Debt instruments and related issuance premiums defined by the BRSA	10,096,945	9,560,582
Debt instruments and related issuance premium defined by the BRSA (in the scope of provisional article 4)	-	-
Third parties’ share in the Tier 2 Capital	587	374
Third parties’ share in the Tier 2 Capital (in the scope of provisional article 3)	587	374
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	3,228,171	2,298,394
<b>Tier 2 Capital Before Deductions</b>	<b>13,325,703</b>	<b>11,859,350</b>
<b>Deductions from Tier 2 Capital</b>		
Bank’s direct or indirect investment on its own Tier 2 Capital (-)	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank’s Tier II Capital which are compatible with Article 8 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital (-)	-	-
Other Items Determined by BRSA (-)	-	-
<b>Total Deductions from Tier 2 Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier 2 Capital</b>	<b>13,325,703</b>	<b>11,859,350</b>
<b>Total Equity (The sum of Tier 1 and Tier 2 Capital)</b>	<b>48,980,359</b>	<b>36,841,841</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### I. Explanations Related to Components of Consolidated Shareholders’ (Continued)

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

	Current Period 31.12.2023	Prior Period 31.12.2022
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	330	886
Net book values of immovables exceeding the equity and of assets acquired against overdue receivables and held for sale as per the article 57 of the banking law but retained more than five years	-	-
Other items to be defined by the BRSA	9,140	22,119
<b>Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period</b>	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	48,970,889	36,818,836
Total Risk Weighted Amounts	290,692,299	201,587,244
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.27	12.39
Tier 1 Capital Adequacy Ratio (%)	12.27	12.39
Capital Adequacy Ratio (%)	16.85	18.26
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.50	2.51
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%) (*)	0.00	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 (%)	3.76	3.89
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	423,280	416,271
Amounts arising from the net long positions of investments made in Tier I 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)	2,531,368	1,624,898
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before ten thousand twenty-five limitation)	6,036,175	3,761,613
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3,228,171	2,298,394
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-

(\*) The cyclical capital buffer rate is written as 0.00 due to the two digits being shown in the note, our rate is full digit 0.0049 (31 December 2022: 0.0061).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

	Current Period	Prior Period
<b>Total Capital per Balance Sheet</b>	<b>37,284,416</b>	<b>26,144,392</b>
Hedging Funds (effective portion)	(217,372)	(282,445)
Deductions Made Under Regulation	(1,416,492)	(962,424)
Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income	3,664	82,687
<b>Common Equity Tier 1 Capital</b>	<b>35,654,216</b>	<b>24,982,210</b>
Additional Tier 1 Capital	440	281
<b>Tier 1 Capital</b>	<b>35,654,656</b>	<b>24,982,491</b>
Expected Loss Provision (Stage 1 and 2)	3,228,171	2,298,394
Debt Instruments Defined by the BRSA	10,096,945	9,560,582
Deductions Made Under Regulation	(9,470)	(23,005)
Share of Third Parties in Capital	587	374
<b>Total Equity</b>	<b>48,970,889</b>	<b>36,818,836</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

Issuer	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g., CUSIP, ISIN)	XS1895575071(**)	XS2023308278	XS1973559484
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey
<b>Consideration in Equity Calculation</b>			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at consolidated /unconsolidated/ consolidated and unconsolidated	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	4,919.39	3,235.97	1,941.58
Par value of debt instrument (TL Currency in mil)	6,149.24	3,235.97	1,941.58
Accounting classification of the debt instrument	34701100	34701100	34701100
Original date of issuance	5.11.2018	22.07.2019	14.05.2019
Perpetual or dated (Demand / Time)	Time	Time	Time
Original maturity date	5.11.2028	23.07.2029	14.05.2029
Issuer call subject to prior supervisory approval	Available	Available	Available
Optional call date, contingent call dates and redemption amount	6.05.2024	22.07.2024	14.05.2024
Subsequent call dates, if applicable	-	-	-
<b>Interest / dividend payments</b>			
Fixed or floating dividend/coupon	Fixed	Floating	Floating
Coupon rate and any related index	SOFR+7.32%	6mEuribor+7.10%	6mEuribor+7.10%
Existence of a dividend stopper	None	None	None
Fully discretionary, partially discretionary, or mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	None	None	None
<b>Convertibility of equity shares</b>			
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory, or optional conversion	-	-	-
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-
<b>Write-down feature</b>			
If write-down, write-down trigger(s)	-	-	-
If write-down, full or partial	-	-	-
If write-down, permanent or temporary	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	-

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### II. Explanations Related to the Consolidated Credit Risk

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

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

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

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

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

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

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

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

In accounting practice, loans whose collection of principal or interest payments is delayed for more than 30 days from their due dates or due dates for various reasons, but which do not meet the delay period requirement for classification as a Group III loan as specified in the "Regulation on Procedures and Principles for Classification of Loans and the Provisions to be Set Aside" published in the Official Gazette dated 22 June 2016 and numbered 29750, are considered as “past-due loan”, all receivables specified in the groups III, IV and V specified in the same Regulation are considered as "impaired" loans in the application of this Regulation, regardless of whether the accrued interest and interest-like burdens on the borrower are added to the principal or refinanced.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

In the calculation of the amount subject to credit risk, the Central Bank foreign exchange buying rates as of 31 December 2022 were used in accordance with the Board decision no. 10496 dated 31 January 2023, while calculating the valued amounts in foreign currency.

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

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

<b>Exposure Classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount (*, **)</b>
Conditional and unconditional receivables from central governments or central banks	1,753,945	1,702,507
Conditional and unconditional receivables from regional or local governments	188,950	304,911
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	7,706,471	7,303,082
Conditional and unconditional corporate receivables	100,912,913	93,033,884
Conditional and unconditional retail receivables	54,591,236	48,633,539
Conditional and unconditional secured mortgage receivables	8,704,831	7,810,280
Past due receivables	452,395	530,202
Receivables defined in high-risk category by BRSA	78,028,398	54,745,347
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	7,983,287	7,508,260
Investments in equities	392,621	348,304

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

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

<b>Exposure Classifications</b>	<b>Prior Period Risk Amount (*)</b>	<b>Average Risk Amount (*, **)</b>
Conditional and unconditional receivables from central governments or central banks	1,463,903	1,167,795
Conditional and unconditional receivables from regional or local governments	439,202	637,463
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,295,189	5,126,769
Conditional and unconditional corporate receivables	85,078,784	81,290,788
Conditional and unconditional retail receivables	38,232,043	41,318,942
Conditional and unconditional secured mortgage receivables	7,191,708	7,156,351
Past due receivables	600,655	818,152
Receivables in high-risk category defined by BRSA	42,030,268	16,482,915
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	6,282,832	3,296,754
Investments in equities	369,867	295,241

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

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

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

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

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

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

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

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

As of 31 December 2023, the receivables of the Group from its top 100 and top 200 cash loan customers share in total cash loans are respectively 29.09 % and 37.67% (31 December 2022: 29.48 % and 38.42%).

As of 31 December 2023, the receivables of the Group from its top 100 and top 200 non-cash loan customers share of 73.85% and 82.55% respectively in the total non-cash loans (31 December 2022: 72.38% and 81.71%).

As of 31 December 2023, the share of cash and non-cash receivables of the Group from its top 100 and top 200 loan customers in total balance sheet and off-balance sheet assets is 10.30% and 13.06% respectively (31 December 2022: 9.60% and 12.49%).

As of 31 December 2023, the general loan loss provision related with the credit risk taken by the Group is TL 6,036,175 (31 December 2022: TL 3,761,613).

### Credit Rating System

Credit risk is evaluated according to the internal rating system of the Parent Bank, which is linked to the rating scale, and loans are classified from the best rating to the lowest rating according to the probability of default. As of 31 December 2023, Retail, Business and Agricultural Banking loans are excluded from the internal rating system of the Parent Bank and these loans constitute 25.75% of the total cash and non-cash loan portfolio (31 December 2022: 25.53%). Application and behavioural scorecards are used for the Individual and Business segments, however behavioural scorecard is used for the Agricultural segment.

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

Category	Description of Category	Share in the	Share in the
		Total % 31.12.2023	Total % 31.12.2022
1 <sup>st</sup> Category	The borrower has a very strong financial structure	53.78	55.20
2 <sup>nd</sup> Category	The borrower has a good financial structure	37.27	34.28
3 <sup>rd</sup> Category	The borrower has an intermediate level of financial structure	6.66	7.77
4 <sup>th</sup> Category	The financial structure of the borrower must be closely monitored in the medium term	2.29	2.75
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

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

	Exposure Categories (***)																	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
<b>Current Period</b>																		
Domestic	186,676	187,352	-	-	-	5,622,893	71,751,130	47,744,175	7,610,961	409,721	77,738,272	-	-	-	-	7,956,810	392,621	219,600,611
European Union Countries	-	-	-	-	-	390,602	1,159,406	158,384	399	164	1,305	-	-	-	-	3,334	-	1,713,594
OECD Countries (*)	-	-	-	-	-	66,432	894,391	89,288	-	52	318	-	-	-	-	-	-	1,050,481
Off-Shore Banking Regions	-	-	-	-	-	20	-	291	4	-	-	-	-	-	-	-	-	315
USA, Canada	-	-	-	-	-	149,601	264	1,537	46	37	319	-	-	-	-	-	-	151,804
Other Countries	1,567,269	-	-	-	-	28,465	616,976	106,798	28,456	4,512	288,184	-	-	-	-	23,084	-	2,663,744
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	-	55
Unallocated Assets/Liabilities (**)	-	1,598	-	-	-	1,448,458	26,490,746	6,490,763	1,064,965	37,909	-	-	-	-	-	4	-	35,534,443
<b>Total</b>	<b>1,753,945</b>	<b>188,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,706,471</b>	<b>100,912,913</b>	<b>54,591,236</b>	<b>8,704,831</b>	<b>452,395</b>	<b>78,028,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,983,287</b>	<b>392,621</b>	<b>260,715,047</b>

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

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

	Exposure Categories (***)																	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
<b>Prior Period</b>																		
Domestic	149,252	437,399	-	-	-	3,411,655	61,383,339	33,410,708	6,414,534	563,700	41,908,684	-	-	-	-	6,254,954	369,867	154,304,092
European Union Countries	-	-	-	-	-	274,388	985,982	80,075	1,130	28	1,381	-	-	-	-	278	-	1,343,262
OECD Countries (*)	-	-	-	-	-	149,828	1,283,167	10,479	19	29	618	-	-	-	-	1,155	-	1,445,295
Off-Shore Banking Regions	-	-	-	-	-	14	-	39	12	-	-	-	-	-	-	-	-	65
USA, Canada	-	-	-	-	-	388,804	33,729	1,581	103	45	118	-	-	-	-	-	-	424,380
Other Countries	1,314,651	-	-	-	-	50,349	487,292	84,992	71,466	3,565	119,467	-	-	-	-	25,315	-	2,157,097
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	-	55
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities (**)	-	1,803	-	-	-	1,020,151	20,905,275	4,644,169	704,444	33,288	-	-	-	-	-	1,075	-	27,310,205
<b>Total</b>	<b>1,463,903</b>	<b>439,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,295,189</b>	<b>85,078,784</b>	<b>38,232,043</b>	<b>7,191,708</b>	<b>600,655</b>	<b>42,030,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,282,832</b>	<b>369,867</b>	<b>186,984,451</b>

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

#### Risk profile by Sectors or Counterparties:

Current Period	Exposure Categories (**)																			
	Conditional and unconditional exposures to central governments or local authorities	Conditional and unconditional exposures to regional administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL (*)	FC	Total	
Agriculture	-	-	-	-	-	1,160,458	1,538,499	367,189	19,748	87,665	-	-	-	-	-	-	2,653,010	520,549	3,173,559	
Farming and Stockbreeding	-	-	-	-	-	652,442	1,505,179	365,653	19,503	87,665	-	-	-	-	-	-	2,546,532	83,910	2,630,442	
Forestry	-	-	-	-	-	69,698	18,237	-	-	-	-	-	-	-	-	-	87,920	15	87,935	
Fishery	-	-	-	-	-	438,318	15,083	1,536	245	-	-	-	-	-	-	-	18,558	436,624	455,182	
Manufacturing	-	-	-	-	-	59,885,474	12,230,858	3,232,091	75,252	21,427,906	-	-	-	-	44	-	62,946,212	33,905,413	96,851,625	
Mining and Quarrying	-	-	-	-	-	2,987,039	598,002	91,015	2,389	15,414	-	-	-	-	-	-	2,002,059	1,691,800	3,693,859	
Production	-	-	-	-	-	54,588,162	11,577,316	2,748,581	70,502	19,880,517	-	-	-	-	44	-	57,798,159	31,066,963	88,865,122	
Electricity, Gas and Water	-	-	-	-	-	2,310,273	55,540	392,495	2,361	1,531,975	-	-	-	-	-	-	3,145,994	1,146,650	4,292,644	
Construction	-	-	-	-	-	6,398,192	1,411,418	407,283	44,205	83,016	-	-	-	-	-	-	3,535,555	4,808,559	8,344,114	
Services	1,753,945	188,950	-	-	7,706,471	30,581,840	13,659,018	4,238,059	141,922	14,157,675	-	-	-	-	7,142,119	392,621	56,180,308	23,782,312	79,962,620	
Wholesale and Retail Trade	-	10,265	-	-	-	12,435,413	7,334,910	1,384,596	46,171	2,711,900	-	-	-	-	74	2,785	20,194,808	3,731,306	23,926,114	
Accommodation and Dining	-	-	-	-	-	424,916	823,359	570,704	43,811	31,448	-	-	-	-	-	-	1,257,395	636,843	1,894,238	
Transportation and Telecom.	-	-	-	-	-	5,520,348	2,823,787	1,121,491	14,352	1,088,176	-	-	-	-	9	-	6,211,982	4,356,181	10,568,163	
Financial Institutions	1,753,945	-	-	-	7,706,471	4,877,076	236,255	122,146	136	6,210	-	-	-	-	7,141,752	389,836	12,714,312	9,519,515	22,233,827	
Real Estate and Rental Services	-	-	-	-	-	5,371,744	1,369,143	829,579	28,976	350,675	-	-	-	-	90	-	3,300,969	4,649,238	7,950,207	
Self-Employment Services	-	-	-	-	-	1,649,930	893,423	205,190	8,369	1,248,629	-	-	-	-	-	-	3,121,965	883,576	4,005,541	
Educational Services	-	-	-	-	-	19,748	87,935	4,353	90	32,297	-	-	-	-	173	-	138,943	5,653	144,596	
Health and Social Services	-	178,685	-	-	-	282,665	90,206	-	17	8,688,340	-	-	-	-	21	-	9,239,934	-	9,239,934	
Other	-	-	-	-	-	2,886,949	25,751,443	460,209	171,268	42,272,136	-	-	-	-	-	841,124	-	72,013,432	369,697	72,383,129
<b>Total</b>	<b>1,753,945</b>	<b>188,950</b>	-	-	<b>7,706,471</b>	<b>100,912,913</b>	<b>54,591,236</b>	<b>8,704,831</b>	<b>452,395</b>	<b>78,028,398</b>	-	-	-	-	<b>7,983,287</b>	<b>392,621</b>	<b>197,328,517</b>	<b>63,386,530</b>	<b>260,715,047</b>	

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

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

Prior Period	Exposure Categories (**)																			Total	
	Conditional and unconditional exposures to central governments or banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL (*)	FC		
Agriculture	-	-	-	-	-	-	716,855	758,541	235,033	43,252	771,794	-	-	-	-	-	-	2,195,013	330,462	2,525,475	
Farming and Stockbreeding	-	-	-	-	-	-	405,329	730,034	234,720	42,785	771,794	-	-	-	-	-	-	2,129,181	55,481	2,184,662	
Forestry	-	-	-	-	-	-	34,272	4,728	-	-	-	-	-	-	-	-	-	36,561	2,439	39,000	
Fishery	-	-	-	-	-	-	277,254	23,779	313	467	-	-	-	-	-	-	-	29,271	272,542	301,813	
Manufacturing	-	-	-	-	-	-	55,069,505	7,913,192	2,704,205	87,298	10,491,420	-	-	-	-	-	5	50,163,353	26,102,272	76,265,625	
Mining and Quarrying	-	-	-	-	-	-	2,951,697	336,123	75,173	4,292	75,347	-	-	-	-	-	-	1,716,576	1,726,056	3,442,632	
Production	-	-	-	-	-	-	50,016,218	7,533,967	2,351,496	80,230	10,253,661	-	-	-	-	-	5	47,011,096	23,224,481	70,235,577	
Electricity, Gas and Water	-	-	-	-	-	-	2,101,590	43,102	277,536	2,776	162,412	-	-	-	-	-	-	1,435,681	1,151,735	2,587,416	
Construction	-	-	-	-	-	-	4,371,589	973,914	300,473	112,779	92,325	-	-	-	-	-	-	2,906,225	2,944,855	5,851,080	
Services	1,463,903	439,202	-	-	-	5,295,189	22,413,283	9,032,148	3,172,913	197,244	4,583,519	-	-	-	-	-	6,083,635	369,867	35,895,135	17,155,768	53,050,903
Wholesale and Retail Trade	-	15,060	-	-	-	-	8,101,311	4,750,225	975,323	70,586	2,458,865	-	-	-	-	-	12	12,869,839	3,501,543	16,371,382	
Accommodation and Dining	-	-	-	-	-	-	398,471	558,335	842,516	45,254	14,720	-	-	-	-	-	9	1,121,411	737,894	1,859,305	
Transportation and Telecom.	-	-	-	-	-	-	4,532,803	1,973,231	487,661	24,488	596,686	-	-	-	-	-	2	3,966,676	3,648,195	7,614,871	
Financial Institutions	1,463,903	-	-	-	-	5,295,189	3,133,973	94,778	113,337	801	5,299	-	-	-	-	-	6,083,354	369,867	11,807,314	4,753,187	16,560,501
Real Estate and Rental Services	-	-	-	-	-	-	4,821,785	1,121,257	536,455	46,786	443,946	-	-	-	-	-	87	3,301,898	3,668,418	6,970,316	
Self-Employment Services	-	-	-	-	-	-	1,248,013	470,549	214,123	9,241	35,003	-	-	-	-	-	-	1,130,724	846,205	1,976,929	
Educational Services	-	-	-	-	-	-	6,637	49,592	3,438	85	146	-	-	-	-	-	150	59,776	272	60,048	
Health and Social Services	-	424,142	-	-	-	-	170,290	14,181	60	3	1,028,854	-	-	-	-	-	21	1,637,497	54	1,637,551	
Other	-	-	-	-	-	-	2,507,552	19,554,248	779,084	160,082	26,091,210	-	-	-	-	-	199,192	48,803,349	488,019	49,291,368	
<b>Total</b>	<b>1,463,903</b>	<b>439,202</b>	-	-	-	<b>5,295,189</b>	<b>85,078,784</b>	<b>38,232,043</b>	<b>7,191,708</b>	<b>600,655</b>	<b>42,030,268</b>	-	-	-	-	-	<b>6,282,832</b>	<b>369,867</b>	<b>139,963,075</b>	<b>47,021,376</b>	<b>186,984,451</b>

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

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

Current Period Exposure Categories	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
Conditional and unconditional exposures to central governments or central banks	1,753,945	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	1,198	6,223	5,654	31,100	143,120
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	693,641	120,606	75,930	544,690	3,184,661
Conditional and unconditional exposures to corporates	9,539,304	19,512,144	3,921,993	27,287,035	14,139,097
Conditional and unconditional retail exposures	21,826,629	3,342,642	6,222,073	8,044,488	8,646,889
Conditional and unconditional exposures secured by real estate property	384,927	669,624	1,038,145	1,979,825	3,612,718
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	1,908,442	6,826,609	7,066,964	24,525,160	37,701,224
Exposures in the form of bonds secured by mortgages Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	531,622	3,836	10,424	-	5,355
Investments in equities	353,807	-	-	-	38,816
<b>Total</b>	<b>36,993,515</b>	<b>30,481,684</b>	<b>18,341,183</b>	<b>62,412,298</b>	<b>67,471,880</b>

Prior Period Exposure Categories	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
Conditional and unconditional exposures to central governments or central banks	1,463,903	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	1,596	5,745	4,175	112,250	313,539
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,521,371	779,678	567,668	160,873	238,563
Conditional and unconditional exposures to corporates	7,948,100	17,663,628	7,577,759	17,573,493	13,397,568
Conditional and unconditional retail exposures	13,426,843	1,861,067	3,475,680	7,658,370	7,157,759
Conditional and unconditional exposures secured by real estate property	227,276	602,021	793,502	1,562,971	3,330,044
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	5,362	404	1,455	2,770,687	39,252,360
Exposures in the form of bonds secured by mortgages Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	580,440	2,772	7,752	-	162
Investments in equities	331,051	-	-	38,816	-
<b>Total</b>	<b>25,505,942</b>	<b>20,915,315</b>	<b>12,427,991</b>	<b>29,877,460</b>	<b>63,689,995</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

#### Information About the Risk Exposure Categories

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

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

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

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

#### Exposures by risk weights:

##### Current Period

Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	500%	Deductions from Equity
Exposures before													
Credit Risk													
Mitigation	33,729,803	-	6,298,163	-	5,284,263	18,356,420	64,488,211	116,222,983	27,220,272	17,569,671	-	428,105	1,345,204
Exposures after													
Credit Risk													
Mitigation	34,449,806	-	6,596,828	-	5,284,263	19,232,540	62,596,589	113,367,065	27,228,662	17,569,671	-	428,105	1,345,204

