



**TEB**

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## SECTION 1 - PRESENTATION

### AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 26 MARCH 2021

- 1- Opening and formation of the Presidential Board,
- 2- Granting authorization to the Presidential Board for signing the meeting minutes,
- 3- Reading, discussion and approval of the Board of Directors' Activity Report for the year 2020,
- 4- Reading, discussion and approval of the 2020 financial statements,
- 5- Pass a decision regarding the approval of appointments made to the vacated seats on the Board of Directors pursuant to Article 363 of the Turkish Commercial Code (TCC),
- 6- Release of the Board Members from their transactions in 2020,
- 7- Discussion and approval of the Board of Director's proposal on the dividend distribution or passing resolution on approval of the amended version or disapproval of the same,
- 8- Reading of the annual audit report prepared by the Independent Audit Firm, and passing resolution on the appointment of the Independent Audit Firm and the Group auditor proposed by the Board of Directors for the independent audit of our Bank for the year 2021,
- 9- Determination of number and term of office of the Board Members and election of the same,
- 10- Determination of benefit such as fees and remunerations to be paid to the Board of Directors,
- 11- Authorize the Board of Directors for a period of fifteen months in order to issue capital market instruments having the nature of a debt instrument,
- 12- Passing resolution on granting authorization to the members of the Board of Directors to carry out the commercial transactions set forth in Articles 395 - 396 of the Turkish Commercial Code.

#### **TÜRK EKONOMİ BANKASI A.Ş. BOARD OF DIRECTORS**

**Yavuz CANEVI**

Chairman of the Board of Directors

**Dr. Akın AKBAYGİL**

Deputy Chairman of the Board of Directors



**TEB**  
BNP PARIBAS JOINT VENTURE

TÜRK EKONOMİ BANKASI A.Ş.  
Head Office  
TEB Kampüs C ve D Blok Saray Mah.  
Sokullu Cad. No: 7A - 7B Ümraniye 34768 İSTANBUL  
Phone : +90 (216) 635 35 35  
Fax : +90 (216) 636 36 36  
Mersis Number: 0876004342000105  
Trade Registry Number: 189356  
www.teb.com.tr

## STATEMENT OF RESPONSIBILITY FOR ANNUAL REPORT 2020 OF TÜRK EKONOMİ BANKASI A.Ş.

We have reviewed the annual report of Türk Ekonomi Bank A.Ş. prepared for the period 01.01.2020 - 31.12.2020 in accordance with the Capital Markets Board of Turkey Communiqué (no. II-14.1) on Principles of Financial Reporting in Capital Markets and the Regulation on Principles and Procedures Concerning the Preparation and Publishing of Annual Report by Banks published by the Banking Regulation and Supervision Agency (BRSA), and we hereby represent that, within the frame of our duty and responsibility at the Bank and to the best of our knowledge, the year-end Annual Report:

»Does not contain any misrepresentations about material events, nor does it omit any information which might be misleading as of the date of the relevant declaration,

»Presents a true and fair view of the progress and performance of the business, and the Bank's financial condition, as well as major risks and volatilities facing the Bank.

**Yavuz CANEVI**  
Chairman of the  
Board of Directors

**Nicolas de Baudinet  
de Courcelles**  
Member of the Board of Directors  
and Chairman of the Audit  
Committee

**Ayşe AŞARDAĞ**  
Member of the Board of Directors  
and Deputy Chairman of the  
Audit Committee

**Ümit LEBLEBİCİ**  
Chief Executive Officer

**M. Aşkın DOLAŞTIR**  
Assistant General Manager  
Responsible of Financial  
Reporting

**Hatice ERTUĞRAL**  
Regulatory Reporting  
Senior Manager

**GENERAL INFORMATION**

<b>Reporting Period:</b>	01.01.2020-31.12.2020
<b>Title of the Bank:</b>	Türk Ekonomi Bankası A.Ş.
<b>Headquarters:</b>	TEB Kampüs C ve D Blok Saray Mah. Sokullu Cad. No: 7A-7B Ümraniye 34768 İstanbul, Turkey
<b>Telephone:</b>	+90 216 635 35 35
<b>Fax:</b>	+90 216 636 36 36
<b>Web site:</b>	<a href="http://www.teb.com.tr">www.teb.com.tr</a>
<b>E-mail:</b>	<a href="mailto:yatirimciliskileri@teb.com.tr">yatirimciliskileri@teb.com.tr</a>
<b>Trade Registration Number:</b>	189356
<b>Central Registry Number (Mersis):</b>	0876004342000105

## SHAREHOLDING STRUCTURE OF TÜRK EKONOMİ BANKASI A.Ş. ("TEB")

The distribution of the Bank's TL 2.204.390.000,00 paid-in capital as of 31 December 2020

Shareholder's Name/Title	Within TL 2.204.390.000,00 Capital;	
	Amount	Share
TEB HOLDİNG A.Ş.	1.212.414.500,002	55,0000%
BNPP YATIRIMLAR HOLDİNG A.Ş.	518.42.498,520	23,5141%
BNP PARIBAS FORTIS YATIRIMLAR HOLDİNG A.Ş.	467.879.148,835	21,2249%
BNP PARIBAS SA	5.253.352,000	0,2383%
KOCAELİ TİCARET ODASI (KOCAELİ CHAMBER OF COMMERCE)	500.500,643	0,0227%
<b>TOTAL</b>	<b>2.204.390.000,000</b>	<b>100,00%</b>

There have been no changes in the ownership or capital structure in 2020.

### Information on the Bank's Qualified Shareholders

Shareholder's Name/Title	Within TL 2.204.390.000,00 Capital;	
	Amount	Share
TEB HOLDİNG A.Ş.	1.212.414.500,002	55,0000%
BNPP YATIRIMLAR HOLDİNG A.Ş.	518.342.498,520	23,5141%
BNP PARIBAS FORTIS YATIRIMLAR HOLDİNG A.Ş.	467.879.148,835	21,2249%

<sup>(\*)</sup> The table names the direct shareholders.

TEB Holding A.Ş. is a member of the Çolakoğlu Group and BNP Paribas Group of Companies. A total of 50% of the shares in TEB Holding A.Ş. are controlled by BNP Paribas Fortis Yatırımlar Holding A.Ş., while the other 50% of the shares are controlled by the Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA, which holds 100% of the shares in BNP Paribas Fortis Yatırımlar Holding A.Ş. On the other hand, BNP Paribas S.A. controls BNPP Yatırımlar Holding A.Ş. by 100% of the shares.

### Explanations Regarding the Shares Owned by the Bank's Chairman and Board Members, General Manager and Assistant General Managers

There are no Bank shares owned by the Bank's Chairman and Board Members, General Manager or Assistant General Managers.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There were no amendments to the articles of association in 2020.

## SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE ACTIVITY YEAR

A bond with a 242 days maturity, an ISIN code of TRFTEBK22116 and a nominal value of TL 400.912.472 issued on 11 June 2020, matured on 8 February 2021 and has been redeemed.

A bond with a 360 days maturity, an ISIN code of TRFTEBK62112 and a nominal value of TL 309.430.583 issued on 12 June 2020, its 7th and 8th coupon payments were made on 8 January 2021 and 8 February 2021, respectively.

A bond with a 248 days maturity, an ISIN code of TRFTEBK22124 and a nominal value of TL 319.771.469 issued on 12 June 2020, matured on 15 February 2021 and has been redeemed.

A bond with a 250 days maturity, an ISIN code of TRFTEBK22132 and a nominal value of TL 47.732.365 issued on 17 June 2020, matured on 22 February 2021 and has been redeemed.

A bond with a 300 days maturity, an ISIN code of TRFTEBK42114 and a nominal value of TL 266.182.279 issued on 26 June 2020, its 7th and 8th coupon payments were made on 22 January 2021 and 22 February 2021, respectively.

A bond with a 372 days maturity, an ISIN code of TRSTEBK72114 and a nominal value of TL 29.771.028 issued on 2 July 2020, its 6th and 7th coupon payments were made on 4 January 2021 and 4 February 2021, respectively.

A bond with a 279 days maturity, an ISIN code of TRFTEBK42122 and a nominal value of TL 77.366.417 issued on 10 July 2020, its 6th and 7th coupon payments were made on 12 January 2021 and 12 February 2021, respectively.

A bond with a 384 days maturity, an ISIN code of TRSTEBK72122 and a nominal value of TL 20.470.186 issued on 10 July 2020, its 6th and 7th coupon payments were made on 18 January 2021 and 19 February 2021, respectively.

A bond with a 279 days maturity, an ISIN code of TRFTEBK42130 and a nominal value of TL 142.234.581 issued on 17 July 2020, its 6th and 7th coupon payments were made on 19 January 2021 and 19 February 2021, respectively.

A bond with a 377 days maturity, an ISIN code of TRSTEBK72130 and a nominal value of TL 14.562.000 issued on 17 July 2020, its 6th and 7th coupon payments were made on 7 January 2021 and 5 February 2021, respectively.

A bond with a 210 days maturity, an ISIN code of TRFTEBK32156 and a nominal value of TL 4.860.096 issued on 14 August 2020, its 5th and 6th coupon payments were made on 11 January 2021 and 10 February 2021, respectively.

A loan agreement with a 367 days maturity for the amount of USD 58.000.000 was signed with the European Development Bank for Reconstruction and Development (EBRD) on 15 January 2021.

The application for the issuance of structured debt instruments up to an amount of TL 1.000.000.000 (one billion Turkish liras) by our Bank to be sold to domestic qualified investors was approved by the CMB decision dated 21 January 2021 no. 4/67.

On 4 February 2021, the international rating agency Fitch Ratings confirmed the Bank's Long-Term FC Issuer Default Rating as B+ and Long-Term LC Issuer Default Rating as BB- with a Negative Outlook, while affirming its Short-Term FC and LC Issuer Default Rating as B, viability rating as b+, bank support rating as 4, and national long-term rating as AA (tur), assigning it a stable outlook.

A bond with a 210 days maturity, an ISIN code of TRFTEBK22157 and a nominal value of TL 105.695.955, issued on 28 July 2020 matured on 23 February 2021 and has been redeemed.

The sales of the bonds with a 91 days maturity and a nominal value of TL 486.940.253 issued to be sold to qualified investors within the debt instruments limit to be issued up to TL 23,0 billion by being offered to the public or not, which was approved by the CMB at its meeting no. 25/522 held on 16 April 2020, was completed; the asset clearance took place on 26 February 2021.

## TEB: PAST AND PRESENT

TEB started out as Kocaeli Halk Bankası T.A.Ş. in 1927 a small local bank based in İzmit. Acquired by the Çolakoğlu Group in 1982, TEB's name was changed to Türk Ekonomi Bankası A.Ş. the same year, and its headquarters were relocated to İstanbul.

Having focused its attentions on the foreign trade finance and investment banking business lines in the 1980s, TEB undertook an initial public offering in February 2000 after which its shares began trading on Borsa İstanbul's national market and was simultaneously quoted on the London Stock Exchange's depository receipt market.

On 10 February 2005, TEB entered into a partnership agreement with BNP Paribas, a leading Europe-based international financial services group whose members had operations in 71 countries as of end-2020.

By joining forces with the BNP Paribas Group, one of the most respected names in international markets, TEB further expanded the scope of its global vision.

In 2009 the BNP Paribas Group acquired majority stakes in Fortis Bank Belgium and Fortis Bank Luxembourg, as a result of which purchases the group also became the biggest shareholder in Fortis Bank's Turkish subsidiary.

Subsequently the BNP Paribas Group, which now indirectly controlled a majority stake in TEB and the Çolakoğlu Group reached an agreement under which it was decided to merge Fortis Bank Turkey into TEB. This merger formally took place on 14 February 2011.

As a result of this merger, TEB Holding now controls a majority (55%) stake in TEB while the Çolakoğlu Group and BNP Paribas each control an equal (50%) stake in TEB Holding.

At a time when TEB's publicly-traded shares were listed on Borsa İstanbul National Market, on 14 November 2014, BNP Paribas Fortis Yatırımlar Holding A.Ş., acting on behalf of

shareholders controlling a sufficient majority in TEB, applied to exercise their squeeze-out rights as provided for under current capital market regulations. With the completion of the delisting process on 25 June 2015, the shares in TEB A.Ş. were delisted from the stock exchange and TEB A.Ş. was excluded from the scope of Capital Market Law as a share issuer. Following an application from TEB, which is listed on the London Stock Exchange, depository receipts were also closed to processing and delisted as of 31 March 2015. Furthermore, the depository receipt program was terminated on 6 June 2015.

TEB carries out its activities drawing on the added value derived from the BNP Paribas Group's worldwide organization, superior know-how and experience.

Within this scope, TEB provides its customers with a complete array of corporate, small-business, treasury, capital market, retail and private banking financial products and services as well as an extensive line-up of investment, factoring and portfolio management products and services through its subsidiaries and group companies.

As of year-end 2020 TEB was at the service of 6,8 million customers with,

- 8.850 employees,
- 455 branches,
- 1.660 ATMs,
- on online branch at [www.teb.com.tr](http://www.teb.com.tr),
- a call center on 0850 200 0 666.

TEB gives its customers access to BNP Paribas' global vision and operational capabilities. A synergetic collaboration with BNP Paribas also makes it possible for the Bank to keep a close and constant watch on developments taking place in global markets as they unfold.



## MESSAGE FROM THE CHAIRMAN

Esteemed stakeholders,

**2020 has been a tough year for the global economy because of the Covid-19 pandemic that took all the countries in its tight grip. In the reporting period, global economic activity came to a standstill because of the lockdowns and restrictions implemented against the pandemic.**

Uncertainties in the financial markets lessened upon “phase one” trade deal reached between the US and China, and the world economy made an optimistic start to 2020.

From December 2019, however, the Covid-19 virus outbreak at first affected China and the Asian countries, before spreading to Europe and the US. Central banks of developed countries implemented expansionary monetary policies in an effort to alleviate the economic impacts of the pandemic and announced additional incentives. The US Federal Reserve System (the Fed) implemented two urgent subsequent rate cuts in March, pulling the policy rate down to almost zero. The US announced a comprehensive financial relief package of USD 2,2 trillion against the pandemic.

The European Central Bank (ECB) kept the policy rate at zero in the same period and introduced the Pandemic Emergency Purchase Program (PEPP). Declared as EUR 750 billion in March, the program was raised to EUR 1,35 trillion in June and EUR 1,85 trillion in December. The ECB also stated that the purchase program would continue until it judges that the corona crisis phase is over.

The risk appetite diminished as the volatility and uncertainties in financial markets increased, and the currencies of developing countries depreciated in the face of those of developed countries. In the same timeframe, fund flows to emerging countries declined and demand for developed countries' government bonds increased due to a search for a safe harbor. Fund flows to emerging countries are anticipated to restart as and when uncertainties ease and financial markets recapture stability in 2021.

In the World Economic Outlook report released in January 2021, the International Monetary Fund (IMF) estimates 3,5% contraction for global economy in 2020, while projecting 5,5% growth in 2021. The same report forecasts 6% growth for Turkey in 2021.

Turkey made a strong start to the first quarter of 2020 with a 4,5% growth driven by increased exports and production, but was forced to implement lockdowns and restrictions upon the emergence of the Covid-19 pandemic in our country from March. The Central Bank of the Republic of Turkey (CBRT) held an urgent meeting in March, at which the policy rate was decreased and liquidity measures were announced in an effort to support the markets against the pandemic. Lending rates declined thanks to credit support schemes, and credit growth momentum accelerated.

In the same period, the government announced a financial relief package of TL 100 billion in a bid to support the real sector and protect employment. Production has increased again with the loosening of quarantine conditions since June, and the Turkish economy captured a 6,7% growth performance in the third quarter of the year.

In 2020, our export and tourism revenues decreased significantly due to the reasons associated with the epidemic,

and the current account balance continued to post a deficit. In the first half of the year, inflation continued to decline, before readopting an uptrend upon reflection of pandemic-driven unit cost increases and the developments in exchange rates upon consumer prices. In response, the CBRT increased its policy rate once again towards the end of the year in an attempt to take inflation under control and secure price stability.

On the basis of the whole year, production has recovered quickly and reached its pre-pandemic levels. In 2020, it is estimated that the Turkish economy will be able to achieve a growth near zero despite the pandemic. In the year ahead, vaccination campaigns against Covid-19 and its results will be monitored. In 2021, a fast growth could be achieved owing to the strong base effect and on the back of efficient monetary and fiscal policies.

Esteemed stakeholders,

In this second part of my message, I would like to share my opinions regarding TEB's strategic position and its achievements in 2020.

### In our 93rd year in operation

Established under the name Kocaeli Halk Bankası on 6 June 1927 at the initiative of 83 local tradesmen and businesses, our Bank completed its 93rd year in operation with a successful performance. Having adeptly managed the challenges handed by the Covid-19 pandemic, our Bank focused on protecting the health of all its stakeholders with a particular focus on our employees, and crowned its development and growth with a sustainable performance.

A member of the BNP Paribas Group, which is Europe's largest and one of the world's largest banking and financial services structures, TEB is a national bank having an equally global service ambition and capability.

Distinguished in the market with the degree it has incarnated innovation and with high added-value products and services offered to customers, TEB registered 30,46% growth in terms of assets, bringing its total assets to TL 140 billion and lending volume to TL 82,9 billion in 2020.

While our loans-to-assets ratio was 59%, our NPL ratio that stood at 4,22% is a solid outcome of our sound lending policies and prudent risk approach.

With respect to our financial and operational performance, I would like to specifically mention that our subsidiaries all produced successful outputs in 2020. They continued to enrich the portfolio of products and services made available to our customers under the TEB roof with their rich product and service line-ups, to build on cross- and complementary-selling of services, and finally, to contribute to our added-value generation power.

### TEB makes a differentiation with its responsible approach as much as with its products.

TEB, beyond being a bank, is a responsible corporate citizen focused on producing extensive positive impact within the society. An emphatic supporter of the entire entrepreneurship universe with a special focus on the SMEs and women entrepreneurs, TEB gets involved also in initiatives related to

fintechs, entrepreneurship and start-ups. On another note, TEB also carries out extensive and exemplary activities for increasing financial literacy and awareness among the general public.

We are convinced that TEB will reach broader populations over the years, and continue to fulfill its financial and social missions simultaneously through its products, services, solutions and supports.

**We are moving forward with confidence.**

The TEB brandname is associated with trust and consistency for its stakeholders. No matter what the market conditions may be, TEB will remain as a safe harbor and strong business partner for all its retail and corporate customers and will be their choice in the construction of the financial future.

TEB enjoys power and prestige in global financial circles. Successfully representing its sector on all platforms, our Bank will keep constantly boosting its cooperation with global financing resources and providing the real sector with the funding necessary for the sustainable development journey of the Turkish economy.

In keeping with the immense responsibility upon it, TEB will continue to work, produce, give back and make a difference also in the future, rising upon its solid foundations. In this process, our institutional priority will be to ameliorate the value

proposition offered to our customers. Alongside, it is our ultimate and unchanged target to continually build on our reputation and shareholder value as an output.

Before I wrap up my message, I would like to present TEB's 2020 operational results and financial statements for our esteemed stakeholders' review.

I would like to thank the TEB management team and all our employees who contributed to our performance in 2020 for their committed and hard work, and I would like to express our gratitude on behalf of our Board of Directors and myself to our valuable shareholders for their invaluable and unwavering support.

Yours sincerely,



**YAVUZ CANEVI**  
Chairman of the Board of Directors

## CEO'S ASSESSMENT

Esteemed Stakeholders,

In March 2020, the Covid-19 pandemic invaded our lives as a phenomenon that will have lingering effects in the medium- and long-term ahead of us. The manner and location of its origination still researched and debated, the coronavirus spread across the Earth in a short period of time, forcing a radical and rapid transformation of the lives of billions of people, as well as production and consumption patterns.

As the World Health Organization declared it a pandemic on March 11th, the Republic of Turkey Ministry of Health also announced the first case in our country and initiated the transition to restrictions.

Our country succeeded in managing that process with swift and correct measures. The foundations of this success were laid by our robust healthcare infrastructure and capacity, and our healthcare industry workers who self-sacrificingly worked by waving aside the virus that threatens their very own lives, putting their non-stop effort into fighting the pandemic at the expense of staying away from their families for months.

Taking this opportunity, we would like to express our deepest gratitude to the invaluable healthcare workers to whom we entrust our lives if need be, to the members of the service and banking industries, and the valued members of the TEB family.

At TEB, we have given priority to protecting the health of our employees and customers from the very beginning of the process and took the necessary actions to ensure continuity of our operations. As we fulfilled the duty falling upon us to implement the financial measures adopted across the country and to channel the financing support to our fellow citizens, we targeted to contribute to the national economy, to stand by our customers and to achieve sustainable growth through our activities.

The Turkish economy, which had its robustness tested and confirmed a number of times in the past 20 years, successfully passed the resiliency test given by the pandemic as well.

While priority was given to keeping the wheels of the economy turning during the pandemic, support was extended to economic actors and households through a series of measures, incentives and implementations put into implementation swiftly.

I would like to gladly express that the Turkish banking sector preserved its robust structure in this process, and reinforced its support to the economy in all respects.

After making a hopeful start to 2020 like the whole world and our country, our Bank undersigned significant achievements in the first two months of the year, before turning its attention to a prevention/protection strategy prioritizing the health of its stakeholders in general and its employees and customers in particular, from March onwards.

Stating that we have displayed great courage and extraordinary efforts as a team in the fight against the pandemic, I would like to share my observations.

In this period when we tried our crisis management competencies, our Covid-19 Crisis Management team worked

night and day to implement the measures fully, and extended the necessary support to our employees uninterruptedly.

As we planned our working formats carefully with an agile approach, we successfully put into life the necessary coordination and actions for fully and immediately implementing the measures announced by regulatory authorities. As TEB, we were able to offer uninterrupted service on the basis of rotating working scheme and in the light of scientific data.

Our Bank managed its 2020 activities within the frame of a participative, agile and flexible strategic management.

As we optimized the maturity risk through expanded consumer loans and balanced housing loans in the recent period, we have also vested our SME portfolio in a healthier structure through new customer acquisition while continuing to expand it. In the corporate banking business line, the fast growth on the TL lending side and our being one of the banks that come to mind first in foreign trade have made the perfect elements of our clockwork strategy.

The contribution of our participative management and strong team has played a big part in reflecting the potential presented by the markets in our performance. According to our financial results for the year ended 31 December 2020, our Bank's total assets augmented by 30% to TL 140 billion in the 12 months to end-2020, while we booked TL 1,177 million in net profit. Loans, which represent the most important indicator of the support we provide to the economy and our customers, accounted for 59% of our total assets.

Giving priority to risk management and asset quality as always, our Bank's total lending amounted to TL 82.9 billion in the last quarter of the year, with total deposits worth TL 93.8 billion, up by a remarkable 30%. We maintained our consistent growth on the back of our solid capital structure also in the last quarter of 2020, and increased our profitability sustainably. While our Bank's shareholder' equity was worth TL 11.4 billion, capital adequacy ratio was 18.51%, well above the target ratio of 12%.

At TEB, we molded our approach to product and service pricing by prioritizing assets and liabilities management in 2020; we continued to offer non-stop service to our customers in all lines of business in keeping with our "full support at all times" concept amid extraordinary regulatory requirements such as assets ratio and required reserves.

Segment leadership and market-maker position handed to us by our Marifetli Account product, along with the success we achieved in salary payments, played a big part in the broad-based customer portfolio we have created. In 2020 that saw our credit portfolio expand by 20%, our Bank established itself as one that is capable of strongly managing its liquidity.

Thanks to the disciplined stance and our strategy to decrease the concentration of risk exposure with corporate companies and in the SME segment, we were able to end 2020 with a healthy portfolio composition and growth.

On the other hand, our Bank considered all demands that it deemed to be rational and productive as a prerequisite of long-term cooperation and strategic partnership approach and kept standing by its customers solidly and determinedly, making available restructuring and additional supports.

The Covid-19 pandemic squeezed the transformation that would normally take several years for the humankind within just several months. While hygiene, mask and social distancing became the motto of life in this process, isolation shaped our lifecycles as the primary form of protection. In this timeframe, we all experienced the power and importance of digitalization first-hand.

This process provided us with the opportunity to try our digital banking capabilities, power and service delivery capacity we recently introduced and that largely reshaped our service delivery platform. During 2020 when we concentrated on digital services, our customers made use of non-branch channels at a ratio of 80%.

Our digital banking application CEPTETEB has made us all proud by claiming the “Best Retail Banking Digital Platform” award in the Global Finance Best Digital Bank 2020 in the Western Europe program.

CEPTETEB İŞTE, our mobile application launched by early 2020 making day-to-day business life easier for SMEs and businesses, on the other hand, quickly endorsed its success garnering awards on numerous international platforms including one in the Mobile category at the “Innovation in Digital Banking Awards” organized by The Banker magazine.

We are tackling, designing and launching our Digital Banking products and services to offer solutions with high value propositions to the entire range of our customers from individual to retail and from SME to Private Banking. This approach is a constant contributor to our Bank’s promoter score as a financial services provider and also to customer satisfaction to which we attach great importance.

Enabling leanness, speed and practicability, digitalization will shape the future competition, in other words, the new normal. With this thought in mind, we will keep using digitalization as a leverage in the products and services we offer, and enhancing customer satisfaction by creating differentiation in competition.

Entrepreneurship and the start-up ecosystem is another platform that our Bank deems important.

While the Start-Up House we opened in 2013 that goes beyond our own sector to inspire numerous economic actors of our country, the activities and initiatives in this area also increased rapidly. We consider entrepreneurship and start-ups among the driving forces of the new normal, we value the collaborations we establish in the area of entrepreneurship, and we also regard entrepreneurship an important peg for Turkey’s growth.

In addition, we support growing women’s employment, and empowering women in business through their involvement in the economy at a greater extent.

We regard our human capital as the permanent guarantee of our existence.

Named among the Top Employers in Europe and in Turkey also in 2020 by the Top Employers Institute, our Bank undersigned a remarkable success by earning the Top Employer Turkey and Top Employer Europe certifications for eight years in a row.

Our performance management based on objective criteria, our transparent career committees, local and international career opportunities offered to our employees, our talent management programs preparing the future leadership, and our uninterrupted training and development activities serve as the telling indicators of the importance and value we attach to our human capital.

As we contribute to the national economy and sustainable growth with our products and services in keeping with our understanding of being a “Good Bank”, we, at TEB, undertake initiatives that bear a positive impact for the society and set examples for other organizations, which add value to all our stakeholders that consist of our employees, customers, shareholders and our society.

The value we produce for our customers within our service cycle, our contribution to the Turkish economy, our direct and indirect presence in the employment front, and our contribution to the society that we belong to all point at the outputs of being a great bank. Other significant aspects in this context are being ethical, achieving full legal and regulatory compliance, being an honest actor of the sector and transparency.

In brief, being a great bank is being able to head towards the same targets with our stakeholders, producing, and giving back. In the period ahead, TEB will continue to uncompromisingly and determinedly do whatever is necessary to be a great bank.

We have solid faith in the future of Turkey.

I would like to take this opportunity to thank first our employees who made the 2020 performance of TEB possible and all our stakeholders for their valuable support.

Yours sincerely,



**Ümit Leblebici**  
CEO

## AN OVERVIEW OF THE ECONOMY AND THE SECTOR IN 2020

**Having ended 2019 with a growth rate of 0,9%, the Turkish economy made a strong start to 2020, but the economic activity slowed down as the Covid-19 outbreak acquired a global dimension.**

From March 2020, the epidemic began showing its effect also in our country and lockdown and isolation measures were implemented in April and May. The negative effects of the pandemic took their toll on the economy, along with social life. Having registered 4,5% growth in the first quarter of 2020, the Turkish economy shrank by 9,9% on an annual basis in the second quarter due to lockdown conditions and the closures imposed on the services industry.

With the help of the loosened lockdown measures in the summertime, coupled with the contribution of expansionary monetary and fiscal policies implemented in the same timeframe, the economy recovered quickly, and ranked among the fastest-growing economies with a 6,7% growth rate in the third quarter of the year.

### **2020 has been a tough year for the financial markets.**

Global risk appetite lessened in connection with the Covid-19 pandemic, and fund flows to emerging countries declined. In this period of high uncertainty, the demand for the assets of the developed countries increased. Having gone below 300 bps at the end of 2019 due to the volatility in international markets, our country risk premium went above 600 bps during the pandemic. In the same timeframe, Turkish lira depreciated in the face of the currencies of developed countries, and the USD/TL rate surged from 5,90 at year-end 2019 to 7,42 at year-end 2020.

With the aim of restraining the negative effects of the pandemic upon the economy, comprehensive steps were taken both in monetary and fiscal policies. The Central Bank of the Republic of Turkey (CBRT) gradually decreased the policy rate from 12% at year-end 2019 to 8,25% in May, and declared relief packages to provide the real sector and the banking sector with the appropriate liquidity conditions.

With the flexibility provided in lending conditions, consumer TL loan rates and commercial loan rates went down to 8,45% and 8,15% respectively.

In the second half of the year, inflation escalated more rapidly than anticipated due to the developments in exchange rates and increased unit costs in connection with the pandemic, and went up to 14,6% at the end of 2020.

**In an attempt to take under control inflation projections and to re-establish price stability, the CBRT increased the benchmark rate against the uptrend in inflation, and increased the policy rate which was 8,25% to 17% as at year-end 2020.**

Export and tourism revenues slumped in the first half of the year due to reasons linked to the pandemic, and the current account balance began to post a high deficit. In the second half of the year, domestic demand remained strong with the increased lending momentum, and the annual current account deficit went up to USD 36,7 billion as at year-end. While portfolio outflows amounted to USD 5,5 billion on an annual basis, FX reserves dwindled by USD 31,9 billion. With the inception of normalization, exports and tourism revenues are anticipated to recuperate in the year ahead, and to contribute to FX reserves.

**The budget deficit augmented in 2020 as a result of the financial measures implemented against the pandemic.**

As a result of the deferment of tax payments, increased social security expenses and steps taken to protect employment, budget deficit amounted to TL 172,7 billion in 2020.

**The Turkish economy is estimated to achieve limited growth in 2020 despite the pandemic.**

Through vaccination campaigns, the negative circumstances stemming from the Covid-19 pandemic are targeted to be precluded in 2021. Services and tourism industries, which were the hardest-hit sectors by the pandemic, are anticipated to attain a fast recuperation in the year ahead. However, the slow pace of recovery in the European Union countries poses a risk upon our exports. Our country risk premium is anticipated to decline and investments are expected to pick up as and when uncertainties are alleviated and financial markets recapture stability in the period ahead.

<b>Turkish Banking Sector Key Indicators</b>		
	<b>December 2020</b>	<b>December 2019</b>
Assets	TL 6,108 trillion	TL 4,492 trillion
Loans	TL 3,618 trillion	TL 2,740 trillion
Marketable Securities	TL 1,023 billion	TL 661 billion
Deposits	TL 3,625 trillion	TL 2,688 trillion

## TÜRK EKONOMİ BANK'S PERFORMANCE IN 2020

### IN GENERAL

Presented below is a summary of TEB's shares of the banking industry's basic indicators as of 31 December 2019 and 31 December 2020 together with information about changes in those shares.

Looking at the highlights of the Bank's performance in 2020 as compared with that of 2019 we observe that:

- Total assets increased by 30,46% in 2020.
- Shareholders' equity reached TL 11,410 million.
- Total deposits accounted for a 67% share of the Bank's balance-sheet.
- Total credits, which is the most significant indicator of the Bank's support for its customers and the economy, has been TL 82,9 billion in 2020 which represents 59,2% of total assets.
- Loan-to-deposit ratio has been realized as 88,44%, capital adequacy as 18,51% and return on equity as 11,61%.

### TEB'S POSITION IN THE INDUSTRY

(TL million)	31.12.2020		
	TEB	Industry	TEB's share (%)
Total Assets	140.048	6.107.832	2,29
Total Live Credits	78.882	3.618.480	2,18
Total Deposits	93.773	3.625.266	2,59
Number of Branches	455	11.189	4,07
Number of Employees	8.850	203.224	4,35

Source (for industry figures): BRSA's December 2020 monthly bulletin

## AWARDS

In 2020, TEB's activities have been recognized and rewarded as always both in Turkey and abroad.

AWARD	CATEGORY / RANKING	PRODUCT / SERVICE
<b>RETAIL BANKING</b>		
Global Finance "Best Digital Bank 2020"	Banks operating in Western Europe / Best Retail Banking Digital Platform	CEPTETEB
PSM Awards 2020	Digital Transformation Category/ Silver PSM	Mall IQ Location Based Targeting Integration
Golden Spider (Altın Örümcek)	Most Accessible Mobile Application	CEPTETEB
Contact Center World	Best in Customer Service / Gold	TEB Call Center
Contact Center World	Best Sales Campaign / Gold	TEB Call Center
Contact Center World	Best Contact Center Sales Professional / Gold	TEB Call Center
IDC (International Data Corporation) Digital Transformation Awards	Digital Trailblazer/Best Digital Trailblazer Project	TEB Customer Experience Platform
<b>PRIVATE BANKING</b>		
International Finance Awards 2020	Most Innovative Private Banking	Private Banking
World Finance 2020	Best Private Bank Turkey	Private Banking
Euromoney 2020	Best Private Banking Services Overall in Turkey	Private Banking
Euromoney 2020	Best Next Generation Programs in Turkey	Private Banking
Euromoney 2020	Best Capital Markets and Advisory in Turkey	Private Banking
Euromoney 2020	Best Impact Investing in Turkey	Private Banking
Euromoney 2020	Best Data Management and Security in Turkey	Private Banking
Euromoney 2020	Best Innovative Technology Adoption in Turkey	Private Banking
<b>CORPORATE BANKING</b>		
Asian Banking & Finance Awards	Best Cash Management Bank in Turkey	Cash Management
Stevie International Business Awards	Covid-19 Most Valuable Corporate Response / Silver Stevie	Cash Management
<b>SME BANKING</b>		
Global Business Excellence Awards 2020	Best Application Award	CEPTETEB İŞTE
Global Finance, The Innovators 2020	Best Innovation Award	CEPTETEB İŞTE
Best Business Awards 2020	Best Innovation Award	CEPTETEB İŞTE
The Asian Banker, - Financial Technology Innovation Awards	Best Mobile Banking Technology Implementation	CEPTETEB İŞTE
The Banker, Innovation in Digital Banking 2020	Mobile Category Winner	CEPTETEB İŞTE
IFC, Global SME Finance Competition	Innovative Product of the Year / Honorable Mention	CEPTETEB İŞTE
BNPP Rising Up	Best Project	CEPTETEB İŞTE
<b>HUMAN RESOURCES</b>		
Top Employers Turkey 2021 / Top Employer Europe 2021	Top Employers Turkey and Top Employers Europe Certificates	Human Resources Practices

## CORPORATE BANKING GROUP

In the ever-changing and intense competitive environment of financial markets in 2020, TEB Corporate Banking Group succeeded in maximizing customer satisfaction by fulfilling its customers' diverse needs through the right channels.

TEB offers high value-added products and services to medium- and large-scale domestic and international companies, conglomerates and holding companies with an annual turnover of TL 125 million and above.

The Bank is also supported by the synergy created with the global network of its partner BNP Paribas in the Corporate Banking business line.

The products and services offered within the scope of Corporate Banking activities are as follows:

- Trade finance
- Working capital and investment loans
- Cash management and risk management products
- Standard and derivative treasury products
- Corporate investment banking products
- Commodity finance
- Project finance

TEB has tailored its privileged and high-quality services delivered through a total of 14 corporate branches, 7 of which are in Istanbul, in line with its long-term customer relations approach. The Bank provides its services through its foreign trade centers staffed with experienced specialists and an organization specifically designed for multinational companies.

TEB further reinforces its effectiveness in Corporate Banking in the ever-changing and intense competitive environment of financial markets. In 2020, the Bank succeeded in maximizing customer satisfaction by fulfilling its customers' diverse needs through the right channels.

In a fast transforming world with new technological developments, customer expectations and requirements are changing at the same speed. TEB Corporate Banking Group is focused on sustaining customer experience and product quality at the highest level in accordance with changing customer expectations and needs.

TEB continued its activities within its transformation projects in 2020 with the aim of providing a fast service for its customers' daily transactions offering expertise services best suited to customers' needs. In line with its goal of being "the first bank that comes to mind of customers" in the corporate banking business line, TEB plans to continue its activities towards development of new products and services.

### Multinationals Desk

TEB is the first bank in Turkey to set up a Multinationals Desk.

Since 2006, TEB has been servicing multinationals as well as Turkish firms with international operations, by providing significant advantages and convenience. In these services, TEB benefits from its own extensive network of domestic branches in Turkey as well as the cooperation it has developed with BNP Paribas, which operates with 198.000 employees in 71 countries with the slogan "One Bank for Corporates", and has more than 23 million customers and more than 7.000 branches.

TEB delivers the service quality and standard that global partners of multinationals receive from BNP Paribas at the maximum extent allowed by the local regulatory framework.

The Multinationals Desk that operates under the Corporate Banking Division provides services with its specialized personnel in the headquarters and corporate branches. TEB seeks to be the main bank with which all multinationals with operations in Turkey prefer to work as almost 1.300 multinationals from 45 countries already do.

## GLOBAL TRADE SOLUTIONS AND FINANCIAL INSTITUTIONS

### Global service competence in international trade

TEB is a distinctive and specialized bank in foreign trade. The global service network of BNP Paribas further strengthens this characteristic.

Among the world's top three banks in foreign trade finance business, BNP Paribas ranks first in Europe.

BNP Paribas' operations in 71 countries and Trade Centers active at more than 100 locations in over 60 countries sharpen TEB's competitive edge in trade finance business. Thanks to its capability of delivering global services, the Bank provides tailored solutions such as foreign trade legal framework consultancy and preparation of letter of credit documentation. TEB maintains correspondent relationships with more than 1.000 banks located all over the world, TEB constantly seeks to expand this network in line with its customers' needs. In addition to its strong correspondent network, TEB also enjoys the possibility to offer its customers maturity options in foreign trade transactions according to their needs using the network of BNP Paribas covering 71 countries.

### Favorable terms in foreign trade transactions

Through its correspondent network, TEB facilitates money transfer services for its customers that require transferring money in local currencies of different countries owing to their investments in such countries.

Facilitating cross-border money transfer in 135 different currencies to more than 180 countries, TEB also offers cash transfer services to customers who want to make bulk payments at competitive costs through its wide correspondent network.

### TEB Foreign Trade Centers

Located in İstanbul, Bursa and İzmir, TEB Trade Center network providing foreign trade finance and foreign trade consultancy products and services is the first of its kind in the Turkish banking industry.

Trade finance solutions suited to customers' needs are tailored via benefitting from TEB's and BNP Paribas' trade finance expertise and extensive correspondent networks.

### Strong position in export finance

TEB is one of Turkey's pioneering and competent banks in trade finance. TEB's strong position in export finance is verified by sectoral data. Retail loans excluded, loans used to finance exports comprise 17% of Bank's performing loans portfolio.

TEB has 4,8% market share in export loans, which puts the Bank in the 7th place.



According to data for the third quarter of 2020, TEB mediated 6,6% of counter-guarantees provided to Turkey from overseas in terms of the number of transactions and 5,5% of export letters of credit in terms of volume.

Every TEB Trade Center employs a team whose members have expertise in “structured trade and commodity finance”. This team devises financing solutions that are specifically tailored according to the goods involved and customer cash flows. In this way, firms can be offered tailored products that go beyond the sector’s conventional financing methods.

TEB was the first bank to offer structured commodity financing credit in Turkey. The Bank has provided credit facilities by accepting product certificates as collateral issued against commodities being held in the first licensed warehouse in Turkey. In July 2017, the necessary infrastructure for borrowing against electronic product certificate (ELUS) has been finalized, and customers’ demands for financing began to be fulfilled.

Another solution TEB offers to exporters is rediscount credit opportunities the Central Bank of Turkey allocates to Turkish exporters.

#### **Experience shared through foreign trade training programs**

TEB provides its customers with specialized consultancy services related to their foreign trade and investment activities. In addition, TEB also works with sectoral and regional exporters’ associations, chambers of commerce and industry, organized industrial zone directorates and similar organizations to provide practical foreign trade training and seminars on foreign trade issues that are designed to meet the particular needs of firms in different parts of the country.

### **LARGE CORPORATES**

#### **Service delivered on the basis of a broad and high-quality product range**

At TEB, large corporates relationship management is conducted by a team of Global Relationship Managers at the Headquarters within the Corporate Banking service network. This structure is the extension of the model implemented by BNP Paribas International Retail Banking organization in various countries.

Relationship management with large companies includes large corporate companies which have been established and grown in Turkey, and differentiated themselves in terms of revenue, geography and diversity of financial transactions.

Global Relationship Managers are equipped for and in charge with handling the coordination of services to meet these companies’ strategic needs such as debt and equity capital markets, financial markets, project financing, mergers and acquisitions.

### **CASH MANAGEMENT**

#### **Innovative products admired by stakeholders**

Along with BNP Paribas, TEB provides special cash management solutions to global customers requiring a single global solution for all their subsidiaries around the world involving efficiency and control in their collection and payment processes.

In 2020, the Bank continued to offer service to multinational companies with a number of specific products that provide efficiency and control in their national and international payment and collection processes associated with their operations in Turkey.

TEB Cash Management will carry on with its efforts to be recognized as the first bank that comes to mind for cash management, and will continue to offer products and services for its international customers which are fully integrated with BNP Paribas’ global cash management system in the years ahead.

#### **Practical and advantageous cash management solutions**

In partnership with BNP Paribas, TEB develops cash management implementations for its global customers requiring a single global solution for their operations that may be scattered all around the world.

In 2020, customers were presented many specially-designed products and solutions allowing them to achieve greater efficiency and control in the conduct of national and international payment and collection processes related to their existing or planned operations in Turkey. TEB will continue to deliver products and services that are fully integrated into BNP Paribas’ global cash management system to its multinational customers in the years to come.

### **CUSTOMER SUPPORT THROUGH VARIOUS CHANNELS ENABLED BY STRONG SYNERGY**

TEB Corporate Banking has adopted a customer-oriented approach in the product and service processes it offers to its customers. Within this framework, the Bank focuses on the strategy of “creating value for all stakeholders” in line with the culture of generating cross-business.

Despite the negative impacts of the Covid-19 pandemic in 2020, TEB continued to provide end-to-end solutions to corporates at all business lines, including their whole ecosystem with a holistic approach offering TEB Group’s range of financial and non-financial products and services.

TEB Corporate Banking continued to create value for its customers, including the ones who need investment banking products and services, by taking advantage of strong international network and product line of BNP Paribas Group. In order to achieve this goal, TEB provided the following services:

- support for commercial and investment activities
- local and international resources for the funding of foreign trade activities
- financial advisory
- M&A advisory
- project finance facilities
- public offerings.

In addition, Corporate Banking conducts cross-selling and business development activities together with the Bank’s other business lines, in order to create value for corporates in all areas of their interests such as agricultural banking, consumer finance, housing finance projects, payment systems with card and POS services, solutions for dealers, corporate finance and salary agreements.

#### **Domestic and international product and service diversity**

TEB’s domestic and international product and service variety stands out in its services provided through its affiliates as well:

- TEB Arval offers its international experience to the fleet management sector as a solution partner for Corporate Banking customers’ fleet management activities and provides fleet rental services to more than one million vehicles worldwide,

- BNP Paribas Leasing Solutions provides financial solutions to Corporate Banking customers for their investments in equipment and real estate,
- TEB Faktoring provides services in domestic and international factoring industry with an experience of more than 20 years and it has been awarded as the Best Export Factoring Company for the 7th time by the world's largest factoring chain Factors Chain International.
- TEB Investment carries out mediating activities for its customers' public offerings, debt instruments, domestic and international transactions and provides investment consultancy services,
- TEB Portfolio provides alternative fund management services for its Corporate Banking customers and many funds, in which it is the founder and director,
- BNP Paribas Cardiff Pension offers a range of advantageous fast and high-quality services to its customers in meeting their group pension and insurance needs".

## BUSINESS DEVELOPMENT ACTIVITIES

### **With the contribution of stakeholder relations...**

Within the context of business development activities, TEB takes major steps to develop its Corporate Banking customer base. In line with these collaborations with major non-governmental organizations, industry and trade exchanges have been realized.

Taking customer focus and customer satisfaction into consideration, TEB conducted joint business development activities with TEB Start-up Banking portfolio of start-up firms to provide support for corporate banking customers' Industry 4.0 and digital transformation processes. A number of successful projects were carried on to improve service quality and efficiency with cooperation developed with BNP Paribas and business partnerships experienced in their fields.

During 2020 that was a rough year on a global scale, the Bank offered need-based business solutions adding value to customers to help corporate companies to come through this process with minimal impact. In cooperation with the Ministry of Treasury and Finance, the Bank continued to provide various support and incentive packages to corporate customers which were targeted at reducing the financing costs of R&D and environmental investments.

## PUBLIC BANKING

### **Cooperation with public agencies and local administrations focused on value generation**

The Public Banking Department was established under Corporate Banking in 2017 in order to expand the scope of business with the public sector and to increase cooperation areas.

With the establishment of the department, it is intended to meet public sector's needs in foreign trade, structured trade finance, cash management, and alternative funding facilities

with BNP Paribas' industry expertise and support for longer term and lower-cost funding.

The Public Banking Department carries on with its efforts to provide low-cost funding and other banking products to Public Economic Enterprises and Local Administrations.

In 2020, TEB Public Banking continued to make efforts to develop relationships with new public institutions, as well as to make alternative funding facilities such as bond issuances more accessible for public institutions in accordance with their medium and long term strategies, primarily through capital markets.

In this context, priority was given to Sustainable Financing facilities, and environmentally-sensitive financing deals were supported.

## MARKETING AND BUSINESS MANAGEMENT ACTIVITIES

### **Projects generating versatile value**

Marketing and business management activities are carried out in parallel with the Corporate Banking sales and marketing strategies that were formulated.

These activities include oversight of action plans devised, conducting transformation projects backing strategy and goals and detailed analyses in improvement areas, and management and reporting of improvement projects for identified processes.

In addition, training programs are planned and executed in coordination with the Human Resources Department, which are designed to contribute to the development of the Bank's employees, and to equip them with the knowledge and competencies that will help achieve the strategy and goals.

In addition to strategy and project management coordination, budget management and financial performance of Corporate Banking are monitored and reported, and in this context, support is provided for data supply in relation to sales, marketing and analysis activities of branches and related teams.

Activities are carried out under the Corporate Banking organization to achieve full compliance particularly with the national and international legislation for prevention of laundering proceeds from crime and with the TEB and BNP Paribas Group procedures. To this end, implementations, examinations and training activities are managed in coordination with branches and related teams.

TEB Corporate Banking also carries out sustainability initiatives in line with its "positive impact" target, taking into consideration its environmental and social responsibilities. In this context, projects targeted at offering innovative and sustainability-focused products and services continue at an increasing pace.

## SME BANKING GROUP

**TEB carries out its SME Banking activities under its “consultant banking” approach. The Bank’s unchanging goal in this business line is to deliver “the best customer experience”.**

TEB SME Banking Group supports its SME customers with non-financial products and services, alongside financial products. Offering service with the objective of delivering “the best customer experience” constitutes the main theme of SME Banking customer services and service model.

As an innovative bank, TEB constantly improves the products and services it offers to SMEs within the scope of SME Banking activities and assists them with diverse solutions introduced in various areas such as growth and competition that represent the biggest challenges for SMEs.

### **Support to the SMEs during the pandemic**

Automation and digital transformation that gained speed in the wake of the pandemic shaped the models of doing business in the banking sector and customer demands and expectations, and digital channels gained further ground in customer interactions. In this context, TEB SME Banking also made it a priority to satisfy customer expectations and to deliver the best SME Banking experience to the SMEs by increasing its automation and digital transformation of banking processes.

TEB SME Banking is structured to cover various areas with the aim of offering customized service to its customers of varying scales with differing product and service requirements.

Accordingly, the Bank operates in the areas of Start-up, Gold and Municipal Banking segments, as well as SME and Agricultural Banking. Customers are offered information, training and partnership support also in non-financial matters.

In 2020, the banking sector in Turkey was reshaped due to the pandemic after the first quarter of the year, as was the case in the rest of the world. During the pandemic, TEB continued to expand its SME lending and to stand by the SMEs that serve as the driving engine of the national economy.

Taking into consideration the impacts of the pandemic and altered customer expectations, the Bank redesigned its products and processes in order to provide faster and solution-oriented service to its SME customers at its branches.

During the pandemic that persists globally, TEB launched support packages facilitating loan repayments of its SME customers. In this scope, the Bank assessed demands for deferment of loan repayments by customers with disrupted cash flows and having difficulties in repayment of credits with a sense of responsibility, formulated new repayment plans compatible with their cash flows, and fulfilled additional credit demands.

Having sustained its support to the SMEs by participating in all KGF (Credit Guarantee Fund) and KOSGEB (Small and Medium Enterprises Development Organization of Turkey) supported projects in this period, TEB provided guidance to its customers currently, or are targeting to become, engaged in exports via its expert Foreign Trade team organized in its regions.

### **CEPTETEB İŞTE CROWNED ITS FIRST YEAR WITH AWARDS.**

CEPTETEB İŞTE is a comprehensive digital commercial banking platform by TEB, which allows SME, corporate and business

customers to perform many financial transactions quickly and easily.

CEPTETEB İŞTE was deemed worthy of awards by a number of international organizations in 2020.

Some of the capabilities CEPTETEB İŞTE offers include transacting without having to make a branch visit, real-time and easy follow-up of the financial status, time-saving enabled by a fast and practical interface, monitoring the current status of financial products, and real-time management and monitoring of POS devices.

Ever since its launch for use by customers, CEPTETEB İŞTE continues to be enriched with new functions in line with customer needs. Loan applications, POS demands, commercial credit card and cheque book demands began to be accepted via the app with the aim of offering new digital experiences to customers.

## START-UP BANKING

### **Solid support to start-ups in cooperation with TİM**

Start-up House, the first one of which TEB had opened in Ataşehir, İstanbul in 2013 with the aim of reaching start-ups all over the country, supporting technology start-ups and winning their innovative business ideas for the economy, brings service also to Anatolia within the frame of the cooperation with the Turkish Exporters Assembly (TİM).

Turkey’s most comprehensive start-up network, TİM-TEB Start-up House moved to Kolektif House in the Maslak area in January 2020, where the start-up ecosystem is concentrated. Aiming to support the technology firms and start-ups in Ankara, a new Start-up House was opened in February 2020 at METU CoZone, established at the Middle East Technical University (METU) Technopolis with the aim of bringing together the start-up ecosystem in Ankara.

As of year-end 2020, TİM-TEB Start-up House expanded its coverage to 7 cities, namely İstanbul, Ankara, İzmir, Gaziantep, Denizli, Bursa, and Mersin.

### **Aiming to grow Turkey’s start-up ecosystem**

TEB aims to grow Turkey’s start-up ecosystem through the accelerator and growth-driven original programs of TİM-TEB Start-up Houses intended to ensure sustainability and rapid growth of technology companies. In this context, support was extended to over 1.000 start-ups during 2020 within the scope of the programs executed in 7 cities.

### **TEB stands by young entrepreneurs with TÜBİTAK BiGG Program.**

For six years, TEB has been extending support within the scope of TÜBİTAK’s Young Enterprise (BiGG) Program to conceivers of innovative technology business ideas, at every stage from the realization of business ideas including advisory, technical mentoring and office support to the publicity of the project, from finding customers to presentation to investors.

During 2020, TEB helped 18 start-ups with technological business ideas to receive grants worth TL 200.000 and to become incorporated within the scope of TÜBİTAK BiGG Program. TEB’s contribution to the grants made available to date under the TÜBİTAK BiGG Program amounted to TL 14,8 million for a total of 89 technological business ideas.

Having renewed its TÜBİTAK accreditation in the third quarter of 2020, TEB qualified as an implementation institution for two more years. The Bank will keep supporting start-ups in all respects including how to transform their business ideas into a business and how to market their projects.

#### **Start Up 2 Corporate Program continues with corporate companies.**

Market reach and network supports needed by start-ups are provided by TİM-TEB Start-up House in the broadest extent. In 2020, TEB continued to reach Exporter Unions affiliated to TİM and to enable participation of start-ups targeting a given country in the Trade Delegations organized by TİM. In addition, start-ups were brought together with TİM-member companies, and SMEs and corporate companies covered in TEB's customer portfolio.

Allowing organizations to closely monitor technological trends and reach new technological products/services via the Startup 2 Corporate Program, TEB also aims for start-ups to reach their target customers. Within this scope, nearly 100 technology companies were brought together with the directors of a large number of different organizations during 2020.

### **AGRICULTURAL BANKING**

#### **TEB continues with its efforts to drive the development of the agricultural industry and to fulfill the financial needs of producers.**

Since 2007, TEB Agricultural Banking has been making available its Agricultural Banking products based on the circumstances and dynamics of agricultural production for use by producers. TEB Agricultural Banking provides agricultural input financing and funding for their investment projects to farmer and producer organizations (unions, cooperatives and chambers) and agricultural establishments of any scale.

#### **New partnerships in the industry under TEB Harman Kart that transforms labor into abundance**

Having given particular weight to partnerships with the industry's leading institutions for producers fulfilling their agricultural input needs under TEB Harman Kart (Harvest Card), TEB expanded its member merchant network, and added new partnerships to existing ones in areas such as fuel oil, fertilizers, seeds, fodder, and pesticides.

With TEB Harman Kart, producers are able to purchase from member merchants interest-free up to six months, fulfill their input needs for their agricultural production, pay for their agricultural electricity and irrigation bills, and repay these items at the harvest period.

#### **Consentred on digitalization during the pandemic.**

TEB redesigned its processes to allow completion of transactions without a branch visit in an effort to support the increased operating capital needs of farmers that carried on with their production through the pandemic.

In this context, producers who do not have a Harman Kart (Harvest Card) can apply for one by simply texting. All producers needing Agricultural Loan can apply for it with a single text message, without going to a branch, and can satisfy their urgent cash needs within seconds.

#### **Advantages for the entire agricultural industry under the Contracted Production Loan**

TEB's partnerships in the agricultural industry further expand with Contracted Production Loan agreements. TEB Agricultural Banking offers financial solutions to the parent company collecting the produce and to thousands of producers working under contracted production model alike from cultivation to the delivery of the produce to the consumers.

#### **Events were suspended during the pandemic.**

During the pandemic, TEB was compelled to suspend its regular participation in annual trade fairs and festivals. The Bank is looking forward to reuniting with the producers in days of abundance in the period ahead, when it will be offering its new products and services.

### **GOLD BANKING**

TEB continues to create value in Turkish jewelry industry with its expertise in gold and jewelry, with its accessibility and experience through innovative products which make a difference in that industry.

Providing solutions for the needs of customers in jewelry industry for more than 20 years, TEB has been supporting this industry with a market share of 12% in gold credits based on BRSA's December data.

TEB Gold Banking offers its customers service with a range of products including Current Gold Deposit Accounts and Type B Gold Fund

### **MUNICIPALITY BANKING**

#### **Number of municipalities and their subsidiaries that TEB partnered up with reached 650**

TEB Municipality Banking continued to be one of the most significant players in this area in 2020 with its products and services developed specifically for the needs of local administration. With Municipality Banking approach, the Bank provided municipalities easy access to financing and contributed to more rapid infrastructural investments.

Providing the first online/real time collection service within the scope of its cash management solutions, TEB offered a faster and easier service for citizens to make their payments to municipalities.

## RETAIL AND PRIVATE BANKING GROUP

**During the pandemic-dominated 2020, TEB Retail and Private Banking Group uninterruptedly delivered its innovative products and services to its customers giving the foreground to its customers' health.**

**In 2020, TEB also fortified the value propositions offered through digital channels.**

**As a result of the efforts spent, digital banking applications were developed rapidly, which enabled significant expansions in services provided digitally.**

**Amid the special conditions that tainted 2020, TEB supported its customers also with credit card and retail loan debt deferment and restructuring options.**

In 2020, TEB Retail Banking carried out its activities with its customer-focused approach to service and increased new customer acquisition. New products and services were designed throughout the year, and marketing activities were executed with an analytical approach, thus responding to quickly evolving customer needs. TEB is focused on continuously improving customer experience while keeping pace with the transforming technology and customer needs.

### Priorities in 2020

TEB identified its priorities in the retail banking segment as follows:

- Improve customer experience in all aspects,
- Offer digital transformation solutions,
- Grow with general purpose loans, Marifetli Account and new customers,
- Increase the number of active customers in all segments

The Bank is focused on upgrading efficiency and customer satisfaction by optimizing digital services in order to deliver a seamless banking experience to its customers.

### To be the most recommended bank

TEB targets to deliver positive experiences that make a difference in the sector within its service cycle.

In its journey for achieving this target, TEB carries out its activities with the goal to "be the most recommended bank"; to this end, the Bank constantly measures customer experience.

In 2020, the Bank employed the NPS (Net Promoter Score) methodology to measure the customers' experience with TEB and the level of their recommending the Bank. The survey results are regularly analyzed by the "voice of customer" business units and necessary enhancements are made in improvement areas within customer experience.

As a result of technological upgrades carried out in 2020, TEB incorporated digital channel alternatives within NPS measurement. This development served to receive easy and fast feedbacks from customers.

Based on its competence to contact the customers through their most preferred channels and to be accessible thereon, TEB integrated digital channels with its satisfaction system.

Digital transformation gained great importance in the reporting period due to the transformed customer behaviors instigated by the pandemic.

A long-time investor in digital transformation, TEB continues with developments and improvements on its digital and branch channels. The highlights of these initiatives are presented below:

- Digital customer acquisition
- Increased cash withdrawal limits from ATMs
- Increased number of turbo video devices and upgrades on the devices
- Efforts for prioritization of contacts at the call center
- Communications for referring customers to use digital channels
- Capability to transfer pensions from another bank through digital channels

Aiming to further enhance customer experience, TEB also keeps investing in CRM, big data, analytics and real-time interaction technologies for gaining a better insight into customer needs and responding to expectations with correctly-timed personalized offers.

### Retail and Affluent (Yıldız) Banking

#### A solution- and customer-oriented approach

TEB's approach to retail banking is a solution- and customer-oriented one. The Bank aims to reach its customers through a higher number of channels, and give its customers effortless, fast and reliable access to all banking transactions digitally, as well as through physical channels.

During 2020, the Bank carried out effective, continuous and multi-channel communication activities in credit and deposit products and this contributed to new customer gains.

#### Digitalization for superior customer experience

During the pandemic, TEB carried out a multi-dimensional and intensive activity in retail loans, and stood by its customers suffering from disrupted cash flows by granting them deferment on their consumer credit balances. By enabling fulfillment of customer demands digitally, the Bank not only made it easier for its customers to make their deferments, but also quickly responded to all possible customer demands.

Having set its priority during the pandemic as protecting customers' health, TEB quickly improved its alternative distribution channels, and took care to satisfy credit demands through non-branch channels. Owing to the upgrades made to digital channels and the call center in 2020, the share of credit generation on digital channels went up to 44% at TEB.

#### One of the most preferred banks in consumer credit

The Bank secured effective portfolio management aimed at the right target audience on the back of analytical studies conducted, as well as upgraded loan products and processes. Analytical CRM models helped increase campaign efficiencies significantly.

#### "Marifetli Account", an account changing savings habits

"Marifetli Account", which has changed Turkey's savings habits, is a savings account with a daily term and provides account holders the flexibility of depositing or withdrawing cash at any time.

As savers turned to Marifetli Account at a higher extent amid the varying interest rate environment of 2020, the balance in these accounts expanded by 21%. Marifetli Account offered

advantageous interest rates to savers throughout the year with its attractive campaigns.

Global Youth (Genç) Account which is a sub product of Marifetli Account offers a lower limit of 100 TL/EUR/USD/GBP to encourage youngsters' savings. By this account, youngsters earn income on savings of lower amounts and gain awareness on savings at an earlier age.

#### **Growth enabled by salary account customers**

TEB mediates salary payments of numerous large corporate and public sector institutions with the target of being "the most preferred bank" in salary payments. Supporting the expansion in the Retail Banking business line, salary account customers constituted 21% of newly acquired customers in 2020.

In 2020, special packages offered to customers with salary accounts are enriched with favorable credit terms, deposit rates and discount campaigns for a range of products.

Custom-tailored retention programs are developed for those customers whose salary agreements ended enabled customers loyalty in long run.

#### **71% rise in the number of pension account customers**

The number of TEB's pension account customers grew by 71% in 2020. The Bank offered promotional campaigns to customers transferring their pension accounts to TEB, thereby ensuring new customer acquisition and customer satisfaction.

Advantageous credit rates and special customer programs were made available to existing and newly acquired pension account customers, under which they were provided with advantages in various aspects from credit cards to supermarket and healthcare expenses.

#### **Partnerships to support new customer acquisition**

In 2020 TEB partnered up with management of apartments and building complexes and carried out activities for school payments and transferring parent accounts to TEB in line with the goal of increasing the number of new customers,.

#### **TEB Affluent (Yıldız) Banking**

TEB renewed its Affluent Banking propositions to its customers in the medium-upper income group in the second quarter of 2020. Presenting the renewed financial and non-financial privileges with holistic banking approach, TEB strengthened customer loyalty and digital penetration. During 2020, the number of TEB Affluent Banking customers grew by 24% and the ratio of digitally active Affluent customers by 40%.

In May 2020, TEB launched CEPTETEB Affluent, an exclusive mobile app experience for Affluent Customers.

As part of the efforts to facilitate access to financial products during the pandemic, the one-time instruction for using Mobile Approval that is required to bear a wet signature began to be accepted with digital signature. Another novelty brought by TEB Affluent (Yıldız) Banking has been Affluent (Yıldız) Privileges introduced within the scope of CEPTETEB Affluent introduced in June 2020.

#### **TEB Accessible Banking**

Since 2014, TEB has been working to make its branches and other service outlets capable of offering service under "Accessible Banking"- concept. With its initiatives, the Bank has been eliminating the barriers to accessing banking services, and

letting its customers with disabilities to easily perform their banking transactions.

TEB offers service to its visually-impaired customers out of 170 branches, via 1.652 ATMs and 46.000 POS devices, and to its orthopedically-handicapped customers out of 299 branches and via 678 ATMs. The Bank offers prioritized service to its customers with disabilities through its other channels as well.

#### **A broad product range in bancassurance**

TEB works in a synergetic collaboration with BNP Paribas Cardif A.Ş. and Zurich Sigorta in the area of bancassurance. Offering life and non-life insurance and private pension products to its customers, TEB boasts a wide product range covering life, personal accident, agricultural, gold, engineering, unemployment, health, liability and pension plans.

During 2020, TEB Bancassurance continued to offer service both through the Bank's branches and alternative distribution channels in order to respond to its customers' needs for insurance and private pension products.

TEB Bancassurance is also focused on developing and improving its business processes. The Bank established an information structure which enables viewing and printing the policies purchased via internet and mobile banking, and to search past policies.

TEB also started selling the "Complementary Health Insurance" product, which is targeted at eliminating customers' health concerns in the face of the pandemic conditions.

#### **TEB Family Academy expands the habit of saving up across the society**

TEB Family Academy has been systematically working since 2012, to expand the habit of saving up across the society and to help raise a financially literate generation.

Focused on the youth, women and first-time income-earners, TEB Family Academy Financial Literacy Trainings are open to everyone and free-of-charge. Participants in the Academy's training programs receive basic financial literacy information under the headings of saving up, budget management, correct use of loans and cards, and investing.

Through its partnerships to date, TEB has touched the lives of 20 million people in total from different segments of the society.

More than 6.500 students took part in the face-to-face training within the scope of TEB's Digital Financial Literacy Program ongoing since 2018, whereas online training sessions have been instrumental in reaching more than 250 thousand youngsters.

To determine and regularly measure the level of countrywide financial literacy, TEB has been preparing a Financial Literacy and Access Index since 2013.

#### **Private Banking**

TEB has been offering private banking and wealth management services since 1989. TEB Private Banking operates out of 11 Private Banking Centers and 4 in-branch corners located in Turkey and the Turkish Republic of Northern Cyprus.

Combining BNP Paribas' global know-how and experiences with an innovation concept, TEB Private Banking services its customers with a rich product portfolio.

CEPTETEB application is designed with content and visuals differentiated according to the needs of Private Banking customers.

Using the Mobile Approval function, which is a first in the sector, Private Banking customers can approve their transaction orders via CEPTETEB without a wet signature.

As part of the improvements made during 2020, the Financial Analysis Report that lets Private Banking customers analyze their past and current portfolios at the Bank is launched on CEPTETEB Internet Banking and Mobile Banking App. In addition, TEB Private Banking customers can now access the daily Investment Strategy Report and Stock Report via the mobile app.

TEB Private Banking rendered uninterrupted service to its customers amid the pandemic conditions in 2020. Customers reached TEB Private Banking Customer Representatives and performed their transactions by calling from their registered phone numbers. They were kept informed about the markets and developments through regular teleconferences within the scope of Investment Consultancy services offered by TEB Investment.

TEB Private Banking offers customers investment consultancy service via its experts at specialty branches within the scope of Investment Consultancy model created by TEB Investment. TEB Investment consultants offer portfolio management model alternatives created in line with investor profiles and according to different risk levels.

In light of the developments in international markets, TEB Private Banking increased its synergy with TEB Investment and TEB Asset Management and expanded its product range with new funds, alternative products and services in 2020.

### Digital Banking

In 2020, TEB continued to introduce the sector with the fast-developing new technologies and to make life easier for its customers with its innovative approach.

During 2020, 83,6% of TEB customers used non-branch channels.

Loans for which applications were made via digital channels accounted for 61% of total sales, while the share of deposit accounts opened via digital channels rose to 63%.

TEB offers its customers "Fast Track" at IGA, TAV and SAW airports, free-of-charge cash withdrawal abroad and departure fee payments through CEPTETEB mobile banking application.

In 2020, TEB continued to invest in technologies that will create added value for customers. Investments continued in relation to the TEB FX platform which is made available for use by individual and corporate customers via TEB's Digital Banking Platform CEPTETEB, and the service-provision hours of TEB FX were extended to 24 hours on business days.

In the reporting period, TEB carried out the necessary digitalization efforts to let its customers execute a higher number of transactions with less or no contact. In this context, the customers are provided with the capabilities to deposit cash using 2D (QR) code without touching the ATM screens, and access all their account statements and contracts via the mobile app.

The preliminary work has been completed on the Easy Address Project launched in 2020, which will allow customers to use mobile phone numbers and identification information instead of IBAN in money transfers.

### ATM

Having one of the youngest networks of ATMs in the industry, TEB offers 7/24 services whether the user is a customer or not.

TEB's ATM market share in 2020 was 3,14%. Providing services with their new user-friendly front-end, 99% of the TEB ATMs allow for cash depositing and have conversion feature (all cash deposited can be used in all withdrawal transactions).

It is possible to withdraw foreign currency from 86% of TEB ATMs.

Nearly 65 million transactions are realized through 1.660 ATMs annually.

TEB's Global ATM agreement enables the use of TEB cards for cash withdrawals at BNP Paribas ATMs in various countries as well as other banks' ATMs free of charge. This service is being offered in 6 continents at around 50.000 ATMs.

In addition to those, channels are being set up for customers to perform their cash or other banking transactions through new ATM sharing collaborations.

With the partnership '3 Banks Single ATM' established with two leading banks in the sector, number of ATMs in TEB ATM network reached 7.712.

### Open Banking operations

TEB carried on with its operations within the scope of Open Banking, which is recognized as the new station of the financial system after digital banking, with the API program and Fintech Partnership Programs in 2020.

Within the scope of the API Program, the Bank's API set was expanded and began to be used via the Telepati Chatbot. In addition, the infrastructure has been finalized which enables information sharing with third parties, subject to customer approval, under the Open Banking communiqué published by the end of the year.

Many innovative projects within the scope of the strategy to get TEB ready for the future were introduced to internal units within the scope of Fintech partnerships, and integration phase was started for partnerships with which an agreement was reached and which presented their value propositions.

### Payment Systems

TEB continued its efforts in 2020 to facilitate payments of individual and corporate customers and develop new payment alternatives. TEB carries out activities to help customers perform their shopping transactions more easily, quickly and securely.

While security of card payments was further increased, additional product features were also enriched. TEB made available payment alternatives that will help merchants grow their turnovers.

TEB keeps on increasing its POS solutions and packages offered for each segment through acceptance of all popular cards via

single bank and account, the Bank aimed to make the merchants' lives easier and add value to their businesses.

In the context of responding to sector-specific needs, the Bank expanded its service spheres by offering solutions and packages catering to customer needs and expectations, such as TEB Milyem POS for jewelers, Harman Card and Harman POS for the needs for farmers and Professionals Packages.

TEB has led the sector through campaigns, which include opportunities intended for end-users and device variety. In 2020, TEB has become one of the several banks to develop its proprietary POS application in the area of Android POS with its internal IT resources. With respect to pioneering initiatives in the payments front, the Bank's development efforts are in progress for 2D (QR Payment) and Soft POS (using mobile phones as POS devices).

In 2020, the number of banks with joint POS deals reached seven and the number of brands & models collaborated for cash registers reached 18.

TEB extends support to member merchants with turnover and transaction analyses and company-tailored reports, as well as POS payment services. The Bank generated added value by fulfilling needs specific to each business.

As part of its digitalization efforts, TEB kept working towards making life easier for its POS customers and,

- Further enhanced POS capabilities available on CEPTETEB İŞTE. While the Bank lets member merchants effortlessly perform their day-to-day banking transactions with the rich set of functions and ease-of-use, it also made available tools for easy monitoring of all transactions associated with POS;
- Expanded its product/service network through special POS infrastructure for payment institutions, accepting POS applications through digital channels, dynamic currency converter (DCC), second end-of-day, and sub-dealership system.

As of 2020 year-end;

- TEB was offering service at 112.400 locations on the basis of direct POS agreements. The Bank offers member merchants shopping opportunities with installment and Bonus point redemption capability with 40.000 POS devices incorporating Bonus feature,
- TEB supports payment organizations, the new players in the sector. Carrying on with virtual POS efforts with a number of payment institutions, the Bank possesses a comprehensive and reliable infrastructure regarding the recognition and management of sub-businesses. Approximately 70 thousand additional businesses are being served within the scope of this working model.
- With nearly 55.000 agreements in the PRD (Payment Recorder Device) market, TEB has 3,58% share in the PRD-cash register POS market.
- With 66.000 contactless POS/PRDs, the Bank strongly supports contactless payments particularly through solutions and communication campaigns at chain stores.
- POS agreements were made with large corporate customers and global chain stores.

### Microbusiness Banking

TEB Microbusiness Banking collaborates with chambers of artisans that play an important role in their respective sectors.

The Bank offers various facilities to trade associations and chamber/association member businesses ranging from free money transfer to reduced loan rates.

TEB launched CEPTETEB İŞTE, the new digital banking application designed for businesses to use banking products and services in a simple and easy manner in line with the Bank's "your business is always with you" approach.

CEPTETEB İŞTE provides member merchants with a structure to view their instant turnovers and the trend for the last 7 days, take out an installment loan, pay installments, control and monitor all their cash flows. TEB offers a broad product range to tradesmen and microbusinesses with the Patron Card.

The Bank's Patron Card product provides tradesmen and small enterprises with the opportunity to quickly access credit facilities with a single card through alternative distribution channels. TEB customers can access their full limits in commercial installment loans, seasonal loans, overdraft accounts and company credit cards over a single card with the TEB Patron Card and can meet their commercial loan needs with terms of up to 36 months from TEB ATMs and the TEB Corporate Internet branch on a 24/7 basis.