##### Prior Period

Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	500%	Deductions from Equity
Exposures before													
Credit Risk													
Mitigation	81,091,660	-	8,543,490	-	4,308,592	15,129,734	41,698,273	98,325,991	17,187,471	7,783,237	-	150,184	949,033
Exposures after													
Credit Risk													
Mitigation	82,593,765	-	8,712,918	-	4,308,592	15,551,437	39,918,259	95,462,523	17,191,353	7,783,237	-	150,184	949,033

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

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

Current Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit Loss Provision (TFRS 9)
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	
<b>Major Sectors / Counterparties</b>			
Agriculture	236,546	62,244	44,741
Farming and Stockbreeding	236,524	59,195	42,190
Forestry	-	750	666
Fishery	22	2,299	1,885
Manufacturing	3,163,555	227,563	624,715
Mining and Quarrying	297,157	5,115	8,598
Production	2,864,782	215,579	611,802
Electricity, Gas and Water	1,616	6,869	4,315
Services	3,003,158	790,362	1,170,647
Wholesale and Retail Trade	915,354	382,255	303,664
Accommodation and Dining	1,008,457	98,946	375,746
Transportation and Telecom.	272,364	21,580	26,364
Financial Institutions	409,763	1,556	248,087
Real Estate and Rental Services	318,001	241,178	181,861
Self Employed Services	60,608	29,045	20,765
Educational Services	2,530	2,458	2,404
Health and Social Services	16,081	13,344	11,756
Other	8,894,500	1,156,988	4,237,296
<b>Total</b>	<b>15,297,759</b>	<b>2,237,157</b>	<b>6,077,399</b>
<b>Prior Period</b>			
	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit Loss Provision (TFRS 9)
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	
<b>Major Sectors/ Counterparties</b>			
Agriculture	51,954	93,494	59,406
Farming and Stockbreeding	51,828	89,091	56,490
Forestry	-	1,832	1,158
Fishery	126	2,571	1,758
Manufacturing	2,054,591	287,362	544,148
Mining and Quarrying	33,962	8,303	8,572
Production	2,018,226	270,548	530,003
Electricity, Gas and Water	2,403	8,511	5,573
Services	2,529,638	1,118,310	1,333,865
Wholesale and Retail Trade	591,197	588,531	458,638
Accommodation and Dining	1,055,013	109,604	322,890
Transportation and Telecom.	262,237	42,098	76,362
Financial Institutions	235,113	6,141	177,101
Real Estate and Rental Services	353,689	272,980	214,551
Self Employed Services	25,573	40,345	34,779
Educational Services	4,833	8,583	6,040
Health and Social Services	1,983	50,028	43,504
Other	6,716,459	1,132,699	2,379,499
<b>Total</b>	<b>11,352,642</b>	<b>2,631,865</b>	<b>4,316,918</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

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

	31.12.2022 Balance	Provision for Period	Provision Reversals	Written off from Asset	Other Adjustments (*)	31.12.2023 Balance
Default (Stage III)	2,031,948	677,682	(372,584)	(627,391)	31,407	1,741,062
Expected Credit Loss (Stage I - II)	3,761,613	4,211,906	(2,881,196)	-	943,852	6,036,175

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

	31.12.2021 Balance	Provision for Period	Provision Reversals	Written off from Asset	Other Adjustments (*)	31.12.2022 Balance
Default (Stage III)	2,309,689	1,101,673	(641,285)	(757,322)	19,193	2,031,948
Expected Credit Loss (Stage I - II)	2,123,337	2,065,911	(741,940)	-	314,305	3,761,613

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

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

#### Current Period

Countries where the risk ultimately taken	Private sector loans in banking accounts	Risk weighted amounts calculated in trading accounts	Total
Turkey	241,547,144	1,908,950	243,456,094
Switzerland	1,030,309	-	1,030,309
TRNC	886,361	-	886,361
Denmark	364,984	-	364,984
Sweden	288,703	-	288,703
Poland	159,316	-	159,316
Italy	149,771	-	149,771
Germany	108,187	-	108,187
Romania	88,488	-	88,488
France	84,834	-	84,834
Spain	69,554	-	69,554
Other	235,639	-	235,639
	<b>245,013,290</b>	<b>1,908,950</b>	<b>246,922,240</b>

#### Prior Period

Countries where the risk ultimately taken	Private sector loans in banking accounts	Risk weighted amounts calculated in trading accounts	Total
Turkey	169,545,220	2,898,511	172,443,731
Switzerland	1,297,697	-	1,297,697
TRNC	648,735	-	648,735
Denmark	198,147	-	198,147
England	161,592	-	161,592
Egypt	156,927	-	156,927
Luxembourg	151,797	-	151,797
Sweden	127,188	-	127,188
Poland	100,360	-	100,360
France	73,045	-	73,045
Italy	69,828	-	69,828
Other	244,930	-	244,930
	<b>172,775,466</b>	<b>2,898,511</b>	<b>175,673,977</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### IV. Explanations Related to the Consolidated Currency Risk

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

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

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

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

As of 31 December 2023, the Group’s balance sheet short position is TL 16,173,019 (31 December 2022: TL 10,775,472 short position) off-balance sheet long position is TL 19,027,263 (31 December 2022: TL 6,325,402 long position) and as a result net foreign currency long position is TL 2,854,244 (31 December 2022: net TL 4,450,070 short position).

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

	25.12.2023	26.12.2023	27.12.2023	28.12.2023	29.12.2023	31.12.2023
USD	29.0700	29.1704	29.2199	29.2927	29.2821	29.2821
EURO	32.0148	32.1428	32.3522	32.4769	32.3597	32.3597

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

	Monthly Average Foreign Buying Rate
USD	28.9392
EURO	31.5752

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

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

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

Change in FX Rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2023	31 December 2023
USD	10 increase	176,643	(364)
USD	10 decrease	(176,643)	364
EURO	10 increase	1,471	7,889
EURO	10 decrease	(1,471)	(7,889)
Change in FX Rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2022	31 December 2022
USD	10 increase	107,311	(2,504)
USD	10 decrease	(107,311)	2,504
EURO	10 increase	(14,020)	6,272
EURO	10 decrease	14,020	(6,272)

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### IV. Explanations Related to the Consolidated Currency Risk (Continued)

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

Current Period	EURO	USD	Other FC	Total
<b>Assets</b>				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye <sup>(1)</sup>	30,844,064	27,985,165	5,053,556	63,882,785
Banks <sup>(2)</sup>	1,217,544	1,005,439	3,739,279	5,962,262
Financial Assets at Fair Value Through Profit or Loss	8,477	651,850	-	660,327
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2,507,612	142,031	72,678	2,722,321
Loans <sup>(3)</sup>	41,738,914	12,646,047	2,858,389	57,243,350
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortised Cost <sup>(4)</sup>	5,859,133	8,819,183	-	14,678,316
Derivative Financial Assets for Hedging Purposes <sup>(5)</sup>	153,805	148,949	-	302,754
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets <sup>(6)</sup>	4,274,364	925,103	121,352	5,320,819
<b>Total Assets</b>	<b>86,603,913</b>	<b>52,323,767</b>	<b>11,845,254</b>	<b>150,772,934</b>
<b>Liabilities</b>				
Bank Deposits	4,037	-	1,950	5,987
Foreign Currency Deposits <sup>(7)</sup>	36,665,926	44,683,770	17,875,142	99,224,838
Money Market Funds	13,679,995	14,429,847	-	28,109,842
Funds Provided from Other Financial Institutions	19,146,138	16,446,573	86,859	35,679,570
Securities Issued	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities <sup>(8)</sup>	2,575,384	1,207,048	143,284	3,925,716
<b>Total Liabilities</b>	<b>72,071,480</b>	<b>76,767,238</b>	<b>18,107,235</b>	<b>166,945,953</b>
Net Balance Sheet Position	<b>14,532,433</b>	<b>(24,443,471)</b>	<b>(6,261,981)</b>	<b>(16,173,019)</b>
<b>Net Off-Balance Sheet Position <sup>(11)</sup></b>	<b>(14,152,998)</b>	<b>26,957,755</b>	<b>6,222,506</b>	<b>19,027,263</b>
Financial Derivative Assets <sup>(9)</sup>	41,407,709	69,038,258	10,300,564	120,746,531
Financial Derivative Liabilities <sup>(9)</sup>	55,560,707	42,080,503	4,078,058	101,719,268
Non-Cash Loans <sup>(10)</sup>	27,122,681	25,955,219	9,204,012	62,281,912
<b>Prior Period</b>				
Total Assets	49,368,343	34,053,908	10,921,895	94,344,146
Total Liabilities	45,113,780	46,340,834	13,665,004	105,119,618
Net Balance Sheet Position	4,254,563	(12,286,926)	(2,743,109)	(10,775,472)
Net Off-Balance Sheet Position	(5,220,634)	9,769,785	1,776,251	6,325,402
Financial Derivative Assets <sup>(9)</sup>	32,515,163	58,915,548	8,465,255	99,895,966
Financial Derivative Liabilities <sup>(9)</sup>	37,735,797	49,145,763	6,689,004	93,570,564
Non-Cash Loans <sup>(10)</sup>	17,515,996	19,249,329	4,549,939	41,315,264

<sup>(1)</sup> Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye TL 11,729 (31 December 2022: TL 5,950) includes the balances of expected credit losses.

<sup>(2)</sup> The banks include TL 39,955 (31 December 2022: TL 17,100) of expected credit loss provisions.

<sup>(3)</sup> Foreign currency indexed loans amounting to TL 47,557 (31 December 2022: TL 59,195) are included in the loan portfolio. It includes TL 2,071,833 (31 December 2022: TL 1,364,418) amounting to expected credit loss.

<sup>(4)</sup> Financial assets at amortized cost includes expected credit loss amounting to TL 3,303 (31 December 2022: TL 2,163).

<sup>(5)</sup> There is no derivative financial transaction rediscount income deducted from the derivative financial assets line for hedging purposes (31 December 2022: None).

<sup>(6)</sup> TL 574,412 (31 December 2022: TL 711,819) income accruals from derivative financial instruments are deducted from other assets. In the Other Assets line, TL 4,191,439 factoring receivables and TL 7,784 factoring receivables include expected loss provision.

<sup>(7)</sup> Precious metal accounts amounting to TL 12,519,232 (31 December 2022: TL 9,500,243) are included in the foreign currency deposits.

<sup>(8)</sup> TL 546,042 (31 December 2022: TL 529,899) expense accruals from derivative financial instruments are deducted from other liabilities.

<sup>(9)</sup> Forward asset and marketable securities purchase-sale commitments of TL 4,655,233 (31 December 2022: TL 2,836,459) are added to derivative financial assets and TL 3,776,833 (31 December 2022: TL 2,213,443) has been added to derivative financial assets.

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### V. Explanations Related to Consolidated Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing <sup>(1)</sup>	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye <sup>(2)</sup>	17,283,685	-	-	-	-	87,307,467	104,591,152
Banks <sup>(3)</sup>	3,926,206	-	-	-	-	3,702,131	7,628,337
Financial Assets at Fair Value Through Profit or Loss	124,611	4,538	134,884	293,163	148,506	424,106	1,129,808
Money Market Placement <sup>(4)</sup>	12,243,739	-	-	-	-	(798)	12,242,941
Financial Assets at Fair Value Through Other Comprehensive Income	2,936,500	539,223	801,705	3,466,575	-	82,335	7,826,338
Loans <sup>(5)</sup>	37,680,341	34,153,764	84,519,828	53,519,694	1,118,859	(4,529,310)	206,463,176
Financial Assets Measured at Amortised Cost <sup>(6)</sup>	6,603,672	12,999,218	7,003,976	12,130,606	10,553,986	(11,090)	49,280,368
Other Assets <sup>(7)</sup>	4,623,672	5,294,354	1,417,704	967,730	248,749	19,877,813	32,430,022
<b>Total Assets</b>	<b>85,422,426</b>	<b>52,991,097</b>	<b>93,878,097</b>	<b>70,377,768</b>	<b>12,070,100</b>	<b>106,852,654</b>	<b>421,592,142</b>
<b>Liabilities</b>							
Bank Deposit	2,248,143	-	-	-	-	329,106	2,577,249
Other Deposits	136,787,754	25,173,681	14,920,246	54,965	-	105,053,306	281,989,952
Money Market Funds	21,702,893	6,797,303	-	-	-	-	28,500,196
Miscellaneous Payables	-	593,928	918,013	-	-	-	1,511,941
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	9,427,209	15,216,401	9,493,014	7,095,456	-	-	41,232,080
Other Liabilities	12,777	72,552	202,499	900,067	155,868	64,436,961	65,780,724
<b>Total Liabilities</b>	<b>170,178,776</b>	<b>47,853,865</b>	<b>25,533,772</b>	<b>8,050,488</b>	<b>155,868</b>	<b>169,819,373</b>	<b>421,592,142</b>
Balance Sheet Long Position	-	5,137,232	68,344,325	62,327,280	11,914,232	-	147,723,069
Balance Sheet Short Position	(84,756,350)	-	-	-	-	(62,966,719)	(147,723,069)
Off-Balance Sheet Long Position	1,617,985	563,163	137,881	-	-	-	2,319,029
Off-Balance Sheet Short Position	-	-	-	(1,903,500)	-	-	(1,903,500)
<b>Total Position</b>	<b>(83,138,365)</b>	<b>5,700,395</b>	<b>68,482,206</b>	<b>60,423,780</b>	<b>11,914,232</b>	<b>(62,966,719)</b>	<b>415,529</b>

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

<sup>(2)</sup> Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye include expected loss provisions amounting to TL 16,786.

<sup>(3)</sup> The banks include TL 45,340 expected loss provisions.

<sup>(4)</sup> Money Market Placement includes expected credit losses amounting to TL 798.

<sup>(5)</sup> The revolving loans amounting to TL 22,812,905 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 6,766,467.

<sup>(6)</sup> Financial assets at amortized cost includes expected credit loss amounting to TL 11,090.

<sup>(7)</sup> Includes factoring receivables amounting to TL 10,102,832 and factoring receivables expected loss provisions amounting to TL 125,884.

The other assets line in the non-interest-bearing column consists of tangible assets amounting to TL 1,980,316, intangible assets amounting to TL 1,304,219, assets held for resale amounting to TL 82,060, subsidiaries amounting to TL 50 and non-financial jointly controlled entities under common control joint venture amounting to TL 5 and the other liabilities line includes the shareholders’ equity of TL 37,284,416.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### V. Explanations Related to Consolidated Interest Rate Risk (Continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing <sup>(1)</sup>	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye <sup>(2)</sup>	-	-	-	-	-	43,832,308	43,832,308
Banks <sup>(3)</sup>	4,387,968	-	-	-	-	4,631,268	9,019,236
Financial Assets at Fair Value Through Profit or Loss	1,906,651	817,219	126,562	152,209	49,451	416,777	3,468,869
Money Market Placement <sup>(4)</sup>	7,604,278	-	-	-	-	(589)	7,603,689
Financial Assets at Fair Value Through Other Comprehensive Income	2,220,139	2,111,220	1,749,845	2,289,819	-	49,313	8,420,336
Credits Granted <sup>(5)</sup>	21,690,951	23,791,434	60,342,773	40,236,470	1,010,386	(2,419,589)	144,652,425
Financial Assets Valued at Amortised Cost <sup>(6)</sup>	1,483,985	4,986,368	16,807,897	11,498,454	5,679,232	(9,103)	40,446,833
Other Assets <sup>(7)</sup>	3,495,071	3,369,588	2,157,186	1,347,759	473,153	15,249,568	26,092,325
<b>Total Assets</b>	<b>42,789,043</b>	<b>35,075,829</b>	<b>81,184,263</b>	<b>55,524,711</b>	<b>7,212,222</b>	<b>61,749,953</b>	<b>283,536,021</b>
<b>Liabilities</b>							
Banks Deposit	1,597,800	-	-	-	-	185,513	1,783,313
Other Deposits	83,442,527	34,885,992	6,979,900	46,388	-	73,211,800	198,566,607
Money Market Funds	2,940,007	3,198,340	1,091,602	-	-	-	7,229,949
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	230,582	191,463	-	-	-	422,045
Funds Provided from Other Financial Institutions	5,121,334	9,860,700	8,364,091	-	3,967,195	-	27,313,320
Other Liabilities	77,357	500,838	1,625,088	484,261	55,727	45,477,516	48,220,787
<b>Total Liabilities</b>	<b>93,179,025</b>	<b>48,676,452</b>	<b>18,252,144</b>	<b>530,649</b>	<b>4,022,922</b>	<b>118,874,829</b>	<b>283,536,021</b>
Balance Sheet Long Position	-	-	62,932,119	54,994,062	3,189,300	-	121,115,481
Balance Sheet Short Position	(50,389,982)	(13,600,623)	-	-	-	(57,124,876)	(121,115,481)
Off-Balance Sheet Long Position	5,489,816	8,170,094	-	-	32,304	-	13,692,214
Off-Balance Sheet Short Position	-	-	(8,668,203)	(4,384,572)	-	-	(13,052,775)
<b>Total Position</b>	<b>(44,900,166)</b>	<b>(5,430,529)</b>	<b>54,263,916</b>	<b>50,609,490</b>	<b>3,221,604</b>	<b>(57,124,876)</b>	<b>639,439</b>

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

<sup>(2)</sup> Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of Türkiye include balances of expected losses amounting to TL 7,403.

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

<sup>(4)</sup> Receivables from Money Markets include TL 589 of expected loss provisions.

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

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

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

The other assets line in the non-interest-bearing column consists of tangible assets amounting to TL 1,276,406, intangible assets amounting to TL 903,856, assets held for resale amounting to TL 100,370, subsidiaries amounting to TL 50 and non-financial jointly controlled entities under common control joint venture amounting to TL 5 and the other liabilities line includes the shareholders’ equity of TL 26,144,392.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### V. Explanations Related to Consolidated Interest Rate Risk (Continued)

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

	EURO %	USD %	YEN %	TL %
<b>Current Period</b>				
<b>Assets</b>				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye	-	-	-	42.10
Banks	-	-	-	42.27
Financial Assets at Fair Value Through Profit or Loss	3.90	2.94	-	21.24
Money Market Placements	-	-	-	43.64
Financial Assets at Fair Value Through Other Comprehensive Income	2.69	4.40	-	41.23
Loans (*)	6.97	8.82	5.73	41.48
Financial Assets Measured at Amortised Cost	3.14	5.18	-	28.17
<b>Liabilities</b>				
Bank Deposits	3.30	-	-	28.14
Other Deposits	3.08	3.21	-	37.94
Money Market Funds	4.78	7.00	-	42.47
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	42.66
Funds Provided from Other Financial Institutions	7.85	9.45	-	39.32
(*) Includes factoring receivables.				
<b>Prior Period</b>				
<b>Assets</b>				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye	-	-	-	-
Banks	1.75	4.25	-	10.04
Financial Assets at Fair Value Through Profit or Loss	5.01	7.71	-	11.41
Money Market Placements	-	-	-	10.27
Financial Assets at Fair Value Through Other Comprehensive Income	2.71	3.50	-	36.19
Loans (*)	4.52	7.70	5.65	20.10
Financial Assets Measured at Amortised Cost	3.16	5.18	-	42.86
<b>Liabilities</b>				
Bank Deposits	-	-	-	3.74
Other Deposits	0.70	3.02	-	17.96
Money Market Funds	1.88	3.00	-	12.80
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	22.32
Funds Provided from Other Financial Institutions	5.39	7.42	-	22.84

(\*) Includes factoring receivables.

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### V. Explanations Related to Consolidated Interest Rate Risk (Continued)

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

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

Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity– (Losses)/Equity
TL	(400)	2,993,000	6.41%
TL	500	(3,162,780)	(6.77)%
EURO	(200)	70,031	0.15%
EURO	200	(69,756)	(0.15)%
USD	(200)	(166,375)	(0.36)%
USD	200	160,067	0.34%
<b>Total (Of negative shocks)</b>	<b>(800)</b>	<b>2,896,656</b>	<b>6.20%</b>
<b>Total (Of positive shocks)</b>	<b>900</b>	<b>(3,072,469)</b>	<b>(6.58)%</b>

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

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

The Parent Bank has no shares traded on Borsa Istanbul.

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

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

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

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

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

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

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

**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023**

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

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

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

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

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

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

e) Information on liquidity risk mitigation techniques:

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

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

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

f) Explanation on the usage of the stress test:

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

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine.

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

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

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### Liquidity Coverage Ratio:

Current Period – 31 December 2023	Rate of Percentage to Be Taken into Account not Implemented Total Value (*)		Rate of Percentage to Be Taken into Account Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			110,385,215	53,236,655
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	195,833,555	66,529,998	17,445,596	6,653,000
3 Stable Deposits	42,789,434	-	2,141,184	-
4 Less Stable Deposits	153,044,121	66,529,998	15,304,412	6,653,000
5 Unsecured Debts Other than Real Person and Retail Deposits	81,562,845	35,843,138	48,293,873	18,416,641
6 Operational Deposits	4,219,588	785,579	1,054,897	196,396
7 Non-operational Deposits	62,352,452	29,526,905	34,109,234	12,850,731
8 Other Unsecured Funding	14,990,805	5,530,654	13,129,742	5,369,514
9 Secured Funding			629,524	-
10 Other Cash Outflows	1,780,968	5,898,993	1,780,968	5,898,993
11 Outflows Related to Derivative Exposures	1,780,968	5,898,993	1,780,968	5,898,993
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	132,099,186	52,408,416	11,628,544	6,097,801
<b>16 Total Cash Outflows</b>			<b>79,778,505</b>	<b>37,066,435</b>
<b>Cash Inflows</b>				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	43,874,357	13,912,519	33,590,104	11,749,973
19 Other Cash Inflows	1,803	14,137,293	1,803	14,137,294
<b>20 Total Cash Inflows</b>	<b>43,876,160</b>	<b>28,049,812</b>	<b>33,591,907</b>	<b>25,887,267</b>
			<b>Upper Limit Applied Values</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>110,385,215</b>	<b>53,236,655</b>
<b>22 Total Net Cash Outflows</b>			<b>46,186,598</b>	<b>11,179,169</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>239.00</b>	<b>476.21</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### Liquidity Coverage Ratio: (Continued)

Prior Period – 31 December 2022	Rate of Percentage to Be Taken into Account not Implemented Total Value (*)		Rate of Percentage to Be Taken into Account Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			85,142,469	40,305,054
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	137,419,843	59,142,355	12,546,042	5,914,235
3 Stable Deposits	23,918,844	-	1,195,942	-
4 Less Stable Deposits	113,500,999	59,142,355	11,350,100	5,914,235
5 Unsecured Debts Other than Real Person and Retail Deposits	65,292,487	29,488,733	37,368,186	14,694,031
6 Operational Deposits	2,531,134	691,600	632,784	172,900
7 Non-operational Deposits	53,259,982	24,788,855	28,437,514	10,814,559
8 Other Unsecured Funding	9,501,371	4,008,278	8,297,888	3,706,572
9 Secured Funding	-	-	395,132	-
10 Other Cash Outflows	2,258,023	10,237,534	2,258,023	10,237,534
11 Outflows Related to Derivative Exposures	2,258,023	10,237,534	2,258,023	10,237,534
12 Other Collateral Requirements	-	-	-	-
13 Outflows Related to Restructured Financial Instruments	-	-	-	-
14 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
15 Other Revocable Off-Balance Sheet	83,847,957	34,809,972	7,286,749	3,780,807
<b>16 Total Cash Outflows</b>			<b>59,854,132</b>	<b>34,626,607</b>
<b>Cash Inflows</b>				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	25,275,195	13,415,626	18,804,741	12,174,265
19 Other Cash Inflows	302,282	29,318,691	302,282	29,318,691
<b>20 Total Cash Inflows</b>	<b>25,577,477</b>	<b>42,734,317</b>	<b>19,107,023</b>	<b>41,492,956</b>
			<b>Upper Limit Applied Values</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>85,142,469</b>	<b>40,305,054</b>
<b>22 Total Net Cash Outflows</b>			<b>40,747,109</b>	<b>8,656,652</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>208.95</b>	<b>465.60</b>

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

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

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

There are concentration limits on funding sources approved by Board of Directors of the Parent Bank. Proportional limits on product type are reported in relation to how much of the funding can be obtained from deposits, group funding, borrowings from banks and repo and other long-term sources.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### Liquidity Coverage Ratio: (Continued)

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

	Current Period	
	TL+FC	FC
October 2023	270.29%	496.37%
November 2023	237.44%	495.24%
December 2023	224.19%	350.76%
	Prior Period	
	TL+FC	FC
October 2022	207.33%	427.90%
November 2022	221.13%	402.52%
December 2022	209.05%	500.65%

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed <sup>(1)</sup>	Total
<b>Assets</b>								
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye <sup>(2)</sup>	31,787,000	72,820,938	-	-	-	-	(16,786)	104,591,152
Banks <sup>(3)</sup>	6,339,010	1,334,667	-	-	-	-	(45,340)	7,628,337
Financial Assets at Fair Value Through Profit and Loss	-	123,410	4,537	40,323	388,925	148,506	424,107	1,129,808
Money Market Placements <sup>(4)</sup>	-	12,243,739	-	-	-	-	(798)	12,242,941
Financial Assets at Fair Value Through Other Comprehensive Income	82,335	118,202	-	899	7,274,616	350,286	-	7,826,338
Loans Given <sup>(5)</sup>	-	35,596,561	34,242,771	85,135,289	54,899,006	1,118,859	(4,529,310)	206,463,176
Financial Assets Measured at Amortised Cost <sup>(6)</sup>	-	443,692	2,603,450	4,636,177	20,120,338	21,487,801	(11,090)	49,280,368
Other Assets <sup>(7)</sup>	-	9,556,159	5,568,876	1,983,878	1,484,274	248,749	13,588,086	32,430,022
<b>Total Assets</b>	<b>38,208,345</b>	<b>132,237,368</b>	<b>42,419,634</b>	<b>91,796,566</b>	<b>84,167,159</b>	<b>23,354,201</b>	<b>9,408,869</b>	<b>421,592,142</b>
<b>Liabilities</b>								
Bank Deposits	329,106	2,248,143	-	-	-	-	-	2,577,249
Other Deposits	105,053,306	136,787,754	25,173,681	14,920,246	54,965	-	-	281,989,952
Funds Provided from Other Financial Institutions	-	6,024,238	5,057,763	17,689,288	7,095,456	5,365,335	-	41,232,080
Money Market Funds	-	21,702,893	6,797,303	-	-	-	-	28,500,196
Securities Issued	-	-	593,928	918,013	-	-	-	1,511,941
Miscellaneous Payables	1,143,007	18,345,995	542,137	972,448	2,051,124	398,308	42,327,705	65,780,724
<b>Total Liabilities</b>	<b>106,525,419</b>	<b>185,109,023</b>	<b>38,164,812</b>	<b>34,499,995</b>	<b>9,201,545</b>	<b>5,763,643</b>	<b>42,327,705</b>	<b>421,592,142</b>
<b>Liquidity Gap</b>	<b>(68,317,074)</b>	<b>(52,871,655)</b>	<b>4,254,822</b>	<b>57,296,571</b>	<b>74,965,614</b>	<b>17,590,558</b>	<b>(32,918,836)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(947,460)</b>	<b>(802,540)</b>	<b>1,485,484</b>	<b>(574,582)</b>	<b>-</b>	<b>-</b>	<b>(839,098)</b>
Financial Derivative Assets	-	43,490,520	52,123,934	54,483,720	37,117,365	11,470,910	-	198,686,449
Financial Derivative Liabilities	-	44,437,980	52,926,474	52,998,236	37,691,947	11,470,910	-	199,525,547
Non-Cash Loans	16,917,135	6,595,718	12,268,123	25,401,747	20,741,431	-	-	81,924,154
<b>Prior Period</b>								
Total Assets	24,123,781	64,155,562	29,071,456	79,337,763	63,908,044	14,609,492	8,329,923	283,536,021
Total Liabilities	73,460,639	103,909,520	43,188,978	21,987,744	1,263,497	10,136,090	29,589,553	283,536,021
<b>Liquidity Gap</b>	<b>(49,336,858)</b>	<b>(39,753,958)</b>	<b>(14,117,522)</b>	<b>57,350,019</b>	<b>62,644,547</b>	<b>4,473,402</b>	<b>(21,259,630)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(591,987)</b>	<b>393,817</b>	<b>1,196,457</b>	<b>954,774</b>	<b>307,126</b>	<b>-</b>	<b>2,260,187</b>
Financial Derivative Assets	-	44,409,942	57,618,886	39,771,836	20,496,290	4,034,812	-	166,331,766
Financial Derivative Liabilities	-	45,001,929	57,225,069	38,575,379	19,541,516	3,727,686	-	164,071,579
Non-Cash Loans	13,121,578	3,497,894	7,413,856	18,952,925	12,278,183	-	-	55,264,436

<sup>(1)</sup> 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.

<sup>(2)</sup> Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye include expected loss provisions amounting of TL 16,786.

<sup>(3)</sup> The banks include TL 45,340 of expected loss provisions.

<sup>(4)</sup> Receivables from Money Markets includes expected loss provisions balance amounting to TL 798.

<sup>(5)</sup> The revolving loans amounting to TL 22,812,905 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 6,766,467.

<sup>(6)</sup> Financial assets at amortized cost includes expected credit loss amounting to TL 11,090.

<sup>(7)</sup> Includes factoring receivables amounting to TL 10,102,832 and factoring receivables expected loss provisions amounting to TL 125,884.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
<b>31 December 2023</b>								
Money Market Funds	-	21,952,174	-	6,797,303	-	-	(249,281)	28,500,196
Other Deposit	105,053,306	137,999,320	26,297,595	16,626,192	63,476	-	(4,049,937)	281,989,952
Bank Deposit	329,106	2,251,537	-	-	-	-	(3,394)	2,577,249
Funds Provided from Other								
Financial Institutions	-	12,802,350	5,240,587	19,677,801	12,820,808	5,520,108	(14,829,574)	41,232,080
Issued Securities	-	-	593,928	918,013	-	-	-	1,511,941
<b>Total</b>	<b>105,382,412</b>	<b>175,005,381</b>	<b>32,132,110</b>	<b>44,019,309</b>	<b>12,884,284</b>	<b>5,520,108</b>	<b>(19,132,186)</b>	<b>355,811,418</b>
<b>31 December 2022</b>								
Money Market Funds	-	1,523,443	60,598	3,058,871	2,626,629	-	(39,592)	7,229,949
Other Deposit	73,211,800	83,822,501	35,569,275	7,524,987	52,135	-	(1,614,091)	198,566,607
Bank Deposit	185,513	1,598,124	-	-	-	-	(324)	1,783,313
Funds Provided from Other								
Financial Institutions	-	6,500,001	4,537,463	11,254,990	3,480,698	10,665,376	(9,125,208)	27,313,320
Issued Securities	-	-	230,582	191,463	-	-	-	422,045
<b>Total</b>	<b>73,397,313</b>	<b>93,444,069</b>	<b>40,397,918</b>	<b>22,030,311</b>	<b>6,159,462</b>	<b>10,665,376</b>	<b>(10,779,215)</b>	<b>235,315,234</b>

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

	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Total
<b>31 December 2023</b>						
<b>Derivative Financial Instruments for Hedging</b>						
<b>Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	3,333	1,244,057	9,645,024	-	-	10,892,414
<b>Trading Transactions</b>						
Foreign Exchange Forward	3,694,137	4,687,336	8,935,906	239,759	-	17,557,138
Swap Money Selling Agreement	19,893,260	25,846,057	4,059,549	37,907,079	-	87,705,945
Interest Rate Swaps-Sell	-	-	-	-	-	-
Futures Monetary Agreement	-	-	-	-	-	-
Money Exchange Options Contract	10,978,116	20,760,722	18,974,374	617,403	-	51,330,615
<b>Total</b>	<b>34,568,846</b>	<b>52,538,172</b>	<b>41,614,853</b>	<b>38,764,241</b>	<b>-</b>	<b>167,486,112</b>
<b>31 December 2022</b>						
<b>Derivative Financial Instruments for Hedging</b>						
<b>Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	2,043	35,935	8,885,847	6,909,227	-	15,833,052
<b>Trading Transactions</b>						
Foreign Exchange Forward	5,584,195	5,621,390	9,271,270	202,726	-	20,679,581
Swap Money Selling Agreement	28,853,242	28,436,597	5,729,997	9,044,195	340,851	72,404,882
Interest Rate Swaps-Sell	-	-	-	-	-	-
Futures Monetary Agreement	-	1,614,567	287,832	-	-	1,902,399
Money Exchange Options Contract	5,681,660	16,474,998	4,214,429	1,231,979	-	27,603,066
<b>Total</b>	<b>40,121,140</b>	<b>52,183,487</b>	<b>28,389,375</b>	<b>17,388,127</b>	<b>340,851</b>	<b>138,422,980</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### VIII. Explanations Related to Consolidated Leverage Ratio

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

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

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

	Current Period (**)	Prior Period (**)
1 Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS (*)	403,945,224	285,523,114
2 The Difference between the Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS and the Asset Amount in the Consolidated Financial statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks	-	-
3 The Difference between the Derivative Financial Instruments and the Loan Derivatives Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	1,484,227	1,205,781
4 The Difference between the Financial Transactions with Securities or Goods Warranty Amounts in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	4,581,750	2,727,317
5 The Difference between the Off-balance Sheet Transactions Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	158,389,921	102,954,992
6 Other Differences between the Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	(1,782,803)	(3,630,176)
<b>7 Total risk amount</b>	<b>566,618,319</b>	<b>388,781,028</b>

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

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

- c) Leverage Ratio:

	Current Period (*)	Prior Period (*)
<b>Assets on the Balance Sheet</b>		
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	399,162,838	279,515,952
2 (Assets Deducted from Core Capital)	(1,239,086)	(856,786)
3 Total Risk Amount for Assets on the Balance Sheet	397,923,752	278,659,166
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Credit Derivatives	4,238,669	3,233,772
5 Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	1,484,227	1,205,781
6 Total Risk Amount of Derivative Financial Instruments and Credit Derivatives	5,722,896	4,439,553
<b>Financing Transactions with Securities or Goods Warranties</b>		
7 Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	4,581,750	2,727,317
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	4,581,750	2,727,317
<b>Off-Balance Sheet Transactions</b>		
10 Gross Nominal Amount of the Off-balance Sheet Transactions	158,389,921	102,954,992
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-balance Sheet Transactions	158,389,921	102,954,992
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	35,561,874	24,517,749
14 Total Risk Amount	566,618,319	388,781,028
<b>Leverage Ratio</b>		
15 Leverage Ratio	6.28%	6.31%

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>293,418,108</b>	<b>217,412,227</b>	<b>286,317,850</b>	<b>222,324,731</b>
Money Market Placement	12,242,941	7,603,689	12,242,941	7,603,689
Banks	7,628,337	9,019,236	7,628,337	9,019,236
Financial Assets at Fair Value Through Other Comprehensive Income	7,826,338	8,420,336	7,826,338	8,420,336
Financial Assets Measured at Amortised Cost	49,280,368	40,446,833	42,218,736	45,255,331
Loans (**)	216,440,124	151,922,133	216,401,498	152,026,139
<b>Financial Liabilities</b>	<b>372,510,974</b>	<b>247,580,082</b>	<b>373,590,758</b>	<b>248,778,597</b>
Bank Deposit	2,577,249	1,783,313	2,577,249	1,783,313
Other Deposit	281,989,952	198,566,607	282,808,568	199,590,583
Funds Borrowed from Other Financial Institutions (*)	69,732,276	34,543,269	69,993,444	34,717,808
Marketable Securities Issued	1,511,941	422,045	1,511,941	422,045
Other Liabilities	16,699,556	12,264,848	16,699,556	12,264,848

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

(\*\*) Factoring receivables are included in loans.

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

31 December 2023	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>8,527,142</b>	<b>4,248,168</b>	<b>192,419</b>	<b>12,967,729</b>
Financial assets at Fair value through profit and loss	855,817	3,136,969	110,084	4,102,870
<i>Government Debt Securities</i>	588,465	-	-	588,465
<i>Derivative Financial Assets at Fair Value Through Profit or Loss</i>	-	2,973,062	-	2,973,062
<i>Other Financial assets at Fair value through profit or loss</i>	267,352	163,907	110,084	541,343
Derivative financial assets for hedging purposes	-	1,038,521	-	1,038,521
Financial Assets at Fair Value Through Other Comprehensive Income	7,671,325	72,678	82,335	7,826,338
<i>Government Debt Securities</i>	7,671,325	72,678	-	7,744,003
<i>Other Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	-	82,335	82,335
<b>Financial Liabilities</b>	-	<b>2,635,298</b>	-	<b>2,635,298</b>
Derivative financial liabilities at fair value through profit or loss	-	2,552,843	-	2,552,843
Derivative financial liabilities for hedging purposes	-	82,455	-	82,455
31 December 2022	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>11,450,065</b>	<b>6,110,927</b>	<b>127,017</b>	<b>17,688,009</b>
Financial assets at Fair value through profit and loss	3,128,377	5,327,500	77,704	8,533,581
<i>Government Debt Securities</i>	3,011,802	-	-	3,011,802
<i>Derivative Financial Assets at Fair Value Through Profit or Loss</i>	-	5,064,712	-	5,064,712
<i>Other Financial assets at Fair value through profit or loss</i>	116,575	262,788	77,704	457,067
Derivative financial assets for hedging purposes	-	734,092	-	734,092
Financial Assets at Fair Value Through Other Comprehensive Income	8,321,688	49,335	49,313	8,420,336
<i>Government Debt Securities</i>	8,321,688	49,335	-	8,371,023
<i>Other Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	-	49,313	49,313
<b>Financial Liabilities</b>	-	<b>3,567,233</b>	-	<b>3,567,233</b>
Derivative financial liabilities at fair value through profit or loss	-	3,497,620	-	3,497,620
Derivative financial liabilities for hedging purposes	-	69,613	-	69,613

There is no transition between levels in the current year.

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

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>127,017</b>	<b>73,026</b>
Purchases	-	30,420
Redemption or Sale	-	-
Valuation Difference	65,402	23,571
Transfers	-	-
<b>Balance at the End of the Period</b>	<b>192,419</b>	<b>127,017</b>

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

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

The Group does not deal with fiduciary transactions.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### XI. Explanations Related to Consolidated Risk Management

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

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

##### 1.1. The Parent Bank’s risk management approach

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

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

With Risk Policies, the Parent Bank aims to,

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

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

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

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

Risk Management Operations consist of;

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

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

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

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

	Risk Weighted Amounts		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit Risk (Excluding Counterparty Credit Risk) (CCR)	251,222,495	178,531,951	20,097,800
2 Of which Standardized Approach (SA)	251,222,495	178,531,951	20,097,800
3 Of which Internal Rating-based (IRB) Approach	-	-	-
4 Counterparty Credit Risk	7,031,153	5,339,572	562,492
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	7,031,153	5,339,572	562,492
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking accounts under market-based approach	-	-	-
8 Equity Investments in Funds – Look-through Approach	-	-	-
9 Equity Investments in Funds – Mandate-based Approach	-	-	-
10 Equity Investments in Funds – 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts.	-	-	-
13 Of which IRB Ratings-based Approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/Simplified Supervisory Formula Approach (SSFA)	-	-	-
16 Market Risk	8,521,919	5,913,116	681,754
17 Standardized Approach (SA)	8,521,919	5,913,116	681,754
18 Internal Model Approaches (IMM)	-	-	-
19 Operational Risk	23,916,732	11,802,605	1,913,339
20 Of which Basic Indicator Approach	23,916,732	11,802,605	1,913,339
21 Of which Standard Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24 Floor Adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>290,692,299</b>	<b>201,587,244</b>	<b>23,255,385</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

#### 2. Linkages Between Financial Statements and Regulatory Exposures

##### 2.1. Differences and mapping between the scope of accounting and legal consolidation

Current Period	Amount valued in accordance with TAS within the scope of legal consolidation (*)	Valued amount of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Securitization positions	Subject to the market risk framework	
<b>Assets</b>						
Cash balances and the Central bank	104,607,938	104,607,938	-	-	-	-
Banks	7,673,677	7,673,677	-	-	-	-
Money Market Placement	12,243,739	-	12,243,739	-	-	-
Financial Assets at Fair Value through Profit Loss	1,129,808	424,107	-	-	705,701	-
Financial Assets at Fair Value Through Other Comprehensive Income	7,826,338	7,828,116	-	-	-	-
Financial Assets Measured at Amortised Cost	49,291,458	49,291,458	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit and Loss	2,973,062	-	2,973,062	-	2,973,062	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	1,038,521	-	1,038,521	-	1,038,521	-
Non-Performing Financial Assets	-	-	-	-	-	-
Expected credit loss (-)	(6,966,365)	(1,715,450)	-	-	-	-
Loans	213,229,643	213,229,643	-	-	-	-
Factoring Receivables	10,102,832	10,102,832	-	-	-	-
Non-Current Assets Held For Sale and Discontinued Operations (net)	82,060	82,060	-	-	-	-
Affiliates (net)	-	-	-	-	-	-
Subsidiaries (net)	50	50	-	-	-	-
Joint ventures (net)	5	5	-	-	-	-
Tangible assets (net)	1,980,316	1,908,884	-	-	-	71,432
Intangible assets (net)	1,304,219	-	-	-	-	1,304,219
Investment properties (net)	-	-	-	-	-	-
Current tax asset	225,426	225,426	-	-	-	-
Deferred tax asset	2,531,368	2,531,368	-	-	-	-
Other assets	12,318,047	11,193,899	1,124,148	-	-	-
<b>Total assets</b>	<b>421,592,142</b>	<b>407,384,013</b>	<b>17,379,470</b>	<b>-</b>	<b>4,717,284</b>	<b>1,375,651</b>
<b>Liabilities</b>						
Deposit	284,567,201	-	-	-	-	-
Loans Received	29,594,113	-	-	-	-	-
Money Market Funds	28,500,196	-	28,500,196	-	-	-
Issued securities	1,511,941	-	-	-	-	-
Financial Liabilities with Fair Value Through Profit or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	2,635,298	-	607,669	-	-	-
Factoring debts	30,482	-	-	-	-	-
Lease Liabilities	1,025,441	-	-	-	-	-
Provisions	6,628,887	-	-	-	-	-
Current Tax Liability	1,476,644	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-	-
Subordinated loans	11,637,967	-	-	-	-	-
Other liabilities	16,699,556	-	1,766,837	-	-	-
Equity	37,284,416	-	-	-	-	-
<b>Total liabilities</b>	<b>421,592,142</b>	<b>-</b>	<b>30,874,702</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Represents the consolidated financial statements of the Parent Bank.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