The Patron Card offers businesses operating in the tourism sector seasonal loan payment options. They are able to make their loan repayments in May-October period in two installments in line with their cash flows.

### Women Banking

Increasing women's participation in the business world and strengthening their presence in every area is crucial in terms of the added value contributed to the economy.

Women-owned businesses are faced with problems in their incorporation and growth phases, particularly in terms of creating collateral and obtaining loans. For the solution of these problems, women need to be involved in the economy with their identity as producers at a higher extent.

TEB is focused on satisfying the women business owners' needs in business life with an integrated approach to service and to be "the women's consultant bank".

In its efforts designed in line with this goal, the Bank concentrates on extending the support women business owners need in financial and non-financial matters for sustainable economic growth. During 2020, the amount of TEB's lending to women-owned businesses increased by nearly 10%.

TEB generates many high-quality solutions to provide the information that women business owners will need to grow their businesses.

### Coaching and mentoring support to women business owners from TEB

Through Women Banking support programs, TEB fulfills the women business owners' need for mentoring and coaching. These activities are conducted within the scope of TEB Star Cluster and TEB Growth Academy.

With these training programs, women entrepreneurs receive learning and coaching service, and are supported in taking steps for growing their businesses with the systematic method and perspective provided by the training.



### Branch Service Model

TEB has espoused a working system integrated with technology within the scope of digital transformation process. The Bank also produces solutions for its customers preferring to be serviced by branches, as well as non-branch channels. A product of the R&D efforts of TEB's IT Department, the Turbo® devices can handle nearly 85% of the transactions executed at the counters. Located in TEB branches, Turbo® devices allow performance of not only transactions involving a physical exchange such as cash withdrawal/deposit, payments, credit card delivery, etc. but also those requiring a wet signature, such as taking out a loan.

As of 2020 year-end, Turbo® devices are being used actively at 80 TEB branches in 28 cities. Customers who use the Turbo®

device for performing their transactions choose to use it also on their next visit to the branch, and to handle their transactions themselves rather than seeking online support with increased use.

On the other hand, TEB branch employees working on the sales side can now digitally perform customer transactions faster and more practically using their tablets.

Adapting advancing technology to its operational processes, TEB constantly builds on its business models and service channels based on its "customer-oriented" banking approach.

## ASSET AND LIABILITY MANAGEMENT & THE TREASURY GROUP

TEB is one of the first banks in Turkey to develop an “Asset and Liability Management” approach.

TEB Asset and Liability Management and Treasury Group has managed interest rate, liquidity and structural exchange rate risks with the aim of maintaining a sustainable profit for the Bank.

The Group has adopted a management style based on sound, prudent and long-term strategies with its competent and experienced staff and the know-how developed in cooperation with the BNP Paribas Group.

In 2020, the Asset-Liability Management and Treasury Group contributed to its subsidiaries to work efficiently in within the boundaries set by compliance.

### **New regulatory framework governing asset and liability management**

Despite the economic and political risks in 2020, the Asset and Liability Management and Treasury Group significantly contributed to the Bank’s profitability through proactive hedging strategies in interest rate risk management.

The Group continued to take actions to secure funding diversity and funding maturity extension with the aim of reaching solid and consistent liquidity targets.

Thanks to these actions it achieved to keep the liquidity ratios within limits, and the Bank was able to reach the targets set by the additional required reserves linked to credit growth and asset ratio introduced by the regulatory authorities during the reporting period.

### **Close watch of global and local markets**

The Group monitors the local and international markets closely to foresee the potential volatility in the market and so as to mitigate the structural risks in interest rate, FX and liquidity positions in the Bank’s balance sheet. The expertise that is required to be able effectively manage those risks is another strength of the Asset-Liability Management and Treasury Group.

The Group is in constant communication with all the business lines to ensure that the balance sheet is composed of assets and liabilities with the right cost structure and in line with the competition faced from the market.

The Asset-Liability Management and Treasury Group plays an important role in modeling interest and liquidity risks accurately, measuring the realizations and the decision-making

processes of the Bank through reports prepared for matters under the Group’s responsibility.

### **Efforts to diversify funding sources**

In 2020, the Asset-Liability Management and Treasury Group aimed at creating a stronger and more consistent liquidity for the Bank by securing a broad base of deposits. To this end, the Bank focused on Marifetli Account and a substantial growth has been recorded in that product.

In line with TEB’s targets in digital banking, the Asset-Liability Management and Treasury Group maintained its supportive stance for the pricing made through the CEPTETEB channel.

For diversifying funding sources, the Group also initiated working on a cash flow based funding product towards securing long term funding from international markets.

Upon transition to the asset ratio practice, TEB bond issues were increased significantly, thereby creating long-term liabilities and securing product diversity.

Asset-Liability Management and Treasury Group incorporated TL REF, which is anticipated to replace TL Libor, in its product range, and played an active part in TL REF-linked loans and TL REF-linked interest rate swaps (Overnight Index Swap-OIS).

### **Collaboration of experience with BNP Paribas in the field of effective liquidity and risk management**

Information flow between specialist teams to adapt BNP Paribas’ know-how in modeling analyses to the requirements of Turkey by the Asset-Liability Management and Treasury Group continued efficiently in 2020.

Competitive pricing of export loans and corporate loans have been enabled by the low-cost funding provided by BNP Paribas.

Additionally, work was carried out to adapt the liquidity and risk management policies implemented by the BNP Paribas Group to the Bank, and experiences were shared for a more efficient liquidity and risk management.

Specific activities were performed for intraday liquidity management and experiences were shared to effectively manage liquidity under stressful situations.

## CORPORATE INVESTMENT BANKING GROUP

TEB Corporate Investment Banking Group operates since 2011. The Group provides Turkish companies targeting strategic business opportunities at home or abroad with consultancy support that will cater to such pursuits, and supports this service with loans and capital market transactions.

The Corporate Investment Banking Group targets to deliver customized international solutions with high added value to customers in a fast and effective manner. To this end, international gains are achieved with the support derived from BNP Paribas' financial strength competency in global products.

The Group carries on with its customer-oriented activities in the fields of Global Markets, Financial Institutions, Large Corporate Groups, Large Corporate Groups Finance and Corporate Finance and Strategic Business Management.

In 2020, TEB Corporate Investment Banking Group successfully sustained its development despite the competition and toughening market conditions.

In borrowing and international market transactions realized by the targeted clients, BNP Paribas' wide range of products and geographical network has been efficiently utilized.

In a year when corporate firms and financial institutions were inclined to diversify their resources, the Corporate Investment Banking Group continued to offer international debt instruments to its customers and brought them together with international investors.

Global Markets continued its operations in changing and developing global markets in a strong and sustainable growth trend in 2020.

Using domestic and foreign markets effectively, TEB carried on solution generating tailored solutions with its staff experienced in managing currency, interest and commodity risks in a wide range of instruments such as spot, swap, options and structured derivative products.

TEB focused on new generation digital solutions to carry customer experience to the highest level and **TEB FX platform** was launched. With this platform, Retail, Private, SME and Corporate Banking customers are provided the opportunity to perform transactions in more than 40 pairs of currency at market exchange rates as well as accessing market and economy news, setting up alarms and placing orders thus making use of market opportunities rapidly.

### **Solutions tailored for large corporate clients**

The Large Corporate Groups Department offers various structured products and funding alternatives to the pioneering companies in Turkey by making use of the BNP Paribas' wide global network.

The Department manages all kinds of banking transactions of Turkey's leading large corporate groups, and develops banking solutions that are compatible with TEB's customers and those of BNP Paribas alike. The Department extends the necessary support for the creation of favorable financing conditions (bonds, public offering, project finance, acquisition finance and sector-specific financing solutions etc.). Developing high-level

relationship management with its customers, the Large Corporate Groups Department targets to provide the products and service with the highest added value available at TEB and BNP Paribas at the highest extent possible.

The Department also aims to strengthen its customers' cash flows by producing different financing solutions, while at the same time setting policies to be positioned as the cash flow bank of these groups and ensuring efficient management of these policies.

TEB has also pioneered the financial markets in terms of sustainability, with the intermediary service it provided for a Sustainability Linked Loan of a corporate firm in Turkey.

The Corporate Finance Department provided consultancy services in big infrastructure projects in 2020, helped private capital funds in Turkey with their business ideas thanks to the rich client portfolio of TEB and intermediated strategic investments.

### **TEB owns a structure that meets all the customer needs in Investment Banking.**

The Corporate Investment Banking Group is a structure that combines TEB's power in the local market with BNP Paribas' financial strength, position in global finance markets, expertise and experience in capital markets, structured finance and consulting.

Capable of single-handedly responding to a corporation's all requirements in these areas; the Corporate Investment Banking is integrated into TEB's client portfolio and BNP Paribas' product range. This allows the Group to benefit from both the growing network of TEB clients and the strong product specialists at BNP Paribas.

### **Syndicated loan was rolled over successfully.**

In 2020, TEB renewed its syndicated loan, and secured funding equivalent to USD 335 million in total from international markets.

The syndication deal contributed to refreshed trust in Turkey's solid banking system by international markets, and served as a re-endorsement of the strong structure of the financial system.

The syndicated loan with a 367-day maturity TEB signed on 30 October 2020 is for the amount of EUR 250 million and USD 41,5 million. The all-in cost of the facility that will be used towards the general financing of foreign trade is set as Euribor+2,25% for the Euro tranche and as Libor+2,50% for the USD tranche.

### **Money transfer services at low-cost**

TEB offers money transfer service to its customers requiring transfers in the local currency of different countries due to having investments in these countries via its correspondents.

Enjoying the capability to transfer money in 135 currencies to more than 180 countries, TEB provides money transfer service at competitive special costs to its customers carrying out bulk transfers, thanks to its strong correspondent network.

## TEB SECURITIES SERVICES

TEB Securities Services offers service under Corporate Investment Banking (CIB). The department offers solutions for capital markets related operations and new products to foreign financial institutions, foreign custodians, institutional investors and issuers of capital market instruments, with a consultancy approach.

Having completed its 13th year in the industry in 2020, TEB Securities Services started to operate within TEB in 2007, and has since been providing local custody and settlement services in cooperation with BNP Paribas Securities Services, which is Europe's largest custodian bank, that were originally established by BNP Paribas in Turkey back in the 1990s.

The department also offers post-trade services for its customers' needs pertaining to capital market instruments, which may arise subsequent to their investment and financing decisions. In addition, TEB Securities Services also provides TL correspondent bank service to non-Group banks and financial institutions.

TEB Securities Services provides the following services;

- Settlement and custody services for equities, debt instruments and other capital market instruments,
- Turkish Lira correspondent banking transactions service,
- Account operator service for omnibus accounts for International Central Securities Depositories in Turkish market,
- Collateral and cash management services for derivatives,
- Securities borrowing/ lending transactions,
- Outsourcing services for brokers,
- Escrow and collateral management services,
- Debt instrument, certificate and warrant issue-related operations and payment services,
- Account operating services for issuers' central registry agency accounts,
- Individual custody, collective portfolio custody and funding services for portfolio management companies.

Sustaining its successful performance as in the previous years, Securities Services Department won new clients and carried on managing the transactions of clients successfully in 2020.

Having the global perspective with a pioneering and client-focused approach TEB remains the choice of clients seeking more than a custodian bank for post-trade services in capital markets.

The department consistently ranked first in the surveys conducted by the market's leading institutions in 2020, which polled customers' opinions and scores:

- Global Custodian - Agent Banks in Emerging Markets (ABEM 2020)
- Global Investor Magazine - Sub Custody 2020
- Global Finance Magazine - Country Award Best Sub-Custodian Bank 2020

TEB Securities Services monitors all the developments realized by regulatory bodies, namely Capital Markets Board of Turkey (CMB), Takas Istanbul (Istanbul Clearing, Settlement and

Custody Bank Inc.), Borsa Istanbul (BIST), Merkezi Kayıt Istanbul (MKK - Central Securities Depository of Turkey) and the Banking Regulation and Supervision Agency (BRSA) from legal,

technological and operational aspects. The department provides solutions to client needs on the securities services business with investments in new products and technology.

Making use of these developments as an opportunity to cooperate with clients and developing joint projects with them, the department stands out from the competition with its investments aimed at achieving operational excellence with priority given to helping its clients expand their businesses.

As a pioneering post-trade services provider, the objective of the department is to implement innovative solutions that will contribute to the development of the capital markets and the Bank.

To achieve this objective, collaborations continue with BIST, Takas Istanbul, MKK and Turkish Capital Markets Association (TSPB).

Significant developments occurred in the Turkish capital markets in 2020, and new product and cooperation development efforts continued throughout the year.

In 2019, long-awaited omnibus account structure for International Central Securities Depositories (ICSD) was launched. With this change, omnibus account structure which allows beneficiaries abroad to monitor and manage all their capital market instruments in an collective manner has been added to account types held under MKK.

Omnibus account structure is compatible with working principles of ICSDs. Using the account system adopted by these institutions all around the world for our country's capital market instruments will help increase the use of Turkish capital market instruments in international transactions as collateral and facilitate integration of domestic markets with international markets.

Within the frame of the approval obtained, domestic government bonds owned by non-resident institutions and funds can be included in omnibus accounts held at MKK. Since the central counterparty (CCP) services started to be provided in the BIST Equity Market, TEB Securities Services conducted comprehensive evaluations with Takas Istanbul and the clients on the impacts of these changes on markets and services provided. Following these developments, TEB started preparations towards being a General Clearing Member in the BIST Equity Market.

TEB continues its efforts to support development and growth of this market by becoming the leading bank providing this new service.

The department also works in close collaboration with other TEB affiliates active in capital markets. In particular, the services related to BIST Futures and Options Market offered in partnership with TEB Investment has brought considerable success with increasing transaction volumes and addition of new customers.

TEB Securities Services Department continued to provide collective portfolio custody and fund services for portfolio management companies in 2020.

## NEW PRODUCTS AND SERVICES

### CORPORATE BANKING GROUP

In 2020, TEB Cash Management developed integrations with the Association of Public Notaries regarding second-hand car sales, and with TURMOB/LUCA for salary payments, and introduced e-Waybill and Easy Address definition products.

### SME BANKING GROUP

Taking into consideration the pandemic conditions and transformed customer expectations, the SME Banking Group redesigned its products and processes in an effort to provide faster and solution-oriented service to SME customers at branches, and introduced support packages providing easy payment terms for SMEs.

New features aligned with customer needs were added to CEPTETEB İŞTE, the banking app specifically designed for commercial companies and launched in 2019. In this context, the Bank began to accept loan applications, POS demands, commercial credit card and cheque book demands via the app in 2020 in order to deliver new digital experiences to customers.

Istanbul Ataşehir Start-up House, the first hub opened in 2013 by TİM-TEB Start-up House which is Turkey's most comprehensive start-up network, relocated in 2020 to the new campus, Kolektif House, in Maslak area where the start-up ecosystem is concentrated.

In February 2020, to support the technology firms and start-ups in Ankara, a new Start-up House was opened in METU CoZone established in METU Technopolis with the aim of bringing together the start-up ecosystem in Ankara.

### RETAIL AND PRIVATE BANKING GROUP

During 2020, TEB continued to fulfill the needs of its Retail and Private Banking customers with services designed to generate added value.

TEB renewed its Affluent Banking propositions offered to its customers in the upper income group in the second quarter of 2020. In May 2020, CEPTETEB Affluent was launched which is the mobile app exclusive to Affluent Customers, whereas June 2020 marked the introduction of Affluent Privileges within CEPTETEB Affluent. With a dynamic structure that is revised according to current needs and circumstances, TEB Affluent Banking makes its financial products and services accessible by its Affluent Customers through all channels, and its non-financial privileges via CEPTETEB Affluent.

Offering various advantages and discounts to its customers at dozens of brands and restaurants under eight different categories from restaurant and delivery service privileges to dry cleaning, from travel privileges to advantages at supermarkets, TEB Affluent Banking has been an important step in terms of customer satisfaction and digitalization.

TEB's personal banking assistant that is able to respond to frequently asked questions about banking products and services, and provides the location information for nearest ATMs and branches, TELEPATİ continued to offer service with additional functions. Under the new capabilities, TEB customers can now execute their banking transactions 24/7 after identity authentication and can easily receive the answers to a large set of questions via TELEPATİ.

Having a drastic impact on social life as a whole in 2020, the Covid-19 affected the banking activities and compelled change. In this process, digital transformation has become the key focus area in order to be able to reach larger audiences.

In this context, TEB undertook various developments and improvements on a number of digital channels and its branches in order to make customer experience even more perfect.

Highlights of development and improvement initiatives are given below:

- Digital customer acquisition
- Increased cash withdrawal limits from ATMs
- Increased number of turbo video devices and upgrades on the devices
- Efforts for prioritization of contacts at the call center
- Communications for directing customers to use digital channels without having to go to branches
- Capability to transfer pensions from another bank through digital channels
- Initiatives for customers above the age of 65

### SECURITIES SERVICES

#### TL Correspondent Account Services

In 2020, TL correspondent account services provided to non-Group overseas banks and financial institutions was included in the product and service range of TEB Securities Services. The department provides post-transaction services for capital market instruments and TL correspondent bank accounts of its clients set up with the Bank with its team of specialists at the TEB Head Office. The department actively contributes to furthering the Turkish lira correspondent banking transactions offered by TEB, mainly to custody banking customer portfolio.

#### Account Operator Service for Omnibus Account Structure

Holding a general custody license, TEB Securities Services began offering account operator service to Euroclear Bank, one of Europe's leading banks, from 20 July 2020 subject to the principles defined for International Central Securities Depositories (ICSD) and in accordance with the omnibus account structure regulations. With this breakthrough, TEB further reinforced its image as the pioneering bank in the sector and kept expanding its product array by adding a key account to its portfolio.

## TEB FINANCIAL AND NON-FINANCIAL SERVICES GROUP

### TEB FAKTORİNG A.Ş.

One of the biggest players in its industry, TEB Faktoring A.Ş. (TEB Faktoring) provides export, import and domestic factoring products and services to corporate and commercial customers and SMEs.

In 2020, TEB Faktoring's business volume was TL 9,95 billion and its total assets were TL 2.623.555 thousand, with a growth of 26%.

Having recovered gradually from the second half of 2019, economy began to be negatively affected by the Covid-19 pandemic that took the whole world in its grip from March 2020 onwards. Yet, the business volume of the factoring sector grew by 14% during 2020.

TEB Faktoring successfully increased its factoring receivables by 21% especially owing to its efficient domestic factoring service to its clients despite the restrictions and lockdowns imposed against the pandemic for the most part of 2020.

TEB Faktoring's net profit in 2020 amounted TL 29.073 thousand. As of 2020 year end, TEB Faktoring's return on equity was 16,1%. Return on equity for the industry was 11,3% for 2020.

Maintaining its robust capitalization along with stable growth, TEB Faktoring accordingly raised its paid-in capital from TL 30 million to TL 50 million in December 2020.

While the reduced economic activities resulting from the restrictions imposed in connection with the Covid-19 pandemic led to scarce supply, increased costs and disrupted cash flows that ran in parallel caused a surge in the number of companies faced with payment difficulties; hence, credit repayments were also negatively affected. Notwithstanding, the ratio of bad cheques and non-performing loans declined in 2020 thanks to the measures, relief packages, increased lending by the financial sector, restructuring and temporary maturity extensions in the definition of NPLs introduced in an effort to alleviate those negative effects of the pandemic.

In 2020, the factoring industry's non-performing loan ratio (NPL) and cost of risk ratio were 3,9% and 1,6%, respectively.

Focusing more on risk management, TEB Faktoring's NPL ratio and cost of risk ratio were 0,73% and 0,15%, respectively, which are well below the industry average.

As of year-end, the company had 1.681 active customers, 16 branches and 100 employees.

In 2020, TEB Faktoring remained among the leading factoring companies in Turkey and the world in terms of the export factoring business volume according to Factors Chain International (FCI), the world's biggest factoring chain.

In 2020, TEB Faktoring was rewarded as the most admired company of our country for the third time.

Having adopted an efficient and effective company management principle, TEB Faktoring attaches great importance to digital transformation in order to provide better service to its customers and to achieve success in the difficult conditions created by a fragile economy.

Within this scope, TEB Faktoring initiated many fundamental projects in the recent years.

In our fast changing era, sustainable digital transformation and digital services play a key part in real economy and competition. TEB Faktoring kept improving its digital channels also in 2020 in line with its customer-oriented and innovative vision.

One of the pivotal elements of profitability and enable employment of different channels for reaching customers, efficient risk management, and increasing productivity, automation and rapid service, digitalization projects will be carried on in 2021.

TEB Faktoring caters to customer needs evolving with the advancing technology by offering an effective and lean digital experience and by standing by its customers any time, wherever they may be. Extending increasing support to all its customers with a particular focus on the SMEs, TEB Faktoring has contributed to Turkey's sustainable economy.

Centering its digitalization efforts around both work processes and customer services, TEB Faktoring has placed TEB Faktoring mobile application in its focal point.

Allowing customers to make their applications digitally, and letting them obtain results and pricing quickly, TEB Faktoring mobile app is planned to be further upgraded in 2021, and to be enriched with additional services that will provide a leaner user experience.

Getting ready for the future together with fintech companies and digital platforms that make up an important component of digital transformation and digital business models, TEB Faktoring will remain one of the players steering the marketplace with its digital products and services in the future, as it has been before.

Carrying on with its contacts along this line in 2020, TEB Faktoring will finalize supplier finance platforms and information bridge projects in particular by early 2021, and will introduce applications that customers can easily reach for obtaining results quickly and having a better user experience.

Management of risks in economy, particularly in the domestic market, is becoming more critical. In today's economic environment, for healthy growth SMEs will need to focus on exports with more favorable conditions. Their most significant motivation will be to open up to new markets, realize trade with companies in countries they do not know and which they cannot measure their risk while protecting their cash flow and equity. Factoring firms providing all these services will be their biggest supporters by providing factoring guarantee, finance and collection services.

Besides the support it extends to the SMEs, TEB Faktoring offers solutions generating value also to multinationals with the added contribution of BNP Paribas' global network and synergy. Through Multi-Local, an authentic approach that comes at the top of these solutions, the company offers the service, which the global sister companies of multinationals receive from BNP Paribas Group companies, in Turkey at the maximum extent possible under the local rules and regulations.

Drawing from the strong domestic and overseas relationships of TEB and BNP Paribas Group, TEB Faktoring also embraces the Group's "creating value for all of the stakeholders" strategy. Accordingly, while the company supports its customers with the factoring product, it also carries on with cross-selling and

creating synergy at points that the Group's assistance and support can be utilized.

## TEB PORTFÖY YÖNETİMİ A.Ş.

TEB Portföy Yönetimi A.Ş. (TEB Asset Management) has been operating in asset management sector since 1999.

As of year-end 2020, it is the 7th largest asset management company in Turkey, with TL 14,5 billion assets under management and 3,96% market share in the sector.

Authorized by the Capital Markets Board of Turkey (CMB) to engage in asset management and investment advisory activities on 15 June 2015, the Company has an authorization certificate numbered PYS/PY.22-YD.11/524.

The main activity of the company is to launch and manage mutual funds subject to the Capital Market Law and the provisions of applicable legislation.

In addition, TEB Asset Management, which also manages private pension funds, provides investment management services to institutional and retail clients in line with their risk profiles as a proxy under portfolio management agreements and investment advisory services to international funds.

On 16 August 2019, TEB Asset Management reached a deal with ING and acquired all shares of ING Portföy Yönetimi. Thanks to the strategic collaboration with ING for the distribution of mutual funds launched by TEB Asset Management and with NN Hayat Emeklilik for the management of pension funds launched by NN Hayat Emeklilik, the company further increased its existing strength in the sector in 2020.

Following the Covid-19 outbreak, TEB Asset Management began working mainly on the basis of remote access. In this context, the company kept all risk and control points under close watch, maintained close contact with its clients and business partners regularly keeping them informed about financial markets and mutual funds, and prioritized liquidity in portfolio investments, by taking necessary precautionary actions to preclude any liquidity problem under an extraordinary circumstance.

Having a wide external distribution channel, TEB Asset Management had:

- a 3,03% market share in the mutual funds market, with a total of TL 4,2 billion of assets,
- a 2,91% market share on the actively-managed mutual funds,
- a total of TL 144 million assets under management in its institutional wealth management and discretionary portfolio management business lines,
- a 5,79% market share in the pension funds market, with a total of TL 9,9 billion assets
- a total of TL 271 million in international investment funds,

as of 2020 year end.

The synergies that TEB Asset Management generates by collaborating with BNP Paribas Asset Management, one of Euro Zone's leading asset managers, are accelerating the company's progress in becoming a global force. Thanks to this collaboration, TEB Asset Management entered into strategic partnerships with many other international firms.

TEB Asset Management manages Parvest Turkey Fund, a leading Turkish equities based fund whose assets of TL 216 million are invested in the stocks of companies established in Turkey. TEB Asset Management also manages Japan-based Turkey Equity Mother Fund, whose assets amount to about TL 55 million.

TEB Asset Management provides investment advisory to other international funds which invest in Turkish equities with asset size of TL 45 million. Based on the total assets of equity based international funds that are managed and advised, TEB Asset Management is one of Turkey's largest asset managers working for international clients.

TEB Asset Management put into life a number of projects in 2020, the foundations of which it had laid within the scope of digitalization.

An agreement was signed within the frame of Robot Advisory service with GAMBİT, Europe's largest company in its field used by 20 institutions engaged in the finance sector including the BNP Paribas network, covering total assets worth EUR 50 billion, and servicing over 1 million end-users.

With the aim of achieving a more active presence in digital and social network media, and optimizing content management, media planning, agency management, event management and media/press relations, TEB Asset Management made an agreement entailing these services with TEB.

Personnel taking place in TEB Retail Banking sales network were given capital market trainings about capital markets with a special emphasis on TEB Asset Management mutual funds through TEB Fund Academy. In the wake of the Covid-19 pandemic, training programs were shifted to distance learning platforms from June 2020.

TEB Asset Management steers its investors to the right investment alternatives at the right times and capitalizes on cooperation opportunities with the potential to increase its market share together with its domestic and international stakeholders. The company also implements hedging strategies against potential volatilities in markets to protect its clients and itself.



## TEB YATIRIM MENKUL DEĞERLER A.Ş.

Having started its operations in 1996, TEB Investment conducts the investment services and operations of the TEB Group as a "Broadly Authorized Brokerage House" being an investment house licensed by the Capital Markets Board of Turkey (CMB).

In line with this, TEB Investment currently provides the following investment services:

- Brokerage services (domestic and abroad)
- Portfolio intermediation services (domestic)
- Investment advisory services
- Issuance intermediation services
- Custody services (Limited custody services)
- Introducing brokerage services.

Backed by 25 years of experience, TEB Investment reaches its clients at home and abroad with an extensive array of products and services through a variety of product and service channels that address the particular needs of different investor profiles. Accordingly, the company provides intermediation services in capital market instruments such as equities and derivatives markets, debt instrument markets and mutual funds, along with corporate finance and research services.

In the field of corporate finance, TEB Investment offers high-quality advisory services in the areas of mergers and acquisitions in integration with intermediation of public offering and debt aimed particularly at fulfilling the financing needs of businesses.

In parallel with the developments in international markets, TEB Investment captured the technological innovations that gained speed especially in recent years in its own IT infrastructure, upon which it has developed major projects and upgraded its digital infrastructure covering both mobile and desktop applications in line with customer demands.

Another important advantage TEB Investment enjoys in the investment houses universe is the research infrastructure at its disposal, which supports its extensive and efficient marketing network. TEB Investment has become an investment house appreciated particularly by investors with a number of awards earned in this area in recent years.

TEB Investment is one of the few companies maintaining a good balance in the delivery of its extensive intermediation and research services to individual and institutional investors, alike.

Specifically in the capital markets, TEB Investment is an investment house of choice by virtue of its competent human resource capable of effectively serving both individual and institutional investors, a team of experienced research experts, ability to combine its local market knowledge with the international experience of its global partner, BNP Paribas, and effective use of technology.

In conducting its activities, TEB Investment also capitalizes on the international experience of, and collaborates with the BNP Paribas Group. A central example of this collaboration has been the research conducted in the area of financing resources entailing different products, addressing clients in the field of corporate finance. In addition to that, there is intense collaboration in institutional intermediary services, access to

international markets, investment advisory in Retail and Private Banking business lines, digitalization and new customer acquisition.

TEB Investment carries out a number of activities with various business lines of TEB and BNP Paribas that increase the synergy within the group. While TEB Investment handles a substantial portion of debt issues for TEB's subsidiaries and TEB itself, intermediation and corporate finance services are offered to TEB's corporate customers in debt and equity issues, and commodity hedging and derivatives transactions are intermediated in select products.

Together with the Retail Banking Group, the company acquires new customers digitally and through the branch channel for investing customers' assets in Borsa Istanbul; similarly, joint marketing activities are carried out with the Bank's custody department with the purpose of offering brokerage services to foreign institutional investors.

The company collaborates with BNP Paribas in customer acquisition and creation of marketing strategies in the futures and equity markets, and work is undertaken to offer certain global markets' products covered in the services portfolio of BNP Paribas jointly with TEB Investment to clients.

TEB Investment recognizes that digitalization, which has gained speed due to the trends in technology, is modifying the sector's structure and business conduct in parallel with the changes in international markets and local regulatory framework. Aware of this fact, the company implemented the strategies it has formulated and concentrated on enriching the customer experience through service diversification in different segments.

In 2020, as the first step of achieving these targets, transformation initiatives were continued in order to create a customer experience that puts effective employment of technology and research in the forefront, and to rebuild TEB Investment into a more efficient company with a higher level of digitalization.

Continuing to work towards offering innovative platforms to its clients in the area of digitalization, TEB Investment will be launching its new investment applications and websites from early 2021. The new platforms that will cover a number of value-added services will bring along many infrastructural innovations which will support investment decisions and speed up service processes in terms of customer experience.

The company constantly reviews and revises its technical and organizational infrastructure as necessary in order to complete its efforts targeted at new services planned to be introduced in the coming period, particularly structured products and digital platforms, and to create added value for all its stakeholders amid the evolving market structure.

On the basis of domestic markets, on the other hand, recent global and local developments fueled household interest in the capital markets from the first quarter of the year, and the number and composition of investors changed significantly.

In the wake of the pandemic that commenced in March 2020, TEB Investment enabled all its employees to carry on with their work seamlessly, securely and without suffering from business

interruption through remote access enabled by its technical infrastructure and means. During this period, all customer marketing activities, and contacts with internal and third parties were carried out through remote access. TEB Investment Head Office and branches implemented rotating working system, and the health of employees was monitored closely. In the office environment, equipment and protective materials securing hygiene were distributed to all employees, and necessary measures were taken. Physical and protective health requirements defined by the Group and by the public authority were implemented at a high standard to safeguard employee health. The actualizations that occurred in the Company's revenues and expenses by reason of Covid-19 did not have a material impact on the Company's financials.

As a result of all these developments, TEB Investment successfully attained its budgeted targets for 2020 and authored significant achievements in terms of a number of criteria. At 2020 year-end, TEB Investment ranked 20 with a 1,90% share of the market for its trading volume worth TL 248.788 million in Borsa İstanbul Equity Market. TEB Investment ranks 9th in Borsa İstanbul Derivatives Market with a 3,71% market share secured with a trading volume of TL 212.628 million.

With its organizational and systemic infrastructure focused on domestic and international developments and changes, TEB Investment targets to increase its market share particularly through digital channels and investment advisory services, and to sustain its active and pioneering role in the development of our country's capital markets by offering high-quality and value-added services to investors in the coming year.

Having redefined its vision along this line in 2020, *TEB Investment spelled it out as "Our vision is to be named as the place where all investors active in financial markets of Turkey place the highest reliance on, and take support from the suggestions of, and feel standing beside themselves on their way to guide their investments and achieve their goals".* The company will carry on with its operations with the same vision.

### TEB ARF TEKNOLOJİ A.Ş.

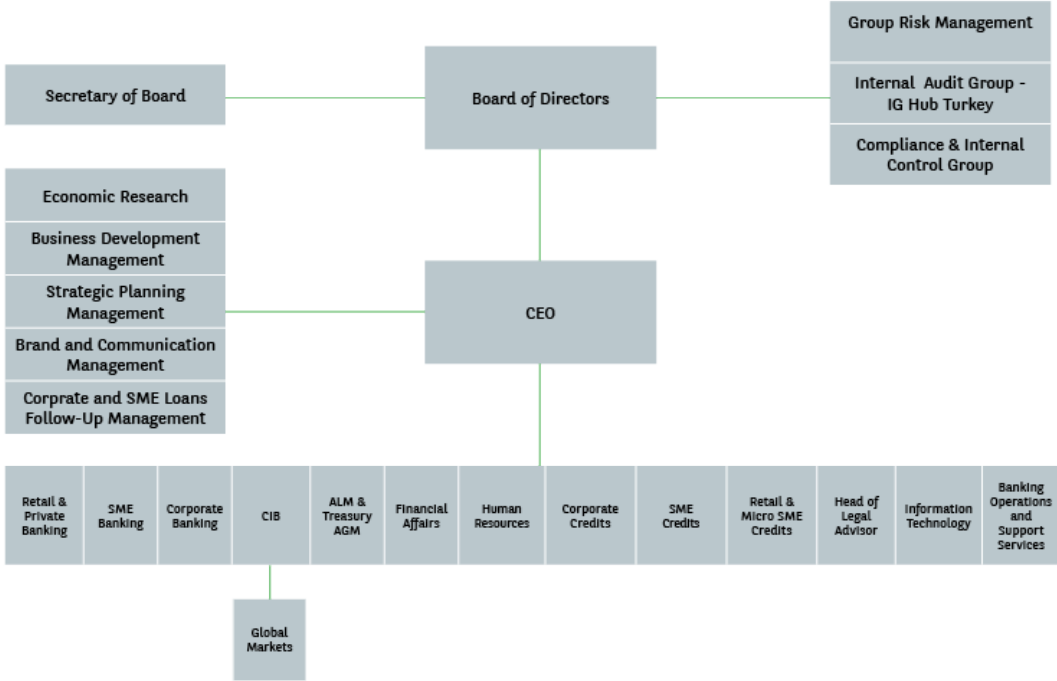
TEB ARF Teknoloji A.Ş. was incorporated in BÜdotek Technopark in Dudullu with a capital of TL 50.000 and officially started operations in December 2020. The founding objective of the company is to conduct the software development activities of an R&D nature under a separate legal entity, and derive a competitive advantage by increasing the focus in these areas. TEB ARF's activities in 2020 were restricted with producing software programs exclusively for Türk Ekonomi Bankası A.Ş.

Having started operations by year-end 2020 and having ended 2020 with a sales volume of TL 1,1 million, TEB ARF will be offering service in relation to software programs and advanced analytics to TEB in 2021.

**SECTION 2 - INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES**

**HEAD OFFICE ORGANIZATION CHART**

Head Office Organization Chart



## BOARD OF DIRECTORS

### Chairman and Members of the Board of Directors

Name-Surname	Title
Yavuz Canevi	Chairman
Dr. Akin Akbaygil	Deputy Chairman
Jean-Paul Sabet	Deputy Chairman
Ümit Leblebici	Executive Member and CEO
Nicolas de Baudinet de Courcelles	Board Member and Chairman of the Audit Committee
Ayşe Aşardağ	Board Member and Deputy Chairman of the Audit Committee
Yvan L.A.M. DeCock	Board Member and Member of the Audit Committee
Sabri Davaz	Board Member and Member of the Audit Committee
Özden Odabaşı	Board Member
Xavier Henri Jean Guilmineau	Board Member
François Andre Jesualdo Benaroya	Board Member
Hans Wilfried J. Broucke (*)	Board Member

(\*) As of 4 August 2020, Hans Wilfried J. BROUCKE was appointed as the Board Member of our Bank to replace Jacques Roger Jean Marie RININO, who resigned from his position as a Board Member of our Bank.