#### 2. Linkages Between Financial Statements and Regulatory Exposures (Continued)

##### 2.1. Differences and mapping between the scope of accounting and legal consolidation (Continued)

Prior Period	Valued amount of items in accordance with TAS					Not subject to capital requirements or subject to deduction from capital
	Amount valued in accordance with TAS within the scope of legal consolidation (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Securitization positions	Subject to the market risk framework	
<b>Assets</b>						
Cash balances and the Central bank	43,839,711	43,839,711	-	-	-	-
Banks	9,048,136	9,048,151	-	-	-	-
Money Market Placement	7,604,278	-	7,604,278	-	-	-
Financial Assets at Fair Value through Profit Loss	3,468,869	416,778	-	-	3,052,091	-
Financial Assets at Fair Value Through Other Comprehensive Income	8,420,336	8,422,012	-	-	-	-
Financial Assets Measured at Amortised Cost	40,455,936	40,455,936	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit and Loss	5,064,712	-	5,064,712	-	5,064,712	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	734,092	-	734,092	-	734,092	-
Non-Performing Financial Assets	-	-	-	-	-	-
Expected credit loss (-)	(5,157,339)	(1,950,572)	-	-	-	-
Loans	149,703,879	149,703,879	-	-	-	-
Factoring Receivables	7,329,598	7,329,598	-	-	-	-
Non-Current Assets Held for Sale and Discontinued Operations (net)	100,370	100,370	-	-	-	-
Affiliates (net)	-	-	-	-	-	-
Subsidiaries (net)	50	50	-	-	-	-
Joint ventures (net)	5	5	-	-	-	-
Tangible assets (net)	1,276,406	1,231,584	-	-	-	44,822
Intangible assets (net)	903,856	-	-	-	-	903,856
Investment properties (net)	-	-	-	-	-	-
Current tax asset	28,388	28,388	-	-	-	-
Deferred tax asset	1,624,898	1,624,898	-	-	-	-
Other assets	9,089,840	8,531,682	558,158	-	-	-
<b>Total assets</b>	<b>283,536,021</b>	<b>268,782,470</b>	<b>13,961,240</b>	-	<b>8,850,895</b>	<b>948,678</b>
<b>Liabilities</b>						
Deposit	200,349,920	-	-	-	-	-
Loans Received	17,605,102	-	-	-	-	-
Money Market Funds	7,229,949	-	7,229,949	-	-	-
Issued securities	422,045	-	-	-	-	-
Financial Liabilities with Fair Value Through Profit or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	3,567,233	-	2,296,084	-	-	-
Factoring debts	4,791	-	-	-	-	-
Lease Liabilities	710,629	-	-	-	-	-
Provisions	3,483,200	-	-	-	-	-
Current Tax Liability	2,045,694	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-	-
Subordinated loans	9,708,218	-	-	-	-	-
Other liabilities	12,264,848	-	1,864,451	-	-	-
Equity	26,144,392	-	-	-	-	-
<b>Total liabilities</b>	<b>283,536,021</b>	-	<b>11,390,484</b>	-	-	-

(\*) Represents the consolidated financial statements of the Parent Bank.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

#### 2. Linkages Between Financial Statements and Regulatory Exposures (continued)

##### 2.2. Main sources of differences between the risk amounts and the amounts measured in accordance with TAS in the financial statement

Current Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>1 Valued amounts of assets within the scope of legal consolidation in accordance with TAS</b>	<b>421,592,142</b>	<b>407,384,013</b>	<b>17,379,470</b>	<b>4,717,284</b>
2 Valued amounts of liabilities within the scope of legal consolidation in accordance with TAS	30,874,702	-	30,874,702	-
<b>3 Total net amount under legal consolidation</b>	<b>390,717,440</b>	<b>407,384,013</b>	<b>(13,495,232)</b>	<b>4,717,284</b>
4 Off-balance sheet amounts	1,392,873	52,394,470	1,405,349	-
5 Differences in valuations	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-
8 Differences due to prudential filters	-	-	-	-
<b>9 Exposure amounts</b>	<b>392,110,313</b>	<b>459,778,483</b>	<b>(12,089,883)</b>	<b>4,717,284</b>

Prior Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>1 Valued amounts of assets within the scope of legal consolidation in accordance with TAS</b>	<b>283,536,021</b>	<b>268,782,470</b>	<b>13,961,240</b>	<b>8,850,895</b>
2 Valued amounts of liabilities within the scope of legal consolidation in accordance with TAS	11,390,484	-	11,390,484	-
<b>3 Total net amount under legal consolidation</b>	<b>272,145,537</b>	<b>268,782,470</b>	<b>2,570,756</b>	<b>8,850,895</b>
4 Off-balance sheet amounts	100,847,275	36,043,145	1,338,450	-
5 Differences in valuations	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-
8 Differences due to prudential filters	-	-	-	-
<b>9 Exposure amounts</b>	<b>372,992,812</b>	<b>304,825,615</b>	<b>3,909,206</b>	<b>8,850,895</b>

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

#### 3. Consolidated Credit Risk Disclosure

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

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

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

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

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

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

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

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

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

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

Current Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowance/ depreciation and impairment	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	2,344,969	220,987,506	6,892,351	216,440,124
Debt Securities	-	57,035,461	11,090	57,024,371
Off-balance sheet exposures	-	164,001,811	910,591	163,091,220
<b>Total</b>	<b>2,344,969</b>	<b>442,024,778</b>	<b>7,814,032</b>	<b>436,555,715</b>

Prior Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowance / depreciation and impairment	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	2,692,115	154,341,362	5,111,344	151,922,133
Debt Securities	-	48,826,959	9,103	48,817,856
Off-balance sheet exposures	-	99,508,825	686,515	98,822,310
<b>Total</b>	<b>2,692,115</b>	<b>302,677,146</b>	<b>5,806,962</b>	<b>299,562,299</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

<b>1</b>	<b>Defaulted loans and debt securities at end of the 31 December 2022</b>	<b>2,692,115</b>
2	Loans and debt securities that have defaulted since the last reporting period	1,896,775
3	Returned to non-defaulted status	-
4	Amounts written off (*)	(995,717)
5	Other changes (**)	(1,248,204)
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2023 (1+2-3-4±5)</b>	<b>2,344,969</b>

(\*) The Group wrote off TL 99,443 of its non-performing loans. Additionally, the portion of the Group's non-performing loan portfolio amounting to TL 896,274 for which a provision of TL 747,165 was provided, was sold in 2023 with a price of TL 367,959 and following the completion of the necessary procedures, non-performing loans were written off from the records.

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

<b>1</b>	<b>Defaulted loans and debt securities at end of the 31 December 2021</b>	<b>3,359,316</b>
2	Loans and debt securities that have defaulted since the last reporting period	1,587,015
3	Returned to non-defaulted status	-
4	Amounts written off (*)	(873,816)
5	Other changes (**)	(1,380,400)
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2022 (1+2-3-4±5)</b>	<b>2,692,115</b>

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

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

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

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

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

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

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

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

- c) Description of methods used for determining impairments.

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

- d) The definition of the restructured exposure

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

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

Breakdown of Loans and Receivables by sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	2,907,508	1.84	850,948	1.34
Farming and Stockbreeding	2,899,726	1.84	143,018	0.23
Forestry	-	-	-	-
Fishery	7,782	-	707,930	1.12
Manufacturing	49,912,756	31.66	42,940,345	67.79
Mining and Quarrying	2,371,296	1.50	2,881,954	4.55
Production	45,192,798	28.67	38,368,216	60.57
Electricity, Gas and Water	2,348,662	1.49	1,690,175	2.67
Construction	2,155,939	1.37	337,944	0.53
Services	37,105,469	23.54	18,948,667	29.91
Wholesale and Retail Trade	15,379,391	9.76	3,468,454	5.48
Accommodation and Dining	1,155,736	0.73	1,642,967	2.59
Transportation and Telecom.	5,688,477	3.61	6,001,139	9.47
Financial Institutions	5,031,339	3.19	3,990,127	6.30
Real Estate and Rental Services	3,023,196	1.92	3,728,945	5.89
Self-Employment Services	1,991,043	1.26	117,035	0.18
Educational Services	73,476	0.05	-	-
Health and Social Services	4,762,811	3.02	-	-
Other	65,563,535	41.59	264,395	0.42
<b>Total</b>	<b>157,645,207</b>	<b>100.00</b>	<b>63,342,299</b>	<b>100.00</b>

	Prior Period			
	TL	(%)	FC	(%)
Agriculture	1,823,219	1.58	409,144	1.05
Farming and Stockbreeding	1,811,390	1.57	50,736	0.13
Forestry	-	-	-	-
Fishery	11,829	0.01	358,408	0.92
Manufacturing	42,157,303	36.54	25,913,612	66.48
Mining and Quarrying	2,020,478	1.75	2,412,585	6.19
Production	38,889,091	33.71	22,205,409	56.97
Electricity, Gas and Water	1,247,734	1.08	1,295,618	3.32
Construction	1,697,024	1.47	143,420	0.37
Services	24,770,905	21.47	11,670,844	29.94
Wholesale and Retail Trade	9,490,643	8.23	2,964,806	7.61
Accommodation and Dining	1,018,010	0.88	1,386,086	3.56
Transportation and Telecom.	3,374,333	2.92	4,155,986	10.66
Financial Institutions	5,473,879	4.74	1,066,312	2.74
Real Estate and Rental Services	2,956,194	2.56	1,986,924	5.10
Self-Employment Services	970,326	0.84	110,730	0.28
Educational Services	51,208	0.04	-	-
Health and Social Services	1,436,312	1.25	-	-
Other	44,914,433	38.93	841,458	2.16
<b>Total</b>	<b>115,362,884</b>	<b>100.00</b>	<b>38,978,478</b>	<b>100.00</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

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

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

- g) Aging analysis of loans under close monitoring

<b>31 December 2023</b>	<b>1-30 Day</b>	<b>31-60 Day</b>	<b>61-90 Day</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	100,292	19,299	137,509	257,100
Consumer Loans	1,237,868	229,895	541,569	2,009,332
Credit Cards	370,971	268,744	218,052	857,767
<b>Total</b>	<b>1,709,131</b>	<b>517,938</b>	<b>897,130</b>	<b>3,124,199</b>

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

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

Not impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Significant Increase in Credit Risk (Stage II)</b>	<b>Net Amount</b>
Commercial Loans	920,030	599,674	320,356
Consumer Loans	105,211	9,684	95,527
Credit Cards	51,297	11,831	39,466
<b>Total</b>	<b>1,076,538</b>	<b>621,189</b>	<b>455,349</b>

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

#### 4. Consolidated Credit Risk Disclosure (continued)

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

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

Impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Default (Stage III)</b>	<b>Net Amount</b>
Commercial Loans	11,217	5,311	5,906
Consumer Loans	97,573	70,583	26,990
Credit Cards	15,990	13,092	2,898
<b>Total</b>	<b>124,780</b>	<b>88,986</b>	<b>35,794</b>

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

##### 3.2. Credit Risk Mitigation

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

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

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

##### 3.2. Credit Risk Mitigation (continued)

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

	Exposures unsecured: valued amount in accordance with TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
<b>Current Period</b>							
1 Loans (*)	199,881,215	14,672,845	13,201,392	7,146,212	4,546,415	-	-
2 Debt Securities (*)	57,037,239	-	-	-	-	-	-
<b>3 Total</b>	<b>256,918,454</b>	<b>14,672,845</b>	<b>13,201,392</b>	<b>7,146,212</b>	<b>4,546,415</b>	-	-
4 Of which defaulted (*)	2,292,779	41,635	27,011	10,555	117	-	-

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

	Exposures unsecured: valued amount in accordance with TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
<b>Prior Period</b>							
1 Loans (*)	137,819,828	11,267,710	9,965,616	6,011,170	4,083,693	-	-
2 Debt Securities (*)	48,828,635	-	-	-	-	-	-
<b>3 Total</b>	<b>186,648,463</b>	<b>11,267,710</b>	<b>9,965,616</b>	<b>6,011,170</b>	<b>4,083,693</b>	-	-
4 Of which defaulted (*)	2,649,403	25,935	16,749	16,777	78	-	-

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

#### 3.3. Credit risk under standardized approach

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk weighted Amounts and Risk Weighted Amounts density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted amounts	Risk Weighted amounts density
1 Exposures to central governments or central banks	127,173,805	-	127,893,805	-	1,753,945	1%
2 Exposures to regional governments or local authorities	374,705	6,557	340,905	3,190	172,052	50%
3 Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to banks and brokerage firms	8,522,042	5,360,939	8,522,041	4,025,743	4,455,263	36%
7 Exposures to corporates	75,385,874	48,637,683	74,140,466	25,205,169	96,520,991	97%
8 Retail exposures	62,039,867	70,745,307	60,407,070	8,349,726	53,094,522	77%
9 Exposures secured by residential property	4,930,336	787,370	4,930,336	353,927	1,849,492	35%
10 Exposures secured by commercial real estate	9,068,901	2,823,825	8,799,004	1,230,378	6,568,460	65%
11 Past-due loans	621,941	115,949	621,845	33,001	433,930	66%
12 Higher-risk categories by the Agency Board	45,163,463	-	45,143,167	-	77,997,954	173%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other Receivables	16,361,148	8,555,674	16,361,131	2	7,983,265	49%
17 Investments in equities	392,622	-	392,623	-	392,621	100%
<b>18 Total</b>	<b>350,034,704</b>	<b>137,033,304</b>	<b>347,552,393</b>	<b>39,201,136</b>	<b>251,222,495</b>	<b>65%</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk weighted Amounts and Risk Weighted Amounts density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted amounts	Risk Weighted amounts density
1 Exposures to central governments or central banks	74,091,323	-	75,593,419	-	1,463,903	2%
2 Exposures to regional governments or local authorities	874,800	7,308	839,040	3,597	421,323	50%
3 Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to banks and brokerage firms	9,898,321	3,713,730	9,898,319	2,698,877	4,132,194	33%
7 Exposures to corporates	64,351,247	38,532,530	62,907,498	19,932,259	79,949,600	97%
8 Retail exposures	42,249,188	36,431,162	40,515,817	6,026,144	36,561,893	79%
9 Exposures secured by residential property	4,096,063	508,048	4,096,063	212,529	1,508,007	35%
10 Exposures secured by commercial real estate	7,595,359	1,816,700	7,322,006	758,038	5,377,787	67%
11 Past-due loans	720,126	116,612	720,048	30,346	587,956	78%
12 Higher-risk categories by the Agency Board	25,075,336	-	24,972,896	-	41,876,607	168%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other Receivables	14,774,442	6,248,311	14,774,430	1,075	6,282,814	43%
17 Investments in equities	369,867	-	369,867	-	369,867	100%
<b>18 Total</b>	<b>244,096,072</b>	<b>87,374,401</b>	<b>242,009,403</b>	<b>29,662,865</b>	<b>178,531,951</b>	<b>66%</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

Current Period Risk Classes / Risk Weights	0%	10%	20%	25%	35%	50% secured by real estate (*)	75%	100%	150%	250%	500%	Others (**)	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to regional governments or local authorities	126,139,860	-	-	-	-	-	-	1,753,945	-	-	-	-	127,893,805
2 Exposures to regional governments or local authorities	-	-	-	-	-	344,086	-	9	-	-	-	-	344,095
3 Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to banks and financial intermediaries	-	-	6,391,294	-	-	6,032,262	-	50,939	73,289	-	-	-	12,547,784
7 Exposures to corporates	-	-	113,560	-	-	5,467,593	-	93,764,482	-	-	-	-	99,345,635
8 Retail exposures	-	-	7,071	-	-	14,940	62,596,587	6,138,198	-	-	-	-	68,756,796
9 Exposures secured by residential property	-	-	-	-	5,284,263	-	-	-	-	-	-	-	5,284,263
10 Exposures secured by commercial real estate	-	-	-	-	-	6,921,844	-	3,107,538	-	-	-	-	10,029,382
11 Past-due loans	-	-	-	-	-	451,815	-	193,049	9,982	-	-	-	654,846
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	27,145,391	-	428,105	17,569,671	45,143,167
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	-	392,623	-	-	-	-	392,623
17 Other Receivables	8,309,946	-	84,903	-	-	-	2	7,966,282	-	-	-	-	16,361,133
<b>18 Total</b>	<b>134,449,806</b>	<b>-</b>	<b>6,596,828</b>	<b>-</b>	<b>5,284,263</b>	<b>19,232,540</b>	<b>62,596,589</b>	<b>113,367,065</b>	<b>27,228,662</b>	<b>-</b>	<b>428,105</b>	<b>17,569,671</b>	<b>386,753,529</b>

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

(\*\*) In accordance with the Board Decision dated 28 April 2022 and numbered 10188, a two hundred percent risk weight has been applied to commercial TL cash loans to be extended as of 1 May 2022 (excluding loans exempted as per the decision) and shown in the "Others" column.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

Prior Period		0%	10%	20%	25%	35%	50% secured by real estate (*)	75%	100%	150%	250%	500%	Others (**)	Total credit risk exposure amount (after CCF and CRM)
Asset Classes / Risk Weights														
1	Exposures to regional governments or local authorities	74,129,516	-	-	-	-	-	-	1,463,903	-	-	-	-	75,593,419
2	Exposures to regional governments or local authorities	-	-	-	-	-	842,628	-	9	-	-	-	-	842,637
3	Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	7,788,614	-	-	4,607,650	-	61,505	139,427	-	-	-	12,597,196
7	Exposures to corporates	-	-	888,731	-	-	4,358,344	-	77,592,682	-	-	-	-	82,839,757
8	Retail exposures	-	-	21	-	-	972	39,918,259	6,622,709	-	-	-	-	46,541,961
9	Exposures secured by residential property	-	-	-	-	4,308,592	-	-	-	-	-	-	-	4,308,592
10	Exposures secured by commercial real estate	-	-	-	-	-	5,404,515	-	2,675,529	-	-	-	-	8,080,044
11	Past-due loans	-	-	-	-	-	337,328	-	400,615	12,451	-	-	-	750,394
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	17,039,475	-	150,184	7,783,237	24,972,896
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	369,867	-	-	-	-	369,867
17	Other Receivables	8,464,249	-	35,552	-	-	-	-	6,275,704	-	-	-	-	14,775,505
<b>18</b>	<b>Total</b>	<b>82,593,765</b>	<b>-</b>	<b>8,712,918</b>	<b>-</b>	<b>4,308,592</b>	<b>15,551,437</b>	<b>39,918,259</b>	<b>95,462,523</b>	<b>17,191,353</b>	<b>-</b>	<b>150,184</b>	<b>7,783,237</b>	<b>271,672,268</b>

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

(\*\*) In accordance with the Board Decision dated 28 April 2022 and numbered 10188, a two hundred percent risk weight has been applied to commercial TL cash loans to be extended as of 1 May 2022 (excluding loans exempted as per the decision) and shown in the "Others" column.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### XI. Explanations Related to Consolidated Risk Management (Continued)

#### 4. Counterparty Credit Risk

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

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

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

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

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

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

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

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

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

Current Period	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Amounts
Standardized Approach - CCR (For Derivatives)	1,350,406	1,376,928		1.4	2,710,248	2,064,377
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					7,263,300	3,631,653
<b>Total</b>						<b>5,696,030</b>

(\*) Effective Expected Positive Exposure

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

(\*) Effective Expected Positive Exposure

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

	Exposure at Default post-Credit Risk Mitigation	Risk Weighted Amounts
<b>Current Period</b>		
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	2,710,248	1,315,620
<b>Total subject to the CVA capital charge</b>	<b>2,710,248</b>	<b>1,315,620</b>
<b>Prior Period</b>		
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	4,335,874	1,012,656
<b>Total subject to the CVA capital charge</b>	<b>4,335,874</b>	<b>1,012,656</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

Current Period Risk Weight/ Regulatory portfolio	0%	2%	10%	20%	50%	75%	100%	150%	500%	Others	Total credit exposure (*)
Receivables from central governments and central banks	466,650	-	-	-	-	-	-	-	-	-	466,650
Receivables from regional and local governments	-	-	-	-	-	-	-	-	-	-	-
Receivables from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
Receivables from banks and financial intermediaries	-	855,980	-	23,075	7,564,930	-	-	-	-	-	8,443,985
Corporate receivables	-	-	-	1,860	-	-	1,883,211	-	-	-	1,885,071
Retail receivables	-	-	-	-	-	33,822	-	-	-	-	33,822
Other receivables (**)	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>466,650</b>	<b>855,980</b>	<b>-</b>	<b>24,935</b>	<b>7,564,930</b>	<b>33,822</b>	<b>1,883,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,829,528</b>

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral received		Posted collateral		Collateral received	Posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	1,618,392	-	-	-	689,592
Cash – other currencies	-	105,433	-	250,698	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>1,723,825</b>	-	<b>250,698</b>	-	<b>689,592</b>

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

#### 4.6. Credit Derivatives

None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

##### 4.7. Exposures to central counterparties

	Current Period		Prior Period	
	Risk Amount After CRA	RAT	Risk Amount After CRA	RAT
<b>Total risks arising from transactions with a Qualified CCP</b>		5,711		-
Regarding the risks arising from transactions in the CCP (excluding initial margin and guarantee fund amount)	-	-	-	-
(i) OTC derivative financial instruments	166,388	3,328	-	-
(ii) Other derivative financial instruments	-	-	-	-
(iii) Repo-reverse repo transactions, securities on credit transactions and securities or commodity lending or borrowing transactions	-	-	-	-
(iv) Netting groups to which cross product netting is applied	-	-	-	-
Reserved initial margin	-		-	
Unallocated initial margin	-		-	
Paid guarantee fund amount	99,300	2,383	-	-
Unpaid guarantee fund commitment	-	-	-	-
<b>Total risks arising from transactions with non-qualified CCPs</b>		-		-
Regarding the risks arising from transactions in the CCP (excluding initial margin and guarantee fund amount)	-	-	-	-
(i) OTC derivative financial instruments	-	-	-	-
(ii) Other derivative financial instruments	-	-	-	-
(iii) Repo-reverse repo transactions, securities on credit transactions and securities or commodity lending or borrowing transactions	-	-	-	-
(iv) Netting groups to which cross product netting is applied	-	-	-	-
Reserved initial margin	-	-	-	-
Unallocated initial margin	-		-	
Paid guarantee fund amount	-	-	-	-
Unpaid guarantee fund commitment	-	-	-	-

#### 5. Securitization Disclosures

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

#### 6. Market Risk Disclosures

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

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this note.

**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 31 DECEMBER 2023**

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

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**XI. Explanations Related to Consolidated Risk Management (Continued)**

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

**6.1. Qualitative disclosure requirements related to market risk**

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

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

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

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

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

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

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

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

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

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

##### 6.2. Standardized Approach

Current Period		Risk Weighted Amounts
Outright products		
1	Interest rate risk (general and specific)	2,735,962
2	Equity risk (general and specific)	-
3	Foreign exchange risk	3,170,051
4	Commodity risk	1,866,568
Options		
5	Simplified approach	-
6	Delta-plus method	749,338
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>8,521,919</b>

Prior Period		Risk Weighted Amounts
Outright products		
1	Interest rate risk (general and specific)	1,621,094
2	Equity risk (general and specific)	-
3	Foreign exchange risk	1,813,652
4	Commodity risk	1,778,832
Options		
5	Simplified approach	-
6	Delta-plus method	699,538
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>5,913,116</b>

#### 7. Explanations Related to the Consolidated Operational Risk

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

	31.12.2020	31.12.2021	31.12.2022	Total/Number of positive gross income years	Rate (%)	Total
Gross Income	5,944,320	6,758,087	25,564,364	12,755,590	15	1,913,339
Operational Risk Capital Requirement (Total*12.5)						23,916,732



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### XI. Explanations Related to Consolidated Risk Management (Continued)

#### 7. Explanations Related to the Consolidated Operational Risk (continued)

b) In case of Basic Indicator Approach the following (continued):

	31.12.2019	31.12.2020	31.12.2021	Total/Number of positive gross income years	Rate (%)	Total
Gross Income	6,181,760	5,944,320	6,758,087	6,294,722	15	944,208
Operational Risk Capital Requirement (Total*12.5)						11,802,605

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### SECTION FIVE

#### EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,034,157	11,238,000	752,200	10,004,814
Balances with the Central Bank of Türkiye	39,678,186	52,128,885	6,458,159	26,063,697
Other	1,081	527,629	-	560,841
<b>Total</b>	<b>40,713,424</b>	<b>63,894,514</b>	<b>7,210,359</b>	<b>36,629,352</b>

###### a) Information related to the account of the Central Bank of Türkiye:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	18,986,133	-	6,458,159	-
Unrestricted Time Deposit	17,283,685	28,228,037	-	7,868,041
Restricted Time Deposit	3,408,368	23,900,848	-	18,195,656
<b>Total</b>	<b>39,678,186</b>	<b>52,128,885</b>	<b>6,458,159</b>	<b>26,063,697</b>

As of 31 December 2023, the applicable rates for reserve deposits held at the Central Bank of the Türkiye are between 0% and 30% (31 December 2022: between 3% and 8%) for Turkish Lira and between 5% and 30% (31 December 2022: between 5% and 26%) for foreign currency. The ratio of Turkish currency held for foreign currency is 4%.

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

- a.1) Information on financial assets at fair value through profit or loss given as collateral / blocked: None (31 December 2022: None).
- a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2022: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 588,465 (31 December 2022: TL 3,011,802).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	242,988	345,477	2,809,744	202,058
Securities Representing Share in Capital	109,257	164,734	77,197	263,295
Other Financial Assets	117,236	150,116	40,289	76,286
<b>Total</b>	<b>469,481</b>	<b>660,327</b>	<b>2,927,230</b>	<b>541,639</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	213,972	94,335	1,089,391	47,443
Swap Transactions	1,237,871	524,285	2,953,184	228,144
Futures Transactions	-	-	-	-
Options	483,792	418,807	357,592	388,958
Other	-	-	-	-
<b>Total</b>	<b>1,935,635</b>	<b>1,037,427</b>	<b>4,400,167</b>	<b>664,545</b>

#### 4. Information on banks:

##### a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1,369,255	927	2,122,206	580
Foreign	302,205	6,001,290	698,476	6,226,874
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>1,671,460</b>	<b>6,002,217</b>	<b>2,820,682</b>	<b>6,227,454</b>

An expected loss provision of TL 45,340 (31 December 2022: TL 28,900) has been set aside for receivables from banks.

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

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,766,503	1,023,288	239,507	-
USA, Canada	1,305,097	2,791,436	-	-
OECD Countries (*)	357,404	878,376	-	-
Off-Shore Banking Regions	31	20	-	-
Other	2,361,153	1,578,685	273,800	653,545
<b>Total</b>	<b>5,790,188</b>	<b>6,271,805</b>	<b>513,307</b>	<b>653,545</b>

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill, and Similar Investment Securities	3,751,191	-	1,411,005	-
Other	-	-	-	-
<b>Total</b>	<b>3,751,191</b>	<b>-</b>	<b>1,411,005</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	996,753	2,649,642	-	3,013,150
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>996,753</b>	<b>2,649,642</b>	<b>-</b>	<b>3,013,150</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 428,752 (31 December 2022: TL 3,996,181).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

	Current Period	Prior Period
Debt Securities	7,744,003	8,371,023
Quoted on a Stock Exchange	7,671,325	8,321,688
Unquoted on a Stock Exchange	72,678	49,335
Equity Securities	82,335	49,313
Quoted on a Stock Exchange	-	-
Unquoted on a Stock Exchange	82,335	49,313
Impairment Provision (-)	-	-
<b>Total</b>	<b>7,826,338</b>	<b>8,420,336</b>

An expected loss provision of TL 1,778 (31 December 2022: TL 1,676) has been reserved for financial assets at fair value through other comprehensive income.

#### 6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	1,607,169	-	1,118,603
Corporate Shareholders	-	1,607,169	-	1,118,603
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	341,242	-	212,298	-
<b>Total</b>	<b>341,242</b>	<b>1,607,169</b>	<b>212,298</b>	<b>1,118,603</b>

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

#### Current Period:

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-specialized loans	195,694,727	14,221,221	82,658	993,880
Working Capital Loans	18,799,021	3,316,949	-	843,000
Export Loans	45,631,545	189,599	-	772
Import Loans	-	-	-	-
Loans Given to Financial Sector	5,595,877	8,401	-	-
Consumer Loans	34,498,325	5,611,961	28,012	77,199
Credit Cards	21,143,243	2,896,900	51,297	-
Other	70,026,716	2,197,411	3,349	72,909
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>195,694,727</b>	<b>14,221,221</b>	<b>82,658</b>	<b>993,880</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

Prior Period:

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-specialized loans	135,719,372	10,235,887	49,531	1,067,224
Working Capital Loans	12,825,030	1,920,186	-	772,445
Export Loans	30,414,865	296,549	-	2,366
Import Loans	-	-	-	-
Loans Given to Financial Sector	5,290,513	-	-	-
Consumer Loans	24,973,760	4,727,764	7,431	122,472
Credit Cards	12,700,358	1,669,035	37,549	-
Other	49,514,846	1,622,353	4,551	169,941
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>135,719,372</b>	<b>10,235,887</b>	<b>49,531</b>	<b>1,067,224</b>

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	689,068	-	734,536	-
Significant increase in Credit Risk	-	4,468,017	-	2,418,591
<b>Total</b>	<b>689,068</b>	<b>4,468,017</b>	<b>734,536</b>	<b>2,418,591</b>

c) Distribution of cash loans by maturity structure:

Current Period	Loans Under Close Monitoring		
	Standard Loans	Not under the Scope of Restructuring	Restructured
Short-term loans	129,454,776	6,142,315	29,365
Medium and Long-term loans	66,239,951	8,078,906	1,047,173
<b>Total</b>	<b>195,694,727</b>	<b>14,221,221</b>	<b>1,076,538</b>

Prior Period	Loans Under Close Monitoring		
	Standard Loans	Not under the Scope of Restructuring	Restructured
Short-term loans	81,476,871	3,329,771	21,414
Medium and Long-term loans	54,242,501	6,906,116	1,095,341
<b>Total</b>	<b>135,719,372</b>	<b>10,235,887</b>	<b>1,116,755</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

Current Period	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TL</b>	<b>10,878,327</b>	<b>26,844,031</b>	<b>37,722,358</b>
Housing Loans	2,514	2,839,333	2,841,847
Vehicle Loans	2,705,338	1,430,026	4,135,364
General Purpose Loans	8,170,475	22,574,672	30,745,147
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>6,330</b>	<b>6,330</b>
Housing Loans	-	6,330	6,330
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>-</b>	<b>14,982</b>	<b>14,982</b>
Housing Loans	-	2,543	2,543
Vehicle Loans	-	-	-
General Purpose Loans	-	12,439	12,439
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>19,129,345</b>	<b>41,355</b>	<b>19,170,700</b>
With Instalments	7,138,988	41,355	7,180,343
Without Instalments	11,990,357	-	11,990,357
<b>Individual Credit Cards-FC</b>	<b>60,541</b>	<b>-</b>	<b>60,541</b>
With Instalments	-	-	-
Without Instalments	60,541	-	60,541
<b>Personnel Loans-TL</b>	<b>87,228</b>	<b>135,071</b>	<b>222,299</b>
Housing Loans	-	143	143
Vehicle Loans	-	-	-
General Purpose Loans	87,228	134,928	222,156
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>108,846</b>	<b>16</b>	<b>108,862</b>
With Instalments	45,205	16	45,221
Without Instalments	63,641	-	63,641
<b>Personnel Credit Cards-FC</b>	<b>917</b>	<b>-</b>	<b>917</b>
With Instalments	-	-	-
Without Instalments	917	-	917
<b>Overdraft Accounts-TL (Real Persons) (*)</b>	<b>2,249,528</b>	<b>-</b>	<b>2,249,528</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>32,514,732</b>	<b>27,041,785</b>	<b>59,556,517</b>

(\*) Overdraft accounts include personnel loans amounting to TL 9,164.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

Prior Period	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TL</b>	<b>3,035,284</b>	<b>24,646,725</b>	<b>27,682,009</b>
Housing Loans	13,586	3,421,072	3,434,658
Vehicle Loans	38,477	356,529	395,006
General Purpose Loans	2,983,221	20,869,124	23,852,345
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	-	<b>5,243</b>	<b>5,243</b>
Housing Loans	-	5,243	5,243
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	-	<b>12,322</b>	<b>12,322</b>
Housing Loans	-	3,612	3,612
Vehicle Loans	-	-	-
General Purpose Loans	-	8,710	8,710
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>9,899,605</b>	<b>33,500</b>	<b>9,933,105</b>
With Instalments	3,773,824	33,500	3,807,324
Without Instalments	6,125,781	-	6,125,781
<b>Individual Credit Cards-FC</b>	<b>33,398</b>	-	<b>33,398</b>
With Instalments	-	-	-
Without Instalments	33,398	-	33,398
<b>Personnel Loans-TL</b>	<b>37,523</b>	<b>98,869</b>	<b>136,392</b>
Housing Loans	-	326	326
Vehicle Loans	-	-	-
General Purpose Loans	37,523	98,543	136,066
Other	-	-	-
<b>Personnel Loans-Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>68,406</b>	<b>18</b>	<b>68,424</b>
With Instalments	27,336	18	27,354
Without Instalments	41,070	-	41,070
<b>Personnel Credit Cards-FC</b>	<b>652</b>	-	<b>652</b>
With Instalments	-	-	-
Without Instalments	652	-	652
<b>Overdraft Accounts-TL (Real Persons) (*)</b>	<b>1,995,461</b>	-	<b>1,995,461</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>15,070,329</b>	<b>24,796,677</b>	<b>39,867,006</b>

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Loans with Instalment - TL</b>	<b>6,285,919</b>	<b>16,466,506</b>	<b>22,752,425</b>
Business Loans	-	74,389	74,389
Vehicle Loans	457,510	3,219,119	3,676,629
General Purpose Loans	5,828,409	13,172,998	19,001,407
Other	-	-	-
<b>Commercial Loans with Instalment - Indexed to FC</b>	<b>-</b>	<b>9,576</b>	<b>9,576</b>
Business Loans	-	3,387	3,387
Vehicle Loans	-	-	-
General Purpose Loans	-	6,189	6,189
Other	-	-	-
<b>Commercial Loans with Instalment - FC</b>	<b>566</b>	<b>-</b>	<b>566</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	566	-	566
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>4,714,470</b>	<b>24,480</b>	<b>4,738,950</b>
With Instalments	1,169,402	24,480	1,193,882
Without Instalments	3,545,068	-	3,545,068
<b>Corporate Credit Cards-FC</b>	<b>11,470</b>	<b>-</b>	<b>11,470</b>
With Instalments	-	-	-
Without Instalments	11,470	-	11,470
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>941,417</b>	<b>-</b>	<b>941,417</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,953,842</b>	<b>16,500,562</b>	<b>28,454,404</b>

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Loans with Instalment-TL</b>	<b>2,378,337</b>	<b>10,547,993</b>	<b>12,926,330</b>
Business Loans	4,639	160,686	165,325
Vehicle Loans	344,111	2,564,430	2,908,541
General Purpose Loans	2,029,587	7,822,877	9,852,464
Other	-	-	-
<b>Commercial Loans with Instalment - Indexed to FC</b>	<b>-</b>	<b>20,114</b>	<b>20,114</b>
Business Loans	-	6,082	6,082
Vehicle Loans	-	-	-
General Purpose Loans	-	14,032	14,032
Other	-	-	-
<b>Commercial Loans with Instalment - FC</b>	<b>939</b>	<b>-</b>	<b>939</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	939	-	939
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>4,364,826</b>	<b>36</b>	<b>4,364,862</b>
With Instalments	1,655,525	36	1,655,561
Without Instalments	2,709,301	-	2,709,301
<b>Corporate Credit Cards-FC</b>	<b>6,501</b>	<b>-</b>	<b>6,501</b>
With Instalments	-	-	-
Without Instalments	6,501	-	6,501
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>985,557</b>	<b>-</b>	<b>985,557</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7,736,160</b>	<b>10,568,143</b>	<b>18,304,303</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

f) Distribution of loans by users:

	Current Period	Prior Period
Public	5,207,828	1,686,191
Private	205,784,658	145,385,823
<b>Total</b>	<b>210,992,486</b>	<b>147,072,014</b>

g) Distribution of domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	210,159,249	146,214,496
Foreign Loans	833,237	857,518
<b>Total</b>	<b>210,992,486</b>	<b>147,072,014</b>

h) Loans granted to subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

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

	Current Period	Prior Period
Loans with Limited Collectability	332,737	197,372
Loans with Doubtful Collectability	295,324	365,183
Uncollectible Loans	981,321	1,335,772
<b>Total</b>	<b>1,609,382</b>	<b>1,898,327</b>

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

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>			
Gross Amounts before Provisions	61,062	36,088	27,630
Restructured Loans	61,062	36,088	27,630
<b>Prior Period</b>			
Gross Amounts before Provisions	51,719	38,533	34,533
Restructured Loans	51,719	38,533	34,533

j.2) Movement of non-performing:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Prior Period end balance</b>	<b>315,766</b>	<b>510,806</b>	<b>1,805,293</b>
Additions (+)	1,714,621	20,252	89,153
Transfers from Other Accounts of Non-performing Loans (+)	-	1,206,650	857,038
Transfers to Other Accounts of Non-performing Loans (-)	1,206,650	857,038	-
Collections (-)	327,298	215,193	716,676
Write-offs (-)	-	-	99,443
Sold Portfolio (-) (*)	341	217,772	678,161
Corporate and Commercial Loans	159	3,691	39,291
Retail Loans	2	155,734	483,803
Credit Cards	180	58,347	155,067
Other	(228)	(6,347)	42,725
<b>Current Period End Balance</b>	<b>495,870</b>	<b>441,358</b>	<b>1,299,929</b>
Provision (-)	332,737	295,324	981,321
<b>Net Balance on Balance Sheet</b>	<b>163,133</b>	<b>146,034</b>	<b>318,608</b>

(\*) The portion of the Bank's non-performing receivables portfolio amounting to TL 896,274 with a provision of TL 747,165 was sold in 2023 for TL 367,959 and the sale proceeds were collected after the completion of the necessary procedures and the related non-performing receivables were derecognized.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

j.3) Information on foreign currency non-performing loans:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectable Loans and Receivables
<b>31 December 2023</b>			
Current Period End Balance	95,542	6,216	75,789
Provision Amount (-)	78,190	2,508	56,563
<b>Net Balance on Balance Sheet</b>	<b>17,352</b>	<b>3,708</b>	<b>19,226</b>
<b>31 December 2022</b>			
Current Period End Balance	92,224	3,070	99,092
Provision Amount (-)	64,461	1,354	72,617
<b>Net Balance on Balance Sheet</b>	<b>27,763</b>	<b>1,716</b>	<b>26,475</b>

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectable Loans and Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	495,870	441,358	1,299,929
Provision (-)	332,737	295,324	981,321
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>163,133</b>	<b>146,034</b>	<b>318,608</b>
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	315,766	510,806	1,805,293
Provision Amount (-)	197,372	365,183	1,335,772
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>118,394</b>	<b>145,623</b>	<b>469,521</b>
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectable Loans
<b>Current Period (Net)</b>			
Interest Accruals, Rediscounts and Valuation Differences	1,901	1,011	187
Provision Amount (-)	58,525	57,600	352,139
<b>Prior Period (Net)</b>	<b>56,624</b>	<b>56,589</b>	<b>351,952</b>
Interest Accruals, Rediscounts and Valuation Differences	699	83	7,659
Provision Amount (-)	28,808	58,354	457,827
	28,109	58,271	450,168

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

k) Disclosures regarding the unregistered policy:

Loans that will be subject to write-off are applied for loans that are classified as 5 Group - Loans classified as Bad Debt and provided with life-long expected credit loss provision due to the debtor’s default and there is no reasonable expectation of their recovery within the scope of TFRS 9 standard Write-off is an accounting practice and does not result in giving up the right on the receivable. Loans which are written-off do not affect the legal follow-up of the Parent Bank. Indicators are utilized concerning the absence of reasonable expectations regarding the recovery of loans. The write-off is examined on an incident basis with predefined criteria’s and the following write-off criteria’s are considered:

- The possibility of recovery is limited: Loans with low collateralization, limited collateral capability, limited assets that provide foreclosure collection, and less than expected cost income for collection are evaluated.

- Financial indicators: Financial indicators that show that the entire loan does not have the ability to recover, or that the monetary cost to be incurred due to lawsuit/prosecution to be filed is higher than the collection to be made, are evaluated.

- Long-term follow-up: Those who do not have reasonable collection expectations are evaluated in order to recover the loans that have been pursuing for a long time,

The following practices for the loans bank monitors, although the loans have been written-off by the Bank, cannot be different from its registered loans.

- The methods applied for legal collection of loans from debtors,
- Decisions to be subjected to the sale of non-performing loans,
- Decisions to waive the credit by waiving the loans.