Yavuz Canevi, Chairman	
March 2015-present	TSKB, Board Member
2012-2015	FERB Turkish - French Business Forum, Vice President
2010-2015	FERB Turkish - Holland Business Forum, Board Member
2009-present	Global Relations Forum / Auditor
2004-2010	NETAŞ, Board Member
1996-present	TEB A.Ş., Chairman of the Board of Directors
1995-2019	İKV, Member of the Board
2001-2013	TEB Holding A.Ş., Board Member
2001-2010	Hedef Alliance A.Ş., Member of the Board
1993-2012	TSKB, Member of the Board
1989-present	FNSS Savunma Sistemleri A.Ş., Chairman of the Board
1991-1994	TÜSİAD, Member of the Board
1989-present	TÜSİAD, Member of High Advisory Council
1998-2011	TEB N.V. Holland, Chairman of the Board of Directors
1993-2005	Istanbul Stock Exchange, Deputy Chairman and Board Member
1989-2005	EUROTURK BANK Member of the Board
1987-1989	Turk Eximbank Chairman of the Board of Directors
1986-1989	Undersecretary of Treasury and Foreign Trade, Republic of Turkey Prime Ministry
1984-1986	Central Bank of Turkey, Governor
1980-1984	Central Bank of Turkey, Vice Governor
1979-1980	T. Garanti Bankası, Assistant General Manager in Charge of International Relations
1976-1979	Central Bank of Turkey, CEO of Foreign Exchange
1960-1975	Auditor, Ministry of Finance Georgia State University, USA, Faculty Member
1966-1969	University of Southern California (USC), USA, MA Economics
1956-1960	Ankara University, Faculty of Political Science, Department of Public Finance and Economics

<b>Dr. Akın Akbaygil, Deputy Chairman</b>	
1988-present	TEB A.Ş., Deputy Chairman
1986-present	TEB A.Ş., Credit Committee Chairman
2017 -2019	Ekonomi Yatırımlar Ltd. Board Member
March 2011-present	TEB Holding A.Ş., CEO
2005-present	TEB Faktoring A.Ş., Chairman
March 2011-March 2017	TEB Holding A.Ş. Board Member – CEO
February 2005– March 2017	TEB Mali Yatırımlar A.Ş. Board Member – CEO
April 2008 – March 2017	TEB A.Ş., Audit Committee Deputy Chairman
March 2013 – March 2016	TEB A.Ş., Independent Board Member
2011-April 2014	TEB N.V., Chairman
1999-2013	Ekonomi Bank İBU Ltd., Deputy Chairman
2011-2012	TEB Yatırım Menkul Değerler A.Ş., Chairman
2011-2011	Fortis Yatırım Menkul Değerler A.Ş., Board Member
1998-2011	TEB N.V., Deputy Chairman
October 2003– March 2011	TEB Mali Yatırımlar A.Ş. General Manager
2005-2010	TEB Finansal Kiralama A.Ş., Chairman
July 1998– February 2005	TEB Mali Yatırımlar A.Ş. Deputy Chairman
2004-2007	TEB Portföy Yönetimi A.Ş., Chairman
1997-2005	TEB Sigorta A.Ş., Chairman TEB Faktoring, Board Member
1996-2005	TEB Finansal Kiralama A.Ş., Board Member
February 1988– October 2003	TEB A.Ş. Deputy Chairman - CEO
2001-2002	Banks Association of Turkey, Deputy Chairman
1994-2001	Banks Association of Turkey, Board Member
April 1988– July 1988	İlkesan Yat. ve Gel. A.Ş., Deputy Chairman
March 1986– April 1988	İlkesan Yat. ve Gel. A.Ş., Board Member
June 1983– February 1988	TEB A.Ş., Board Member, CEO
May 1982– June 1983	TEB A.Ş., Board Member
1965-1982	Akbank T.A.Ş. Director of Foreign Affairs
1969-1973	Istanbul University, Faculty of Economics, Ph.D.
1967-1968	Istanbul University, Faculty of Economics, MBA
1962-1967	Istanbul University, Faculty of Economics, BA

<b>Jean-Paul Sabet, Deputy Chairman</b>	
January 2013-present	Deputy Head of International Retail Banking
2010-2012	BNP Paribas, International Retail Banking, Head of Turkey Zone
October 2010 - November 2010	TEB A.Ş., Audit Committee Member
June 2010-present	BNP Paribas Yatırımlar Holding A.Ş., Chairman
February 2011 - present	BNP Paribas Fortis Yatırımlar Holding A.Ş., Board Member
2010-present	TEB A.Ş., Deputy Chairman of Board of Directors TEB Holding A.Ş., Board Member BNP Paribas International Retail Banking, Turkey
2010-2015	BNL Banca Nazionale del Lavoro, Italy Board Member
October 2014-present	Bank Gospodarki Zywosciowej S.A., Board Member
April 2013-present	JSC "UkrSibbank", Board Member, Ukraine
2013-2015	BNP Paribas Polska SA, Chairman of the Audit Committee, Poland
August 1988-present	LDC, Board Member, France
2006-2009	Banca Nazionale del Lavoro/BNP Paribas Italy, C.O.O.
2004-2006	French Retail Banking Management Committee, Member Head of BNP Paribas Finance and Strategy Department
1998-2003	KLEPIERRE France, Board Member
1996-1998	Société Centrale D'Investissements, France
1973-1976	H.E.C. Ecole des Hautes Etudes Commerciales

<b>Ümit Lelebici, Executive Member and CEO</b>	
July 2020-present	TEB ARF Teknoloji A.Ş., Chairman
July 2017-present	FERB Board Member
May 2014-present	Banks Association of Turkey, Deputy Chairman
September 2013-present	TEB A.Ş., Executive Board Member and CEO
February 2013-September 2013	TEB A.Ş., Deputy CEO
2002-2013	TEB A.Ş. Assistant General Manager, ALM and Treasury Group
April 2013-September 2013	TEB Yatırım Menkul Değerler A.Ş., Chairman
2012-December 2014	TEB Portföy Yönetimi A.Ş., Chairman
2011-2012	TEB Portföy Yönetimi A.Ş., Board Member
1999-2002	TEB A.Ş. Director, Treasury Group
1997-1999	Ottoman Bank, Treasury Manager
March 1997 -July 1997	Ulusal Bank, Treasury Manager
1991-1997	Midland Bank, Treasury Manager
1988-1994	Istanbul University, MBA at Finance Major
1984-1988	Istanbul University, Faculty of Business Administration

<b>Nicolas de Baudinet de Courcelles, Member and Chairman of the Audit Committee</b>	
July 2019-present	TEB A.Ş., Chairman of the Audit Committee and Chairman of the Compliance Committee
February 2019 -present	BNPP Yatırımlar Holding A.Ş., Board Member
February 2019 -present	BNPP Fortis Yatırımlar Holding A.Ş., Board Member
January 2019 -present	TEB A.Ş., Board Member
2018 – 2019	TEB ARVAL Araç Filo Kiralama A.Ş., Deputy Chairman
December 2018 -present	TEB Faktoring A.Ş., Board Member
December 2018 -present	TEB Yatırım Menkul Değerler A.Ş., Board Member
2013– 2019	BNP PARIBAS Compliance Group Corporate and Investment Banking Financial Security Chairman
1986 - 2012	BNP PARIBAS Compliance Group Corporate and Investment Banking
1981-1984	Sciences Po / Economics and Finance

<b>Ayşe Aşardağ, Member and Deputy Chairman of the Audit Committee</b>	
March 2020-present	TEB Sh.A (Kosovo), Deputy Chairman
March 2017-present	TEB A.Ş., Deputy Chairman of the Audit Committee
2016-present	TEB Faktoring A.Ş., Deputy Chairman
2016-2017	TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
2012-2017	Ekonomi Yatırımlar Ltd., Board Member
2012-present	TEB Yatırım Menkul Değerler A.Ş., Deputy Chairman TEB Finansman A.Ş., Deputy Chairman
2011-2016	TEB Faktoring A.Ş., Board Member The Economy Bank N.V., Board Member
2011-December 2014	TEB Portföy Yönetimi A.Ş., Board Member
2010-present	TEB A.Ş., Board Member
2009-2020	TEB Sh.A (Kosovo), Board Member
2003-2013	Ekonomi Bank Offshore Ltd. Board Member
2001-present	TEB Holding A.Ş., Budget and Financial Control Coordinator
2010-2011	Fortis Bank A.Ş., Board Member
2009-2010	TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
2008-2009	TEB ARVAL Araç Filo Kiralama A.Ş., Deputy Chairman, Etkin Temizlik Hizmetleri A.Ş. Chairman
2007-2010	TEB Tüketici Finansman A.Ş., Deputy Chairman
2007-2009	TEB Sh.A (Kosovo), Deputy Chairman
2007-2008	TEB Sigorta A.Ş. Chairman TEB İletişim ve Yayıncılık Hizmetleri A.Ş. Chairman Etkin Personel Taşımacılık Hizmetleri A.Ş. Chairman Etkin Temizlik Hizmetleri A.Ş. Chairman TEB Tüketici Finansman A.Ş. Board Member TEB ARVAL Araç Filo Kiralama A.Ş. Board Member
2007-2010	TEB UCB Konut Danışmanlık A.Ş., Chairman
2004-2010	Ege Turizm ve İnşaat A.Ş., Deputy Chairman
2001-2009	TEB Finansal Kiralama A.Ş. TEB Faktoring A.Ş. TEB Yatırım Menkul Değerler A.Ş. Auditor
2001-2010	TEB A.Ş., Auditor
2001-2007	TEB Sigorta A.Ş., Board Member TEB Portföy Yönetimi A.Ş., Auditor
1995-2001	TEB A.Ş., Budget and Financial Control Director
1994-1995	University of Glamorgan, Lecturer in Accounting
1987-1994	Price Waterhouse, Istanbul, London, Audit Unit
1992	Institute of Chartered Accountants in England and Wales, ACA
1982-1987	Boğaziçi University, Faculty of Administrative Sciences, Business Administration Department, BS

<b>Yvan L.A.M. De Cock, Member and Member of the Audit Committee</b>	
June 2019-present	Bank Degroof Petercam, Independent Board Member
June 2018-present	IFTHEA B.V. / Brussels – CEO
2016-2018	BNP Paribas Fortis, Advisor to the CEO
May 2013-present	BNP Paribas Yatırımlar Holding A.Ş., Board Member BNPP Fortis Yatırımlar Holding A.Ş., Board Member
February 2013-present	TEB A.Ş., Audit Committee Member
December 2012-present	TEB A.Ş., Board Member
2011-September 2016	BNP Paribas Fortis, Head of Corporate and Public Banking
2012 - 2019 May	BNP Paribas Fortis Factoring Director
2011-2013	TEB Holding A.Ş., Board Member
2011-2017	Fortis Private Equity Belgium Director
2006-2011	CEO Fortis Bank Turkey
2002-2006	CEO Fortis Bank UK
1999-2002	Head of Global Corporate Banking at Fortis Bank
1994-1999	Head of Corporate Banking North Centre Area, Belgium, Générale de Banque
1988-1994	Head of Trade Finance Group, Générale de Banque
1984-1988	Export Finance Manager, Générale de Banque
1982-1984	Legal Adviser, Nat. Delcrededienst
1978-1982	Lawyer at Winderickx and Associates
1983-1986	HUB-EHSAL, Master of Finance
1974-1977	Katholieke Universiteit Leuven, Master of Law



<b>Sabri Davaz, Member and Member of the Audit Committee</b>	
2017-2019	TEB Sh.A., Board Member and Chairman of the Audit Committee
2013-present	TEB A.Ş., Audit Committee Member
2013-2016	TEB Sh.A., Board Member, Audit Committee Member
2012-present	TEB A.Ş., Board Member
2011-present	TEB Holding A.Ş., Chief Advisor to the Chairman
2000-2011	BRSA Chief Sworn Bank Auditor BRSA Vice Chairman BRSA Consultant
1997-1998	Undersecretariat of Treasury, Vice President of the Board of Sworn Bank Auditors
1989-1997	Undersecretariat of Treasury, Sworn Bank Auditor
1985-1989	Undersecretariat of Treasury, Assistant of Sworn Bank Auditor
1998-2000	Boston University, Financial Economics Master
1980-1984	Ankara University, The Faculty of Political Science

<b>Hans Wilfried J. Broucke, Yönetim Kurulu Üyesi</b>	
2020 Ağustos'tan bu yana	TEB A.Ş. Board Member
2017 Ekim'den bu yana	Ukrsibbank Ukraine/Head of Corporate Banking
2012-2017	BNP Paribas Bulgaria CEO/Country Head
2010-2012	BNP Paribas Czech Republic/Country Head
2005-2010	BNP Paribas Czech Republic/General Manager
1985-1987	Applied Economics - Catholic University of Louvain – Belgium, Master's Degree
1983-1985	Economical, Political and Social Sciences - UFSAL - Brussels - Belgium, Bachelor's Degree

<b>Özden Odabaşı, Member</b>	
March 2017-present	TEB A.Ş., Board Member
1998-2016	The Economy Bank N.V., CEO
1997-1998	FB Finansbank Suisse S.A., CEO
1994-1997	Finansbank Holland N.V.
1987-1993	Finansbank A.Ş., Marketing Director/Assistant General Manager
1986-1987	BNP-Akbank A.Ş., Marketing Manager
1984-1986	Citibank N.A. İstanbul, Customer Representative/Marketing Manager
1983-1984	Mobil Oil Türk A.Ş., Internal Control Assistant Manager
1981-1982	Northern Illinois University, MBA
1980-1981	Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration, Master's Degree
1976-1980	Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration, Bachelor's Degree

<b>Xavier Henri Jean Guilmineau, Member</b>	
December 2018-present	BNP Paribas IRB Head of Retail and SME Banking
January 2018- December 2018	TEB Arval Deputy Chairman
January 2016-present	BNP Yatırımlar Holding A.Ş. Board Member BNP Paribas Fortis Yatırımlar Holding A.Ş. Board Member
January 2016- December 2018	TEB Faktoring A.Ş. Board Member TEB Yatırım Menkul Değerler A.Ş. Board Member
December 2015-present	TEB A.Ş., Board Member
October 2015- December 2015	TEB A.Ş., Advisor
2009-2015	CEO Asia BNP Paribas Cardif
2013-2015	BNP Paribas Cardif, Executive Committee Member
2009-2015	Paris Management Consultant-Taiwan, Chairman of the Board of Directors
2009-2015	Bank of Beijing Cardif Life JV-China, Vice Chairman of Board of Directors
2009-2015	BNP Paribas Cardif TCB Life Insurance JV-Taiwan, Member of the Board of Directors
2009-2015	BNP Paribas Cardif Life Insurance JV-Korea, Member of the Board of Directors
2005-2008	Head of Central and Eastern Europe, BNP Paribas Cardif
2002-2005	Retail Development Manager, Bank of The West (USA)
1998-2002	Head of Mission, General Inspection, BNP Paribas Group
1993-1998	Head of North Agribusiness Center, BNP Paribas France
1996-1997	Lille 1 University, Business Administration, Certificate of Competency, Diploma of Specialized Higher Education
1989-1993	National School of Engineering in Agriculture and Food Industries, BS Degree in Agricultural and Food Industries
1987-1990	Nancy 1 University, Technology University Degree in Applied Food and Biological Industries
1983-1986	Nantes Academy, Secondary School Baccalaureate Diploma in Math and Natural Sciences

**François Andre Jesualdo Benaroya, Member**

January 2018-present	TEB A.Ş., Board Member
October 2017-present	BNP Paribas -IRB, Head of Central & Eastern Europe/Turkey
July 2014-September 2017	BGZ BNP Paribas (Poland), Vice Chairman of the Board
November 2011-June 2014	BNP Paribas -IRB, Head of Retail
November 2007-October 2011	UKRSIBBANK BNP Paribas Ukrain, Vice Chairman of the Board
August 1992-January 1994	Republic of France National Institute of Statistics and Economic Studies / National School of Statistics and Economic Administration
September 1989-July 1992	Republic of France Ecole Polytechnique/ Engineering

## EXECUTIVE MANAGEMENT

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

Ümit Lelebici	Executive Member and CEO	
Gökhan Mendi	Senior Assistant General Manager	Retail and Private Banking Group
Ali Gökhan Cengiz	Assistant General Manager	SME Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager	Financial Control (Affairs) Group
Bade Sipahioğlu Işık	Assistant General Manager	Human Resources Group
Gökhan Özdil	Assistant General Manager	Corporate Credits Group
Ali İhsan Arıdaşır	Assistant General Manager	SME Credits Group
Osman Durmuş	Assistant General Manager	Retail and Micro SME Credits Group
Melis Coşan Baban	Chief Legal Advisor, Secretary of the Board of Directors	Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager	Information Technologies Group
Kubilay Güler	Assistant General Manager	Banking Operations and Support Services
Ömer Abidin Yenidoğan	Assistant General Manager	Corporate Investment Banking
Akil Özçay	Assistant General Manager	Global Markets
Tuğrul Özbakan	Assistant General Manager	Treasury & ALM
Gülümser Özgün Henden	Assistant General Manager	Corporate Banking

### Managers of Internal Systems

Hakan Tıraşın	Head of Internal Audit
Nimet Elif Kocaayan	Chief Risk Officer
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

Ümit Lelebici, Executive Member and CEO	
July 2020-present	TEB ARF Teknoloji A.Ş., Chairman
July 2017-present	FERB Board Member
May 2014-present	Banks Association of Turkey, Deputy Chairman
September 2013-present	TEB A.Ş., Executive Board Member and CEO
February 2013-September 2013	TEB A.Ş., Deputy CEO
2002-2013	TEB A.Ş. Assistant General Manager, ALM and Treasury Group
April 2013-September 2013	TEB Yatırım Menkul Değerler A.Ş., Chairman
2012-December 2014	TEB Portföy Yönetimi A.Ş., Chairman
2011-2012	TEB Portföy Yönetimi A.Ş., Board Member
1999-2002	TEB A.Ş. Director, Treasury Group
1997-1999	Osmanlı Bankası, Treasury Manager
March 1997 -July 1997	Ulusal Bank, Treasury Manager
1991-1997	Midland Bank, Treasury Manager
1988-1994	Istanbul University, MBA at Finance Major
1984-1988	Istanbul University, Faculty of Business Administration

<b>Gökhan Mendi, Senior Assistant General Manager, Retail and Private Banking</b>	
October 2016-present	TEB Yatırım Menkul Değerler A.Ş., Board Member
October 2013-present	TEB A.Ş., Senior Assistant General Manager, Retail and Private Banking
June 2013-present	Interbank Card Center (BKM) Board Member
May 2012-present	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Board Member Fortis Bank Personeli Güvenlik Vakfı, Board Member
2011-2013	TEB A.Ş., Assistant General Manager, Retail and Private Banking
2011-March 2016	TEB Yatırım Menkul Değerler A.Ş., Board Member
2011-2014	TEB Portföy Yönetimi A.Ş., Board Member
2011-2012	TEB Tüketici Finansmanı A.Ş., Deputy Chairman
2007-2011	Fortis Bank A.Ş., Head of Retail Banking & Bancassurance, Board Member
2003-2007	Finansbank, Retail Banking Assistant General Manager, Finans Sigorta A.Ş., Finans Portföy & Finans Yatırım, Board Member
2001-2003	Finansbank, NL, Consumer Banking, Assistant General Manager
1999-2001	Citibank Inc. Plc. London, Head of Business Development
1998-1999	Citibank N.A., Istanbul, Credit Cards Marketing Director
1996-1998	Citibank N.A., Istanbul, Sales & Marketing Manager
1996-1996	Beiersdorf Chemical, Sales & Marketing Manager
1992-1996	British Petroleum Istanbul, Marketing Services & Product Manager
1991-1992	British Petroleum Istanbul, Marketing Services Manager
1990-1991	British Petroleum Istanbul, Assistant of Engineering Manager
2000-2002	London Business School, Executive MBA
1987-1988	Istanbul University, MBA
1983-1987	Istanbul Technical University, Civil Engineering

<b>Mustafa Aşkın Dolaştır, Assistant General Manager, Financial Control Group</b>	
December 2020-present	TEB ARF Teknoloji A.Ş., Board Member
March 2019-present	Ekonomi Yatırımlar Ltd., Board Member
March 2018-present	TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
2016-present	BNP Paribas Cardif Emeklilik A.Ş., Board Member
2016-present	BNP Paribas Cardif Sigorta A.Ş., Board Member
2016-present	BNP Paribas Cardif Hayat Sigorta A.Ş., Board Member
2008-present	TEB A.Ş., CFO
2007 February-November	TEB Arval/Factoring/Leasing, CFO
1998-2007	The Economy Bank N.V. Amsterdam, Deputy CEO and Member of the Execution Committee
1994-1998	Finansbank (Holland) N.V., CFO
1992-1994	Commercial Union Hayat Sigorta A.Ş., CFO
1990-1992	Finansbank A.Ş. Istanbul, Group Head, Subsidiaries
1986-1989	Arthur Andersen & Co. Istanbul, Lisbon, London and Cambridge Offices, Senior Auditor
1985-1986	The Central Bank of the Republic of Turkey, Specialist
1984-1985	Istanbul Technical University, Management Engineering Lecturer, Operational Research
1983-1986	Istanbul Technical University, Master Degree in Management Engineering
1979-1983	Istanbul Technical University, Management Engineering

<b>Bade Sipahioğlu Işık, Assistant General Manager, Human Resources Group</b>	
April 2020-present	TEB A.Ş., Assistant General Manager, Human Resources Group
2014-2017	OGER Telecom, Chief Human Resources Officer
2001-2014	Akbank T.A.Ş. Group Head (Human Resources and Organization), Executive Vice President (Human Resources)
1997-2001	Doğuş Group (Garanti Bank, Humanitas, Ottoman Bank) Vice President (Human Resources and Organization )
1996-1997	Intertech İşlem ve Pazarlama, Human Resources Manager
1994-1995	Institut d'Etudes Politiques de Paris, Master's degree in Business Management and Corporate Social Development
1990-1994	Marmara University Faculty of Economics and Administrative Sciences, Political Sciences (French)

<b>Gökhan Özdil, Assistant General Manager, Corporate Credits Group</b>	
September 2017-present	TEB Faktoring A.Ş., Board Member
March 2016-March 2017	TEB Faktoring A.Ş., Board Member
2011-present	TEB A.Ş., Assistant General Manager, Corporate Credits Group
2005-2011	Fortis Bank A.Ş., Corporate and Commercial Banking Credits Assistant General Manager
2008-present	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Executive Vice President Fortis Bank Personeli Güvenlik Vakfı, Executive Vice President
2007-2008	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Board Member; Fortis Bank Personeli Güvenlik Vakfı, Board Member
2007-2008	Fortis Bank A.Ş., Retail Banking Credits Assistant General Manager
2005-2007	Fortis Bank A.Ş., Credits Group Assistant General Manager
2004-2005	Türk Dış Ticaret Bankası A.Ş., Credits Group Assistant General Manager
1996-2004	Türk Dış Ticaret Bankası A.Ş., Branch Manager
1992-1996	Türk Dış Ticaret Bankası A.Ş., Assistant Branch Manager
1989-1992	Türk Dış Ticaret Bankası A.Ş., Internal Audit Group, Inspector
1987-1989	Türk İş Bankası A.Ş., Head Office
1981-1986	Middle East Technical University, Economics

<b>Ali İhsan Arıdaşır, Assistant General Manager - SME Credits Group</b>	
March 2019-present	BNP Paribas Finansal Kiralama A.Ş., Board Member
December 2018-present	TEB A.Ş., Assistant General Manager - SME Credits Group
October 2018 - December 2018	TEB A.Ş., Credits Advisor
November 2016 - October 2018	Anadolu Bank A.Ş., Assistant General Manager, Credits Allocation
January 2008 - November 2016	TEB A.Ş., Credits Monitoring Director / Credits Director / SME Credits Allocation Director
August 2003- December 2007	TEB A.Ş., South Anatolia Commercial Credits and Credits Allocation Supervisor
August 2002- August 2003	TEB A.Ş. Gazipaşa Bulvarı Branch Corporate Banking Branch Manager
June 2002- August 2002	TEB A.Ş., Commercial Banking Marketing and Product Development Manager
June 1996 - June 2002	TEB A.Ş. Adana Branch Commercial Marketing Manager
August 1993- May 1996	Pamukbank A.Ş. Corporate Marketing Manager
1987 - 1992	Boğaziçi University Economics and Administrative Sciences Faculty, Department of Economics

<b>Osman Durmuş, Assistant General Manager - Retail and Micro SME Credits Group</b>	
March 2018 - present	TEB Yatırım Menkul Değerler A.Ş., Board Member
August 2017-present	TEB Sh. A. Board Member
2008-present	TEB A.Ş., Assistant General Manager, Retail and Small Business Credit Group
1998-2008	HSBC Bank A.Ş./Demirbank T.A.Ş., Head of Retail and Small Business Credit and Risk Group
1997-1998	Yapı Kredi Kart Hizmetleri A.Ş., Head of Credit Cards and Risk
1994-1996	Yapı Kredi Bankası A.Ş., Unit Manager, Retail Banking Accounting Department
1990-1993	Yapı Kredi Bankası A.Ş., Specialist, Retail Banking Accounting Department
1988-1990	Yapı Kredi Bankası A.Ş., Chief Assistant, Accounting Department
1986-1987	Yapı Kredi Bankası A.Ş., Rihtım Branch, Clerk
1982-1986	Marmara University, Faculty of Press and Media, Journalism and Public Relations Department

<b>Melis Coşan Baban, Chief Legal Advisor, Board General Secretary, Assistant General Manager</b>	
2008-present	TEB A.Ş., Assistant General Manager, Legal Affairs
2005-present	TEB A.Ş., Chief Legal Advisor, Board General Secretary
2000-2005	Pekin & Pekin Law Firm, Partner
1998-2000	Pekin & Pekin Law Firm, Senior Lawyer
1993-1998	Postacıoğlu Law Firm, Lawyer
1996-1997	Columbia University, New York, USA, Master of Law (LL.M.)
1989-1995	Istanbul University, Law School, Law Degree

<b>Mehmet Ali Cer, Assistant General Manager, Information Technologies Group</b>	
July 2020-present	TEB ARF Teknoloji A.Ş., Deputy Chairman
May 2012-present	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Board Member Fortis Bank Personeli Güvenlik Vakfı, Board Member
2011-present	TEB A.Ş., Assistant General Manager, Information Technologies Group
February 2011-November 2011	TEB A.Ş., Infrastructure Management, Group Director
2010-2011	Fortis Bank A.Ş., Information Technologies, Director
2000-2010	TEB A.Ş., Infrastructure Management, Director
1997-2000	Demirbank A.Ş., Software Development, Manager
1995-1997	Metters Industries, Senior Software Engineer
1993-1995	Southern Illinois University, Graduate Assistant
1990-1992	Türkiye Kalkınma Bankası A.Ş., System Analyst
1993-1996	Southern Illinois University, Computer Engineering (Master Degree)
1985-1990	Hacettepe University, Department of Computer Engineering

<b>Kubilay Güler, Assistant General Manager, Banking Operations and Support Services</b>	
2017-present	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., Board Member
2014-2016	Interbank Card Center (BKM), Head of Security Committee
2013-2017	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., Board Member
2012-present	TEB A.Ş., Assistant General Manager, Banking Operations & Support Services
2011-2012	Finansbank A.Ş., Assistant General Manager, Internal Control Unit
2002-2005	The Interbank Card Center (BKM), Chairman of the Security Committee The Interbank Card Center (BKM), Board Member
1999-2011	Finansbank A.Ş., Assistant General Manager, Operations & Alternative Distribution Channels
1995-1999	Citibank N.A., Assistant General Manager, Operations
1994-1995	AKK (INTERBANK) Manager
1989-1994	Netbank (Marmarabank), Manager, Credit & Marketing Department
1985-1989	İmarbank, Management Trainee, Card Sales & Operations Department
1983-1985	Akbank A.Ş., Exchange Department Specialist
1978-1983	Middle East Technical University, Faculty of Economic & Administrative Science, Public Administration

<b>Ömer Abidin Yenidoğan, Assistant General Manager, Corporate Investment Banking</b>	
December 2020-present	TEB Yatırım Menkul Değerler A.Ş., Board Member
October 2014-present	TEB A.Ş., Assistant General Manager, Corporate Investment Banking
September 2014-present	TEB Portföy Yönetimi A.Ş., Advisor to the Board
2003-2014	TEB Portföy Yönetimi, CEO
March 2011 - March 2018	TEB Yatırım Menkul Değerler A.Ş., Board Member
2013-2015	TKB BNPP IP JSC & LLC (Saint Petersburg - Russian Federation), Board Member
2010-2014	Corporate Governance Association of Turkey, Board Member
2001-2003	TEB Retail Banking, Marketing Director
2000-2001	TEB Portföy Yönetimi A.Ş., Marketing Assistant General Manager
1997-1999	TEB Yatırım Menkul Değerler A.Ş., International Capital Market Assistant Manager
1995-1996	Citibank Turkey, GCB
1994-1995	University of Nottingham, Financial MBA
1989-1994	Marmara University, BA in Political Sciences (French)

<b>Akil Özçay, Assistant General Manager, Global Markets</b>	
2015-2020	TEB Yatırım Menkul Değerler A.Ş., Board Member
2012-2013	TEB Yatırım Menkul Değerler A.Ş., Chairman of the Board
2012-2013	TEB Portföy Yönetimi A.Ş., Board Member
2011-present	TEB A.Ş., Assistant General Manager, Global Markets
2011-2012	TEB Portföy Yönetimi A.Ş., Chairman of the Board
2011-2012	TEB Yatırım Menkul Değerler A.Ş., Deputy Chairman
2011-2011	Fortis Portföy Yönetimi A.Ş., Chairman of the Board
2009-2013	TEB Sh.A., Board Member
2008-2011	TEB A.Ş., Chief Advisor to the CEO
2007-2008	CBRT Internal Audit, Chief Audit Executive
2005-2007	Rutgers, The State University of New Jersey, Master
2004-2007	CBRT New York Representative Office, Chief Representative
2001-2004	CBRT Markets Department, General Director
1998-2001	CBRT Markets Department, Assistant General Director
1996-1998	CBRT Open Markets Operations, Manager
1995-1996	CBRT Banking Supervision, Manager
1994-1995	CBRT Markets Department, Foreign Exchange Transactions, Manager
1977-1981	Ankara University, Faculty of Political Sciences

<b>Tuğrul Özbakan, Assistant General Manager, ALM &amp; Treasury</b>	
June 2015-present	TEB A.Ş., Assistant General Manager, ALM & Treasury Group
2013-2015	TEB A.Ş., Group Director, ALM & Treasury Group
2008-2013	TEB A.Ş., Director, ALM
2007-2008	TEB Portföy Yönetimi A.Ş., Assistant General Manager, DPM and Fund Management
June 2007-July 2007	TEB A.Ş. Financial Markets Director
2005-2006	TEB Portföy Yönetimi A.Ş., Board Member
2005-2006	Varlık Yatırım Ortaklığı A.Ş., Board Member
1996-2006	TEB A.Ş. Director, Financial Markets
2004-2009	Istanbul Marmara University, Ph.D. in EU Economics
1999-2002	Istanbul Bilgi University, Business Administration (MBA)
1991-1995	Stanford University, Palo Alto, USA, BA in Economics

<b>Gülümser Özgün Henden, Assistant General Manager, Corporate Banking</b>	
March 2018 - present	BNP Paribas Finansal Kiralama A.Ş., Board Member
November 2015-present	TEB A.Ş., Assistant General Manager, Corporate Banking
2015-November 2015	TEB A.Ş., Group Director, Corporate Businesses
2011-2014	TEB A.Ş., Sales Director, Corporate Banking
2003-2011	TEB A.Ş., Commercial Banking, Sales, Marketing and Product Development Director
2001-2003	Garanti Bankası A.Ş., Senior Manager, Commercial Banking
2000-2001	Osmanlı Bankası A.Ş., Manager, Corporate Banking
1995-2000	Finansbank A.Ş., Manager
1992-1995	Garanti Bankası A.Ş., MT
1987-1992	Middle East Technical University, Business Administration

<b>Hakan Tıraşın, Head of Internal Audit</b>	
2006-present	TEB A.Ş., Head of Internal Audit
2004-2005	TEB A.Ş., Assistant General Manager, Organization, Banknote Markets and Support Services and Secretary General
1992-2004	TEB A.Ş., General Secretary
1989-1992	TEB A.Ş., Internal Audit, Inspector
1973-1989	Akbank, Branch Manager and Inspector
1972-1977	Istanbul Academy of Economics and Business Administration

<b>Birol Deper, Head of Compliance and Internal Control, Consumer Relations Coordination Officer</b>	
March 2016-present	TEB Sh.A., Board Member
April 2015-present	Banks Association of Turkey-Risk Center, Board Member
September 2013-present	TEB A.Ş., Consumer Relations Coordination Officer
2012-present	TEB A.Ş., Head of Compliance Group and Internal Control Group
2011-April 2013	TEB Portföy Yönetimi A.Ş., Auditor
2010-2012	TEB A.Ş., Compliance and Regulation Director
2008-2012	TEB A.Ş., Banking Regulation Director
2007-April 2013	TEB Cetelem Tüketici Finansmanı A.Ş., Auditor
2006-2008	TEB A.Ş., Banking Regulation Manager
2001-2006	Banking Regulation and Supervision Agency, Certified Bank Auditor
2007-2010	Galatasaray University Institute of Political Sciences-MBA
1996-2000	Ankara University, Faculty of Political Sciences, Department of Business Administration

<b>Nimet Elif Kocaayan, Head of Group Risk Management</b>	
July 2017-present	TEB A.Ş. Head of Group Risk Management
July 2017-present	TEB Yatırım Menkul Değerler A.Ş., Board Member
2010-2017	TEB A.Ş., Credit Risk Director
2003-2010	TEB A.Ş. Operational Risk-BASEL II and Credit Risk Supervisor/ Credit Risk Manager
2000-2003	TEB A.Ş. Credit Allocation Supervisor
1995-2000	TEB A.Ş. Internal Audit, Inspector /Assistant Inspector
1991-1995	İstanbul University, Faculty of Economics, Department of Economics

<b>Ali Gökhan Cengiz, Assistant General Manager, SME Banking</b>	
March 2019-present	TEB A.Ş., Assistant General Manager, SME Banking
2016 - 2019	TEB A.Ş., Group Director, Corporate Banking Sales Management
2004 - 2016	Akbank T.A.Ş. Division Head
2003 – 2004	Dışbank TA.Ş. Branch Manager
2001 - 2003	Citibank A.Ş. Branch Manager
1995 – 2001	Interbank Branch Deputy Manager
1993	Oklahoma City University MBA
1986 - 1989	Hacettepe University, Department of Economics



## COMMITTEES OF TÜRK EKONOMİ BANKASI A.Ş

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

As of 31 December 2020 the Board of Directors has accepted 212 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

### SENIOR EXECUTIVE COMMITTEE

Monitoring and surveillance of TEB and TEB Group's operational performance on behalf of TEB's Board of Directors and in accordance with its directions.

#### Chairman

Jean Paul SABET, Vice Chairman of the Board of Directors

#### Deputy Chairman

Dr. Akin AKBAYGİL, Vice Chairman of the Board of Directors

#### Members

General Manager

Committee meets as required.

### CREDIT COMMITTEE

The Credit Committee is responsible to evaluate and approve loans within its authorization limits.

#### Chairman

Dr. Akin AKBAYGİL, Vice Chairman of the Board of Directors

#### Members

Özden ODABAŞI, Board Member  
Nicolas de BAUDINET de COURCELLES, Board Member  
Hans Wilfried J. BROUCKE, Board Member  
General Manager

#### Alternate Members

Sabri Davaz, Board Member  
Ayşe Aşardağ, Board Member

Committee meets as required.