Within the scope of TFRS 9, the deducted amount during the period is TL 99,443 (31 December 2022: TL 454,825) and its effect on NPL ratio is 0.05% (31 December 2022: 0.30%). The follow-up conversion rate, after deductions, is 1.04% (31 December 2022 1.76%) in the current period non-performing loan figures, while the calculated rate including the loans deducted during the year is 1.09% (31 December 2022: 2.06%).

l) Other explanations and disclosures:

<b>Current Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	140,053,159	34,498,325	21,143,243	195,694,727
Loans Under Close Monitoring	6,632,390	5,717,172	2,948,197	15,297,759
Loans Under Follow-Up	709,694	1,268,519	258,944	2,237,157
<b>Total</b>	<b>147,395,243</b>	<b>41,484,016</b>	<b>24,350,384</b>	<b>213,229,643</b>
12 month expected credit loss (Stage I) (-)	291,501	233,326	164,241	689,068
Significant increase in credit risk (Stage II) (-)	2,762,281	995,854	709,882	4,468,017
Default (Stage III) (-)	495,145	924,767	189,470	1,609,382
<b>Total</b>	<b>3,548,927</b>	<b>2,153,947</b>	<b>1,063,593</b>	<b>6,766,467</b>
<b>Net Credit Balance on Balance Sheet</b>	<b>143,846,316</b>	<b>39,330,069</b>	<b>23,286,791</b>	<b>206,463,176</b>
<b>Prior Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	98,045,254	24,973,760	12,700,358	135,719,372
Loans Under Close Monitoring	4,788,391	4,857,667	1,706,584	11,352,642
Loans Under Follow-Up	862,889	1,606,859	162,117	2,631,865
<b>Total</b>	<b>103,696,534</b>	<b>31,438,286</b>	<b>14,569,059</b>	<b>149,703,879</b>
12 month expected credit loss (Stage I) (-)	365,454	231,139	137,943	734,536
Significant increase in credit risk (Stage II) (-)	1,775,605	385,520	257,466	2,418,591
Default (Stage III) (-)	596,016	1,173,192	129,119	1,898,327
<b>Total</b>	<b>2,737,075</b>	<b>1,789,851</b>	<b>524,528</b>	<b>5,051,454</b>
<b>Net Credit Balance on Balance Sheet</b>	<b>100,959,459</b>	<b>29,648,435</b>	<b>14,044,531</b>	<b>144,652,425</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

l) Other explanations and disclosures: (continued)

The following is a reclassification of provision for impairment on loans by stage;

#### Current Period

Commercial	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Loans under follow-up (Stage 3)	Total
31 December 2022	365,454	1,775,605	596,016	2,737,075
Transfers;				
- Stage 1 to Stage 2	(21,170)	47,017	-	25,847
- Stage 1 to Stage 3	(661)	-	27,380	26,719
- Stage 2 to Stage 3	-	(2,859)	8,182	5,323
- Stage 2 to Stage 1	1,185	(30,935)	-	(29,750)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	145,986	423,746	201,931	771,663
Collections	(235,592)	(135,862)	(256,214)	(627,668)
Sold Portfolio	-	-	(26,596)	(26,596)
Write-offs	-	-	(86,961)	(86,961)
Currency differences	36,299	685,569	31,407	753,275
<b>Total Expected Loss Provision -31 December 2023</b>	<b>291,501</b>	<b>2,762,281</b>	<b>495,145</b>	<b>3,548,927</b>

#### Prior Period

Commercial	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Loans under follow-up (Stage 3)	Total
31 December 2021	203,624	1,091,318	855,823	2,150,765
Transfers;				
- Stage 1 to Stage 2	(8,312)	38,492	-	30,180
- Stage 1 to Stage 3	(1,438)	-	59,763	58,325
- Stage 2 to Stage 3	-	(26,383)	80,297	53,914
- Stage 2 to Stage 1	1,105	(7,514)	-	(6,409)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	283,428	606,714	629,266	1,519,408
Collections	(135,016)	(131,055)	(548,378)	(814,449)
Sold Portfolio	-	-	(47,297)	(47,297)
Write-offs	-	-	(452,651)	(452,651)
Currency differences	22,063	204,033	19,193	245,289
<b>Total Expected Loss Provision -31 December 2022</b>	<b>365,454</b>	<b>1,775,605</b>	<b>596,016</b>	<b>2,737,075</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

l) Other explanations and disclosures: (continued)

##### Current Period

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Loans under follow-up (Stage 3)	Total
<b>Consumer</b>				
31 December 2022	231,139	385,520	1,173,192	1,789,851
Transfers;				
- Stage 1 to Stage 2	(16,253)	62,410	-	46,157
- Stage 1 to Stage 3	(4,496)	-	140,516	136,020
- Stage 2 to Stage 3	-	(24,134)	107,116	82,982
- Stage 2 to Stage 1	6,435	(57,058)	-	(50,623)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	91,318	705,557	(62,374)	734,501
Collections	(76,020)	(79,817)	(82,209)	(238,046)
Sold Portfolio	-	-	(372,020)	(372,020)
Write-offs	-	-	(12,482)	(12,482)
Currency differences	-	-	-	-
Purchase of subsidiaries	1,203	3,376	33,028	37,607
<b>Total Expected Loss Provision -31 December 2023</b>	<b>233,326</b>	<b>995,854</b>	<b>924,767</b>	<b>2,153,947</b>

##### Prior Period

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Loans under follow-up (Stage 3)	Total
<b>Consumer</b>				
31 December 2021	160,661	209,746	1,221,062	1,591,469
Transfers;				
- Stage 1 to Stage 2	(10,183)	58,020	-	47,837
- Stage 1 to Stage 3	(6,038)	-	272,728	266,690
- Stage 2 to Stage 3	-	(42,527)	285,430	242,903
- Stage 2 to Stage 1	7,548	(47,903)	-	(40,355)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	120,047	258,623	(377,532)	1,138
Collections	(40,896)	(50,439)	(36,569)	(127,904)
Sold Portfolio	-	-	(189,753)	(189,753)
Write-offs	-	-	(2,174)	(2,174)
Currency differences	-	-	-	-
<b>Total Expected Loss Provision -31 December 2022</b>	<b>231,139</b>	<b>385,520</b>	<b>1,173,192</b>	<b>1,789,851</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

##### 1) Other explanations and disclosures: (continued)

#### Current Period

<b>Credit Cards</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Loans under follow-up (Stage 3)</b>	<b>Total</b>
31 December 2022	137,943	257,466	129,119	524,528
Transfers;				
- Stage 1 to Stage 2	(10,904)	166,690	-	155,786
- Stage 1 to Stage 3	(2,293)	-	79,260	76,967
- Stage 2 to Stage 3	-	(13,557)	38,340	24,783
- Stage 2 to Stage 1	17,271	(99,622)	-	(82,351)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	43,448	442,857	90,930	577,235
Collections	(21,224)	(43,952)	(18,847)	(84,023)
Sold Portfolio	-	-	(129,332)	(129,332)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected loss provision 31 December 2023</b>	<b>164,241</b>	<b>709,882</b>	<b>189,470</b>	<b>1,063,593</b>

#### Prior Period

<b>Credit Cards</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Loans under follow-up (Stage 3)</b>	<b>Total</b>
31 December 2021	64,441	50,833	188,370	303,644
Transfers;				
- Stage 1 to Stage 2	(5,435)	104,931	-	99,496
- Stage 1 to Stage 3	(1,659)	-	62,282	60,623
- Stage 2 to Stage 3	-	(9,503)	48,019	38,516
- Stage 2 to Stage 1	13,394	(21,936)	-	(8,542)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	74,569	146,765	(53,220)	168,114
Collections	(7,367)	(13,624)	(50,885)	(71,876)
Sold Portfolio	-	-	(65,447)	(65,447)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected loss provision 31 December 2022</b>	<b>137,943</b>	<b>257,466</b>	<b>129,119</b>	<b>524,528</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

1) Other explanations and disclosures: (continued)

The fair value of collaterals of non- performing loans, capped with the respective outstanding loan balance, as of 31 December 2023 is TL 639,046 (31 December 2022: TL 842,665).

#### The fair value of the collateral of non-performing loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	557,394	668,114
Vehicle	48,162	63,499
Cash	238	113
Other (*)	33,252	110,939
<b>Total</b>	<b>639,046</b>	<b>842,665</b>

(\*) Other amount includes Treasury backed and Portfolio guaranteed CGF guarantee amounting to TL 33,352 (31 December 2022: TL 110,939).

As of 31 December 2023, the fair value of the collaterals of the customers' total principal risk related to the loans under close monitoring that do not exceed the risk is TL 3,881,224 (31 December 2022: TL 3,767,830).

#### Fair value of the part of the collaterals of the closely monitored loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	3,232,685	3,182,343
Vehicle	541,478	466,367
Cash, Government Bonds	106,561	116,555
Other	500	2,565
<b>Total</b>	<b>3,881,224</b>	<b>3,767,830</b>

As of 31 December 2023, and 31 December 2022, the details of the commodities and real estates that the Parent Bank has acquired for disposal of credit receivables are as follows:

31 December 2023	Commercial	Consumer	Total
Residential, commercial, or industrial properties	81,771	289	82,060
Other	-	-	-
<b>Total</b>	<b>81,771</b>	<b>289</b>	<b>82,060</b>

  

31 December 2022	Commercial	Consumer	Total
Residential, commercial, or industrial properties	99,958	412	100,370
Other	-	-	-
<b>Total</b>	<b>99,958</b>	<b>412</b>	<b>100,370</b>

#### 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	14,269,209	14,639,935	-	7,460,842
<b>Total</b>	<b>14,269,209</b>	<b>14,639,935</b>	<b>-</b>	<b>7,460,842</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	17,933,295	-	19,897,126	-
Other	-	-	-	-
<b>Total</b>	<b>17,933,295</b>	<b>-</b>	<b>19,897,126</b>	<b>-</b>

Financial assets valued over their amortized cost classified as free warehouse TL 2,449,019 (31 December 2022: TL 13,097,968).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

	Current Period	Prior Period
Government Bonds	49,291,458	40,455,936
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>49,291,458</b>	<b>40,455,936</b>

Provision for expected losses amounting to TL 11,090 (31 December 2022: TL 9,103) is provided for government debt securities valued at amortized cost.

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

	Current Period	Prior Period
Debt securities	49,291,458	40,455,936
Quoted on a Stock Exchange	49,291,458	40,455,936
Unquoted on a Stock Exchange	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>49,291,458</b>	<b>40,455,936</b>

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

	Current Period	Prior Period
Balance at the Beginning of the Period	40,455,936	19,551,700
Foreign Currency Differences on Monetary Assets	5,539,588	2,524,108
Purchases During the Year	15,451,927	12,931,495
Disposals Through Sales and Redemptions	(9,541,486)	(2,428,011)
Impairment Provision (-)	-	-
Valuation Effect (*)	(2,614,507)	7,876,644
<b>Total Closing Balance</b>	<b>49,291,458</b>	<b>40,455,936</b>

(\*) Includes rediscount amounts.

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

- a.1) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2022: None).
- a.2) Information on the unconsolidated associates: None (31 December 2022: None).
- a.3) Information on the consolidated associates: None (31 December 2022: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2022: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2022: None).



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

a) Information on shareholders’ equity of significant subsidiaries:

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.	TEB Finansman A.Ş.
Paid-in Capital to be Entitled for Compensation after all Creditors				
Reserves	50,000	28,794	30,000	71,626
Net income for the period and prior period income	383,935	33,843	1,091	498,991
Income/ Loss recognized under equity in accordance with TAS	388,434	752,601	134,680	174,718
Leasehold Improvements on Operational Leases (-)	-	-	(102)	-
Goodwill and intangible asset and the related deferred tax liability (-)	6,223	345	2,638	668
<b>Total Common Equity Tier 1 Capital</b>	<b>804,403</b>	<b>799,139</b>	<b>159,675</b>	<b>740,994</b>
Provision	23,996	-	-	4,180
<b>Total Equity</b>	<b>828,399</b>	<b>799,139</b>	<b>159,675</b>	<b>745,174</b>

The Parent Bank does not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

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

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

d) Information on the consolidated financial subsidiaries:

d.1) Information on the consolidated financial subsidiaries:

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

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

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss (*)	Fair Value
1	10,537,078	822,369	21,941	2,149,352	-	377,396	208,685	-
2	1,632,782	815,238	12,484	692,073	-	409,317	153,417	-
3	219,626	165,669	7,588	5,776	82	103,636	38,853	-
4	3,069,217	745,335	5,199	1,145,396	-	175,146	98,236	-

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

##### d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	134,897	130,139
Movements during the Period	176,132	4,758
Purchases (*)	162,985	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase / (Decrease)	13,147	4,758
Provision for Impairment	-	-
<b>Balance at the End of the Period</b>	<b>311,029</b>	<b>134,897</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) On 4 November 2022, a Share Transfer Agreement was signed between BNP Paribas Personal Finance S.A., TEB Holding A.Ş. and Türk Ekonomi Bankası A.Ş. for the acquisition by B of (i) 61,300,800 shares owned by BNP Paribas Personal Finance S.A. and (ii) 10,325,200 shares owned by TEB Holding A.Ş. out of 71,626,000 registered shares in the capital of TEB Finansman A.Ş. It was also announced with the material event disclosure dated 16 January 2023 that the transaction was within the scope of intra-group restructuring; applications/information regarding the share transfer were made to the Banking Regulation and Supervision Agency and the Competition Authority and the necessary approvals were obtained. In this context, the acquisition of all (100%) of the shares of TEB Finansman A.Ş. by Türk Ekonomi Bankası A.Ş. and the share transfer transaction was completed on 23 January 2023 and Türk Ekonomi Bankası A.Ş. became the sole shareholder of TEB Finansman A.Ş.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	43,417	43,417
Leasing Companies	-	-
Finance Companies	162,985	-
Other Financial Subsidiaries	104,627	91,480
<b>Total</b>	<b>311,029</b>	<b>134,897</b>

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

##### d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2022: None).

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

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

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

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

Entities under common control (joint ventures)		Share of the Parent Bank (%)	Share of the Group (%)				
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (*)		0.1	33.3				
Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
372,227	165,267	177,040	-	-	9,680	56,460	-

(\*) Current period information is based on the financial statements as of 30 November 2023.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	735,767	302,754	425,928	308,164
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>735,767</b>	<b>302,754</b>	<b>425,928</b>	<b>308,164</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences amounted TL 39,591 (31 December 2022: TL 49,903) is recorded under equity as of 31 December 2023. These amounts are transferred into income statement by considering maturity date of hedged items.

#### 13. Information on tangible assets:

	31 December 2022	Purchases	Sales	Other (*)	31 December 2023
<b>Cost:</b>					
Real Estate	116,525	1,157	-	49	117,731
Right of Use	1,197,825	678,102	(342,674)	5,613	1,538,866
Furniture, Furnishings, Office Machines and Other Securities	1,503,494	663,168	(38,158)	12,851	2,141,355
<b>Total Cost</b>	<b>2,817,844</b>	<b>1,342,427</b>	<b>(380,832)</b>	<b>18,513</b>	<b>3,797,952</b>
	31 December 2022	Charge for the Period	Sales	Other (*)	31 December 2023
<b>Accumulated Depreciation:</b>					
Real Estate	60,902	3,430	-	49	64,381
Right of Use Depreciation	619,625	278,268	(197,982)	1,118	701,029
Furniture, Furnishing, Office Machines and Other Securities	860,911	220,842	(33,558)	4,031	1,052,226
<b>Total Accumulated Depreciation</b>	<b>1,541,438</b>	<b>502,540</b>	<b>(231,540)</b>	<b>5,198</b>	<b>1,817,636</b>
<b>Net Book Value</b>	<b>1,276,406</b>				<b>1,980,316</b>

(\*) Includes amounts arising from the acquisition of subsidiaries.

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- b) Pledges, mortgages and other restrictions on the tangible assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets: None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 14. Information on intangible assets:

	31 December 2022	Purchases	Sales	Other (*)	31 December 2023
Cost:					
Other intangible assets	1,091,051	745,780	(152,261)	23,163	1,707,733
<b>Total Cost</b>	<b>1,091,051</b>	<b>745,780</b>	<b>(152,261)</b>	<b>23,163</b>	<b>1,707,733</b>
	31 December 2022	Charge for the Period	Sales	Other (*)	31 December 2023
Accumulated Depreciation:					
Other intangible assets	608,319	197,108	-	19,211	824,638
<b>Total Accumulated Depreciation</b>	<b>608,319</b>	<b>197,108</b>	<b>-</b>	<b>19,211</b>	<b>824,638</b>
<b>Net Book Value</b>	<b>482,732</b>				<b>883,095</b>

(\*) Includes amounts arising from the acquisition of subsidiaries.

- Disclosures for book value, description and remaining useful life for a specific intangible asset that is material to the financial statements: None.
- Disclosure for intangible assets acquired through government grants and accounted for at fair value at initial recognition: None.
- The method of subsequent measurement for intangible assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- Book value of intangible assets that are restricted or pledged in use: None.
- Amount of purchase commitments for intangible assets: None.
- Information on revalued intangible assets according to their types: None.
- Amount of total research and development expenses recorded in income statement within the period if any: None.
- Positive or negative consolidation goodwill on entity basis: None.
- Information on goodwill:

Following the publication of the BRSA's permission dated 10 February 2011 in the Official Gazette dated 12 February 2011 and numbered 27844, all rights by the termination of the legal personality of Fortis Bank A.Ş. The merger of two banks was realized through the transfer of receivables, liabilities, and liabilities to the Bank in the form of ashes. The shareholders of Fortis Bank A.Ş., which was dismissed due to the merger, were given 1.0518 registered TEB shares for each share with a nominal value of 1 TL to be replaced with their existing shares. Since the enterprises subject to this merger are not controlled by the same person or persons before and after the business merger, the transaction has been evaluated within the scope of TFRS 3. In the merger, Fortis Bank A.Ş. has been identified as an acquired business, and the fair value of the equity shares subject to the change because of the merger, as of 14 February 2011, is taken into account as the transferred price, and the difference between this value and the fair value of the identifiable net assets of Fortis Bank A.Ş. is recognized as goodwill.

- Beginning and ending balance of the goodwill and movement on goodwill in the current period:

	Current Period	Prior Period
Beginning of the period	421,124	421,124
Foreign currency differences	-	-
Acquisitions	-	-
<b>Period End Balance</b>	<b>421,124</b>	<b>421,124</b>

- Information on investment properties:** None (31 December 2022: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 16. Information on deferred tax asset:

- As of 31 December 2023, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 2,531,368 (31 December 2022: TL 1,624,898). There are no tax exemptions or deductions over which deferred tax asset is computed.
- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- Movement of deferred tax:

	Current Period	Prior Period
<b>As of 1 January,</b>	<b>1,624,898</b>	<b>147,376</b>
Deferred Tax Income / (Expense)	474,452	1,639,946
Deferred Tax Accounted for Under Equity	357,415	(162,424)
Subsidiary Acquisition	74,603	-
<b>Deferred Tax Asset</b>	<b>2,531,368</b>	<b>1,624,898</b>

After net off the net deferred tax asset is presented as deferred tax asset on the balance sheet and net deferred tax liability presented as deferred tax liability on balance sheet. The deferred tax income of TL 474,452 is stated under the tax provision in the income statement (31 December 2022: TL 1,639,946 income). The portion of the deferred tax that is directly attributable to equity which is presented in the table below has been netted within the relevant accounts in the statement of shareholders' equity.

	Current Period	Prior Period
Financial Assets at Fair Value Through Other Comprehensive Income	275,549	(282,454)
From Hedge Accounting	988	(12,097)
Actuarial Gains and Losses	80,878	132,127
<b>Total</b>	<b>357,415</b>	<b>(162,424)</b>

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

	Current Period	Prior Period
Beginning of the Period Cost	100,370	65,933
Accumulated Depreciation at the Beginning of the Period (-)	-	-
<b>Net Book Value</b>	<b>100,370</b>	<b>65,933</b>
Opening Balance	100,370	65,933
Acquired	49,380	129,422
Disposed (-)	67,042	94,115
Impairment (-)	648	870
Depreciation Value (-)	-	-
Period End Cost	82,060	100,370
Period End Accumulated Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>82,060</b>	<b>100,370</b>

As of 31 December 2023, the Group does not have any non-current assets related to discontinued operations (31 December 2022: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 18. Information on factoring receivables of Group:

##### a) Maturity analysis explanation:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term (*)	5,911,393	4,191,439	4,137,185	3,192,413
Mid and Long Term	-	-	-	-
Stage 1 Provision (-)	7,172	115	2,316	25
Stage 2 Provision (-)	16,709	-	5,302	2
Stage 3 Provision (-)	94,219	7,669	47,639	4,606
<b>Total</b>	<b>5,793,293</b>	<b>4,183,655</b>	<b>4,081,928</b>	<b>3,187,780</b>

(\*) Includes factoring receivables which is impaired amounting to TL 107,812 (31 December 2022: TL 60,250).

##### b) Other explanations and disclosures:

Current Period	Commercial	Consumer	Total
Standard Loans	8,851,783	-	8,851,783
Close Monitoring Loans	1,143,237	-	1,143,237
Loans Under Follow-Up	107,812	-	107,812
<b>Total</b>	<b>10,102,832</b>	<b>-</b>	<b>10,102,832</b>
12 month expected credit loss (Stage I) (-)	7,287	-	7,287
Significant increase in credit risk (Stage II) (-)	16,709	-	16,709
Default (Stage III) (-)	101,888	-	101,888
<b>Total Allowance for Impairment (-)</b>	<b>125,884</b>	<b>-</b>	<b>125,884</b>
<b>Net Credit Balance on Balance Sheet</b>	<b>9,976,948</b>	<b>-</b>	<b>9,976,948</b>
Prior Period	Commercial	Consumer	Total
Standard Loans	6,478,745	-	6,478,745
Close Monitoring Loans	790,603	-	790,603
Loans Under Follow-Up	60,250	-	60,250
<b>Total</b>	<b>7,329,598</b>	<b>-</b>	<b>7,329,598</b>
12 month expected credit loss (Stage I) (-)	2,341	-	2,341
Significant increase in credit risk (Stage II) (-)	5,304	-	5,304
Default (Stage III) (-)	52,245	-	52,245
<b>Total Allowance for Impairment (-)</b>	<b>59,890</b>	<b>-</b>	<b>59,890</b>
<b>Net Credit Balance on Balance Sheet</b>	<b>7,269,708</b>	<b>-</b>	<b>7,269,708</b>

##### c) Aging analysis of accounting past-due exposures:

31 December 2023	1-30 Days	31-60 Days	61-90 Days	Total
Commercial Loans	989	1,349	448	2,786
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
<b>Total</b>	<b>989</b>	<b>1,349</b>	<b>448</b>	<b>2,786</b>
31 December 2022	1-30 Days	31-60 Days	61-90 Days	Total
Commercial Loans	2,091	124	1,906	4,121
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
<b>Total</b>	<b>2,091</b>	<b>124</b>	<b>1,906</b>	<b>4,121</b>

#### 19. Information on other assets:

Other Assets item of the balance sheet amounting to TL 12,318,047 (31 December 2022: TL 9,089,840) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

##### a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month - 1 Year	1 Year Accumulated and Over	Deposits	Total
Saving Deposits	11,434,614	-	30,955,848	65,389,026	2,876,936	9,874,584	3,204,116	-	123,735,124
Foreign Currency Deposits	62,390,386	-	11,279,340	12,705,976	231,984	50,731	47,189	-	86,705,606
Residents in Turkey	59,024,612	-	10,540,158	12,196,472	211,226	47,602	42,603	-	82,062,673
Residents Abroad	3,365,774	-	739,182	509,504	20,758	3,129	4,586	-	4,642,933
Public Sector Deposits	1,838,949	-	14,044	205,711	1,547,150	-	-	-	3,605,854
Commercial Deposits	15,999,693	-	12,639,296	20,143,834	1,154,047	1,998,176	1,399,329	-	53,334,375
Other Institutions Deposits	1,007,541	-	183,111	833,605	65,215	11	278	-	2,089,761
Precious Metals Deposits	12,382,123	-	20,326	85,192	10,527	20,771	293	-	12,519,232
Bank Deposits	329,106	-	2,248,143	-	-	-	-	-	2,577,249
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	5	-	-	-	-	-	-	-	5
Foreign Banks	329,101	-	2,248,143	-	-	-	-	-	2,577,244
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>105,382,412</b>	<b>-</b>	<b>57,340,108</b>	<b>99,363,344</b>	<b>5,885,859</b>	<b>11,944,273</b>	<b>4,651,205</b>	<b>-</b>	<b>284,567,201</b>

Currency-protected deposit product, the operating rules of which is determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the current accounting period reported. As of 31 December 2023, TL deposit amount includes TL 44,388,822 (31 December 2022: TL 37,257,017) deposits within this scope.

##### a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month - 1 Year	1 Year Accumulated and Over	Deposits	Total
Saving Deposits	8,171,822	-	14,087,065	51,169,720	2,161,080	37,848	2,076,773	-	77,704,308
Foreign Currency Deposits	41,602,360	-	9,563,959	10,687,797	158,722	62,260	114,862	-	62,189,960
Residents in Turkey	39,562,308	-	9,079,292	10,025,022	145,626	58,115	108,559	-	58,978,922
Residents Abroad	2,040,052	-	484,667	662,775	13,096	4,145	6,303	-	3,211,038
Public Sector Deposits	1,022,181	-	8,529	568,611	-	-	-	-	1,599,321
Commercial Deposits	12,649,467	-	11,477,484	16,113,341	2,246,338	102,882	3,409,323	-	45,998,835
Other Institutions Deposits	599,846	-	126,746	756,087	90,788	22	451	-	1,573,940
Precious Metals Deposits	9,166,124	-	21,852	277,988	18,928	13,856	1,495	-	9,500,243
Bank Deposits	185,513	-	1,597,800	-	-	-	-	-	1,783,313
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	8	-	-	-	-	-	-	-	8
Foreign Banks	185,505	-	1,597,800	-	-	-	-	-	1,783,305
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>73,397,313</b>	<b>-</b>	<b>36,883,435</b>	<b>79,573,544</b>	<b>4,675,856</b>	<b>216,868</b>	<b>5,602,904</b>	<b>-</b>	<b>200,349,920</b>

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

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

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

Saving Deposits	Under the Guarantee of Insurance (**)		Exceeding the Limit of Insurance (**)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	49,743,453	26,516,373	72,203,333	48,478,289
Foreign Currency Saving Deposits	18,884,543	11,272,053	26,773,509	25,728,396
Other Deposits in the Form of Saving Deposits	4,671,518	2,818,412	6,054,464	5,428,436
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>73,299,514</b>	<b>40,606,838</b>	<b>105,031,306</b>	<b>79,635,121</b>

(\*) Pursuant to the “Regulation Amending the Regulation on the Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund” published in the Official Gazette dated 27 August 2022 and numbered 31936, all deposits and participation funds, excluding those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions, started to be insured. In this context, commercial deposits covered by insurance amounting to TL 8,720,452 (31 December 2022: TL 5,370,596) are not included in the footnote.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

	Current Period	Prior Period
Foreign Branches' Deposits and Other Accounts	2,040,846	1,336,331
Deposits of Controlling Shareholders and Their Close Families	3,159,145	4,182,430
Deposits of Chairman and Members of the Board of Directors and Their Close Families	186,514	91,901
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 2004.	-	-
Saving Deposits in Banks Established in Turkey exclusively for Off-shore Banking Activities	-	-

### 2. Information on derivative financial liabilities:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	344,298	14,767	93,782	34,238
Swap Transactions	1,020,999	347,925	2,665,390	156,043
Futures Transactions	-	-	-	-
Options	387,146	437,708	142,470	405,697
Other	-	-	-	-
<b>Total</b>	<b>1,752,443</b>	<b>800,400</b>	<b>2,901,642</b>	<b>595,978</b>

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

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Türkiye	-	-	-	-
From Domestic Banks and Institutions	5,228,327	12,801	3,894,869	74,613
From Foreign Banks, Institutions and Funds	324,183	24,028,802	3	13,635,617
<b>Total</b>	<b>5,552,510</b>	<b>24,041,603</b>	<b>3,894,872</b>	<b>13,710,230</b>

As of 31 December 2023, the Group has borrowings from its related parties amounting to TL 4,189,313 (31 December 2022: TL 3,142,174).

b) Explanation on maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	5,552,510	6,038,243	3,851,876	4,933,207
Medium and Long-term	-	18,003,360	42,996	8,777,023
<b>Total</b>	<b>5,552,510</b>	<b>24,041,603</b>	<b>3,894,872</b>	<b>13,710,230</b>

c) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	868,080	-	422,045	-
Treasury Bills	643,861	-	-	-
<b>Total</b>	<b>1,511,941</b>	<b>-</b>	<b>422,045</b>	<b>-</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 4. Information on money market funds:

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>390,354</b>	<b>21,558,125</b>	<b>439,289</b>	<b>1,084,154</b>
Financial Institutions and Organizations	-	21,558,125	-	1,084,154
Other Institutions and Organizations	390,354	-	439,289	-
Individuals	-	-	-	-
<b>From Foreign Transactions</b>	<b>-</b>	<b>6,551,717</b>	<b>-</b>	<b>5,706,506</b>
Financial Institutions and Organizations	-	6,551,717	-	5,706,506
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Total</b>	<b>390,354</b>	<b>28,109,842</b>	<b>439,289</b>	<b>6,790,660</b>

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

Other foreign sources item of the balance sheet is TL 16,699,556 (31 December 2022: TL 12,264,848) does not exceed 10% of the total balance sheet.

#### 6. Explanation on financial lease obligations (Net):

With the “IFRS 16 Leases” standard which became effective as of 1 January 2020, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Tangible Assets” as an asset (tenure) and under “Liabilities from Leasing” as a liability. As of 31 December 2023, Parent Bank has TL 1,025,441 (31 December 2022: TL 710,629) liabilities from Leasing amount.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	82,455	-	69,613	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>82,455</b>	<b>-</b>	<b>69,613</b>	<b>-</b>

In case the fair value hedge accounting is terminated, any adjustment made to the book value of the hedged financial instrument determined by using the effective interest method within the scope of fair value hedge accounting is amortized through profit or loss until the maturity of the financial instrument.

As of 31 December 2023, there are accumulated valuation differences of TL 39,591 (31 December 2022: TL 49,903) under equity. Regarding the cash flow hedging transactions terminated by the Parent Bank, this amount is spread over the remaining terms of the hedged items by the Parent Bank and transferred to the income statement.

#### 8. Information on provisions:

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

	Current Period	Prior Period
Stage 1	167,442	163,475
Stage 2	611,469	389,419
Stage 3	131,680	133,621
<b>Total</b>	<b>910,591</b>	<b>686,515</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 8. Information on provisions: (continued)

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

As of 31 December 2023, the Parent Bank received TL 56,774 (31 December 2022: TL 31,493) allowance for unused vacation TL 1,475,226 (31 December 2022: TL 1,291,701) employee termination benefits and TL 1,570,679 (31 December 2022: TL 859,982) related to the premiums to be paid to bank personnel, and TL 17,940 (31 December 2022: TL 1,887) provision of other personnel expenses reflected the to the “Provisions for Employee Rights” account in the financial statements.

##### c.1) Termination benefits:

In determining the liability, the Parent Bank makes use of independent actuaries and makes assumptions on issues such as discount rate, employee turnover rate and future salary increases. These assumptions are reviewed annually.

	31 December 2023	31 December 2022
Discount Rate (%)	23.13	10.60
Estimated inflation rate (%)	17.77	7.48
Salary Increase Rate over Inflation Rate (%)	1.00	1.00

##### Movement of employee termination benefits

	Current Period	Prior Period
As of 1 January,	1,291,701	499,936
Current service cost	88,764	215,539
Interest cost	90,071	96,968
Reductions and payments	9,519	9,747
Actuarial loss / (gain)	369,459	522,413
Compensations paid	(387,230)	(52,902)
Subsidiary Acquisition	12,942	-
<b>Total</b>	<b>1,475,226</b>	<b>1,291,701</b>

##### c.2) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of the Parent Bank and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, provisional Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XVI “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on TAS 19 principles. The Parent Bank is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2023 and 31 December 2022. Since the Parent Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 8. Information on provisions: (continued)

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

c.2) Retirement Benefits: (continued)

Within the frame of the assumptions determined;

<b>Period Based Pension and Health Obligations:</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Net Present Value of Transferrable Retirement Liabilities	(6,317,234)	(2,265,564)
Net Present Value of Transferrable Retirement and Health Contributions	851,710	653,404
General Administration Expenses	(63,172)	(22,656)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(5,528,696)	(1,634,816)
Fair Value of Plan Assets (2)	8,399,806	5,915,152
Asset Surplus over Transferable Benefits ((2)-(1) = (3))	2,871,110	4,280,336
Non-Transferable Benefits (4)	(2,148,410)	(1,138,155)
Asset Surplus over Total Benefits ((3)-(4))	722,700	3,142,181

As of 31 December 2023, and 31 December 2022, the distribution of the fair value of the total assets of the Pension Fund is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Bank placements	1,730,850	1,792,939
Tangible assets	465,925	199,608
Government Bonds and Treasury Bills, Funds and Rediscount Interest Income	5,697,020	3,483,749
Other	506,011	438,856
<b>Total</b>	<b>8,399,806</b>	<b>5,915,152</b>

Actuarial assumptions used in the calculation of liabilities excluding the period-based liabilities according to TAS 19 are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Discount Rates	23.13%	10.60%
Inflation expectations	17.77%	7.48%

As of 31 December 2023, health inflation is assumed to be in line with inflation. Long-term inflation assumption is assumed to be 17.77% on 31 December 2023 (31 December 2022: 19% in the first year and 7.48% in the following years). It is assumed that general salary increases will be 1% above inflation and SSI ceiling increase will be at the same rate as inflation (31/12/2022: 20% in the first year and 8.48% in the following years for salary increase, 19% in the first year and 7.48% in the following years for SSI ceiling increase). CSO 2001 (31 December 2022: CSO 2001) Female/Male mortality table is used to represent expected mortality rates both before and after retirement.

d) Information on other provisions:

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Non-cash Loans	910,591	686,515
Provision for Legal Cases	233,353	137,465
Provision for Promotions of Credit Cards and Banking Services	16,718	10,677
Other (*)	2,347,606	463,480
<b>Total</b>	<b>3,508,268</b>	<b>1,298,137</b>

(\*) As of 31 December 2023, it includes free provision amounting to TL 2,050,000 (31 December 2022: TL 400,000). This free provision has been allocated by the Bank management outside the requirements of BRSA Accounting and Financial Reporting Legislation.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 8. Information on provisions: (continued)

##### d) Information on other provisions: (continued)

The following table is represented reconciliation on the provision for impairment of non-cash loans;

Current Period	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Loans under follow-up (Stage 3)	Total
31 December 2022	163,475	389,419	133,621	686,515
Transfers;				
- Stage 1 to Stage 2	(688)	4,024	-	3,336
- Stage 1 to Stage 3	(112)	-	5,422	5,310
- Stage 2 to Stage 3	-	(6,942)	120,364	113,422
- Stage 2 to Stage 1	-	-	-	-
- Stage 3 to Stage 2	425	(4,346)	-	(3,921)
Transferred within the period	15,447	139,730	(107,916)	47,261
Collections	(29,853)	(95,662)	(19,811)	(145,326)
Exchange differences	18,748	185,246	-	203,994
<b>Total expected loss provision 31 December 2023</b>	<b>167,442</b>	<b>611,469</b>	<b>131,680</b>	<b>910,591</b>

Prior Period	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Loans under follow-up (Stage 3)	Total
31 December 2021	67,930	233,196	44,434	345,560
Transfers;				
- Stage 1 to Stage 2	(5,046)	29,766	-	24,720
- Stage 1 to Stage 3	(307)	-	217,440	217,133
- Stage 2 to Stage 3	-	(655)	173,847	173,192
- Stage 2 to Stage 1	-	-	-	-
- Stage 3 to Stage 2	223	(5,819)	-	(5,596)
Transferred within the period	109,436	81,401	(296,647)	(105,810)
Collections	(17,885)	(18,611)	(5,453)	(41,949)
Exchange differences	9,124	70,141	-	79,265
<b>Total expected loss provision 31 December 2022</b>	<b>163,475</b>	<b>389,419</b>	<b>133,621</b>	<b>686,515</b>

#### 9. Explanations on taxes payable:

##### a) Information on tax provision:

The Group’s corporate tax liability is TL 395,928 as of 31 December 2023 (31 December 2022: TL 1,584,567). As of 31 December 2023, the Group’s total tax and premium debt is TL 1,476,644 (31 December 2022: TL 2,045,694).

##### b) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	395,928	1,584,567
Taxation on Securities	194,666	69,692
Property Tax	5,891	3,907
Banking Insurance Transaction Tax (BITT)	464,854	154,358
Foreign Exchange Transaction Tax	8,508	10,779
Value Added Tax Payable	61,748	34,536
Other (*)	118,714	74,901
<b>Total</b>	<b>1,250,309</b>	<b>1,932,740</b>

(\*) TL 111,043 (31 December 2022: TL 57,679) of the other item is income tax deducted from wages and TL 5,834 (31 December 2022: TL 6,855) is stamp tax payable.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 9. Explanations on taxes payable: (continued)

##### c) Information on Premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	157,917	79,488
Social Security Premiums-Employer	57,105	27,840
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	4,067	2,081
Unemployment Insurance-Employer	7,246	3,545
Other	-	-
<b>Total</b>	<b>226,335</b>	<b>112,954</b>

d) Explanations on deferred tax liabilities, if any: The Group does not have any deferred tax liability of the Group as of 31 December 2023 (31 December 2022: None).

10. **Information on fixed assets payables related to activities held and discontinued for sale:** None (31 December 2022: None).

11. **Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

The Parent Bank was issued Subordinated debt instrument on 5 November 2018, which has two Call Dates: falling on the fifth anniversary notes and the Interest Payment Date falling thereafter amounting USD 210 million with the final maturity of 10 years. The interest rate of the issuance is 10.40% per annum and will be continued at the end of the 5th year with an annual interest rate of SOFR + 7.32% after the first early redemption date. The “Tier 2 capital” was provided by BNP Paribas Fortis SA / NV.

On 14 May 2019, the Parent Bank has issued subordinated debt securities amounting to EUR 60 million with a maturity of 10 years and 2 early redemption rights at the end of the 5th year and the first interest payment period following the 5th year, provided that it is not earlier than 5 years. The interest rate of the issue is 6-month Euribor + 7.10% per annum. The “Tier 2 capital” was provided by BNP Paribas Fortis SA / NV.

On 20 July 2012, the Parent Bank had issued a debt instrument of EUR 100 million as T2 capital and the debt instrument was redeemed on 22 July 2019 after the decision of the relevant Board of Directors and the approval of the BRSA. On 22 July 2019, the Parent Bank issued a subordinated debt security with amount of 100 million EURO, with the final maturity of 10 years, with no call till 5th anniversary of the notes. The Notes have two Call Dates, falling on the fifth anniversary notes and the Interest Payment Date falling thereafter. The interest rate of the issuance is 6-months Euribor + 7.10% annually. The “Tier 2 capital” was provided by BNP Paribas Fortis SA / NV.

The Parent Bank issued subordinated debt instrument, which has early redemption right on 27 June 2023, with the final maturity of 10 years in the amount of EUR 125 million on 27 June 2018. The interest rate of the issuance is 6-month Euribor + 5.10% per annum. The “Tier 2 capital” was provided by BNP Paribas Fortis SA / NV. Following the BRSA approval, early redemption was carried out on 27 December 2023.

The above mentioned four subordinated loans are utilized in-line with the “loan capital” definition of BRSA and will positively affect the capital adequacy ratio of the Parent Bank as well as utilizing long term funding.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 11. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments to be Included in Additional Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instrument to be Included in the Contribution Capital Calculation	-	11,637,967	-	9,708,218
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	11,637,967	-	9,708,218
<b>Total</b>	-	<b>11,637,967</b>	-	<b>9,708,218</b>

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	11,637,967	-	9,708,218
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>11,637,967</b>	-	<b>9,708,218</b>

#### 12. Information on Shareholders' Equity:

##### a) Presentation of Paid-in capital:

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

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

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

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

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

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

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

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

##### g) Information on privileges given to stocks representing the capital: None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 12. Information on Shareholders’ Equity: (continued)

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(81,685)	(29,672)	773,927	(82,686)
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(81,685)</b>	<b>(29,672)</b>	<b>773,927</b>	<b>(82,686)</b>

13. **Information on minority interest:** As of 31 December 2023, part of the Group equity that belongs to minority shares is TL 74,982 (31 December 2022: TL 28,443).

14. **Information on factoring liabilities:** As of 31 December 2023, the Group has factoring debt of TL 30,482 (31 December 2022: TL 4,791).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 1. Information on off-balance sheet liabilities:

##### a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	52,048,755	22,073,226
Used Guarantee Loan Allocation Commitments	13,577,154	11,657,703
Forward Assets Trading Commitments	10,243,499	7,231,850
Payment Commitment for Cheques	4,044,146	2,776,761
Tax and Fund Liabilities from Export Commitments	302,721	127,411
Commitments for Promotions Related with Credit Cards and Banking Activities	3,181	2,141
Other Irrevocable Commitments	955,409	375,297
Other Revocable Commitments	902,792	-
<b>Total</b>	<b>82,077,657</b>	<b>44,244,389</b>

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

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

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

	Current Period	Prior Period
Letters of Credit	22,935,305	15,650,244
Bank Acceptances	70,513	23,623
Other Commitments	10,693,200	7,350,992
Other Contingencies	3,057,472	2,207,625
<b>Total</b>	<b>36,756,490</b>	<b>25,232,484</b>

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

	Current Period	Prior Period
Guarantee Letters	28,949,303	17,249,510
Advance Guarantee Letters	8,472,141	6,944,286
Guarantee Letters Given for Customs	1,321,518	961,508
Temporary Guarantee Letters	659,207	1,517,892
Other Guarantee Letters	5,765,495	3,358,756
<b>Total</b>	<b>45,167,664</b>	<b>30,031,952</b>

##### c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Achieving Cash Loans	5,609,748	3,362,152
With Maturity of One Year or Less Than One Year	821,496	469,739
With Maturity of More Than One Year	4,788,252	2,892,413
Other Non-Cash Loans	76,314,406	51,902,284
<b>Total</b>	<b>81,924,154</b>	<b>55,264,436</b>

For non-cash loans amounting to TL 250,521 (31 December 2022: TL 253,300) followed in off-balance sheet accounts, which are not compensated and turned into cash, TL 131,680 (31 December 2022: TL 133,621) third stage expected loss provision has been made. In addition, TL 167,442 (31 December 2022: TL 163,475) Stage 1, TL 611,469 (31 December 2022: TL 389,419) Stage 2 TFRS 9 expected loss provision have been made.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

#### 1. Information on off-balance sheet liabilities: (continued)

##### c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	82,951	0.42	3,953	0.01	119,802	0.86	52,460	0.13
Farming and raising livestock	81,156	0.41	3,953	0.01	114,335	0.82	52,460	0.13
Forestry	-	-	-	-	-	-	-	-
Fishery	1,795	0.01	-	-	5,467	0.04	-	-
Manufacturing	8,836,468	44.99	23,981,409	38.50	6,237,580	44.72	19,941,531	48.27
Mining and Quarry	438,967	2.23	783,719	1.26	335,419	2.40	782,573	1.89
Production	8,262,778	42.07	23,165,480	37.19	5,692,150	40.81	19,137,263	46.32
Electricity, Gas and Water	134,723	0.69	32,210	0.05	210,011	1.51	21,695	0.05
Construction	1,992,328	10.14	14,932,457	23.98	1,862,922	13.36	7,618,827	18.44
Services	8,444,984	43.00	20,834,283	33.45	5,571,367	39.94	12,033,878	29.13
Wholesale and Retail Trade	5,305,720	27.01	6,786,838	10.90	3,209,837	23.01	3,599,235	8.71
Hotel and Restaurant Services	284,066	1.45	19,444	0.03	229,190	1.64	121,394	0.29
Transportation and Communication	1,140,776	5.81	1,563,540	2.51	864,851	6.20	1,064,592	2.58
Financial Institutions	428,284	2.18	3,889,322	6.24	419,562	3.01	1,521,563	3.68
Real Estate and Renting	647,865	3.30	5,517,421	8.86	422,995	3.03	3,717,166	9.00
Self-employment Services	620,375	3.16	3,045,051	4.89	405,832	2.91	2,009,031	4.86
Education Services	7,942	0.04	12,667	0.02	5,975	0.04	745	-
Health and Social Services	9,956	0.05	-	-	13,125	0.09	152	-
Other	285,511	1.45	2,529,810	4.06	157,501	1.13	1,668,568	4.04
<b>Total</b>	<b>19,642,242</b>	<b>100.00</b>	<b>62,281,912</b>	<b>100.00</b>	<b>13,949,172</b>	<b>100.00</b>	<b>41,315,264</b>	<b>100.00</b>

##### c.3) Information on Stage I and Stage II non-cash loans:

Current Period	Stage I		Stage II	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	12,770,503	28,525,278	583,560	3,288,323
Bank acceptances	-	70,513	-	-
Letters of credit	-	22,788,090	-	147,215
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	6,146,454	7,462,493	141,725	-
<b>Total</b>	<b>18,916,957</b>	<b>58,846,374</b>	<b>725,285</b>	<b>3,435,538</b>

Prior Period	Stage I		Stage II	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	9,024,453	18,132,753	409,458	2,465,288
Bank acceptances	-	23,623	-	-
Letters of credit	-	15,632,222	-	18,022
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	4,326,186	5,043,356	189,075	-
<b>Total</b>	<b>13,350,639</b>	<b>38,831,954</b>	<b>598,533</b>	<b>2,483,310</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

#### 2. Information related to derivative financial instruments

	Derivative Transactions According to Purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	265,744,184	228,974,961	-	-
Forward transactions	36,518,576	43,058,781	-	-
Swap transactions	127,164,205	126,894,040	-	-
Futures transactions	-	4,145,296	-	-
Option transactions	102,061,403	54,876,844	-	-
Interest related derivative transactions (II):	102,471,834	80,543,010	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	91,040,876	72,607,050	-	-
Interest option transactions	11,430,958	7,935,960	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	3,832,469	1,395,731	-	-
<b>A. Total Trading Derivative Transactions (I+II+III+IV)</b>	<b>372,048,487</b>	<b>310,913,702</b>	-	-
Types of hedging transactions	-	-	-	-
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	26,163,509	19,489,643
Net investment hedges	-	-	-	-
<b>B. Total Hedging Related Derivatives</b>	-	-	<b>26,163,509</b>	<b>19,489,643</b>
<b>Total Derivative Transactions (A+B)</b>	<b>372,048,487</b>	<b>310,913,702</b>	<b>26,163,509</b>	<b>19,489,643</b>

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the bank’s financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value as trading transactions by the Parent Bank.