### RISK COMMITTEE

Responsibilities of the Committee: To audit and assess risk policies

#### Chairman

Hans Wilfried J. BROUCKE, Board Member

#### Deputy Chairman

Dr. Akin AKBAYGİL, Vice Chairman of the Board of Directors

Committee meets as required.

### AUDIT COMMITTEE

Responsibilities of the Committee:

- On behalf of the Board of Directors to supervise the efficiency and adequacy of the Bank's internal systems,
- To supervise compliance with the provisions hereof concerning internal control and with the internal policies and implementation procedures approved by the Board of Directors and to make proposals to the Board of Directors in relation to measures which it is considered necessary to take,
- Together with the top-level management and the independent auditors, to evaluate the results of independent audit, the annual and quarterly financial statements and related documents and the independent audit report,
- To evaluate the independence of the rating institutions, the independent audit institutions, including those which carry out audits of information systems and the valuation institutions with which the Bank will sign contracts and of their presidents, directors, auditors, managers and employees, in their activities related with the Bank and the sufficiency of the resources that are allocated.

#### Chairman

Nicolas de BAUDINET de COURCELLES, Board Member

#### Deputy Chairman

Ayşe AŞARDAĞ, Board Member

#### Members

Yvan De COCK, Board Member  
Sabri DAVAZ, Board Member

Committee meets at least every three months.

## OPERATIONAL RISK COMMITTEE

Responsibilities of the Committee:

- To make suggestions for the Operational Risk Management Policy approved by the Board of Directors,
- Based on the results of measurements and management conducted in accordance with the Operational Risk Management Policy;
  - To review operations by measuring operational risks and by making general assessments regarding incidents that take place and potential risks aimed at mitigation, and to pass decisions when necessary,
  - To follow up the course and development of audit suggestions,
  - To oversee the development of key risk indicators identified by the Group Risk Management and to evaluate new indicators based on risk mitigation measures, risk profile and trends,
  - To review and evaluate the risk assessment results of service providers within the scope of the Regulation on Procurement of Support Services by Banks and the Regulation on Information Systems of Banks and Electronic Banking Services.

### Chairman

Assistant General Manager, Banking Operations and Support Services

### Deputy Chairman

Assistant General Manager, Financial Control Group

### Members

Senior Assistant General Manager, Retail and Private Banking Group  
Assistant General Manager, SME Banking Group  
Assistant General Manager, Corporate Credits Group  
Assistant General Manager, Corporate Investment Banking  
Assistant General Manager, Information Technologies Group  
Assistant General Manager, Human Resources Group  
Chief Legal Advisor, Secretary of the Board of Directors

Committee meets as monthly.

## SELECTION AND COMPENSATION COMMITTEE

Responsibilities of the Committee:

- Establishing a compensation policy that is aligned with the scope and structure of the Bank activities, its strategies, long-term goals and risk management structures, the BRSA's "Regulation Amending the Regulation on the Banks' Corporate Governance Principles" and "Guide on Best Compensation Practices in Banks" published in the Official Gazette issue 27959 dated 9 June 2011 that prevent taking excessive risks and that contribute to effective risk management.
- Determination, monitoring and supervision of remuneration implementations (including salaries, performance bonuses, premiums, awards, fringe benefits and social benefits).
- Annual submission to the Board of Directors the proposals with respect to the evaluation of remuneration policy and implementations under the risk management.
- Determination of the criteria for payments of performance bonuses based on performances of the employees and announcement of such criteria to the employees and regular review of such criteria according to the determined standards and special duties and responsibilities.
- Determination and approval of organizational structure, norms, job descriptions, appointment, promotion, salary

and performance bonuses for Group Director and higher positions.

### Chairman

Jean Paul SABET, Vice Chairman of the Board of Directors

### Deputy Chairman

Dr. Akın AKBAYGİL, Vice Chairman of the Board of Directors

### Regular Attendant

General Manager

Committee meets as required.

## COMPLIANCE COMMITTEE

Responsibilities of the Committee:

- To supervise of compliance policies and practices.
- To monitor the changes in legislation.

### Chairman

Nicolas de BAUDINET de COURCELLES, Board Member

### Deputy Chairman

Dr. Akın AKBAYGİL, Vice Chairman of the Board of Directors

### Members

Sabri DAVAZ, Board Member  
Yvan L.A.M. DE COCK, Board Member

Committee meets as required.

## CORPORATE GOVERNANCE COMMITTEE

Responsibilities of the Committee:

To oversee compliance with corporate governance principles, undertake improvement efforts in this area and submit proposals to the Board of Directors.

### Chairman

Dr. Akın AKBAYGİL, Vice Chairman of the Board of Directors

### Deputy Chairman

Yavuz CANEVI, Chairman of the Board of Directors

### Members

Hans Wilfried J. BROUCKE, Board Member  
Nicolas de BAUDINET de COURCELLES, Board Member  
Yvan L.A.M. DE COCK, Board Member  
Sabri DAVAZ, Board Member

Committee meets as required.

## ASSETS AND LIABILITIES COMMITTEE

Responsibilities of the Committee:

- Regarding TEB Group's Financial Markets activities; evaluation of industry developments and expectations, determination of strategies, evaluation of markets and the strategies to be adopted and the comparison of risk sizes to be taken,
- To review of financial indicator reports,
- To discuss expectations and developments in the domestic and international markets,
- To review of the general presentation of marketing groups,
- To review of ALM's presentation in terms of deposits and credit structure,
- To examine the funding cost and spread improvement for business segments,
- Evaluation of analysis of the Bank's weekly balance-sheet, income and expense, profit and loss statement.

### **Chairman**

General Manager

### **Deputy Chairman**

Assistant General Manager, Assets and Liabilities Management and Treasury

### **Members**

Deputy Head of Corporate Investment Banking  
Senior Assistant General Manager, Retail and Private Banking Group  
Senior Assistant General Manager, SME Banking Group and Deputy General Manager  
Assistant General Manager, Corporate Banking  
Assistant General Manager, Financial Control Group  
Assistant General Manager, Fixed Income  
Assets and Liabilities Management Director  
Chief Economist  
Chief Investment Advisor

Committee meets bi-weekly or as required.

## NEW PRODUCT COMMITTEE

Responsibilities of the Committee:

Within the scope of the Regulation of New Product, Activity and Organization to make decisions about products, activities and organizations which are defined as "newly".

### **Chairman**

Head of Compliance Group and Internal Control Group

### **Deputy Chairman**

Assistant General Manager of Product Owner Segment

### **Members**

Data Management Director  
Core Banking Operations Director  
Information Security and Quality Director  
Business Process Director  
Business Solutions Director  
Head of Legal Affairs, Secretary of the Board  
Contracts, Legal Counseling and Projects Director  
General Accounting Director  
Group Chief Risk Officer (and/or manager delegated according to the role)  
Executive Tax Director  
Customer and Product Safety Director  
Representative of Compliance Division  
Customer Rights Coordination Manager  
Legislation Manager

Committee meets when the new products, activities and organizational change for customers are on the agenda.

## MARKET AND LIQUIDITY RISK COMMITTEE

### Responsibilities of the Committee:

- To monitor market risks and derivative risks,
- To review market and customer derivative risk policies and submit to the Board of Directors,
- To examine stress scenarios and if necessary, to make proposal to the Board of Directors for amendment,
- To review market risk limits and recommend to Board of Directors,
- Discussion of necessary topics by Financial Markets, / Treasury, Financial Affairs and Group Risk Management,
- To monitor the liquidity of the Bank; to analyze and follow-up borrowing capacity and other possible funding sources in order to avoid any default risk,
- To analyze and monitor the interest rate exposure of the Bank,
- To review the limits regarding both interest and liquidity risks and recommend to Board of Directors,
- To prepare guidelines and policies for interest rate and liquidity risks and recommend to Risk Policies Committee,

- Recommendation of interest, liquidity, market and counterparty credit risk measurement methods to the Risk Policy Committee.

### **Chairman**

General Manager

### **Deputy Chairman**

Group Chief Risk Officer

### **Members**

ALM & Treasury Assistant General Manager  
Financial Affairs Assistant General Manager  
Financial Markets Assistant General Manager  
Financial Markets Trading Director  
ALM Director  
Treasury Director  
Market Risk and Operational Risk Director  
Capital Markets Mid-Office Director

Committee that meets on a monthly basis or as required.

## INFORMATION ON TRANSACTIONS CONDUCTED WITH RELATED PARTIES

The Bank is involved in various transactions with the risk group to which TEB is included (related parties) and these are carried out for commercial purposes and at market prices. Loan transactions with related-parties and their share in the Bank's total credit risk as of 31 December 2020 and 31 December 2019 were as follows:

%	31.12.2020	31.12.2019
Share in total cash loans	1,27%	0,72%
Share in total non-cash loans	2,18%	1,27%
Share in total cash and non-cash loans	1,49%	0,86%

Detailed information about the risk group to which TEB is included has been prepared in accordance with the "Communiqué on Financial Statements and Related Explanations and Footnotes Announced to the Public by Banks"

and published in Section 3, of the "Annual Report" and was also included in the financial statements as of 31 December 2020 and Section 5, Article VII.1 of the Independent Audit Report.

ACTIVITIES FOR WHICH SUPPORT SERVICES ARE RECEIVED AND SUPPLIERS

Company Title	Scope of Support Services Taken	Explanation of the Service
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ ANONİM ŞİRKETİ	Archiving	Archives Service Agreement
IBM GLOBAL SERVICES İŞ VE TEKNOLOJİ HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	Information Technologies	Emergency Situation Services
SUPERONLINE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ	Information Technologies	Electronic Communication Service Framework Agreement
CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ ANONİM ŞİRKETİ	Call Center	Outgoing Call and Telemarketing Service
WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	Call Center	Update Address Search Service
WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	Call Center	Outgoing Call Service
PRONET GÜVENLİK HİZMETLERİ A.Ş.	Security	Alarm Monitoring Centre Subscription Agreement
PRONET GÜVENLİK HİZMETLERİ A.Ş.	Security	Off Site ATM Alarm Systems Leasing and Service Agreement
SECURITAS GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	Security	Private Safety Agreement
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SAN. A.Ş.	Security	Private Safety Agreement
E-KART ELEKTRONİK KART SİSTEMLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	Credit Card Purchases	Purchasing Credit Card Plastic and Chip Agreement
2M İLETİŞİM HİZMETLERİ SANAYİ TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
ABDULLAH ÖZDEMİR	Operational Support	Point of Sale Credit
ADNAN ÖZMEN ORT.	Operational Support	Point of Sale Credit
ADO BİLİŞİM LABORATUAR MÜH. VE TES. CİH. İÇ DIŞ TİC. VE SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
AFS ÇELİK DAY. TÜK. MAL. MOB. TEKS. İNŞ. TAŞ. TAR. HAY. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
AHMET BEYHAN	Operational Support	Point of Sale Credit
AHMET TİMUR ÖNCÜL TAHSİN ÖZKIR ADI ORTAKLIĞI	Operational Support	Point of Sale Credit
AHMET VAKKAS YILDIZ	Operational Support	Point of Sale Credit
AKKAŞLAR D.T.M. ELEK. VE ELEK. ÜR. PAZ. İLET. HİZ. İNŞ. SAN. İÇ DIŞ TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
AKTİF EĞİ. -ÖĞR. BİL. İLE. TUR. GÜV. AKA. İÇ VE DIŞ TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ALİ DEMİR / BEYAZ EŞYA TİCARETİ	Operational Support	Point of Sale Credit
ALTIN ELEKTRİKLİ EV ALETLERİ TİC. SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ALTIN MOBİLYA TİCARET VE SANAYİ A.Ş.	Operational Support	Point of Sale Credit
ALTINBAŞ DAYANIKLI TÜKETİM MADDELERİ TİC. VE SAN. A.Ş.	Operational Support	Point of Sale Credit
ANLI DAYANIKLI TÜK MALL TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ARG ELEKTRONİK NAKLİYE BİLİŞİM TURİZM SANAYİ VE TİCARET LİMİTED ŞİRKET	Operational Support	Point of Sale Credit
ARTI İNŞAAT GIDA TURİZM LTD. ŞTİ.	Operational Support	Point of Sale Credit
ARZU AVCI	Operational Support	Point of Sale Credit
AŞİLLER DAYANIKLI TÜKETİM MALLARI SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
AŞKIN ÇINAR	Operational Support	Point of Sale Credit
ATALAR TELEKOMÜNİKASYON VE İLETİŞİM GIDA TEKSTİL SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ATILLA YILMAZ	Operational Support	Point of Sale Credit
AY HAN DAY. TÜK. MAL. HALI MOB. VE İNŞ. SAN. TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
AYKUT MOBİLYA VE DAYANIKLI TÜK. MAL. SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit

AYSANLAR DAY. TÜK. MAL. EL. EŞ. MOT. OTO. İNŞ. TA. D. GAZSAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
AYTUR ZÜCCACİYE GİYİM TEKS. DAY. TÜK. MAL. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
BAĞDAT DAYANIKLI TÜK. MALL. İNŞ. GIDA TİC. VE SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
BALCI BEYAZ EŞYA MOBİLYA VE MOTORLU ARAÇLAR İNŞAAT TİCARET ANONİM ŞİRK	Operational Support	Point of Sale Credit
BAŞEL DAYANIKLI TÜK. MAL. ELEKT. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
BATIKAN HAZAR MIZRAK	Operational Support	Point of Sale Credit
BEL EĞİTİM A.Ş.	Operational Support	Point of Sale Credit
BEREKET TİCARET	Operational Support	Point of Sale Credit
BEYAZ EV İNŞ. MÜH. DAY. TÜK. MAL. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
BEYCELİ DAYANIKLI TÜKETİM MALLARI TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
BIZTECH MAĞAZACILIK HAB. TEK. SAN. VE TİC. A.Ş. TİC.	Operational Support	Point of Sale Credit
BİLGE TİCARET DAY. TÜK. MAL. LTD. ŞTİ.	Operational Support	Point of Sale Credit
BİSMİL KARDEŞLER OTOM İNŞ NAK TARIM HAYVANCILIK SAN VE TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
BRD MOTOR İNŞAAT OTOMOTİV GIDA VE TURİZM SANAYİ TİCARET ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
BULUTOĞLU DAY. TÜK. MAL. NAK. İNŞ. VE GID. SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
BURSA UĞURLU DAYANIKLI TÜK MAM. SAN. TİC. AŞ	Operational Support	Point of Sale Credit
BÜNYAMİN ALEMDAR	Operational Support	Point of Sale Credit
CANTEKBİL TEKNOLOJİBİLİŞİM ÜRÜN. ELKTİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
CER TİCARET DAYANIKLI TÜKETİM MALLARI PAZARLAMA ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
CEYLANLAR İNŞAAT NAK. TAAH. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
COŞAR MOBİLYA SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
CYM DAYANIKLI TÜKETİM MALLARI İNŞAAT İTH. İHR. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ÇETMEN MAĞAZALARI MOBİLYA DAY. TÜKETİM MALLARI OTO. SAN. VE TİC. A.Ş.	Operational Support	Point of Sale Credit
DAF İLETİŞİM SİSTEMLERİ	Operational Support	Point of Sale Credit
DATAPARK İÇ VE DIŞ TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
DEĞER BEYAZ EŞYA GIDA. EĞ. DAN. TAR. ÜR. SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
DELİKANLI EV GEREÇLERİ SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
DEMİRCAN TELEKOM	Operational Support	Point of Sale Credit
DEMİRHAN DAYANIKLI TÜKETİM MALL. MOB. TUR. GIDA SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
DENİZLİ GÜNNUR OTOMOTİV LTD. ŞTİ.	Operational Support	Point of Sale Credit
DERİN DAYANIKLI TÜK. MAL. TURZ. SAN. TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
DOĞAN DAYANIKLI TÜKETİM MALLARI PAZARLAMA TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
DOĞU VE BATI MOTORLUTAŞITLAR SANAYİTİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
DÜNYA OFİS BİLİŞİM DANIŞ. YAZ. ELEKT. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit

ECS DAYANIKLI TÜKETİM MAL. MOB. HALI TEK. İNŞ. İTH. İHR. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
EGEMEN ELEKTRİK EV ALETLERİ PAZARLAMA ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
EKON DAYANIKLI TÜKETİM MALLARI İNŞAAT İLETİŞİM OTO. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ELBİSTAN ELEKTRONİK İNŞ. TAAHHÜT KUYUMCULUK TEKS. SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ELMACIOĞLU TÜKETİM MALLARI TİCARET ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
EMRE BİLGİSAYAR İLETİŞİM HİZMETLERİ TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
EMRE MOBİLYA DAYANIKLI TÜK MALL GIDA İNŞ S V T LTD. ŞTİ	Operational Support	Point of Sale Credit
EMSA TEK ELEKT. EŞ. GI. HAYV. İNŞ. TAH. VE DAY. TÜK. MAL. SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
EREM DAYANIKLI TÜKETİM MALLARI VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
EREN EKVATOR DA. TÜ. M. İN. TE. KON. GI. TU. EĞ. HİZ. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ERSİN YILDIZOĞLU	Operational Support	Point of Sale Credit
EVRENKENT MÜHENDİSLİK MİMARLIK İNŞAAT DOĞALGAZ MÜŞ. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
FATİH DİNÇ	Operational Support	Point of Sale Credit
GALERİ GÜRSES DAYANIKLI VE DAYANIKSIZ TÜKETİM MALLARI TİCARET A.Ş.	Operational Support	Point of Sale Credit
GAZİANTEP MOTOR SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
GAZİOĞLU MOBİLYA DAY TÜKETİM MAL İNŞTİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
GENÇER DAYANIKLI TÜKMAL PAZ ÖZEL EĞTİNŞ TAH SN LTD. Ş	Operational Support	Point of Sale Credit
GEZERLER DAYANIKLI TÜKETİM MALLARI KIRTASIYE VE İNŞAAT SAN LTD. ŞTİ.	Operational Support	Point of Sale Credit
GÖKSAM İLETİŞİM ELEKTRONİK DAY. TÜK. MLZ. SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
GÜLER İLETİŞİM İNŞ. TURZ. SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
GÜLPA DAYANIKLI TÜKETİM MALLARI KUY. İNŞ. MOB. TİC. VE SAN. LTD. ŞTİ	Operational Support	Point of Sale Credit
GÜNDÜZ BEYAZ EŞYA DAY. TÜK. MAL. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
GÜRLEK İLETİŞİM VE BİLİŞİM LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
GÜROLCAN DAYANIKLI TÜKETİM MALLARI SAN. VE TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
GÜVEN EVİN DAYANIKLI TÜKETİM MALLARI AKARY. MOB. TAŞ. TİC. VE SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
GÜVENEL DAYANIKLI TÜKETİM MALLARI İLETİŞİM BİLİŞİM SAN. VE TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
HAKAN BEKEN	Operational Support	Point of Sale Credit
HALDIZ İNŞ. OTOMOTİV VE TİC. A.Ş.	Operational Support	Point of Sale Credit
HALUK HAŞMET PARPUCU	Operational Support	Point of Sale Credit
HARUN ELEKTRONİK BEYAZ EŞYA LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
HASAN ÇİTİL	Operational Support	Point of Sale Credit
HULUSİ İLHAN- AK ÇARŞI ALIŞVERİŞ MERKEZİ	Operational Support	Point of Sale Credit
İHLAMUR DAYANIKLI TÜKETİM MALLARI SANAYİ TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
İÇKALE BİLİŞİM DAĞITIM İLET. VE TEL. TUR. İNŞ. İTH. İHR. A.Ş.	Operational Support	Point of Sale Credit



İHSAN ORUÇ	Operational Support	Point of Sale Credit
İLKER KAYA	Operational Support	Point of Sale Credit
İLKER SAKİN/BEKO BAYİİ	Operational Support	Point of Sale Credit
İMO DAYANIKLI TÜKETİM MALLARI TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
İRİS DAYANIKLI TÜKETİM MALLARI TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
İSMAIL SERKAN TARKAN	Operational Support	Point of Sale Credit
İZMİR MOTOMARKET SERVİSİ VE TİCARET ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
KAAN ELEKTRONİK VE DAY TÜK MALL PAZ TİC	Operational Support	Point of Sale Credit
KABİLLER DAYANIKLI TÜKETİM MALLARI TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KADİR SEVİMLİ	Operational Support	Point of Sale Credit
KAHYAOĞLU YATIRIM PAZ. VE ÜRETİM A.Ş.	Operational Support	Point of Sale Credit
KAMİL DOĞAN	Operational Support	Point of Sale Credit
KARABAĞ DAYANIKLI TÜKETİM MAMÜLLERİ TİCARET VE SAN LTD. ŞTİ.	Operational Support	Point of Sale Credit
KARDEŞLER DAYANIKLI TÜK. MAL. PAZ. İNŞ. TAAH. İH. VE İT. TİC. VE SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KARDEŞLER TİCARET-İSMET TAŞKAN	Operational Support	Point of Sale Credit
KARGILI MOBİLYA VE İNŞAAT TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KAYAOĞLU DAYANIKLI TÜKETİM MAL. MOB. İNŞ. TAAH. SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KEMAL ŞENGÜL	Operational Support	Point of Sale Credit
KESKİNLER EV ALETLERİ TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KIVRAK MOTOR OTO VE MAK. TUR. İTH. İHR. İNŞ. TUR. TAŞ. TİC. VE SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KMR DAYANIKLI TÜKETİM MAL. SAĞ. HİZ. GIDA TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KOBİHATTI BİLGİSAYAR VE YAZILIM HİZ SAN VE TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
KOYUNCU DENİZCİLİK RENT A CAR OTO SAT. VE SER. HİZ. TUR. TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
KUTLU BİLGİ EĞİTİM	Operational Support	Point of Sale Credit
KUTLU KUY. İLT. TURZ. TEKS. GID. İNŞ. SN VE TC. LTD. ŞT	Operational Support	Point of Sale Credit
KUTUP PAZARLAMA VE TİCARET AŞ	Operational Support	Point of Sale Credit
KÜÇÜKLER DAYANIKLI TÜKETİM MAL. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
KVK KURUMSAL SATIŞ VE PAZARLAMA ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
MACROCOM BİL. DAY. TÜK. MAL. GIDATEK. TUR. İNŞ. SAN. TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
MARMARA ATILIM DAYANIKLI TÜK. MAL. PAZ. İTH. İHR. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
MARMARA GIDA GAZ AKARYAKIT İNŞAAT OTOMOTİV TAŞIMA. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
MEHMET ALİ KURT	Operational Support	Point of Sale Credit
MEHMET DİRİK DAYANIKLI TÜK MAL GD TEKS SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
MEHMET EREN	Operational Support	Point of Sale Credit

MEHMET KONŞUK	Operational Support	Point of Sale Credit
MEHMET-EMİN-ERSİN İŞBİLİR ADI ORTAKLIĞI	Operational Support	Point of Sale Credit
MEKTEBİM EĞİTİM KURUMLARI TİCARET ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
MELEK BAŞ	Operational Support	Point of Sale Credit
MELEK DİKER	Operational Support	Point of Sale Credit
MERAM MİMARLIK MÜHENDİSLİK MOBİLYA LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
MERT DAYANIKLI TÜKETİM MALLARI SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
METİN GÜNEŞ	Operational Support	Point of Sale Credit
MKŞ DAYANIKLI TÜKETİM MALLARI TİCARET LTD. ŞTİ.	Operational Support	Point of Sale Credit
MNR BALIKESİR MOTOR PAZARLAMA SEVİS VE TİCARET LİMİTEDŞİRKETİ	Operational Support	Point of Sale Credit
MNR MOTOR PAZ. SER. VE TİC. LTD.	Operational Support	Point of Sale Credit
MUHAMMED EROĞLU - EROĞLU TİCARET	Operational Support	Point of Sale Credit
MUSTAFA AKKOÇ MAKİNA SANAYİ VE TİCARET ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
MVG İLETİŞİM TEKNOLOJİ ÜRÜNLERİ PAZARLAMA ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
NARMANLAR DAY. TÜK. MAL. İNŞ. AKAR. OTO. TUR. TARIM. HAY. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
NEFES MOBİL İLETİŞİM İNŞAAT TİCARET ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
NİZAMLAR PETROL ÜRÜNLERİ DAY. TÜK. MAL. İNŞ. SAN. VE DIŞ TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ONUR GÜNAY MOB. ELEK. ELEKTRONİK DAY. TÜKETİM MAL. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ORHAN MEHMET ÇATALYÜREK ORT.	Operational Support	Point of Sale Credit
ORPA MOBİLYA OTO. İNŞ. SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
OSKO DAYANIKLI TÜKETİM MALLARI SAN. VE TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
ÖZ SPOT- KEMAL ÖZ	Operational Support	Point of Sale Credit
ÖZANADOLU 2 TELEKOMİNİKASYON İNŞ. TAR. HAY. GID. İTH. İHR. TİC. VE SAN. LTD. ŞT	Operational Support	Point of Sale Credit
ÖZER EV ALETLERİ MOBİLYA DAYANIKLI TÜKETİM MALLARI İNŞAAT TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ÖZLER KARDEŞLER SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ÖZSAĞLAM DAY TÜK MALPAZAR. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
PANOMİ MOBİLE PAZARLAMA TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
PARK BERGAMA MAĞAZACILIK SANAYİ VE TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
PENTA TAŞIT TİC. VE SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
PINAR İNŞAAT SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
PLATİN BEYAZ EŞYA TİCARET LİMİTED ŞİRKETİ.	Operational Support	Point of Sale Credit
RADİKAL PAZARLAMA VE DIŞ TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
RECAİ BALTAŞ	Operational Support	Point of Sale Credit
RECEP ÖZKAN	Operational Support	Point of Sale Credit

RİDVAN DEMİRTAŞ#DEMİRTAŞ TİCARET#	Operational Support	Point of Sale Credit
RÜZGAR TELEKOM ELEKTRONİK ALET. YAY. YED. PARÇA VE AKS. TİC. SAN. LTD. ŞTİ.	Operational Support	Point of Sale Credit
SAADET HALI DAYANIKLI TÜKETİM MADDELERİ TİCARET SANAYİ ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
SADEDDİN TİCARET	Operational Support	Point of Sale Credit
SADIK KARABACAK	Operational Support	Point of Sale Credit
SCS AKSESUAR İLE. TELEK. ELEK. ELEKTRONİK İN. TAAH. İTH. İHR. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
SENTESEPET COM ALIŞVERİŞ MERKZ LTD. ŞTİ	Operational Support	Point of Sale Credit
SERAL DAYANIKLI TÜK. MALL. SAN. TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
SERGÜR DAYANIKLI TÜKETİM MALLARI SANAYİ VE TİCARET LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
SERHAT ERSAN	Operational Support	Point of Sale Credit
SERHATLAR DAYANIKLI TÜKETİM MALLARI SANAYİ VE TİCARET ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
SERKAN AKSOY	Operational Support	Point of Sale Credit
SONER KAV	Operational Support	Point of Sale Credit
SOYGÜR DAYANIKLI TÜKETİM VE İLETİŞİM PAZZARLAMA LİMİTED ŞİR	Operational Support	Point of Sale Credit
SPLAZA SAY. TÜK. M. İN. T. SAN. VE TİC. A.Ş.	Operational Support	Point of Sale Credit
SUNGURBEY EĞİTİM VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
SÜERLER HAYAT DAYANIKLI TÜKETİMMALLARI GIDA İNŞ. TUR.	Operational Support	Point of Sale Credit
SÜLEYMAN GİRAY	Operational Support	Point of Sale Credit
ŞAKALAKOĞLU EĞİTİM HİZMETLERİ TURZM İNŞ. VE NAKL. TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
ŞANLI MOBİLYA ELEKTRONİK EŞ. EV TEK. ZÜC. VE İN. ŞSAN. TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
ŞARK-IŞIK HALI MOBİLYA TUR. TAAH. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ŞEKERCİLER HALI MOBİLYA TEKS. ELEKT. AV. ZÜC. MUT. DAY. TÜK. MAL. A	Operational Support	Point of Sale Credit
ŞENER BAYDAR	Operational Support	Point of Sale Credit
ŞENGÜLLER A.Ş.	Operational Support	Point of Sale Credit
ŞENGÜLLER TELEKOMİNİKASYON VE DAY. TÜK. MAMÜL. PAZ. A.Ş.	Operational Support	Point of Sale Credit
TAVİLOĞLU EV ALETLERİ TİCARET VE TURİZM NAKLİYAT LİMİTED ŞİRKETİ	Operational Support	Point of Sale Credit
TEK TELEKOM TİCARET LTD. ŞTİ.	Operational Support	Point of Sale Credit
TEKUĞUR DAY. TÜK. MAL. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
TİNK EĞİTİM HİZMETLERİ VE DANIŞMANLIK ANONİM ŞİRKETİ	Operational Support	Point of Sale Credit
TOKDEMİR BİLİŞİM TEKNOLOJİLERİ İNŞAAT GIDA İTHALAT İHRACAT SANAYİ VE T	Operational Support	Point of Sale Credit
TUANA DAYANIKLI TÜK. MAL. MOB. İNŞ. GIDASAN. VE TİC. LTD. Ş	Operational Support	Point of Sale Credit
TUNA TİCARET HAKAN KALKAN-CEVDET BALMUMCU ADI ORTAKLIĞI	Operational Support	Point of Sale Credit
TUNAHAN ELEKT. KUY. TEM. TEKS. VE DERİ SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
TURGUT AKAR HALICILIK TUR. SAN. VE TİCLTD. ŞTİ.	Operational Support	Point of Sale Credit

TUSE İLETİŞİM	Operational Support	Point of Sale Credit
TÜRKANLAR DAYANIKLITÜKE. MALL. PAZAR. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
UĞUR KILIÇ MİM. İNŞ. TAA. NAK. ÖZE. EĞİ. SAĞ. VE TUR. SAN. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
UĞURLAR PAZARLAMA TİCARET LTD. ŞTİ.	Operational Support	Point of Sale Credit
UŞAK MOBİL MARKET İLETİŞİM ELEKTRONİK SANAYİ VE TİCARET LİMİTED ŞİRKET	Operational Support	Point of Sale Credit
UYAR TİCARET	Operational Support	Point of Sale Credit
UYARLAR DAY. TÜK. MALL. SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
UYGUN TİCARET ŞAKİR UYGUN	Operational Support	Point of Sale Credit
UYSAL MÜHENDİSLİK DAY. TÜK. MALLARI VE MOB. PAZ. TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
UYSALLAR MOTORLUARAÇLAR SAN VETİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ÜÇYILMAZ TİCARET ELEKTRİK DAY. TÜK. MALL. TURZ. GİD. VE OTOM. SAN. LTD. ŞTİ	Operational Support	Point of Sale Credit
VADULLAH MESUT GENCER-ONURLU İNŞ. İŞLERİ DAY. TÜK. MAL. TRAKTÖR BAYİLİĞİ	Operational Support	Point of Sale Credit
VARDAR DAY. TÜK. MAD. SAR. TUR. İTH. İHR. SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
VEYİSOĞLU DAYANIKLI TÜKETİM MALLARI İNŞAAT SANAYİ VE TİCARET LTD. ŞTİ.	Operational Support	Point of Sale Credit
VOLKAN CAN	Operational Support	Point of Sale Credit
YAKIŞAN DAYANIKLI TÜKETİM MALLARI PAZARLAMA SAN VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
YALÇIN AKAY - AKAY TİCARET	Operational Support	Point of Sale Credit
YAVUZATA DAY. TÜK. MALLARI İNŞ. SAN. VE TİC. LTD. ŞTİ	Operational Support	Point of Sale Credit
YAVUZLAR BEYAZ EŞYA DAYANIKLI LTD. ŞTİ.	Operational Support	Point of Sale Credit
YETGİNLER DAY. TÜKETTİM. MAM. KUY. OTOMOTİVSAN. VE TİC. LTD.	Operational Support	Point of Sale Credit
YILMAZ ALTUN	Operational Support	Point of Sale Credit
YILMAZER EV GEREÇLERİ İTHALAT İHRACAT SAN. VE TİC. A.Ş.	Operational Support	Point of Sale Credit
YUSUF GÜZELSOY	Operational Support	Point of Sale Credit
YUSUF KIVILCIM	Operational Support	Point of Sale Credit
ZAFER TEKSTİL İNŞAAT SANAYİ VE DAHİLİ TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
ZENNURE AYDÖNER	Operational Support	Point of Sale Credit
ZEYNEP KALKANLI	Operational Support	Point of Sale Credit
ZİRVE İNŞAAT İLETİŞİM ELEKTRONİK TUR. GIDA SAN. VE TİC. LTD. ŞTİ.	Operational Support	Point of Sale Credit
AGT HIZLI KURYE HİZMETLERİ ANONİM ŞİRKETİ	Operational Services	Commodity Delivery Agreement
AGT HIZLI KURYE HİZMETLERİ ANONİM ŞİRKETİ	Operational Services	Courier Services Under Robin Project
ARÇELİK A.Ş.	Operational Services	Cash Register POS SLA Area Service
AUSTRIA CARD TURKEY KART OPERASYONLARI A.Ş.	Operational Services	Personalization of Cards With Chip and Magnetic Stripes
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENL. HİZM. AŞ	Operational Services	Service Procurement Agreement
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENL. HİZM. AŞ	Operational Services	Central Bank of the Republic of Turkey (CBRT) Cash Withdrawal Agreement

COLLECTÜRK ALACAK YÖNETİMİ VE DANIŞMANLIK ANONİM ŞİRKETİ	Operational Services	Legal Prosecution Collection Search
CREDE DANIŞMANLIK VE DIŞ TİC. A.Ş.	Operational Services	Legal Entity Intelligence Automation
DATA MARKET BİLGİ HİZMETLERİ ANONİM ŞİRKETİ	Operational Services	Hiring Staff For Information Systems
DATA MARKET BİLGİ HİZMETLERİ ANONİM ŞİRKETİ	Operational Services	Service Procurement Agreement
E-KART ELEKTRONİK KART SİSTEMLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	Operational Services	Metamorfoz TEB HCE
FU GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	Operational Services	Operational Support for Mortgage Processes
GÜZEL SANATLAR ÇEK BASIM LTD. ŞTİ.	Operational Services	Cheque Printing Services Agreement
HOBİM ARŞİVLEME VE BASIM HİZMETLERİ ANONİM ŞİRKETİ	Operational Services	Purchasing Credit Card Statement Printing and Enveloping Service
HUGİN YAZILIM TEKNOLOJİLERİ ANONİM ŞİRKETİ	Operational Services	Payment Registration Equipment Service Agreement
İNGENİCO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş.	Operational Services	Service for Remote Installing to POS Devices.
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ ANONİM ŞİRKETİ	Operational Services	Scan Data Entry Outsourcing
İNGENİCO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş.	Operational Services	Cash Register Machines - Field Services
İNGENİCO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş.	Operational Services	Practice Development, Technical Support, Update and Maintenance Agreement
İNNOVA BİLİŞİM ÇÖZÜMLERİ A.Ş.	Operational Services	Company Operation Center Service Agreement
İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK ANONİM ŞİRKETİ	Operational Services	Service Agreement Regarding Mortgage Processes
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET A.Ş.	Operational Services	Hiring Staff For Information Systems
KARTNET BİLGİSAYAR SANAYİ VE TİCARET ANONİM ŞİRKETİ	Operational Services	Capv 2.1 Maintenance and Repairing Services Agreement
KARTNET BİLGİSAYAR SANAYİ VE TİCARET ANONİM ŞİRKETİ	Operational Services	POS Network Maintenance Agreement
KEYTORC TEKNOLOJİ HİZMETLERİ VE DANIŞMANLIK ANONİM ŞİRKETİ	Operational Services	Test Consultancy Service Agreement
KONUT KREDİSİ COM TR DANIŞMANLIK A.Ş.	Operational Services	Retail Loan Product Marketing
KURYE NET MOTORLU KURYEÇİLİK VE DAĞITIM HİZMETLERİ A.Ş.	Operational Services	Commodity Distribution
LİNK TERA BİLGİ TEKNOLOJİLERİ A.Ş.	Operational Services	Hiring Staff For Information Systems
MİKROSARAY MİKROBİLGİSAYAR PAZ. VE TİC. A.Ş.	Operational Services	Cash Register Machines - Field Services
MT BİLGİ TEKNOLOJİLERİ VE DIŞ TİCARET A.Ş. KARBİL YAZILIM VE BİLİŞİM TEKNOLOJİLERİ TİC. A.Ş.	Operational Services	Cash Register POS Agreement
NCR BİLİŞİM SİSTEMLERİ LTD. ŞTİ.	Operational Services	ATM Hardware-Software Maintenance and Repairing Services Agreement
NETAS TELEKOMÜNİKASYON A. S.	Operational Services	Network Maintenance Agreement
PANAROMA BİLİŞİM TEKNOLOJİLERİ SANAYİ VE TİCARET A.Ş.	Operational Services	Cash Register Machines Installation and Service Agreement
PAYCORE ÖDEME HİZMETLERİ TAKAS VE MUTABAKAT SİSTEMLERİ A.Ş.	Operational Services	Printing and Enveloping Agreement
PAYTEN TEKNOLOJİ ANONİM ŞİRKETİ	Operational Services	Cyber POS Services
PLANİST BİLİŞİM HİZMETLERİ VE DANIŞMANLIK TİC. LTD. ŞTİ.	Operational Services	Hiring Staff For Information Systems
PLASTİKKART AKILLI KART İLETİŞİM SİSTEMLERİ SAN. VE TİC. A.Ş.	Operational Services	Personalization of Cards with Chip and Magnetic Stripes and Raw Card Supply Outsourcing Agreement
POSTA VE TELGRAF TEŞKİLATI ANONİM ŞİRKETİ.	Operational Services	Credit Applications and Repayments from PTT Branches
R2 SERVİS ELEKTRİK ELEKTRONİK VE BİLGİSAYAR TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	Operational Services	Cash Register Equipment Service Agreement
RİSK YAZILIM TEKNOLOJİLERİ DAN. EĞ. TİC. LTD. ŞTİ	Operational Services	RISKTURK Software, Procurement, Warranty and Maintenance Agreement

VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD. ŞTİ.	Operational Services	POS Remote Installation Agreement
VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD. ŞTİ.	Operational Services	Practice Development, Technical Support, Update and Maintenance Agreement
WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	Marketing	Outgoing Call, Credit Card Sales and Marketing
32 BİT BİLG. HİZM. SAN. VE TC. LTD. ŞTİ.	Software	Exchange Rate Broadcasting Development Service Procurement
32 BİT BİLG. HİZM. SAN. VE TC. LTD. ŞTİ.	Software	Otass Integration Software Maintenance
360 TRADING NETWORKS	Software	Exchange Trading Platform
3-D BİLİŞİM TEKNOLOJİLERİ DANIŞMANLIK VE TEKNİK SERVİS ANONİM ŞİRKETİ	Software	NICE Sound Recording Maintenance Agreement
ARTGE TEKNOLOJİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.	Software	Face Recognition System Project
BDH BİLİŞİM DESTEK HİZM. SAN. VE TİC. A. Ş	Software	Hiring Staff For Information Systems
BNP PARIBAS SECURITIES SERVICES	Software	Acetp Software Agreement
ÇÖZÜMEVİ YÖNETİM DANIŞMANLIĞI VE BİLGİSAYAR YAZILIM TİCARET ANONİM ŞİRKETİ	Software	Çözümevi Hyperion Application Maintenance
D. T. P. BİLGİ İŞLEM İLETİŞİM VE TİCARET A.Ş.	Software	E-Archive Integration
D. T. P. BİLGİ İŞLEM İLETİŞİM VE TİCARET A.Ş.	Software	E-Invoice Project
EKSİ BİR ARTI BİR YAZILIM DANIŞMANLIK SANAYİ VE TİCARET A.Ş.	Software	Cash Management Cost Optimization
FINANCIAL ENGINEERING ASSOCIATES, INC.	Software	Finalyse Software Agreement
FOREKS BİLGİ İLETİŞİM HİZ. A.Ş.	Software	Service Facilitation Agreement
İNFINA YAZILIM A.Ş.	Software	Fund Operations and Collective Custody Agreement
İSEMARKET BİLGİSAYAR YAZILIM VE DANIŞMANLIK LİMİTED ŞİRKETİ	Software	Secure Login Software Maintenance for the Internet Branch
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET ANONİM ŞİRKETİ	Software	Real Time Campaign Management Program Agreement
KEY YAZILIM ÇÖZÜMLERİ ANONİM ŞİRKETİ	Software	Appraisal Software Agreement
MATRİKS BİLGİ DAĞITIM HİZ. A.Ş.	Software	Mobile Practice Development and Maintenance Agreement
METAMORFOZ BİLİŞİM TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	Software	Smart Watch Application Software and Maintenance (HCE Phone and Smart Watch)
OBSS TEKNOLOJİ ANONİM ŞİRKETİ	Software	Software
ONUSS ORTAK NOKTA ULUSLARARASI HABERLEŞME SİSTEM SERVİS BİLGİSAYAR YAZILIM DANIŞ. VE DIŞ TİC. LTD. ŞTİ.	Software	Software
RİSK YAZILIM TEKNOLOJİLERİ DANIŞMANLIK EĞİT. TİC. LTD.	Software	RISKTURK Software, Procurement, Warranty and Maintenance Agreement
RİSK YAZILIM TEKNOLOJİLERİ DANIŞMANLIK EĞİT. TİC. LTD.	Software	Software, Market Risk Reporting Module Agreement
SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK. SAN. TİC. A.Ş.	Software	Speech Analytics
SİSTAŞ SAYISAL İLETİŞİM SAN. TİC. A.Ş.	Software	Call Me Licence and Maintenance Services
TÜRKKEP KAYITLI ELEKTRONİK POSTA HİZM. SAN. VE TİC. A.Ş.	Software	Registered E-Mail Licensing Services
VERİSOFT BİLGİ İŞLEM TİCARET VE SANAYİ ANONİM ŞİRKETİ	Software	TEB POS Machine Software Implementation On Cash Register Machines Agreement
COMMENCIS TEKNOLOJİ ANONİM ŞİRKETİ	Software (Banking)	Pozitron Mobile Banking Agreement
ECZACIBAŞI BİLİŞİM SAN. VE TİC. A. Ş	Software (Banking)	Electronic Foreclosure Management System Software Licence Agreement
ECZACIBAŞI BİLİŞİM SAN. VE TİC. A.Ş.	Software (Banking)	Ebiflow Payment Order System Licence and Service Agreement
ECZACIBAŞI BİLİŞİM SAN. VE TİC. A.Ş.	Software (Banking)	Mobilink Maintenance Agreement
ERETİM BİLGİSAYAR HİZMETLERİ VE DANIŞMANLIK LTD. ŞTİ.	Software (Banking)	Campaign Management Tool License and Implementation Agreement
ETCBASE YAZILIM VE BİLİŞİM TEKNOLOJİLERİ A.Ş.	Software (Banking)	Software
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Software (Banking)	SWIFT Alliance System
İNFINA YAZILIM A.Ş.	Software (Banking)	Finbase Mail Inflex Module - Maintenance
BNP PARIBAS S. A. /FRANCE	Software (Other)	Software Development, Maintenance and Support Service
DİEBOLD NİXDORF TEKNOLOJİ ANONİM ŞİRKETİ	Software (Other)	Software Maintenance Agreement
GENOM BİLİŞİM TEKNOLOJİLERİ DANIŞMANLIK VE TİC. A.Ş.	Software (Other)	Human Resources Update and Telephone Support Service
MARO ULUSLARARASI BİLGİ TEKNOLOJİLERİ DANIŞMANLIK GELİŞTİRME DESTEK HİZMETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	Software (Other)	Consultancy, Appraisal and Labor Agreement
SİSTAŞ SAYISAL İLETİŞİM SAN TİC. A.Ş.	Software (System)	GVP Maintenance Agreement
SİSTAŞ SAYISAL İLETİŞİM SAN. TİC. A.Ş.	Software (System)	Voice-Signature and Voice-Guide Agreement For Call Center
SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK. SAN. TİC. A.Ş.	Software (Other)	CORTEX

## PERFORMANCE BONUSES AND SALES PREMIUMS

Annual bonus pool is set on the basis of the profitability of the Bank, the results generated by the activity and achievements and also the (local and/or professional) sector practices. Payment of bonuses will only be considered if the Bank achieves 80% of the budgeted net profit at the end of the financial year.

TL 137,5 million in total has been set aside in the Bank's 2020 financial statements as provision for performance bonuses and sales premiums. Slated for payment in 2021, the amount splits as TL 124,8 million to be paid depending on the performances of the employees during the year and TL 12,6 million as sales premium in line with the sales realized by sales staff in 2020.

In addition, the deferred bonus amount, i.e. the bonus paid to employees in a later period than the period it is earned, is TL 30 million.

## FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES

The Remuneration policy of the Bank has been prepared in accordance with Banking Regulation and Supervision Agency (BRSA) "Corporate Governance Principles" and "Guideline on Banks' Good Remuneration Practices" within the scope of proportionality principle, and in compliance with the content, structure and strategies of the Bank's activities, its long-term targets, risk management structures and in compliance with the local regulation. Remuneration policy aims to prevent extreme risk taking and evaluates the contributions to the effective risk management.

Our Remuneration Policy is intended to encourage TEB to manage risks within the principles and parameters defined and approved by its Board of Directors.

The purpose of our Remuneration Policy is also to ensure that TEB can attract and retain competent and expert employees both in business lines and control functions that will help to fulfill its strategic objectives.

SECOM (Selection and Compensation Committee) is responsible for the preparation of Remuneration Policy on behalf of the Board of Directors and for ensuring its compliance with local regulations and BNP Paribas Group compensation policies provided that they are not contradictory to the local rules and regulations and TEB Policies as approved by TEB Board of Directors. Analysis and establishment of the rules of the RP will be conducted by SECOM with the involvement of Human Resources (HR), Finance, Risk and Compliance Management. After SECOM's full review and acceptance, Remuneration Policy will be submitted to the Board of Directors for approval. Remuneration Policy is reviewed annually.

### **The main duties and responsibilities are as follows:**

- Formation of a written Remuneration Policy which is in compliance with the BRSA Regulation
- Determination, monitoring and supervision of remuneration implementations (including salaries, performance bonuses, premiums, awards and fringe benefits).
- Approval of the policy for Material Risk Takers that are defined by TEB General Management.
- Annual submission to the BOD the proposals with respect to the assessment of Remuneration Policy and implementations under the risk management.
- Determination of the criteria for the payments of performance bonuses to the employees based on the Bank's performance, business line's, and/or function's performance and their individual performances and announcement of such criteria to the employees and regular review of such criteria according to the determined standards and special duty and responsibilities.
- SECOM considers the risk policy and other policy documents of the Bank in order to ensure the alignment of the Remuneration Policy with the current organization chart, reporting lines and separation of duties.
- Review of remuneration criteria at least once a year to ensure that the Remuneration Policy does not encourage excessive risk taking nor create conflict of interest between management control systems
- Preparation of SECOM organization chart, reporting levels, segregation of duties and remuneration policy in accordance with the risk policy and other policies of the Bank.

At the Ordinary General Assembly Meeting convened on 26 March 2020, a decision was taken not to pay an attendance fee to Board members in consideration of their roles.

During the period January-December 2020, any and all rights, interests and remunerations paid to our Board members and senior executives amounted to TL 53.514.910 and travel, accommodation and representation expenses amounted to TL 463.465.

Board members may be granted loans within the legally defined limits or may be remunerated depending on various criteria including the Bank's performance, the positions they hold and the time they allocate.



## REMARKS ON INDEPENDENT AND PUBLIC AUDITS

In 2020 fiscal year, our Bank and its subsidiaries were externally audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. On the other hand, various audits were conducted at the Bank by regulatory public authorities such as the Banking Regulation and Supervision Agency (BRSA), the Ministry of Treasury and Trade, the Competition Authority and the Central Bank of the Republic of Turkey.

## INFORMATION ABOUT LAWSUITS FILED AGAINST THE BANK THAT MAY POTENTIALLY AFFECT THE COMPANY'S FINANCIAL POSITION AND OPERATIONS AND ABOUT THEIR POSSIBLE OUTCOMES

904 lawsuits worth TL 11.650.350 in total were brought against the Bank during 2020. A total of 13.698 lawsuits brought in 2020 and previous years are currently in litigation. A provision of TL 91.771.628 had been set aside for these lawsuits as at 31 December 2020.

## ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED AGAINST THE COMPANY AND THE BOARD OF DIRECTORS MEMBERS ON ACCOUNT OF BREACH OF LEGISLATION

Administrative fines imposed against the Bank during the reporting period amounted to TL 12.923.265 There are no administrative or judicial sanctions imposed against the Bank's Board members.

## CHANGES IN EQUITY STAKE HELD IN SUBSIDIARIES

There were no changes in 2020.

## INFORMATION ABOUT DEALINGS WITH THE CONTROLLING COMPANY

There were no legal transactions that would benefit the controlling companies, which were steered directly or indirectly by the controlling companies, during 2020. All legal transactions between controlling companies and TEB were carried out in accordance with market practices, the principles of commercial prudence and integrity and the arm's length principle. The Company did not incur any loss by reason of these transactions and therefore, no compensation was necessary.

In 2020 there were no legal transactions, which were carried out at the direction of the controlling companies so as to benefit the controlling companies' subsidiaries. All legal transactions between the controlling company's subsidiaries and our Company were carried out in accordance with market practices, the principles of commercial prudence and integrity and arm's length principle. The Company did not incur any loss by reason of these transactions and therefore no compensation was necessary.

No measures were taken or avoided to the benefit of our Company's direct or indirect controlling companies since such measures were not necessary and therefore, no losses to the detriment of the Company arose.

No measures were taken or avoided to the benefit of the controlling company's subsidiaries since such measures were not necessary and therefore, no losses to the detriment of the Company arose.

## TEB HUMAN RESOURCES GROUP

TEB is a big family with its 8.850 employees. Happiness of each member of this big family is very valuable and important for TEB. Happy employees will bring happy customers and happy customers will bring sustainable success. Human resources lie at the heart of TEB's strategy to achieve its business goals.

### Our Strategic Priorities

- Positive Management approach
  - Employees are trusted and their ideas are valued,
  - Positive aspects are emphasized through constant feedbacks and achievements are appreciated and recognized,
  - Opportunities for continuous development are offered,
  - A management approach supportive of cooperation is espoused
- Equipping our employees with new competences the business world requires and retaining them.
- Increasing efficiency by digitalizing and effective use of data
- Penetrating agility into our DNA
- Creating a human resource with a high level of risk awareness and risk management
- Positive impact for a better future
  - Exploring the expectations of employees that make TEB's most important and key stakeholder group, using various methods, enhancing their engagement, and realizing the necessary policies and practices to be the "top employer",
  - Treating all external candidates and company employees equally, protecting their rights, and encouraging diversity and inclusion,
  - Creating a dynamic working environment where all employees are offered equal opportunities, continuous learning and development are supported, and innovation and entrepreneurship are encouraged,
  - Promoting employee volunteering programs

### Key Principles

1. Trust, Respect & Transparency: We value each other and adopt a culture based on trust, respect and transparency.
2. Responsibility: We act responsibly towards all our stakeholders
3. Agility: We treat our Bank as our own work place and act with an agile mindset
4. Discipline: We comply with all rules and regulations and take our actions with a disciplined attitude
5. One Bank/ We Culture: We always think and act as One Bank

### Positive Management approach

#### Together we create the Great Place to Work

TEB started its "Great Place to Work" journey in 2012 in line with its "Positive Management" approach and practices which value its employees. TEB was the first and only bank to make the list of "Great Place to Work-Best Employers of Turkey" in 2016.

Top Employers Institute, one of the most prestigious worldwide institutes that rates the HR policies and implementations of companies, has chosen TEB as one of the Top Employers of Europe and Turkey in 2020.

**TEB achieved to receive the Top Employer Turkey and Top Employer Europe Certificates for 8 years in a row.**

### Objective criteria in performance management

The aim of TEB Performance Management System is to keep TEB Group goals and strategies in line with the individual goals and business results, to direct the employees to the right targets and to ensure their development, thereby increasing organizational efficiency.

Performance reviews are carried out based on objective criteria taking into consideration the realization of individual business goals employees' achievement of their competence targets.

### Transparent career committees

Career committees at TEB that meet for promotions or mobilities are open to employee representatives who are not in managerial positions so that they can express their opinions.

### Local and international career opportunities

TEB offers the future leaders both local and international mobility opportunities with the support of its strategic partner BNP Paribas.

In line with TEB's objective and transparent communication and equal opportunity principles, all open positions at BNP Paribas and TEB Group are announced in the Bank and group companies and all employees have the opportunity to apply for these positions.

Accordingly, making appointments to manager and higher-level positions from internal resources has been adopted as a main principle. In 2020, 80% of appointments to managerial positions were made from internal resources.

### An approach training the Future Leaders through Talent Management Programs

To achieve the outstanding performance at TEB, the main objectives are to increase individual and team performances through continuous improvement of processes and systems, to create a working environment and different career opportunities for employees to drive their ongoing development by helping them build on their performances and competencies, and to raise the leaders of the future in this way.

High-potential and high-performing TEB employees are provided with the opportunity to get together with senior management in various events, where they have a chance to introduce themselves and share their opinions in an open and cordial environment.

The future leaders are provided with personalized learning and development opportunities which will guide their careers.

During 2020, 754 talents benefited from personalized learning and development opportunities.

In addition, TEB offers global talents to take part in BNP Paribas Global Talent Development Programs.

During 2020, 324 TEB employees took part in the 4-week online Mobility Days program, which was organized with the theme "You are the Lead in your Career" in order to encourage internal local and global mobility.

TEB organizes a number of programs and events whereby employees learn and feed from one another. Ongoing since 2011, the TEB Mentoring Program was moved to the digital platform in 2020. 80 mentors participated in the training programs carried out for TEB Mentors in 2020.

In order to ensure continuity in the Bank's management, succession plans for N-1, N-2 and other critical roles were reviewed and revised.

#### **Nonstop training and development activities**

With the awareness of "high quality and trained workforce" being the most significant differentiating element of the finance industry, TEB carried on supporting employees in their personal and professional development in the most effective way.

In 2020, TEB adapted to the new normal in an agile fashion, and carried on with all of its training programs in the virtual classroom environment.

While TEB carried on with the prescheduled trainings on the digital medium, it also supported employee development by holding webinars about topics linked to the current situation. 49 webinars were organized about period-specific topics, in which 2.681 TEB employees participated.

#### **Competencies required by changing roles**

When training and raising the leaders of the future, TEB constantly updates its training and development programs in line with the emerging needs.

The journey that started with TEB Digital Academy launched in 2018 and Let's Get Digital continued with special certification programs with a higher degree of personalization given the altered dynamics of 2020.

#### **A work environment supporting innovation and entrepreneurship**

With its continuous efforts on innovation since 2007, TEB has been cited as an exemplar of innovation by the world-famous research company Gartner in its report "Creating and Expanding a Culture of Innovation" in the finance industry. Having received "Turkey Innovation Champion" award in 2014, TEB was named the "Most Successful Bank in Innovation Management" by the European Financial Management Association (EFMA) for four consecutive years between 2013 through 2016.

#### **High-quality programs taking entrepreneurship further**

The objective of the Intrapreneurship Program launched by TEB in 2014 is to create an entrepreneurial culture within the organization and to raise the intrapreneurs who conceive and are able to realize innovative projects that can change the Bank's future. Through this program, existing ways of doing business are changed, a working environment where employees can develop and implement their projects as entrepreneurs is offered, and employees are supported with training programs, mentorship and coaching.

At the TEB Intrapreneurship Program, which is at its sixth year in 2020, nearly 200 projects were submitted by TEB employees who have an intrapreneur spirit. Moved to the digital environment in 2020, all components of the program such as Hackathon, jury, mentor meetings and accelerators program were carried out digitally. Intrapreneurs selected by TEB Innovation Committee consisting of executive managers were included in the acceleration program and received mentorship, coaching and training support to develop their projects as start-ups.

#### **TEB HOME- Start-up Partnership Program**

As a joint working platform with the objective of accelerating innovation, TEB HOME prioritizes innovative projects coming from different channels and builds teams to implement these projects.

Within the scope of the Home Program that employs innovative methods, TEB intrapreneurs are able to test and execute their ideas and projects with the help of start-ups using their competences and carry the agile world of financial technology start-ups into the Bank.

Innovation remains an important part of TEB's DNA through programs that help TEB employees produce solutions and take initiative to lead change and thus strengthen their entrepreneurial muscles.

#### **Moves by TEB to grow the innovation ecosystem**

Since 2007, TEB has been including its customers, students, start-ups, academics and suppliers in its innovation ecosystem, in addition to its employees. While the Bank's products and services are re-designed through partnerships established, innovation culture is being spread to a much wider population.

#### **TEB Open Innovation Competition**

In 2020, 13th TEB Open Innovation Competition has been organized, which is one of the largest reflections of TEB's innovation practices outside the Bank. The program was conducted fully online for the first time.

In 2019-2020 period, 12.755 applications were submitted to the TEB Open Innovation Competition. 70% of the applications were from university students, 21% were from customers and 9% were from techno start-ups.

Finalists participate to a special innovation and entrepreneurship camp to prepare for the competition. In addition to financial prizes, winners are offered career opportunities at TEB. Until today 12 finalists joined the TEB family.

#### **"My TEB My World"**

Through its practices, TEB provides a work environment where young talents can show their potential, develop themselves continuously and create added value. With "My TEB My World" motto, TEB offers TEB employees and youngsters who want to join TEB family a successful, innovative, healthy, pleasant world which provides continuous development opportunities.

#### **TEB Online University Internship Program**

In 2020, TEB carried out the Online University Internship Program for university students. Under the program, university students were delivered an online internship experience of 8-12 weeks during which they were able to generate projects together with TEB managers. In addition to project work, students were provided with e-learning opportunities through face-to-face trainings in virtual classrooms and on the digital platform.

#### **TEB Campus Gatherings**

TEB Campus Gatherings offer university students opportunities to meet with TEB managers and to get acquainted with the finance world and career opportunities. In 2020, more than 6.000 students were reached through publicity activities, presentations, career festivals, and conversation sessions with managers.

324.641 applications were received and 2.660 job interviews were performed in 2020 in line with the Bank's goals and strategies. Various selection and placement tools were used to make a selection based on the required competencies and 638 people joined the TEB family.

### **One Day at TEB**

Within the frame of this event, university students are invited to the Bank and experience life at TEB first-hand. In 2020, university students were offered the opportunity to get to know the life at TEB on the online platform.

### **TEB Young Engineers Meeting**

710 engineering students took part in the online event which was organized to celebrate 5 December World Engineers Day together with young engineering students. Participating young engineers were given an introduction to the banking sector and the engineering positions in the finance sector.

### **TEB Innovation and Youth Summit**

Innovation gatherings where TEB talents are being brought together around a new theme each year since 2007 will be held online for the first time in 2021. University students that will attend the event will be provided with the chance to listen to inspirational presentations and engage in career conversations with TEB managers throughout the event.

As was the case in earlier editions of the event, awards will be presented also during the online Summit to innovative, creative TEB employees who submit their ideas at the Internal Innovation Competitions and to customers, university students, new graduates and techno start-ups who are placed at TEB Innovation Competition.

### **TEB is setting up a Digital Incubation Center**

Targeting to set up and build on a Digital Talent Pool that will consolidate the Bank's digital, data and analytical capabilities, TEB developed a specific recruitment and training program (Digital, Data & Agile Academy) as part of the Digital Incubation Center initiatives.

As a first in the sector, it was organized on 5 December the World Engineers Day. The event was held with the participation of 80 students selected from within 1,200 applications, and the participants were offered the chance to stand for the analytical roles at the TEB Digital Incubation Center.

### **The new address for agility: TEB Agile Studio**

IT Agile Studio was established to increase agility at TEB and launch projects more rapidly.

In 2020, development journeys in this area were designed in cooperation with the TEB Agile Studio and TEB Academy, and training programs were initiated.

### **End-to-End digital HR experience with people-oriented digital applications**

TEB puts into life innovative digital HR applications in order to deliver a perfect employee experience.

Targeting to offer digital recruitment processes, learning and development applications, talent management systems and other processes digitally in the most practical manner, TEB

employs applications offered by BNP Paribas to make life easier for its employees, as well as various applications including Chatbot, HR Mobile App, TEB Digital Campus and TEB HR Analytics.

### **Target of developing Human Resources with a high level of risk awareness and risk management**

"First Level Control" project which has the objective of ensuring employees at all levels to manage risks that are related to their duties and responsibilities effectively has been completed and launched.

### **TEB is one of the "Most Kind Hearted Companies"**

In 2020 TEB runners participated the Istanbul Marathon and Runatolia Marathon for the benefit of Non-Profit Organizations under the roof of Adım Adım organization. For those who do not participate the marathons supported them with their donations.

As a result of its performance at these charity marathons since 2008, TEB has been recognized as one of the "Most Kind Hearted Companies".

### **A family who enjoys being together**

TEB employees get together at events like "Leaders' Cafe" where they can listen to senior managers' knowledge and experiences, "TEB Talks" where experts share their inspiring career and success stories and "Innovation Talks" where most recent technological developments and trends are shared. Held digitally in 2020, these meetings were open to TEB employees from all over Turkey.

Employees can participate in various activities in their areas of interest and get together with colleagues outside work at TEB Band, Turkish Music Choir, TEB Photography Club, TEB Chess Club, TEB Theater and TEB Scuba Diving Club. The activities continued on online platforms in 2020.

### **TEB Sports Academy**

Under the roof of TEB Sports Academy, in-house sports events are organized to keep employees healthy, to enhance team spirit and "we" awareness, to increase the sense of belonging of employees and to create social value within the scope of social responsibility. In the same context, employees are encouraged to participate in outside sports activities and represent the Bank in these organizations.

In the volleyball branch, TEB claimed the championship in the 2019-2020 season in the Corporate Volleyball League and Corporate Games League. After the first quarter of 2020, Sports Academy events were carried on digitally.

### **One of a kind village in the industry: SAKLIKÖY**

At Saklıköy where TEB conducts its training and development activities, employees can also get together with each other and their families to socialize.

## SUMMARY OF BOARD DIRECTORS' REPORT PRESENTED TO THE GENERAL ASSEMBLY

### Distinguished shareholders, customers and employees,

2020 has been a tough year for the global economy because of the Covid-19 outbreak that took all the countries in its tight grip, and global economic activity came to a standstill because of the lockdowns and restrictions implemented against the pandemic. As vaccination campaigns and medication efforts continue in 2021, fund flows to emerging countries will possibly restart as and when uncertainties are alleviated and financial markets recapture stability. In the World Economic Outlook released in January 2021, the International Monetary Fund (IMF) estimates 3,5% contraction for global economy in 2020, while projecting 5,5% growth in 2021. The same report forecasts 6% growth for Turkey in 2021.

As of 31 December 2020, TEB's total assets went up by 30% to reach TL 140 billion in the January-December period, while the Bank booked TL 1,2 billion in net profit. Loans, which make up the most important indicator of TEB's support to the economy and its customers, accounted for 59% of its total assets in 2020.

Giving priority to risk management and asset quality, as always, our bank's total credits were TL 82,9 billion and deposits were up by 30% and reached TL 93,8 billion. Maintaining its stable growth along with its robust capitalization, TEB's shareholders' equity was TL 11,4 billion, while capital adequacy ratio was a strong 18,51%, well above the targeted ratio of 12%.

In 2020, TEB kept focusing on personal loans and growing in this segment. Offering the possibility to defer consumer loan repayments in this period, the Bank stood by its customers suffering from disrupted cash flow, and prioritized the transactions its customers executed through digital channels in this period. Owing to custom-tailored campaigns, as well as the upgrades made to digital channels and the call center throughout the year, the share of credit generation on digital channels went up to 44% at TEB.

As increasing savings remain critical in order for Turkey to capture its growth target and for sustainable development of the society, TEB continued with its efforts aimed at helping spread the habit of saving up across the society and raise a financially literate generation through TEB Family Academy. In addition, TEB continued to offer products and services to encourage and facilitate saving up. The Bank has made it easy to save up through the Marifetli Account, which is offered for customers who are not in the habit of investing and who wish to while also regularizing their cash flows.

In 2020, pandemic-imposed conditions accelerated numerous digital developments envisaged in the financial sector but were anticipated to take a much longer time. A long-time investor in digitalization and technology, TEB stood by its customers by

responding to rising digital demands during the pandemic with its robust infrastructure and innovative applications. Having offered services in this period with two distinct digital channels, namely CEPTETEB for its individual customers and CEPTETEB İŞTE for its commercial customers, TEB allowed rapid and uninterrupted execution of banking transactions. At the same time, TEB continued to service its SME customers via its expert customer representatives and its "Consultant Bank" understanding, and to produce financial solutions. The Bank has integrated its SME service model with modern banking implementations and digital processes.

Within the frame of the transformed ways of doing business and customer communications in particular, TEB took important steps related to its business processes in 2020, with the target of offering better and faster service to its customers also in the Corporate Banking area. In this timeframe, the share of TL loans within total lending by Corporate Banking increased significantly. In addition, the volume of export credits also expanded. TEB Corporate Banking quickly adjusted to the changed working order, and kept responding to customer needs through digital solutions with the support of its robust technology. In this period when cash management products came to the foreground, the instructions management platform serving in the area of banking instructions particularly for Internet banking and mobile banking applications introduced products such as Mobil-Ink and E-signature to the customers. Treasury products providing hedging for corporate customers against currency risk and interest rate risk also continued to be offered.

On 30 October 2020, TEB signed a syndicated loan agreement for EUR 250 million and USD 41,5 million with a maturity of 367 days which was participated by 19 leading banks. This syndicated loan was expected to be used particularly in financing of foreign trade and provide a great contribution to Turkish economy and companies' growth. All-in-cost of the syndicated loan is Euribor+2,25% and Libor+2,50%, for Euro and USD portions, respectively.

We hereby present the operating results and financial statements of TEB for 2020 fiscal year for your comments and review. We, as the Board of Directors, would like to thank you, our valued shareholders, our team, our customers and our business partners for accompanying and having confidence in us throughout our journey.

Sincerely,

**Board of Directors**

**PROFIT DISTRIBUTION PROPOSAL**

<b>TÜRK EKONOMİ BANKASI A.Ş. PROFIT DISTRIBUTION TABLE FOR THE YEAR 2020 (TL)</b>		
1.	Paid-in / Issued Capital	2.204.390.000,00
2.	Total legal reserves (According to Legal Records)	452.085.555,39
Information regarding the privilege, if any privilege with respect to distribution of profit is stated in the articles of association		
3	Profit for the period	1.549.719.445,38
4	Taxes to be paid (-)	(372.405.324,20)
5	Net profit for the period ( = )	1.177.314.121,18
6	Losses related to the Previous Years (-)	0,00
7	Primary Legal Reserve (-)	(58.865.706,06)
8	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	1.118.448.415,12
	Donations made within the year ( + )	
9	Net distributable profit (including donations)	
10	First Dividend to Shareholders	
	- Cash	
11	- Share Dividend	0,00
	- Total	0,00
	Dividend distributed to the holders of the privileged share	0,00
	Dividend distributed to	0,00
12	- The Members of Board of Directors	0,00
13	- Employees	0,00
	- Other than Shareholders	
	Dividend distributed to the holders of redeemed share certificates	
	Second dividend for the shareholders	
14	Secondary Legal Reserves	0,96
15	Statutory Reserves	0,00
16	Special Reserves	0,11
17	EXTRAORDINARY RESERVES	0,00
18	Other resources planned to be distributed	935.404,40
19	Profit for the period	1.117.513.009,65
20	Taxes to be paid (-)	0,00

DIVIDEND DISTRIBUTION TABLE						
	GROUP	TOTAL DIVIDENDS		TOTAL DIVIDENDS / NET PROFIT FOR THE PERIOD	DIVIDEND TO THE SHARE WITH A NOMINAL VALUE OF TL 1	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET	A	0,96	0,00	0,00	0,00	0,00
	B	0,00	0,00	0,00	0,00	0,00
	TOTAL	0,96	0,00	0,00	0,00	0,00

### SECTION 3 - ASSESSMENT OF FINANCIAL POSITION AND RISK MANAGEMENT

#### THE AUDIT COMMITTEE'S ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ACTIVITIES DURING THE REPORTING PERIOD

The organization set up for the operation of internal control, internal audit and risk management systems at TEB was structured in accordance with the provisions of the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation" published in the Official Gazette dated 11 July 2014.

The mentioned structure is aligned with the scope and nature of the Bank's operations and possesses the quality and efficiency to respond to changing conditions.

Risk Management, Compliance and Internal Control and the Internal Audit Group report to the Board of Directors; independent of one another, these units worked in coordination and successfully completed their activities in 2020.

The Board of Directors has taken necessary action to approve important strategies and policies regarding control activities and to maintain an efficient internal audit system and risk management system.

The Audit System created encompasses all operations and units of the Bank and its subsidiaries. As at year-end, the Internal Audit Group was formed of 1 Group Head, 4 Assistant Group Heads, 7 Audit Managers, 1 Supervisor Auditor, 10 Senior Auditors, 21 Auditors, 14 Authorized Assistant Auditors, 11 Assistant Auditors, 1 Senior IT Auditor, 1 IT Auditor, 4 IT Assistant Auditors, 1 Data Analysis Assistant Manager, 1 Internal Audit Group Support and Coordination Assistant Manager and 1 Executive Assistant.

The Board of Directors has taken all necessary action to make sure that the Internal Audit Group is able to audit all operations and units of the Bank and its consolidated subsidiaries without any restrictions.

Within the scope of 2020 unconsolidated process and head office audit activities, 119 branches were audited.

In addition to branch audits, inspections were conducted in a total of 34 different areas: 24 at the Head Office, 3 at subsidiaries, 7 in IT. Besides these audits, Management Assessment was carried out, which covered banking and information technology processes.

The Compliance and Internal Control Group covers the Internal Control Division, Legislation Division, Compliance Division and IT Control Division, Subsidiaries Coordination Division and TRNC Compliance Division.

Internal control activities are arranged so as to cover basic control areas. According to the internal control organization, the Branches Control Department, Head Office Control Department, Finance and Treasury Transactions Control Department, Control Design and Support Department and IT and Support Department conduct the controls at branches and head office departments, respectively.

In accordance with Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks and MASAK regulations, regulatory and compliance functions are being conducted by Regulation and Compliance units under Compliance and Internal Control Group.

The activities of the Legislation Division are carried out in accordance with the requirements of applicable legislation and the Group's guidelines.

The aim of Risk Management system is to define, measure and monitor the Bank's risk exposure stemming from its operations and to make sure that these risks are controlled through the policies, guidelines and limits established.

Risk Management functions of the Bank and all subsidiaries are gathered under the Group Risk Management. Group Risk Management reports to TEB Group Boards of Directors via the Risk Committee and the Audit Committee at TEB A.Ş. and is responsible for carrying out the general monitoring, warning and recommendation functions on behalf of the Boards of Directors in line with the principles stipulated in this regulation.

In accordance with the Board of Directors resolution 184 dated 29 December 2019, Group Risk Management will be required to not only report to Audit Committee but also to Risk Committee as well.

The Bank's Group Risk Management is organized in three divisions:

- Credit Risk Management,
- Rating Models Development,
- Market Risk and Operational Risk Departments and IFRS Collective Provisions Department and Group Risk Analysis Department

At the Bank's Board of Directors meeting held on 08 November 2005, a decision was passed to set up an Audit Committee responsible for the entire TEB Group companies in view of the provisions of Article 24 of the Banking Law no. 5411 and it was decided that the said committee should assume the powers of the members of the Senior Risk Committee set up at the Bank under Law no. 4389.

During 2020, the Audit Committee met 53 times. The Committee works committedly to monitor the risks on a consolidated basis across the entire Group, to create control points, to review documented procedures on the basis of activities, to provide the coordination among the Internal Audit Group, Risk Management, Compliance and Internal Control groups, to set up the internal control system of the same scope between the Bank and Group companies and to fulfil other liabilities in accordance with the Banking Regulation.

The Bank closely monitors and implements international best practices, as well as the new regulatory requirements regarding internal audit and risk management systems.



## EVALUATION OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

A review of TEB's financial statements that are drawn up in accordance with the regulations of the Banking Regulation and Supervision Agency (BRSA) reveals as follows:

TEB's after-tax profit for 2020 reached to TL 1,18 billion and the Bank posted a RoE of 11,61% in line with its strategies focused on profitability and productivity. Sustaining a consistent growth with its strong capital structure, TEB's equity was TL 11,4 billion and its capital adequacy ratio was realized as 18,51%, considerably higher than target ratio of 12%.

The Bank increased its asset size by 30,5% to reach TL 140.048 million in 2020 while credits which are the most important indicator of TEB's contribution to the economy and its customers became TL 82,9 billion constituting 59% of total assets.

While time deposits volume which meets a great portion of the Bank's funding requirement, total deposits as a percentage of liabilities became 67%. On the other hand, current deposits also increased to reach TL 32,8 billion and had a great contribution to the Bank in terms of funding costs.

On 30 October 2020, TEB signed a syndicated loan facility agreement with the participation of 19 international banks for the purpose of supplying a loan in the amount of EUR 250 million and USD 41,5 million with 367-days maturity. The syndicated loan was expected to be used particularly in financing of foreign trade and provide a great contribution to Turkish economy and companies' growth. All-in-cost of the syndicated loan is Euribor+2,25% and Libor+2,50%, for Euro and USD portions, respectively.

## RISK MANAGEMENT POLICIES ACCORDING TO VARIOUS TYPES OF RISKS

### Credit Risk

Credit risk is the risk of a contracting party's defaulting in the performance of its contractual obligations and thus causing the other party to incur a financial loss. The TEB Group is exposed to credit risk basically through trading, trade finance, treasury and leasing activities but credit risk may also arise in other circumstances and due to other reasons.

One of the most prominent characteristics of the Bank is its conservative lending policy and solid asset structure that go hand in hand with a consistent growth strategy.

The authority to extend limits and allocate loans basically lies with the Board of Directors, which has delegated part of this authority to the Credit Committee and the General Manager in line with the principles and procedures set out by the BRSB. In turn, the General Manager has delegated part of his authority to Credit Groups and Business Lines jointly on the basis of rules approved by the Board of Directors.

Loans are extended within the limits defined for each debtor and group of debtors individually. Every customer that performs a transaction on credit must have a credit limit allocated by the relevant authorities and customers are systematically prevented from exceeding those credit risk limits.

Credit decisions are taken after loan proposals are first approved by a credit analyst together with the credit department and the related business line. Credit limits are allocated to borrowers identified as having the ability to generate cash flow, the ability to make repayments with the income generated on their business operations, reliable financial data, strong shareholder's equity and an administration and shareholding structure made up of people having high morality and business experience.

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to fulfill contractual obligations to be similarly affected by changes in economic, political or other conditions. In general, the TEB Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, continually assessing the credibility and creditworthiness of counterparties, diversifying its lending activities to avoid undue concentrations of risks with individuals or groups of customers or industries and by obtaining necessary collateral when appropriate. The credit limits to be allocated are determined in accordance with the related counterparty's financial structure, certain qualitative criteria and the quality of any collateral to be provided.

Pursuant to the prudent policies the Bank adopts, the maximum credit limit that can be allocated to a customer is kept below legal limits, thus minimizing the risk of loan concentration. Limits set by the Board of Directors are regularly monitored and reported.

After a loan facility is offered, the Credit Monitoring Department monitors the customer's repayment capability and the sufficiency and adequacy of the collateral. In this way, any problematic loan is identified at an early stage.

The Bank uses an in-house credit rating system, named TEBCORE (TEB Counterparty Risk & Rating Evaluation), which

consists of several rating models for corporate and SME customers engaged in the production, service, construction and precious metal sectors.

The ratings are used for the purposes of credit allocation and delegation, assessing TFRS 9 (Turkish Financial Reporting Standards) collective provisions, credit reporting, portfolio management and stress testing.

The Group Risk Management reports to the Risk Committee, the Audit Committee and the Board of Directors and on a regular basis presenting the Bank's risk concentrations, a breakdown of the Bank's loan portfolio by ratings, specific segments of the loan portfolio, large exposures, large non-performing accounts and impairment allowances as well as default and recovery rates.

The credit risks and limits related to financial institutions are determined by the Financial Institutions and Counterparty Risk Committee, which is a sub-committee of the Credit Committee. The limits and exposures set are monitored daily by the Group Risk Management.

Where a loan is granted subject to collateral being given, the Bank's policy is to require the collateral to be perfected before funds are advanced and to avoid currency and maturity mismatches. All collateral should be given in a legally valid manner and should be liquid in nature. In this context, real estate should be of a fast-moving nature.

The Bank classifies overdue (non-performing) loans in view of the current regulatory rules.

Both collective and specific provisions are made with methodologies that are compliant with both TFRS 9 standards and BNP Paribas methodologies.

### Interest Rate Risk

Interest rate risk involves possible losses that may be incurred due to fluctuations and volatilities in interest rates depending on maturity mismatches or the structures of interest rate-sensitive products in the balance sheet.

Protection against fluctuations in interest rates is the topmost priority for TEB. Interest rate risk is managed by the Assets and Liabilities Committee (ALCO). Decisions taken by ALCO are executed by the Assets and Liabilities Management Department under the Asset and Liability Management and Treasury Group.

Interest rate risk is determined by measuring the rate of sensitivity of assets, liabilities and off-balance sheet items to interest rates. The Board of Directors has set risk tolerance limits for the net interest income sensitivity and market value of equity sensitivity. TEB runs simulations of interest income according to estimated macroeconomic indicators. Duration, gap and sensitivity analyses are conducted and these calculations are conveyed to ALCO and to Market and Liquidity Risk Committee.

Possible negative effects of interest rate fluctuations on financial position and cash flow are minimized by means of prompt decisions. The management monitors the interest rate movements in the market on a daily basis and can make changes whenever necessary in deposit and loan rates.

When determining short, medium and long-term pricing strategies, TEB's Assets and Liabilities Committee manages maturity mismatch and adopts the principle of working with positive balance sheet margins as its pricing policy.

## Market Risk

Market risk involves possible losses a bank may incur as a result of the exposure of its balance sheet and off-balance sheet accounts to interest rate risk, exchange rate risk, commodity risk and equity position risk resulting from fluctuations in the financial markets, in interest rates, exchange rates, commodity or stock prices.

TEB's Board of Directors ensures that the Group Risk Management and senior management take the necessary steps to properly measure, control and manage the Bank's exposure to market risk.

The Board of Directors determines market risk limits and periodically revises these limits in accordance with market conditions and the strategies of TEB. All assessments regarding market risks are also evaluated by the Market and Liquidity Risk Committee that meets on a monthly basis. With regard to TEB's daily transactions, stop-loss and transaction limits, PV01 and VaR limits are applied on the basis of each product. The Board of Directors assigns limits for positions in derivatives and similar contracts. Transactions are carried out within these limits and the limits are monitored and reported daily.

The market risk of the Bank is calculated using a standard method and reported to legal authorities.

The market risk can influence the Value-at-Risk (VaR) figure, which is also calculated using financial models. VaR figure is calculated using historical simulation method on the basis of a 250-business-day data and a one-day holding period in a 99% confidence interval. Daily VaR figures are used for internal reporting and risk monitoring of the Bank. Back testing is periodically performed to validate the accuracy of calculations and the methods used.

The VaR figures calculated by internal models to predict losses in the event of a crisis are also verified by scenario analyses and stress tests and are then reported to senior management and the Board of Directors.

Scenario analyses and stress tests involve the reapplication of past crises to existing portfolios or the observation of likely losses due to interest and foreign exchange shocks.

## Liquidity Risk

Liquidity risk is defined as the risk resulting from lack of sufficient cash holdings or cash inflow to fully meet cash obligations in due time, because of imbalanced cash flow.

Liquidity risk also includes the risk of loss that may arise when it is not possible for a bank to adequately close positions at favorable prices and at sufficient amounts or as rapidly as required, or when a bank is unable to exit the positions held, due to inability to enter the market as needed, to shallow market structure in certain products or to obstacles arising in the markets.

TEB's policies focus on maintaining the quality of its asset structure, so that liquid assets can meet all obligations. Striving to be one of the most liquid banks in the sector is of utmost importance to TEB. The Board of Directors regularly monitors and determines liquidity ratios and the relevant standards for maintaining high liquidity at all times.

TEB has in place an effective management reporting system for timely reporting of the liquidity position to the Board of Directors, senior management and all related units. Cash flow

analyses are carried out for different maturity structures and currency units. Maturity mismatches are monitored and concentrations in funding sources are closely monitored. All related analyses are evaluated in detail by the Market and Liquidity Risk Committee that meets at least once a month.

As a matter of general policy, consistency in maturities and interest rates of assets and liabilities is maintained at all times in line with Assets and Liabilities Management strategies. The difference arising from the return and cost of TL and foreign currency asset-liability items in the balance sheet is constantly managed by targeting positive margin.

With regard to the sources of funding and liquidity, it is observed that while the greater part of the liquidity requirement of TEB is met by deposits bonds issue, syndicated loans and pre-financing products are also used at times to obtain funds in addition to deposits.

## Operational Risk

Operational risk refers the probability of loss resulting from:

Inadequate or failing business processes, people, systems, or

Ordinary or extraordinary external events.

Operational risk management principles are set out in the Operational Risk Management Policy approved by the Board of Directors.

Advanced measurement approach tools are used to measure operational risk. It is targeted to measure operational risk through historic data analyses, risk indicators, process analyses, scenario analyses, stress tests and risk self-assessment studies. Risk exposure is constantly monitored to determine whether it is within the Company's risk appetite and is overseen by the Board of Directors via the Audit Committee. Remedial actions for identified irregularities are assessed and put into life by the Bank's related management committees.

## Counterparty Credit Risk

Counterparty credit risk is defined as the risk of each party arising from contract, that neither can deny liability for.

The Bank aims to manage counterparty credit risk in a manner presenting a true and fair view, using predefined methods.

Implementation procedures regarding counterparty credit risk are defined in the policy document approved by the Board of Directors.

The tasks mentioned below are included in counterparty credit risk management:

- Clearly determine open positions of counterparty credit risk
- Recognize the tools forming the systemic infrastructure in the measurement and management of risk (risk management)
- Define each counterparty, group, country and risk limits
- Report open positions and projected size of risk
- Reduce risk through framework agreements (ISDA, CSA, GMRA, etc.), receiving collateral and margin completion within the scope of counterparty credit risk measurement

Strategy, policy and implementation procedures for counterparty credit risk are defined in the policy document approved by the Board of Directors.

## CREDIT RATINGS ASSIGNED BY RATING AGENCIES AND INFORMATION ON THEIR CONTENTS

The current ratings of the Bank are as follows:

<b>Moody's Investor Services</b>	
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term Foreign Currency Deposit Rate:	B2
Short Term Foreign Currency Deposit Rate:	NP
Long Term Turkish Lira Deposit Rate	B1
Short Term Turkish Lira Deposit Rate:	NP
Outlook	Negative
<b>Fitch Ratings:</b>	
<b>Foreign Currency Commitments</b>	
Long Term	B+
Short Term	B
Outlook	Negative
<b>Turkish Lira Commitments</b>	
Long Term	BB-
Short Term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Financial Capacity Rating	b+

## DONATIONS

Date	Recipient	Amount
07.01.2020	Turkish Education Foundation	800,00
09.01.2020	Elif Parla/Elif Parlakay/January 2020 Scholarship	750,00
09.01.2020	Sabri Talh/Sabri Talha Parlakay/January 2020 Scholarship	750,00
09.01.2020	Kerem Mert/Kerem Mert Dalkılıç/January 2020 Scholarship	1.000,00
09.01.2020	Elif Zeyne/Elif Zeynep Dalkılıç/January 2020 Scholarship	1.000,00
09.01.2020	Yiğit Eren/Yiğit Eren Dalkılıç/January 2020 Scholarship	1.000,00
09.01.2020	Ahmet İbre/Ahmet İbre/January 2020 Scholarship	1.000,00
09.01.2020	Müge Şirin/Buse Aras/January 2020 Scholarship	750,00
09.01.2020	Müge Şirin/Nehir Aras/January 2020 Scholarship	500,00
09.01.2020	Tuna Çelik/Tuna Çelik/January 2020 Scholarship	250,00
09.01.2020	Fatoş Kang/İklim Hira Altınok/January 2020 Scholarship	250,00
17.01.2020	Edremit Hilmi Irak Primary School donation of 96 assets	2.000,00
20.01.2020	Turkish Education Foundation	400,00
21.01.2020	Turkish Education Foundation	150,00
21.01.2020	Turkish Education Foundation	100,00
21.01.2020	Turkish Education Foundation	200,00
22.01.2020	Adıyaman Provincial Police Department, donation of 81 assets	2.896,00
22.01.2020	Bağcılar Municipality Support Services Department, donation of 76 assets	1.685,00
22.01.2020	Bağcılar Municipality Support Services Department, donation of 56 assets	1.505,00
30.01.2020	Antalya Contemporary Education and Culture Foundation	200,00
31.01.2020	Turkish Education Foundation	100,00
04.02.2020	Turkish Education Foundation	200,00
06.02.2020	Yakacık Vocational Technical Anatolian High School, donation of 43 assets	835,00
06.02.2020	Turkish Education Foundation	700,00
07.02.2020	Elif Parlakay/February 2020 Scholarship	750,00
07.02.2020	Sabri Talha Parlakay/February 2020 Scholarship	750,00
07.02.2020	Kerem Mert Dalkılıç/February 2020 Scholarship	1.000,00
07.02.2020	Elif Zeynep Dalkılıç/February 2020 Scholarship	1.000,00
07.02.2020	Yiğit Eren Dalkılıç/February 2020 Scholarship	1.000,00
07.02.2020	Ahmet İbre/February 2020 Scholarship	1.000,00
07.02.2020	Buse Aras/February 2020 Scholarship	750,00
07.02.2020	Nehir Aras/February 2020 Scholarship	500,00
07.02.2020	Tuna Çelik/February 2020 Scholarship	250,00
07.02.2020	İklim Hira Altınok/February 2020 Scholarship	250,00
13.02.2020	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	98,00
19.02.2020	Turkish Education Foundation	100,00
20.02.2020	Turkish Education Foundation	250,00
24.02.2020	İKSV Istanbul Foundation for Culture and Arts	20.000,00
25.02.2020	Turkish Education Foundation	50,00
26.02.2020	Turkish Education Foundation	200,00
03.03.2020	Elif Parlakay/March 2020 Scholarship	750,00
03.03.2020	Sabri Talha Parlakay/March 2020 Scholarship	750,00
03.03.2020	Kerem Mert Dalkılıç/March 2020 Scholarship	1.000,00
03.03.2020	Elif Zeynep Dalkılıç/March 2020 Scholarship	1.000,00
03.03.2020	Yiğit Eren Dalkılıç/March 2020 Scholarship	1.000,00
03.03.2020	Ahmet İbre/March 2020 Scholarship	1.000,00
03.03.2020	Buse Aras/March 2020 Scholarship	750,00
03.03.2020	Nehir Aras/March 2020 Scholarship	500,00
03.03.2020	Tuna Çelik/March 2020 Scholarship	250,00
03.03.2020	İklim Hira Altınok/March 2020 Scholarship	250,00
04.03.2020	Turkish Education Foundation	50,00
27.03.2020	Turkish Education Foundation	300,00
03.04.2020	Elif Parlakay/April 2020 Scholarship	750,00
03.04.2020	Sabri Talha Parlakay/April 2020 Scholarship	750,00
03.04.2020	Kerem Mert Dalkılıç/April 2020 Scholarship	1.000,00
03.04.2020	Elif Zeynep Dalkılıç/April 2020 Scholarship	1.000,00
03.04.2020	Yiğit Eren Dalkılıç/April 2020 Scholarship	1.000,00
03.04.2020	Ahmet İbre/April 2020 Scholarship	1.000,00
03.04.2020	Buse Aras/April 2020 Scholarship	750,00
03.04.2020	Nehir Aras/April 2020 Scholarship	500,00
03.04.2020	Tuna Çelik/April 2020 Scholarship	250,00

03.04.2020	İklim Hira Altınok/April 2020 Scholarship	250,00
06.04.2020	Ministry of National Education Central Accounting Directorate	3.500.000,00
09.04.2020	Ministry of Family, Labor and Social Services	5.000.000,00
10.04.2020	Akdeniz University Strategy Development Department	100.000,00
13.04.2020	Çağatay Aksu / Scholarship	56.638,00
04.05.2020	Cerrahpaşa University - Device Purchase	84.786,98
07.05.2020	Sabri Talha Parlakay/May 2020 Scholarship	750,00
07.05.2020	Kerem Mert Dalkılıç/May 2020 Scholarship	1.000,00
07.05.2020	Elif Zeynep Dalkılıç/May 2020 Scholarship	1.000,00
07.05.2020	Yiğit Eren Dalkılıç/May 2020 Scholarship	1.000,00
07.05.2020	Ahmet İbre/May 2020 Scholarship	1.000,00
07.05.2020	Buse Aras/May 2020 Scholarship	750,00
07.05.2020	Nehir Aras/May 2020 Scholarship	500,00
07.05.2020	Tuna Çelik/May 2020 Scholarship	250,00
07.05.2020	İklim Hira Altınok/May 2020 Scholarship	250,00
07.05.2020	Elif Parla/Elif Parlakay/May 2020 Scholarship	750,00
20.05.2020	Yedikule Chest Diseases Hospital, donation	36.180,00
20.05.2020	Yedikule Chest Diseases Hospital, donation	28.080,00
27.05.2020	Turkish Education Foundation	100,00
28.05.2020	Haydarpaşa Numune Hospital Video Laryngoscope Device Donation	131.083,23
19.06.2020	Turkish Foundation for Children in Need of Protection	100,00
30.07.2020	Istanbul University Cerrahpaşa Faculty of Medicine-Device Purchase	88.554,75
13.08.2020	Turkish Education Foundation	200,00
25.08.2020	Turkish Education Foundation	200,00
01.09.2020	Turkish Education Foundation	100,00
29.09.2020	Turkish Education Foundation	250,00
29.09.2020	Turkish Education Foundation	400,00
01.10.2020	Turkish Education Foundation	200,00
01.10.2020	Turkish Education Foundation	200,00
02.10.2020	Turkish Education Foundation	750,00
12.10.2020	Elif Parla/Elif Parlakay/September 2020 Scholarship	500,00
12.10.2020	Sabri Talh/Sabri Talha Parlakay/September 2020 Scholarship	1.000,00
12.10.2020	Elif Zeyne/Elif Zeynep Dalkılıç/September 2020 Scholarship	1.000,00
12.10.2020	Yiğit Eren/Yiğit Eren Dalkılıç/September 2020 Scholarship	1.000,00
12.10.2020	Ahmet İbre/Ahmet İbre/September 2020 Scholarship	1.500,00
12.10.2020	Müge Şirin/Buse Aras/September 2020 Scholarship	1.500,00
12.10.2020	Müge Şirin/Nehir Aras/September 2020 Scholarship	1.000,00
12.10.2020	Tuna Çelik/Tuna Çelik/September 2020 Scholarship	500,00
12.10.2020	Fatoş Kang/İklim Hira Altınok/September 2020 Scholarship	500,00
12.10.2020	Yiğit Berk/Yiğit Berk Şenlik/September 2020 Scholarship	1.000,00
12.10.2020	Elif Parla/Elif Parlakay/October 2020 Scholarship	500,00
12.10.2020	Sabri Talh/Sabri Talha Parlakay/October 2020 Scholarship	1.000,00
12.10.2020	Elif Zeyne/Elif Zeynep Dalkılıç/October 2020 Scholarship	1.000,00
12.10.2020	Yiğit Eren/Yiğit Eren Dalkılıç/October 2020 Scholarship	1.000,00
12.10.2020	Ahmet İbre/Ahmet İbre/October 2020 Scholarship	1.500,00
12.10.2020	Müge Şirin/Buse Aras/October 2020 Scholarship	1.500,00
12.10.2020	Müge Şirin/Nehir Aras/October 2020 Scholarship	1.000,00
12.10.2020	Tuna Çelik/Tuna Çelik/October 2020 Scholarship	500,00
12.10.2020	Fatoş Kang/İklim Hira Altınok/October 2020 Scholarship	500,00
12.10.2020	Yiğit Berk/Yiğit Berk Şenlik/October 2020 Scholarship	1.000,00
19.10.2020	Mehmet Zorlu Primary School donation of 4 assets	120,00
19.10.2020	Mimar Sinan Secondary School donation of 55 assets	1.330,00
19.10.2020	Valia. Fuat Güven/Hasibe-Mazhar Gürbüz Primary School donation	1.400,00
19.10.2020	Hüseyin Akif Terzioğlu Primary School donation of 87 assets	3.358,00
19.10.2020	Didim District Governorship, District Directorate of National Education, donation of 42 assets	1.965,00
22.10.2020	Turkish Education Foundation	200,00
22.10.2020	Koç University - Anatolian Scholars Program	181.868,00
23.10.2020	Turkish Education Foundation	250,00
23.10.2020	Turkish Education Foundation	200,00
26.10.2020	Çağatay Aksu/ Scholarship	48.756,00
26.10.2020	Turkish Education Foundation	250,00
26.10.2020	Turkish Education Foundation	100,00
02.11.2020	Elif Parlakay/November 2020 Scholarship	500,00
02.11.2020	Sabri Talha Parlakay/November 2020 Scholarship	1.000,00
02.11.2020	Elif Zeynep Dalkılıç/November 2020 Scholarship	1.000,00
02.11.2020	Yiğit Eren Dalkılıç/November 2020 Scholarship	1.000,00
02.11.2020	Ahmet İbre/November 2020 Scholarship	1.500,00

02.11.2020	Buse Aras/November 2020 Scholarship	1.500,00
02.11.2020	Nehir Aras/November 2020 Scholarship	1.000,00
02.11.2020	Tuna Çelik/November 2020 Scholarship	500,00
02.11.2020	İklim Hira Altınok/November 2020 Scholarship	500,00
02.11.2020	Yiğit Berk Şenlik/November 2020 Scholarship	1.000,00
02.11.2020	Turkish Education Foundation	50,00
05.11.2020	General Directorate of Forestry	100.000,00
06.11.2020	Turkish Education Association	50,00
10.11.2020	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	100,00
12.11.2020	Burdur Branch, asset donation	4.001,59
12.11.2020	Burdur Branch, donation	191,66
17.11.2020	Turkish Education Foundation	500,00
18.11.2020	Turkish Education Foundation	100,00
20.11.2020	Turkish Education Foundation	250,00
24.11.2020	Ortahisar District Governorship, Kireçhane Primary School, donation of 162 assets	4.475,97
03.12.2020	Elif Parlakay/December 2020 Scholarship	500,00
03.12.2020	İzmir Metropolitan Municipality One Rent One Home campaign	100.000,00
04.12.2020	Sabri Talha Parlakay/December 2020 Scholarship	1.000,00
04.12.2020	Elif Zeynep Dalkılıç/December 2020 Scholarship	1.000,00
04.12.2020	Yiğit Eren Dalkılıç/December 2020 Scholarship	1.000,00
04.12.2020	Ahmet İbre/December 2020 Scholarship	1.500,00
04.12.2020	Buse Aras/December 2020 Scholarship	1.500,00
04.12.2020	Nehir Aras/December 2020 Scholarship	1.000,00
04.12.2020	Tuna Çelik/December 2020 Scholarship	500,00
04.12.2020	İklim Hira Altınok/December 2020 Scholarship	500,00
04.12.2020	Yiğit Berk Şenlik/December 2020 Scholarship	1.000,00
08.12.2020	Turkish Education Foundation	300,00
08.12.2020	Turkish Education Foundation	100,00
17.12.2020	Eyüpsultan District Governorship, Şehit Öğretmenler Secondary School, donation of 50 assets	875,00
24.12.2020	Turkish Education Foundation	50,00
25.12.2020	Turkish Education Foundation	100,00
28.12.2020	Şehit Numan Şeref Datlı Police Station donation of 10 assets	150,00
28.12.2020	Şehit Numan Şeref Datlı Police Station donation of 10 assets	1.885,21
29.12.2020	Turkish Education Foundation	1.750,00
30.12.2020	Turkish Education Foundation	100,00

FIVE-YEAR SUMMARY OF FINANCIAL INFORMATION INCLUDING THE REPORTING PERIOD

(TL thousand)	31.12.2016	2016-2015 Change	31.12.2017	2017-2016 Change	31.12.2018	2018-2017 Change	31.12.2019	2019-2018 Change	31.12.2020	2020-2019 Change
Liquid Assets	15.237.022	35,59%	13.489.109	-11,47%	19.852.854	47,18%	21.336.601	7,47%	29.641.197	38,92%
Securities	4.668.068	-0,12%	5.558.278	19,07%	6.699.383	20,53%	11.740.554	75,25%	22.802.391	94,22%
Loans	56.363.829	5,92%	63.290.777	12,29%	63.998.823	1,12%	65.577.143	2,47%	78.884.319	20,29%
Other Assets	3.458.471	21,93%	3.420.065	-1,11%	6.446.104	88,48%	8.695.870	34,90%	8.720.135	0,28%
<b>Total Assets</b>	<b>79.727.390</b>	<b>10,79%</b>	<b>85.758.229</b>	<b>7,56%</b>	<b>96.997.164</b>	<b>13,11%</b>	<b>107.350.168</b>	<b>10,67%</b>	<b>140.048.042</b>	<b>30,46%</b>
Demand Deposits	7.628.600	9,27%	9.504.405	24,59%	11.644.855	22,52%	16.786.665	44,16%	32.754.131	95,12%
Time Deposits	42.204.058	12,80%	46.072.311	9,17%	52.572.309	14,11%	55.407.662	5,39%	61.019.347	10,13%
Funds Borrowed	16.596.691	4,25%	15.186.301	-8,50%	14.671.854	-3,39%	13.412.150	-8,59%	20.490.810	52,78%
Other Liabilities	5.498.640	17,41%	5.975.535	8,67%	8.369.638	40,07%	12.023.117	43,65%	14.373.903	19,55%
Equity (excl. profit)	6.857.602	12,80%	7.950.838	15,94%	8.736.805	9,89%	8.650.220	-0,99%	10.232.537	18,29%
Net Income	941.799	6,73%	1.068.839	13,49%	1.001.703	-6,28%	1.070.354	6,85%	1.777.314	9,99%
<b>Total Liabilities</b>	<b>79.727.390</b>	<b>10,79%</b>	<b>85.758.229</b>	<b>7,56%</b>	<b>96.997.164</b>	<b>13,11%</b>	<b>107.350.168</b>	<b>10,67%</b>	<b>140.048.042</b>	<b>30,46%</b>
NPL Ratio	3,08%	0,80%	3,02%	-0,06%	4,15%	1,13%	5,99%	1,84%	4,22%	-1,77%
Return on Equity	13,53%	-1,15%	13,38%	-0,15%	11,18%	-2,20%	11,50%	0,32%	11,61%	0,11%
Return on Assets	1,24%	-0,07%	1,29%	0,05%	1,10%	-0,20%	1,05%	-0,05%	0,95%	-0,10%
Capital Adequacy Ratio	14,37%	0,43%	16,12%	1,74%	16,93%	0,81%	16,95%	0,02%	18,51%	1,56%



**BRANCHES**

BRANCH	ADDRESS	COUNTY	PROVINCE	TELEPHONE
4. Levent Branch	Emniyet Evleri Mahallesi Eski Büyükdere Caddesi No: 11/A Kağıthane 34415 İstanbul	KAĞITHANE	İSTANBUL	+90 850 204 00 49
4. Sanayi Branch	129 Sokak No: 1/E 4. Sanayi Sitesi	BORNOVA	İZMİR	+90 850 204 03 45
A.O.S.B. İzmir Branch	M. Kemal Atatürk Bulvarı No: 42 / 19 Çiğli 35620 İzmir	ÇİĞLİ	İZMİR	+90 850 204 00 67
Acıbadem Branch	Acıbadem Caddesi No: 164/4 Üsküdar 34660 İstanbul	ÜSKÜDAR	İSTANBUL	+90 850 204 01 83
Adana Atikop Branch	Yeşiloba Mahallesi Turhan Cemal Beriker Bulvarı Adana İş Merkezi A Blok No: 443/E Seyhan 01100 Adana	SEYHAN	ADANA	+90 850 204 05 35
Adana Branch	Turan Cemal Beriker Bulvarı Güleç İşhanı 23 Seyhan 01120 Adana	SEYHAN	ADANA	+90 850 204 00 26
Adana Çarşı Branch	Karasoku Mahallesi Kızılay Caddesi No: 14 01010 Seyhan - Adana	SEYHAN	ADANA	+90 850 204 04 45
Adana Çukurova Branch	Çınarlı Mahallesi Atatürk Caddesi No: 15 Seyhan 01120 Adana	SEYHAN	ADANA	+90 850 204 05 24
Adana Mobilyacılar Branch	Güzelevler Mahallesi Mobilyacılar Sitesi Meşe Caddesi No: 18 A Kısım Yüreğir 01310 Adana	YÜREĞİR	ADANA	+90 850 204 02 69
Adana Toros Branch	Beyazevler Mahallesi Bülent Angın Bulvarı No: 128/A Çukurova 01170 Adana	ÇUKUROVA	ADANA	+90 850 204 04 46
Adapazarı Branch	Tiğcılar Mahallesi Atatürk Bulvarı No: 27	MERKEZ	SAKARYA	+90 850 204 01 13
Adapazarı Çarşı Branch	Orta Mahalle Soğan Pazarı Caddesi No: 8 Adapazarı 54040 Sakarya	ADAPAZARI	SAKARYA	+90 850 204 05 05
Adıyaman Branch	Yenişar Mahallesi Atatürk Caddesi No: 31 A/A Merkez 02100 Adıyaman	MERKEZ	ADİYAMAN	+90 850 204 02 81
Aegean Corporate Branch	Cumhuriyet Bulvarı 66 Kat: 2	KONAK	İZMİR	+90 850 204 00 68
Afyon Branch	Burmali Mahallesi Cumhuriyet Meydanı No: 7/1 Merkez 03100 Afyonkarahisar	MERKEZ	AFYONKARAHİSAR	+90 850 204 01 16
Afyon Kadınana Branch	Dumlupınar Mahallesi Kadınana Caddesi Davulcuoğlu İş Merkezi No: 5A Merkez 03200 Afyonkarahisar	MERKEZ	AFYONKARAHİSAR	+90 850 204 05 10
Akdeniz Sanayi Branch	Şafak Mahallesi 5009 Sokak Akdeniz Sanayi Sitesi 36. Blok No: 114 Kepez 07224 Antalya	KEPEZ	ANTALYA	+90 850 204 02 04
Akdeniz Üniversitesi Branch	Akdeniz Üniversitesi Dumlupınar Bulvarı Olbia Çarşısı Kampüs Konyaaltı 07058 Antalya	KONYAALTI	ANTALYA	+90 850 204 07 32
Akdeniz Üniversitesi Tıp Fakültesi Branch	Dumlupınar Bulvarı Akdeniz Üniversitesi Tıp Fak. Hastanesi H Blok Giriş Katı Konyaaltı 07070 Antalya	KONYAALTI	ANTALYA	+90 850 204 07 72
Akhisar Branch	Şehit Teğmen Ün Caddesi Paşa Mahallesi No: 78 Akhisar 45200 Manisa	AKHİSAR	MANİSA	+90 850 204 02 59
Aksaray Branch	Hamidiye Mahallesi 761/Şehit Ali Mutlu Sokak No: 1/1 Merkez 68100 Aksaray	MERKEZ	AKSARAY	+90 850 204 03 54
Aksaray İstanbul Branch	Kemalpaşa Mahallesi Ordu Caddesi No: 66A Kat: 1 Fatih 34134 İstanbul	FATİH	İSTANBUL	+90 850 204 00 72
Aksaz Branch	Aksaz Deniz Üs Komutanlığı Aksaz	MARMARİS	MUĞLA	+90 850 204 02 40
Akşehir Branch	Meydan Mahallesi İnönü Caddesi No: 64 Akşehir 42550 Konya	AKŞEHİR	KONYA	+90 850 204 02 86
Alanya Branch	Atatürk Caddesi 42/A Alanya 07400 Antalya	ALANYA	ANTALYA	+90 850 204 01 08
Alanya Mahmutlar Branch	Mahmutlar Mahallesi Barbaros Caddesi No: 98B/A Alanya 07450 Antalya	ALANYA	ANTALYA	+90 850 204 01 73
Alanya Sanayi Branch	Cumhuriyet Mahallesi Keykubat Bulvarı No: 218 Alanya 07400 Antalya	ALANYA	ANTALYA	+90 850 204 06 04
Alaşehir Branch	Soğuksu Mahallesi Sekine Evren Caddesi No: 87 Alaşehir 45600 Manisa	ALAŞEHİR	MANİSA	+90 850 204 06 64
Alemdar Branch	Alemdar Caddesi Ömerağa Mahallesi No: 19	İZMİT	KOCAELİ	+90 850 204 03 48
Aliağa Branch	İstiklal Caddesi No: 35/B	ALIAĞA	İZMİR	+90 850 204 02 11
Alibeyköy Branch	Alibeyköy Mahallesi Namık Kemal Caddesi 30/A Eyüp 34060 İstanbul	EYÜP	İSTANBUL	+90 850 204 05 61
Alsancak Branch	1382 Sokak 33/A Bodrum Kat Alsancak Konak 35220 İzmir	KONAK	İZMİR	+90 850 204 04 55