#### i) Derivative Instruments for Fair Value Hedging Purposes:

As of 31 December 2023, the Bank has no derivative instruments for hedging purposes.

#### ii) Derivative Instruments for Cash Flow Hedge Purposes

The Parent Bank has designated swap transactions with a total notional amount of TL 26,163,509 (31 December 2022: TL 19,489,643) as cash flow hedges by matching with the deposit portfolio and selected loans portfolio with maturities between 1-90 days. The amount of the portion accounted under equity is TL 310,532 (31 December 2022: TL 376,592 receivable) receivable and TL 93,160 (31 December 2022: TL 94,148 payable) payable in the financial statements, net of deferred tax effect.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	7,449,520	776,565	82,455	10,604,665	533,642	68,920
Interest Rate Swaps	18,713,989	261,956	-	8,884,978	200,450	693
<b>Total</b>	<b>26,163,509</b>	<b>1,038,521</b>	<b>82,455</b>	<b>19,489,643</b>	<b>734,092</b>	<b>69,613</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

3. **Credit derivatives and risk exposures on credit derivatives:** None.

4. **Explanations on contingent liabilities and assets:**

- a) a.1) The Group's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from liabilities of other ventures in entities under common control (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
  - b.1) Contingent assets are accounted for if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2023, there are no contingent assets that need to be explained (31 December 2022: None).
  - b.2) A provision is made for contingent liabilities if realization is probable, and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes. The Bank and financial institution subject to consolidation have provided provision amounting to TL 233,353 (31 December 2022: TL 137,465) for various lawsuits filed by various individuals and institutions with high probability of occurrence and cash outflow. This amount is presented under “Other Provisions” in the financial statements.

5. **Custodian and intermediary services:**

The Group provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of the Consolidated Off-Balance Accounts.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

#### 6. The information on the banks’ rating by the international rating introductions (\*):

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

##### **Fitch Ratings:**

###### *Foreign Currency*

Long-term	B-
Short-term	B
Outlook	Stable

###### *Turkish Lira*

Long-term	B
Short-term	B
Outlook	Stable
National	AA (tur)
Outlook	Stable
Financial Strength	b-
Shareholder Support Note	b-

##### **Moody’s Investor Services:**

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Deposits	B3
Short Term FC Deposits	NP
Long Term TL Deposits	B1
Short Term TL Deposits	NP
Outlook	Stable

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest income on loans (*)</b>				
Short Term Loans	23,337,080	2,534,133	11,925,052	935,198
Medium- and Long-Term Loans	11,708,680	1,179,081	8,710,805	715,586
Interest on Loans under Follow-Up	237,155	8,504	237,239	1,869
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>35,282,915</b>	<b>3,721,718</b>	<b>20,873,096</b>	<b>1,652,653</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 981,443 (31 December 2022: TL 594,372).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Türkiye	116,389	11,464	-	2,728
Domestic Banks	884,691	546	141,988	1,102
Foreign Banks	74,207	247,700	18,736	68,107
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>1,075,287</b>	<b>259,710</b>	<b>160,724</b>	<b>71,937</b>

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	176,700	30,677	355,260	41,958
Financial Assets at Fair Value Through Other Comprehensive Income	1,681,212	129,230	1,572,580	143,655
Financial Assets at Amortised Cost	9,857,644	453,755	9,685,167	412,273
<b>Total</b>	<b>11,715,556</b>	<b>613,662</b>	<b>11,613,007</b>	<b>597,886</b>

As stated in note VII of Section Three, there are CPI indexed bonds in the securities portfolios of the Parent Bank, whose fair value difference is reflected in other comprehensive income and measured at amortized cost. These securities are valued and accounted for using the effective interest method based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these securities are created according to the CPI of two months prior. The Parent Bank determines the estimated inflation rate in parallel with this. The estimated inflation rate used is updated during the year when deemed necessary. At the end of the year, the actual inflation rate is used.

d) Information on interest income on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 2. Explanations on Interest Expense

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
The Central Bank of Türkiye	-	-	-	-
Domestic Banks	3,545,635	4,291	557,396	4,674
Foreign Banks	223,359	2,735,674	25,690	1,087,129
Branches and Head Office Abroad	-	-	-	-
<b>Other Financial Institutions</b>	-	-	-	-
<b>Total</b>	<b>3,768,994</b>	<b>2,739,965</b>	<b>583,086</b>	<b>1,091,803</b>

(\* Includes fees and commission expenses related to cash loans amounting to TL 119,679 (31 December 2022: TL 594,372).

##### b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

##### c) Information on interest expense on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	1,082,805	-	236,045	-
<b>Total</b>	<b>1,082,805</b>	<b>-</b>	<b>236,045</b>	<b>-</b>

##### d) Distribution of interest expense on deposits based on maturity of deposits:

Current Period:	Time Deposit							Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
<b>TL</b>									
Bank Deposits	-	379,800	-	-	-	-	-	379,800	
Saving Deposits	-	5,687,282	15,887,181	413,388	660,675	469,031	-	23,117,557	
Public Sector Deposits	-	19,021	270,538	90,468	-	-	-	380,027	
Commercial Deposits	-	1,860,865	3,842,939	237,443	134,245	362,915	-	6,438,407	
Other Deposits	-	17,585	191,245	7,613	1	1,223	-	217,667	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	-	<b>7,964,553</b>	<b>20,191,903</b>	<b>748,912</b>	<b>794,921</b>	<b>833,169</b>	-	<b>30,533,458</b>	
<b>FC</b>									
Foreign Currency Deposits	-	29,569	337,053	15,733	1,918	728	-	385,001	
Bank Deposits	-	393	-	-	-	-	-	393	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	23	3,634	218	-	-	-	3,875	
<b>Total</b>	-	<b>29,985</b>	<b>340,687</b>	<b>15,951</b>	<b>1,918</b>	<b>728</b>	-	<b>389,269</b>	
<b>Grand Total</b>	-	<b>7,994,538</b>	<b>20,532,590</b>	<b>764,863</b>	<b>796,839</b>	<b>833,897</b>	-	<b>30,922,727</b>	

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

##### d) Distribution of interest expense on deposits based on maturity of deposits:(Continued)

Account Name	Demand Deposits	Time Deposit					More than 1 Year	Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
<b>Prior Period:</b>									
<b>TL</b>									
Bank Deposits	-	196,667	-	-	-	-	-	-	196,667
Saving Deposits	3	2,459,509	4,821,061	202,314	6,839	142,374	-	7,632,100	
Public Sector Deposits	-	11,264	99,366	-	-	-	-	110,630	
Commercial Deposits	-	1,283,932	2,407,712	378,873	2,625	217,654	-	4,290,796	
Other Deposits	-	25,129	322,756	36,027	5	67	-	383,984	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>3</b>	<b>3,976,501</b>	<b>7,650,895</b>	<b>617,214</b>	<b>9,469</b>	<b>360,095</b>	-	<b>12,614,177</b>	
<b>FC</b>									
Foreign Currency Deposits	21	36,629	632,661	5,019	435	476	-	675,241	
Bank Deposits	-	1,118	-	-	-	56	-	1,174	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	-	2,098	212	-	-	-	2,310	
<b>Total</b>	<b>21</b>	<b>37,747</b>	<b>634,759</b>	<b>5,231</b>	<b>435</b>	<b>532</b>	-	<b>678,725</b>	
<b>Grand Total</b>	<b>24</b>	<b>4,014,248</b>	<b>8,285,654</b>	<b>622,445</b>	<b>9,904</b>	<b>360,627</b>	-	<b>13,292,902</b>	

#### 3. Information on dividend income:

	Current Period	Prior Period
Financial assets at fair value through profit and loss	12,170	6,938
Financial assets at fair value through other comprehensive income	746	799
Other	1	22
<b>Total</b>	<b>12,917</b>	<b>7,759</b>

#### 4. Information on trading profit/loss:

	Current Period	Prior Period
<b>Profit</b>	<b>221,894,676</b>	<b>164,815,048</b>
Profit on capital market operations	1,924,600	521,741
Profit on derivative financial instruments <sup>(1)</sup>	88,891,537	36,030,295
Foreign exchange gains	131,078,539	128,263,012
<b>Losses (-)</b>	<b>211,639,275</b>	<b>162,861,628</b>
Losses on capital market operations	387,652	582,114
Losses on derivative financial instruments <sup>(1)</sup>	92,455,422	39,265,564
Foreign exchange losses	118,796,201	123,013,950

<sup>(1)</sup> Net profit arising from changes in foreign exchange rates of hedging transactions is TL 181,032 (31 December 2022: TL 383,991 profit) and net loss arising from changes in foreign exchange rates of derivative financial transactions is TL 7,042,585 (31 December 2022: TL 180,352 profit).

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

##### a) Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	1,647,451	1,806,241
12-Month Expected Credit Losses (Stage 1)	(82,562)	373,908
Significant Increase in Credit Risk (Stage 2)	1,408,692	950,063
Credit-Impaired (Stage 3)	321,321	482,270
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other <sup>(1)</sup>	1,805,505	401,447
<b>Total</b>	<b>3,452,956</b>	<b>2,207,688</b>

(\*) As of 31 December 2023, it includes free provision amounting to TL 1,650,000 (31 December 2022: TL 400,000). This free provision has been allocated by the Parent Bank management outside the requirements of BRSA Accounting and Financial Reporting Legislation.

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

	Current Period	Prior Period
Reserve for employee termination benefits <sup>(1)</sup>	188,354	322,254
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	502,540	339,836
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	197,108	104,476
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	648	870
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	5,052,897	2,498,571
Leasing expenses related to TFRS 16 Exceptions	108,909	71,714
Maintenance expenses	190,721	98,807
Advertisement expenses	285,774	173,851
Other expenses <sup>(3)</sup>	4,467,493	2,154,199
Loss on sales of assets	1,645	5,859
Other <sup>(2)</sup>	1,615,962	852,091
<b>Total</b>	<b>7,559,154</b>	<b>4,123,957</b>

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

<sup>(2)</sup> Other operating expenses include premiums paid to Saving Deposit Insurance Fund amounting to TL 601,533 (31 December 2022: TL 355,328) and other taxes and duties paid amounting to TL 552,025 (31 December 2022: TL 278,243).

<sup>(3)</sup> Includes the cash donation payment amounting to TL 168,500 made to the Republic of Turkey Ministry of Interior Disaster and Emergency Management Presidency due to the earthquake disaster.

#### 8. Information on profit loss before continuing and discontinued operations before tax:

- The portion of the profit before tax amounting to TL 18,811,424 (31 December 2022: TL 20,727,807) consists of net interest income, while TL 5,573,589 (31 December 2022: TL 2,607,619) consists of net fee and commission income; total operating expenses amount to TL 14,961,145 (31 December 2022: TL 7,990,865).
- Explanations on discontinued operations profit loss: None

#### 9. Information on tax provision for continuing and discontinued operations:

- As of 31 December 2023, current tax expense from continuing operations amounting to TL 4,065,869 (31 December 2022: TL 5,458,691 expense) and net deferred tax income amounting to TL 474,452 (31 December 2022: TL 1,639,946 income) and there is no current tax income/expense from discontinued operations in the current period (31 December 2022: None).



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 9. Information on tax provision for continuing and discontinued operations: (Continued)

- b) Net deferred tax income arising from the creation or closure of temporary differences arising from continuing operations amounts to TL 474,452 (31 December 2022: TL 1,639,946 income).

#### 10. Information on net profit/loss on continuing and discontinued operations:

The Group's net profit from continuing operations as of 31 December 2023 is TL 13,175,086 (31 December 2022: TL 11,574,481) and there is no net profit from discontinued operations as of 31 December 2023 (31 December 2022: None).

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

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

	Current Period	Prior Period
Minority interest profit/loss	46,906	17,585

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

	Current Period	Prior Period
<b>Other Interest Income</b>		
Interest Received from Factoring Transactions	2,127,607	981,436
Other	277,624	70,884
<b>Total</b>	<b>2,405,231</b>	<b>1,052,320</b>

	Current Period	Prior Period
<b>Other Fees and Commissions Received</b>		
Card Fee and Commissions	5,365,112	2,377,251
Insurance Commissions	653,791	358,057
Brokerage Commissions	611,382	356,529
Funds Management Fees	519,908	213,122
Transfer Commissions	394,380	182,361
General Limit Revision Commissions	217,976	135,442
Settlement Expense Provision, Eft, Swift, Agency Commissions	191,323	69,709
Consultancy Commission	61,047	24,782
Early Closing Commissions	27,342	37,112
Other	1,049,231	270,213
<b>Total</b>	<b>9,091,492</b>	<b>4,024,578</b>

	Current Period	Prior Period
<b>Other Fees and Commissions Given</b>		
Credit Cards Commissions and Fees	3,493,449	1,535,783
Commissions and Fees Paid to Correspondent Banks	373,354	193,261
Settlement Expense Provision, Eft, Swift Commissions	112,228	58,968
Other	500,529	208,324
<b>Total</b>	<b>4,479,560</b>	<b>1,996,336</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

#### 13. Fees for Services Received from Independent Auditor / Independent Audit Firm:

The fee for services for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below. These fees include the fees for services rendered to the Parent Bank's domestic subsidiaries and unconsolidated non-financial partnerships.

<i>(Thousand TL amounts excluding VAT)</i>	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fee for the reporting period	18,007	8,522
Fees for tax advisory services	-	-
Fee for other assurance services	577	263
Fees for services other than independent audit	3,969	437
<b>Total</b>	<b>22,553</b>	<b>9,222</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity

a) The effect of changes in the fair value of financial assets at fair value through profit or loss is recognized in the “Marketable Securities Valuation Differences” account under the equity. The relevant amount is decreased by TL 1,080,797 in 2023 (31 December 2022: TL 1,173,138 increase) and change effect to deferred tax is TL 275,549 (31 December 2022: TL 282,454).

b) Increase in cash flow risk hedging items:

The Parent bank uses interest rate and cross currency swaps for reducing cash flow risk arising from short term deposit and borrowing. In this context, the effective portion is accounted for under equity in “Hedging Funds” account. In 2023, the amount decreased by TL 66,060 (31 December 2022: TL 1,743 increase) and the deferred tax effect of this change was TL 988 (31 December 2022: TL 12,097).

c) Explanations on profit distribution:

According to the decision taken at the Ordinary General Assembly Meeting of the Parent Bank held on 28 March 2023, out of TL 11,190,604, which constitutes the net balance sheet profit for the year 2022, TL 112,093 was allocated to Legal Reserves, TL 138,376 to Special Reserves, TL 1,119,060 to shareholders and TL 9.50 to founder redemption certificate holders as profit as recommended by the Board of Directors, and the remaining balance was allocated as Extraordinary Reserves.

Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows

#### 1. The effect of other items stated in the Statement of Cash Flows and the change in the exchange rate on cash and cash equivalents:

"Other items" under "Operating profit before changes in operating assets and liabilities" amounting to TL 15,381,951 (31 December 2022: TL 3,084,614) consists of other operating expenses excluding finance lease expenses, provision for employment termination benefits, depreciation expenses and taxes paid, and fees and commissions paid.

"Net increase in other liabilities" amounting to TL 3,832,601 (31 December 2022: TL 3,597,872) under "Change in assets and liabilities from banking activities" consists of miscellaneous payables, other liabilities, and changes in money markets. "Net decrease in other assets" amounting to TL 8,570,346 (31 December 2022: TL 7,824,618) consists of changes in blocked reserve requirements, miscellaneous receivables, and other assets.

"Other items" item under "Net cash flows from investing activities" amounting to TL 745,780 (31 December 2022: TL 438,404) consists of cash outflow for intangible assets purchased in the current period.

The effect of the change in foreign exchange rate on cash and cash equivalents includes the foreign exchange rate difference resulting from the conversion of foreign currency cash and cash equivalents to TL at the beginning and end of monthly the period, has been realized as TL 6,438,331 for the year 2023 (31 December 2022: TL 3,764,592).

#### 2. Cash and cash equivalents at the beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

<b>Beginning of the Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>25,644,055</b>	<b>19,904,616</b>
Cash in TL/Foreign Currency	10,757,014	7,473,318
Central Bank – Unrestricted amount	14,326,200	12,202,866
Other	560,841	228,432
<b>Cash equivalents</b>	<b>16,466,729</b>	<b>11,510,249</b>
Banks	8,866,729	11,507,004
Money market placements	7,600,000	3,245
<b>Total Cash and Cash Equivalents</b>	<b>42,110,784</b>	<b>31,414,865</b>
<b>End of the Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>77,298,722</b>	<b>25,644,055</b>
Cash in TL/Foreign Currency	12,272,157	10,757,014
Central Bank – Unrestricted amount	64,497,855	14,326,200
Other	528,710	560,841
<b>Cash equivalents</b>	<b>19,595,254</b>	<b>16,466,729</b>
Banks	7,395,254	8,866,729
Money market placements	12,200,000	7,600,000
<b>Total Cash and Cash Equivalents</b>	<b>96,893,976</b>	<b>42,110,784</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

##### a) Current Period:

Risk Group Involving the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	-	-	295,698	1,118,603	1,317,029	93,918
Balance at End of Period	-	-	413,103	1,607,169	1,028,497	188,732
Interest and Commission Income	-	-	42,811	2,264	143,534	1,318

Direct and indirect shareholders of the Group balance above include TL 413,103 and other entities included in the risk group balance above includes TL 128,181 placement in “Banks”.

##### b) Prior Period:

Risk Group Involving the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	-	-	238,949	389,230	1,775,528	129,424
Balance at End of Period	-	-	295,698	1,118,603	1,317,029	93,918
Interest and Commission Income	-	-	2,940	4,290	163,137	402

Direct and indirect shareholders of the Group balance above include TL 295,698 and other entities included in the risk group balance above includes TL 45,447 placement in “Banks”.

##### c) c.1) Information on deposits belonging to the risk group of the Parent Bank:

Risk Group Involving the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at Beginning of Period	-	-	5,686,882	4,577,873	1,332,483	1,263,224
Balance at End of Period	-	-	5,808,611	5,686,882	2,519,918	1,332,483
Interest on Deposits	-	-	710,474	268,540	198,928	215,240

##### c.2) Information on forward transactions, option contracts and other similar contracts with the risk group of the Parent Bank:

Risk Group Involving the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss						
Beginning of Period	-	-	58,227,206	36,494,649	2,322,171	729,855
End of Period	-	-	93,842,978	58,227,206	4,740,236	2,322,171
Total Profit/Loss	-	-	267,296	(1,227,922)	(14,052)	1,676,472
Hedging Transactions Purposes						
Beginning of Period	-	-	16,690,868	9,575,676	-	-
End of Period	-	-	21,460,631	16,690,868	-	-
Total Profit/Loss	-	-	116,046	1,368,711	-	-

d) As of 31 December 2023, the total amount of remuneration and benefits provided for the senior management of the Group is TL 262,302 (31 December 2022: TL 148,803).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

### VIII. Explanations on the Parent Bank’s Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

#### 1. Explanations on the Parent Bank’s domestic branches, agencies, and branches abroad and offshore branches:

	Numbers	Employees			
Domestic branches	440	8,268			
Rep-offices abroad	-	-			
Branches abroad	4	65	Cyprus	3,794,319	80,000
Off-shore branches	-	-			

#### 2. Explanation on the Subject in Case the Bank Opens or Closes a Branch or Representation Office in Turkey and Abroad, and Changes Its Organization Significantly:

The Parent Bank closed 8 branches in 2023 and opened 4 branches during the year.

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

In accordance with the BRSA decision dated 11 January 2024 and numbered 10825, banks, financial leasing, factoring, financing, savings financing, and asset management companies are required to apply inflation accounting as of 1 January 2025.

Akil Özçay, Assistant General Manager in charge of Financial Markets Group, resigned from his position effective from 1 January 2024 and Göker Orhan was appointed in his place.

After obtaining the necessary permissions from the Banking Regulation and Supervision Agency and the Capital Markets Board, the Bank has issued subordinated bonds (tier 2 capital) amounting to USD 400 million, with a maturity of 10 years, fixed interest rate, with a redemption date of 17 January 2034 and an early redemption option on 17 January 2029, with a coupon rate of 9.375%. The issuance was completed on 17 January 2024 following the receipt of the Certificate of Issuance from the CMB.

Following the revision of Turkey's long-term foreign currency credit rating outlook from “Stable” to “Positive” on 12 January 2024, the international rating agency Moody's upgraded Türk Ekonomi Bankası A.Ş.'s Long-Term Foreign Currency Counterparty Risk rating and Long-Term Foreign Currency Deposit ratings from B3 to B2 and revised the outlooks of Long-Term Foreign Currency and Turkish Lira Deposit ratings from “Stable” to “Positive” on 17 January 2024.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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### SECTION SIX

#### OTHER EXPLANATIONS

##### I. Other Explanations on Activities of the Parent Bank

None.

### SECTION SEVEN

#### INDEPENDENT AUDITOR’S REPORT

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

The consolidated financial statements of the Group were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s report dated 31 January 2024 is presented preceding the consolidated financial statements.

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

None.