Altıparmak Branch	Cemal Nadir Caddesi No: 47 Kat: 1 Altıparmak	OSMANGAZİ	BURSA	+90 850 204 03 63
Altıyol Branch	Söğütlüçeşme Caddesi No: 124/126 A	KADIKÖY	İSTANBUL	+90 850 204 00 87
Altunizade Branch	Kısıklı Caddesi No: 19 Altunizade	ÜSKÜDAR	İSTANBUL	+90 850 204 00 95
Amasya Branch	Yüzevler Mahallesi Mustafa Kemal Paşa Caddesi No: 76/A-B-1 Merkez 05100 Amasya	MERKEZ	AMASYA	+90 850 204 06 87
Anamur Branch	Esentepe Mahallesi Atatürk Bulvarı No: 8/B	ANAMUR	MERSİN	+90 850 204 03 04
Ankara 4. Kolordu Branch	4. Kolordu Komutanlığı Samsun Yolu Üzeri Mamak 06265 Ankara	MAMAK	ANKARA	+90 850 204 02 85
Ankara Branch	Mustafa Kemal Mahallesi 2120 Caddesi No: 4 A Çankaya 06530 Ankara	ÇANKAYA	ANKARA	+90 850 204 00 06
Antakya Branch	Yavuz Selim Caddesi 5. Mıntıka Zühtüye Ökten Çarşısı No: 1-2 Antakya Merkez 31100 Hatay	Merkez	HATAY	+90 850 204 00 73
Antalya Branch	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Apartmanı No: 53/A-B Muratpaşa 07010 Antalya	MURATPAŞA	ANTALYA	+90 850 204 00 25
Antalya Etiler Branch	Etiler Mahallesi 851 Sokak No: 2 Muratpaşa 07010 Antalya	MURATPAŞA	ANTALYA	+90 850 204 01 88
Antalya Muratpaşa Branch	Tahıl pazarı Mahallesi Şarampol Caddesi Ömer Melli İş Hanı No: 86A Muratpaşa 07040 Antalya	MURATPAŞA	ANTALYA	+90 850 204 03 87
Antalya Sanayi Branch	Yükseliş Mahallesi Gazi Bulvarı No: 123/1 Kepez 07025 Antalya	KEPEZ	ANTALYA	+90 850 204 05 60
Antalya Toptancı Hali Branch	Güneş Mahallesi Yeni Toptancı Hal Kompleksi B2/1 Blok No: 1 Kepez 07260 Antalya	KEPEZ	ANTALYA	+90 850 204 03 18
Aspendos Corporate Branch	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Apartmanı No: 53/A-B Asma Kat Muratpaşa 07010 Antalya	MURATPAŞA	ANTALYA	+90 850 204 02 82
Atakum Branch	Mimar Sinan Mahallesi 162 Sokak No: 17/F Atakum 55200 Samsun	ATAKUM	SAMSUN	+90 850 204 01 98
Ataşehir Branch	Atatürk Mahallesi Ataşehir Bulvarı No: 14/F Özel İşyeri: 1 Ataşehir 34758 İstanbul	ATAŞEHİR	İSTANBUL	+90 850 204 04 35
Atatürk Caddesi Adana Branch	Kurtuluş Mahallesi Atatürk Caddesi Meryem Gizer Apartmanı No: 63/A Seyhan 01130 Adana	SEYHAN	ADANA	+90 850 204 01 17
Atrium Branch	Ataköy 7-8-9-10. Kısım Mahallesi Karanfil Sokak Atrium AVM Apt. No: 2/61 Bakırköy 34158 İstanbul	BAKIRKÖY	İSTANBUL	+90 850 204 04 72
Avçılar Branch	Mustafa Kemal Paşa Mahallesi Firuzköy Bulvarı No: 115A Avçılar 34320 İstanbul	AVCILAR	İSTANBUL	+90 850 204 00 74
Avçılar Çarşı Branch	Merkez Mahallesi Reşitpaşa Caddesi No: 41 Avçılar 34310 İstanbul	AVCILAR	İSTANBUL	+90 850 204 02 41
Avçılar E-5 Branch	Cihangir Mahallesi E-5 Yanyol Caddesi No: 239 Avçılar 34310 İstanbul	AVCILAR	İSTANBUL	+90 850 204 05 97
Aydın Branch	Kurtuluş Mahallesi Adnan Menderes Bulvarı No: 40B/B Efeler 09020 Aydın	EFELER	AYDIN	+90 850 204 00 75
Aydın Çarşı Branch	Hasan Efendi - Ramazan Paşa Mahallesi Hükümet Bulvarı No: 17/1 Efeler 09110 Aydın	EFELER	AYDIN	+90 850 204 05 12
Ayvalık Branch	İsmetpaşa Mahallesi Atatürk Bulvarı Caddesi No: 109 Ayvalık 10400 Balıkesir	AYVALIK	BALIKESİR	+90 850 204 07 14
Bafra Branch	Hacınabi Mahallesi Tekel Caddesi No: 40 Bafra 55400 Samsun	BAFRA	SAMSUN	+90 850 204 03 33
Bağcılar Branch	İstanbul Caddesi No: 12/B	BAĞCILAR	İSTANBUL	+90 850 204 01 76
Bahçelievler İstanbul Branch	İzzettin Çalışlar Caddesi No: 40	BAHÇELİEVLER	İSTANBUL	+90 850 204 02 34
Bahçeşehir Branch	Bahçeşehir 2. Kısım Mahallesi Süzer Bulvarı No: 13 Başakşehir 34488 İstanbul	BAŞAKŞEHİR	İSTANBUL	+90 850 204 00 76
Bakırköy Branch	Cevizlik Mahallesi İstanbul Caddesi No: 24 Bakırköy 34142 İstanbul	BAKIRKÖY	İSTANBUL	+90 850 204 00 14
Bakırköy Meydan Branch	Kartaltepe Mahallesi İncirli Caddesi No: 12/14 Bakırköy 34145 İstanbul	BAKIRKÖY	İSTANBUL	+90 850 204 03 93
Balçova Branch	Onur Mahallesi Ata Caddesi No: 48/A Balçova 35330 İzmir	BALÇOVA	İZMİR	+90 850 204 02 16
Balgat Branch	Ceyhun Atif Kansu Caddesi No: 80 Balgat	ÇANKAYA	ANKARA	+90 850 204 01 50
Balıkesir Branch	Hisariçi Mahallesi Örücüler Caddesi No: 14B Karesi 10010 Balıkesir	KARESİ	BALIKESİR	+90 850 204 00 77
Balıkesir Çarşı Branch	Altieylül Mahallesi Anafartalar Caddesi No: 25/B Altieylül 10100 Balıkesir	ALTIEYLÜL	BALIKESİR	+90 850 204 04 98

Bandırma Branch	İnönü Caddesi No: 68/A	BANDIRMA	BALIKESİR	+90 850 204 03 51
Bankalar Caddesi Branch	Bereketzade Mahallesi Bankalar Caddesi No: 28B	BEYOĞLU	İSTANBUL	+90 850 204 02 12
Barkal Branch	Şakirpaşa Mahallesi Turhan Cemal Beriker Bulvarı No: 249/A Seyhan 01100 Adana	SEYHAN	ADANA	+90 850 204 01 64
Bartın Branch	Kırtepe Mahallesi Hamam Caddesi No: 5 Merkez 74100 Bartın	MERKEZ	BARTIN	+90 850 204 06 77
Başkent Corporate Branch	Simon Bolivar Caddesi No: 17 Kat: 1-2 Çankaya 06680 Ankara	ÇANKAYA	ANKARA	+90 850 204 04 56
Batı Ataşehir Branch	Barbaros Mahallesi Halk Caddesi No: 47/1 Ataşehir 34746 İstanbul	ATAŞEHİR	İSTANBUL	+90 850 204 06 74
Batman Branch	Gap Mahallesi Turgut Özal Bulvarı Babil Plaza No: 316 E-F Merkez 72070 Batman	MERKEZ	BATMAN	+90 850 204 03 28
Bayındır Branch	Mithatpaşa Mahallesi Fevzi Paşa Caddesi No: 23A Bayındır 35840 İzmir	BAYINDIR	İZMİR	+90 850 204 07 25
Bayramiç Branch	Camicedit Mahallesi Atatürk Caddesi No: 22 A Bayramiç 17700 Çanakkale	BAYRAMIÇ	ÇANAKKALE	+90 850 204 07 27
Bayrampaşa Branch	Yenidoğan Mahallesi Abdi İpekçi Caddesi No: 4D Bayrampaşa 34030 İstanbul	BAYRAMPAŞA	İSTANBUL	+90 850 204 00 22
Bayramyeri Branch	Saraylar Mahallesi Enverpaşa Caddesi Katrancı İşh. No: 26/1 Merkezefendi 20010 Denizli	MERKEZEFENDİ	DENİZLİ	+90 850 204 00 98
Bebek Branch	Cevdet Paşa Caddesi No: 55 Bebek	BEŞİKTAŞ	İSTANBUL	+90 850 204 00 48
Bekirpaşa Branch	28 Haziran Mahallesi Turan Güneş Caddesi No: 301 A İzmit 41060 Kocaeli	İZMİT	KOCAELİ	+90 850 204 03 13
Bergama Branch	Ertuğrul Mahallesi Park Otel Sokak No: 10 Bergama 35700 İzmir	BERGAMA	İZMİR	+90 850 204 06 97
Beşevler Sanayi Branch	Üçevler Mahallesi Nilüfer Caddesi 4 Nilüfer 16130 Bursa	NİLÜFER	BURSA	+90 850 204 01 20
Beşiktaş Branch	Ortabahçe Caddesi No : 2	BEŞİKTAŞ	İSTANBUL	+90 850 204 00 78
Beşiktaş Çarşı Branch	Cihannuma Mahallesi Salih Efendi Sokak No: 7 Beşiktaş 34353 İstanbul	BEŞİKTAŞ	İSTANBUL	+90 850 204 05 42
Beşyüzevler Branch	Barbaros Hayrettin Paşa Mahallesi Eski Edirne Asfaltı Caddesi No: 224B Gaziosmanpaşa 34520 İstanbul	GAZİOSMANPAŞA	İSTANBUL	+90 850 204 00 79
Beyazıt Branch	Mimar Hayrettin Mahallesi Yeniçeriler Caddesi No: 29 Bayazıt Fatih 34126 İstanbul	FATİH	İSTANBUL	+90 850 204 01 23
Beykent Branch	Cumhuriyet Mahallesi Gürpınar Yolu Beylikdüzü San. Sitesi B2 Blok No: 325-326-327-328-355-356 B.Çekmece 34500 İstanbul	BÜYÜKÇEKMECE	İSTANBUL	+90 850 204 06 37
Beykent Üniversitesi Branch	T.C. Beykent Üniversitesi Ayazağa Kampüsü Ayazağa Mahallesi Hadımkoru Caddesi No: 19A Sarıyer 34485 İstanbul	SARIYER	İSTANBUL	+90 850 204 06 63
Beylikdüzü Branch	Beylikdüzü OSB Mahallesi Açelya Caddesi No: 1/8 Beylikdüzü 34524 İstanbul	BEYLİKDÜZÜ	İSTANBUL	+90 850 204 00 47
Beylikdüzü E-5 Branch	Barbaros Hayrettin Paşa Mahallesi Şehitler Caddesi Beymahall Sit. No: 5 B/1 Esenyurt 34522 İstanbul	ESENYURT	İSTANBUL	+90 850 204 04 07
Beyoğlu Branch	Hüseyinağa Mahallesi Hamalbaşı Caddesi No: 6/A Beyoğlu 34435 İstanbul	BEYOĞLU	İSTANBUL	+90 850 204 04 51
Biga Branch	İstiklal Mahallesi İstiklal Caddesi No: 106-108 İç Kapı No: 1 Biga 17200 Çanakkale	BİGA	ÇANAKKALE	+90 850 204 02 77
Bodrum Branch	Türk Kuyusu Mahallesi Kıbrıs Şehitleri Caddesi No: 65/A-65/B Bodrum 48400 Muğla	BODRUM	MUĞLA	+90 850 204 01 06
Bodrum Gümbet Branch	Merkez Mahallesi Atatürk Bulvarı No: 203/A1-A3 Konaklı - Bodrum 48480 Muğla	BODRUM	MUĞLA	+90 850 204 03 14
Boğaziçi Corporate Branch	Büyükdere Caddesi Şarlı İş Merkezi No: 103 K: 3 Mecidiyeköy - Şişli / İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 04 32
Boğazlıyan Branch	Çarşı Mahallesi Mescit Caddesi No: 17 Boğazlıyan 66400 Yozgat	BOĞAZLIYAN	YOZGAT	+90 850 204 07 38
Bolu Branch	Aktaş Mahallesi İzzet Baysal Caddesi No: 114	MERKEZ	BOLU	+90 850 204 01 42
Bornova Branch	Manavkuyu Mahallesi Mustafa Kemal Caddesi 132/1A Bayraklı 35535 İzmir	BAYRAKLI	İZMİR	+90 850 204 01 00
Bornova Çarşı Branch	Mustafa Kemal Caddesi No: 11-A/B Bornova 35040 İzmir	BORNOVA	İZMİR	+90 850 204 03 98
Bostancı E5 Branch	İçerenköy Mahallesi Değirmen Yolu Caddesi No: 31/1A Ataşehir 34752 İstanbul	ATAŞEHİR	İSTANBUL	+90 850 204 04 31
Bostanlı Branch	Bostanlı Mahallesi Cemal Gürsel Caddesi No: 526/B	KARŞIYAKA	İZMİR	+90 850 204 02

	Karşıyaka 35590 İzmir			31
Bozüyük Branch	Yeni Mahalle İsmet İnönü Caddesi No: 67 Bozüyük 11300 BİLECİK	BOZÜYÜK	BİLECİK	+90 850 204 06 86
Buca Branch	Kozağaç Mahallesi Uğur Mumcu Caddesi No: 96 Buca 35390 İzmir	BUCA	İZMİR	+90 850 204 06 96
Bucak Branch	Oğuzhan Mahallesi Cumhuriyet Caddesi No: 20/A	BUCAK	BURDUR	+90 850 204 03 47
Burdur Branch	Özgür Mahallesi Gazi Caddesi No: 79A Merkez 15200 Burdur	MERKEZ	BURDUR	+90 850 204 02 73
Bursa Branch	Doğanbey Mahallesi Fevzi Çakmak Caddesi No: 52/B Osmangazi 16220 Bursa	OSMANGAZİ	BURSA	+90 850 204 00 17
Bursa Çekirge Branch	Çekirge Mahallesi Çekirge Caddesi Batıca - Bintaş Apartmanı No: 153 A Osmangazi 16070 Bursa	OSMANGAZİ	BURSA	+90 850 204 04 65
Bursa Cumhuriyet Caddesi Branch	Tuzpazarı Mahallesi Cumhuriyet Caddesi No: 114 Osmangazi 16020 Bursa	OSMANGAZİ	BURSA	+90 850 204 05 87
Bursa Organize Sanayi Branch	Organize San. Bölgesi Ali Osman Sönmez Bulvarı Bankalar Caddesi 16159 Nilüfer/Bursa	NİLÜFER	BURSA	+90 850 204 03 84
Bursa Serbest Bölge Branch	Ata Mahallesi Serbest Bölge Orkide Caddesi No: 13/1 Gemlik 16600 Bursa	GEMLİK	BURSA	+90 850 204 00 65
Büsan Sanayi Sitesi Branch	Fevzi Çakmak Mahallesi KOSGEB Caddesi No: 1/1 Karatay 42050 Konya	KARATAY	KONYA	+90 850 204 01 18
Büyükçekmece Branch	19 Mayıs Mahallesi Nutuk Caddesi No: 48A/1 Büyükçekmece 34500 İstanbul	BÜYÜKÇEKMECE	İSTANBUL	+90 850 204 01 89
Caddebostan Branch	Caddebostan Mahallesi Bağdat Caddesi No: 265A/1 Kadıköy 34728 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 01 10
Çağlayan Branch	Çağlayan Mahallesi Kağıthane Caddesi No: 141 C Kağıthane 34403 İstanbul	KAĞITHANE	İSTANBUL	+90 850 204 01 57
Çanakkale Branch	Kemalpaşa Mahallesi Değirmenlik Sokak No: 49 /1 Merkez 17010 Çanakkale	MERKEZ	ÇANAKKALE	+90 850 204 01 85
Çankaya Ankara Branch	Simon Bolivar Caddesi No: 17 06680 Çankaya - Ankara	ÇANKAYA	ANKARA	+90 850 204 03 82
Çankırı Branch	Yunus AVM Buğday Pazarı Mahallesi Çarşamba Pazarı Caddesi No: 4/B116-Z118-Z119 Merkez Çankırı	MERKEZ	ÇANKIRI	+90 850 204 06 73
Çarşamba Branch	Dr.Tevfik Türker Caddesi No: 13	ÇARŞAMBA	SAMSUN	+90 850 204 01 58
Çarşı İzmir Branch	1203/1 Sokak No: 7 Yenişehir Konak İzmir	KONAK	İZMİR	+90 850 204 00 66
Çarşı İzmit Branch	Karabaş Mahallesi Leyla Atakan Caddesi No: 27 A/0 İzmit 41040 Kocaeli	İZMİT	KOCAELİ	+90 850 204 04 16
Çekmeköy Branch	Madenler Mahallesi Serencebey Caddesi No: 58A Ümraniye 34776 İstanbul	ÜMRANIYE	İSTANBUL	+90 850 204 01 43
Çengelköy Branch	Çengelköy Mahallesi Çengelköy Caddesi No: 59 Çengelköy Üsküdar 34680 İstanbul	ÜSKÜDAR	İSTANBUL	+90 850 204 03 41
Çerkezköy Branch	Gazi Osman Paşa Mahallesi Atatürk Caddesi No: 5	ÇERKEZKÖY	TEKİRDAĞ	+90 850 204 02 84
Çeşme Branch	İsmet İnönü Mahallesi 2001 Sokak No: 74/A Çeşme 35930 İzmir	ÇEŞME	İZMİR	+90 850 204 02 48
Çetin Emeç Branch	Ehlibeyt Mahallesi Ceyhan Atuf Kansu Caddesi No: 126/E	ÇANKAYA	ANKARA	+90 850 204 03 42
Cevizli Branch	Orhantepe Mahallesi Üsküdar Caddesi Breeze Tower Apt. No: 155 A Kartal 34865 İstanbul	KARTAL	İSTANBUL	+90 850 204 05 62
Ceyhan Branch	Türlübaş Mahallesi Atatürk Caddesi No: 260 Ceyhan 01960 Adana	CEYHAN	ADANA	+90 850 204 06 56
Çifttehavuzlar Branch	Bağdat Caddesi Aziz Kaya İş Merkezi No: 193/A Zemin Kat A Kısım Çifttehavuzlar Kadıköy 34730 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 01 34
Çiğli Branch	Şirintepe Mahallesi Anadolu Caddesi No: 778/3A Çiğli 35620 İzmir	ÇİĞLİ	İZMİR	+90 850 204 05 55
Çınar Branch	15 Mayıs Mahallesi Gazi Mustafa Kemal Bulvarı No: 145/B Pamukkale 20150 Denizli	PAMUKKALE	DENİZLİ	+90 850 204 01 99
Çine Branch	Hamidabat Mahallesi Mehmet Yavaş Caddesi TN: 20 No: 111/A Çine 09500 Aydın	ÇİNE	AYDIN	+90 850 204 07 35
Çorlu Branch	Kazimiye Mahallesi Salih Omurtak Caddesi No: 22/B	ÇORLU	TEKİRDAĞ	+90 850 204 01 09
Çorlu Çarşı Branch	Cemaliye Mahallesi Saray Caddesi No: 2 Çorlu 59860 Tekirdağ	ÇORLU	TEKİRDAĞ	+90 850 204 02 89
Çorum Branch	Çepni Mahallesi İnönü Caddesi No: 4 Merkez 19040 Çorum	MERKEZ	ÇORUM	+90 850 204 01 44
Çubuk Branch	Yıldırım Beyazıt Mahallesi Ankara (1.Kısım) Bulvarı B Blok Özdemirler Apartmanı No: 29 G- H Çubuk 06760	ÇUBUK	ANKARA	+90 850 204 07 61

	Ankara			
Çukurambar Branch	Kızılırmak Mahallesi Ufuk Üniversitesi Caddesi No: 1/A Çankaya 06530 Ankara	ÇANKAYA	ANKARA	+90 850 204 05 17
Çukurova Corporate Branch	Çınarlı Mahallesi Atatürk Caddesi No: 15 Kat: 1 A Kısım 01120 Seyhan - Adana	SEYHAN	ADANA	+90 850 204 03 59
Çumra Branch	İzzetbey Mahalle 72444 Sokak No: 3A Daire: 1 Çumra 42500 Konya	ÇUMRA	KONYA	+90 850 204 07 28
Darıca Branch	Kazımkarabekir Mahallesi İstasyon Caddesi No: 509/A Darıca 41700 Kocaeli	DARICA	KOCAELİ	+90 850 204 07 22
Davutpaşa Branch	Maltepe Mahallesi Davutpaşa Caddesi No: 101 DK: 230-231-232-352 Topkapı Zeytinburnu 34010 İstanbul	ZEYTİNBURNU	İSTANBUL	+90 850 204 00 96
Değirmendere Trabzon Branch	Sanayi Mahallesi Devlet Karayolu Caddesi No: 85A Ortahisar 61030 Trabzon	ORTAHİSAR	TRABZON	+90 850 204 02 42
Demetevler Branch	Demetgül Mahallesi 408 Cadde No 11 A Yenimahalle 06200 Ankara	YENİMAHALLE	ANKARA	+90 850 204 06 70
Demirciler Sitesi Branch	Seyitnizam Mahallesi Demirciler Sitesi 2. Cadde No: 81 Zeytinburnu 34015 İstanbul	ZEYTİNBURNU	İSTANBUL	+90 850 204 02 21
Demirtaş Branch	Panayır Mahallesi Yeni Yalova Yolu Caddesi No: 455/F	OSMANGAZİ	BURSA	+90 850 204 02 98
Demirtaş Organize Sanayi Branch	Demirtaş Organize Sanayi Bölgesi Mustafa Karaer Caddesi No: 18 Osmangazi 16245 Bursa	OSMANGAZİ	BURSA	+90 850 204 04 57
Denizli Branch	Saraylar Mahallesi İzmir Bulvarı TEB Sit. No: 57 Merkezefendi 20010 Denizli	MERKEZEFENDİ	DENİZLİ	+90 850 204 00 19
Denizli Çivril Branch	Çatlar Mahallesi Cumhuriyet Caddesi No: 3 Çivril 20600 Denizli	ÇİVRİL	DENİZLİ	+90 850 204 06 84
Denizli Sanayi Branch	Saraylar Mahallesi Ahi Sinan Caddesi No: 36/A Merkezefendi 20010 Denizli	MERKEZEFENDİ	DENİZLİ	+90 850 204 05 51
Denizli Saraylar Branch	Saraylar Mahallesi 459 Sokak No : 7 / 9 MERKEZ 20100 Denizli	MERKEZ	DENİZLİ	+90 850 204 03 88
Develi Branch	İbrahimaga Mahallesi Cumhuriyet Caddesi Belediye İş Merkezi No: 2/1B Develi 38400 Kayseri	DEVELİ	KAYSERİ	+90 850 204 07 63
Didim Branch	Efeler Mahallesi Atatürk Bulvarı No: 107 A/A Didim 09270 Aydın	DİDİM	AYDIN	+90 850 204 01 54
Dikmen Branch	Ş.Mevlüt Meriç Mahallesi Dikmen Caddesi No: 260/15 06460 Dikmen Çankaya - Ankara	ÇANKAYA	ANKARA	+90 850 204 06 27
Diyarbakır Branch	Peyas Mahallesi Urfa Bul. Azizoğlu Sit. A-Blok No: 98 B Kayapınar 21070 Diyarbakır	KAYAPINAR	DİYARBAKIR	+90 850 204 01 28
Diyarbakır Kayapınar Branch	Selahattin Eyyubi Mahallesi Turgut Özal Bulvarı Yıldem Yapı Sitesi B Blok No: 74/A Bağlar 21080 Diyarbakır	BAĞLAR	DİYARBAKIR	+90 850 204 05 99
Diyarbakır Sur Branch	Bağcılar Mahallesi Urfa Bulvarı Baran Plaza No: 217/1 Bağlar 21050 Diyarbakır	BAĞLAR	DİYARBAKIR	+90 850 204 04 80
Dokuz Eylül Üniversitesi Branch	İnciraltı Mahallesi Mithatpaşa Caddesi Dokuz Eylül Üniversitesi İnciraltı Yerleşkesi No: 1606 2/1/1 Balçova 35330 İzmir	BALÇOVA	İZMİR	+90 850 204 07 53
Dudullu Branch	Necip Fazıl Bulvarı No: 7-9 Ümraniye 34773 İstanbul	ÜMRANİYE	İSTANBUL	+90 850 204 07 21
Düzce Branch	Camikebir Mahallesi 659. Bulvar No: 8A Merkez 81010 Düzce	MERKEZ	DÜZCE	+90 850 204 02 87
Edirne Branch	Mithatpaşa Mahallesi Talatpaşa Caddesi No: 155 Merkez 22100 Edirne	MERKEZ	EDİRNE	+90 850 204 02 13
Edremit Branch	Camivasat Mahallesi Menderes Bulvarı No: 11/2 Edremit 10300 Balıkesir	EDREMIT	BALIKESİR	+90 850 204 01 90
Ege Üniversitesi Branch	Kazım Dirik Mahallesi Üniversite Caddesi No: 9/47A Bornova 35100 İzmir	BORNOVA	İZMİR	+90 850 204 07 54
Ege Üniversitesi Kampüsü Branch	Erzene Mahallesi Ankara Caddesi 172/15 B Bornova 35040 İzmir	BORNOVA	İZMİR	+90 850 204 07 74
Elazığ Branch	Hürriyet Caddesi Mehmet Arslan İş Merkezi No: 35/A Merkez 23200 Elazığ	MERKEZ	ELAZIĞ	+90 850 204 01 61
Elazığ Hürriyet Caddesi Branch	Nail Bey Mahallesi Vali Fahribey Caddesi Huzur İş Merkezi No: 1/A Merkez 23100 Elazığ	MERKEZ	ELAZIĞ	+90 850 204 06 02
Elbistan Branch	Güneşli Mahallesi Dulkadiroğlu Caddesi No: 100/B Elbistan 46300 Kahramanmaraş	ELBİSTAN	KAHRAMANMARAŞ	+90 850 204 06 85
Eminönü Branch	Hobyar Mahallesi Vakıf Hanı Sokak No: 8 Fatih 34112 İstanbul	FATİH	İSTANBUL	+90 850 204 00 29
Emirdağ Branch	Yenidoğan Mahallesi Şehit Er Yüksel Yeşildağ Caddesi No: 4/1-2 Emirdağ 03600 Afyonkarahisar	EMİRDAĞ	AFYONKARAHİSAR	+90 850 204 07 55
Erdemli Branch	Merkez Mahallesi Alparslan Türkeş Bulvarı No: 561A Erdemli 33730 Mersin	ERDEMLİ	MERSİN	+90 850 204 07 02

Erenköy Branch	Caddebostan Mahallesi Ethem Efendi Caddesi No: 13/1 Kadıköy 34728 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 0389
Erenler Sanayi Branch	Erenler Mahallesi Sakarya Caddesi No: 306/A	ERENLER	SAKARYA	+90 850 204 0288
Erzincan Branch	Atatürk Mahallesi Nerim Tombul Caddesi No: 12/Z2-Z3 Merkez 24002 Erzincan	MERKEZ	ERZİNCAN	+90 850 204 0316
Erzurum Branch	Kazım Karabekir Paşa Mahallesi Orhan Şerifsoy Caddesi Türk Ekonomi Bankası A.Ş. Apt. No: 52 Yakutiye 25100 Erzurum	YAKUTİYE	ERZURUM	+90 850 204 0148
Esenler Branch	Menderes Mahallesi Atışalanı Caddesi No: 15 Esenler 34225 İstanbul	ESENLER	İSTANBUL	+90 850 204 0609
Esenyurt Branch	İnönü Mahallesi Doğan Araslı Bulvarı No: 124/C	ESENYURT	İSTANBUL	+90 850 204 0336
Eskişehir Bağlar Branch	Yenişehir Mahallesi Üniversite Caddesi 106/A Tepebaşı 26170 Eskişehir	TEPEBAŞI	ESKİŞEHİR	+90 850 204 0567
Eskişehir Branch	İstiklal Mahallesi İki Eylül Caddesi No: 2/1 Odunpazarı 26010 Eskişehir	ODUNPAZARI	ESKİŞEHİR	+90 850 204 0041
Eskişehir İki Eylül Caddesi Branch	İstiklal Mahallesi İki Eylül Caddesi No: 50/B Odunpazarı 26010 ESKİŞEHİR	ODUNPAZARI	ESKİŞEHİR	+90 850 204 0413
Etiler Branch	Etiler Mahallesi Nispetiye Caddesi No: 97 Kat: 1 Beşiktaş 34337 İstanbul	BEŞİKTAŞ	İSTANBUL	+90 850 204 0016
Etimesgut Branch	İstasyon Mahallesi İstasyon Caddesi Tüzün Sokak No: 8/7	ETİMESGUT	ANKARA	+90 850 204 0252
Fatih Branch	Ali Kuşçu Mahallesi Macar Kardeşler Caddesi No: 34 Fatih 34083 İstanbul	FATİH	İSTANBUL	+90 850 204 0335
Fatsa Branch	Mustafa Kemal Paşa Mahallesi Reşadiye Caddesi No: 14/A Fatsa 52400 Ordu	FATSA	ORDU	+90 850 204 0153
Fener Branch	Çağlayan Mahallesi Barınaklar Bulvarı A. Atmaca Apt. B Blok No: 3/A-B Muratpaşa 07230 Antalya	MURATPAŞA	ANTALYA	+90 850 204 0293
Fethiye Branch	Cumhuriyet Mahallesi Çarşı Caddesi No: 25 Fethiye 48300 MUĞLA	FETHİYE	MUĞLA	+90 850 204 0133
Fethiye Likya Branch	Taşyaka Mahallesi İnönü Bulvarı No: 4 4/A 4/B Fethiye 48300 MUĞLA	FETHİYE	MUĞLA	+90 850 204 0496
Fethiye Seydikemer Branch	Cumhuriyet Mahallesi İnönü Caddesi No: 40 Kemer Fethiye 48300 Muğla	FETHİYE	MUĞLA	+90 850 204 0709
Fındıkzade Branch	Haseki Sultan Mahallesi Kızılelma Caddesi No: 15 Fatih 34096 İstanbul	FATİH	İSTANBUL	+90 850 204 0430
Florya Branch	Şenlik Mahallesi Florya Asfaltı No: 86 Zemin Kat Kısımlı A Florya Bakırköy 34153 İstanbul	BAKIRKÖY	İSTANBUL	+90 850 204 0202
Gaziantep Branch	İncili Pınar Mahallesi Muammer Aksoy Bulvarı Dünya İş Merkezi 34/2	ŞEHİTKAMİL	GAZİANTEP	+90 850 204 0028
Gaziantep İncilipınar Branch	Değirmiş Mahallesi Gazi Muhtar Paşa Bulvarı No: 13 A Şehitkamil 27090 Gaziantep	ŞEHİTKAMİL	GAZİANTEP	+90 850 204 0409
Gaziemir Branch	Akçay Caddesi No: 169/A	GAZİEMİR	İZMİR	+90 850 204 0279
Gazimağusa Branch	İsmet İnönü Bulvarı No: 43 Sakarya	-	GAZİMAĞUSA / KKTC	+90 392 365 5920
Gaziosmanpaşa Ankara Branch	Uğur Mumcu Caddesi 76/A Gaziosmanpaşa	ÇANKAYA	ANKARA	+90 850 204 0101
Gaziosmanpaşa İstanbul Branch	Merkez Mahallesi Eyüp Yolu No: 4 Gaziosmanpaşa 34245 İstanbul	GAZİOSMANPAŞA	İSTANBUL	+90 850 204 0186
Gebze Branch	Hacı Halil Mahallesi Zübeyde Hanım Caddesi No: 33/B	GEBZE	KOCAELİ	+90 850 204 0035
Gebze Çarşı Branch	Hacı Halil Mahallesi Cumhuriyet Meydanı No: 3/2 Gebze 41400 Kocaeli	GEBZE	KOCAELİ	+90 850 204 0411
Gebze E5 Branch	Osman Yılmaz Mahallesi İstanbul Caddesi No: 74/A	GEBZE	KOCAELİ	+90 850 204 0244
Gebze Organize Sanayi Bölgesi Branch	Gebze Organize Sanayi Bölgesi Bankalar ve Çarşı Merkezi 1600 Sokak No: 1601-7 Gebze 41480 Kocaeli	GEBZE	KOCAELİ	+90 850 204 0734
Gemlik Branch	Hamidiye Mahallesi İstiklal Caddesi No: 31 Gemlik 16600 Bursa	GEMLİK	BURSA	+90 850 204 0193
Geyve Branch	Camikebir Mahallesi Elvan Bey Sokak No: 66 A-1 Geyve 54700 Sakarya	GEYVE	SAKARYA	+90 850 204 0752
Gezgin Branch	Emniyettepe Mahallesi Kazım Karabekir Caddesi Rektörlük Apt. No: 2/13/1 Eyüpsultan 34060 İstanbul	EYÜPSULTAN	İSTANBUL	
Gimat Branch	Mehmet Emin Erdoğan İş Merkezi Macun Mahallesi Bağdat Caddesi No: 93/25-26-27-28	YENİMAHALLE	ANKARA	+90 850 204 0230
Giresun Branch	Şeyhkeramet Mahallesi Gazi Caddesi No: 2 Merkez	MERKEZ	GİRESUN	+90 850 204 0202

	28200 Giresun			70
Girne Branch	Bedrettin Demirel Caddesi No: 12/12B Girne KKTC	-	GİRNE / KKTC	+90 392 815 85 10
Girne Bulvarı Branch	Girne Bulvarı No: 140 Karşıyaka 35580 İzmir	KARŞIYAKA	İZMİR	+90 850 204 00 86
Göktürk Branch	Göktürk Merkez Mahallesi İstanbul Caddesi No: 30-32 Göktürk ? Eyüp 34050 İstanbul	EYÜP	İSTANBUL	+90 850 204 06 99
Gölcük Branch	Amiral Sağlam Caddesi No: 12/B	GÖLCÜK	KOCAELİ	+90 850 204 02 17
Gönen Branch	Akçaali Mahallesi Atatürk Caddesi No: 27 Gönen 10900 Balıkesir	GÖNEN	BALIKESİR	+90 850 204 06 60
Göztepe İstanbul Branch	Göztepe Mahallesi Tütüncü Mehmet Efendi Caddesi No: 93/A Göztepe Kadıköy 34730 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 01 46
Gündoğdu Branch	Kültür Mahallesi Plevne Bulvarı Dr. Rifat Bey Apartmanı Zemin Kat No: 14A ve 14 /1 Konak 35220 İzmir	KONAK	İZMİR	+90 850 204 00 69
Güneşli Branch	15 Temmuz Mahallesi Koçman Caddesi No: 36B Bağcılar 34212 İstanbul	BAĞCILAR	İSTANBUL	+90 850 204 00 39
Güneşli Çarşı Branch	Hürriyet Mahallesi Atatürk Caddesi No: 3-5C Bağcılar 34212 İstanbul	BAĞCILAR	İSTANBUL	+90 850 204 04 04
Güngören Sanayi Branch	Sanayi Mahallesi Atatürk Caddesi Real Merter Sit. No: 51 /3/42 Güngören 34165 İstanbul	GÜNGÖREN	İSTANBUL	+90 850 204 04 08
Hadımköy Branch	Akçaburgaz 5. Bölge San 1 Bulvarı 109 Hadımköy	BÜYÜKÇEKMECE	İSTANBUL	+90 850 204 01 19
Harbiye Branch	Cumhuriyet Caddesi No: 123 B Harbiye Şişli 34373 İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 03 80
Hasanpaşa Branch	Kurbağalidere Caddesi No: 25 34722 Söğütlüçeşme - Kadıköy - İstanbul	KADIKÖY	İSTANBUL	+90 850 204 05 23
Hatay İzmir Branch	İnönü Caddesi No: 229/B Karabağlar 35361 İzmir	KARABAĞLAR	İZMİR	+90 850 204 03 22
Haznedar Bahçelievler Branch	Bahçelievler Mahallesi Naci Kasım Sokak No: 2/1A Bahçelievler 34180 İstanbul	BAHÇELİEVLER	İSTANBUL	+90 850 204 04 34
Heykel Branch	Bursa Selçuk Hatun Mahallesi Ressam Şefik Bursalı Caddesi No: 5 Heykel Osmangazi 16010 Bursa	OSMANGAZİ	BURSA	+90 850 204 01 51
Hopa Branch	Merkez Kuledibi Mahallesi Cumhuriyet Meydanı No: 1/A Hopa 08600 Artvin	HOPA	ARTVİN	+90 850 204 02 90
Hürriyet Branch	Soğukkuyu Mahallesi 1. Hürriyet Caddesi No: 24-26B Osmangazi 16160 Bursa	OSMANGAZİ	BURSA	+90 850 204 02 97
İçerenköy Branch	İçerenköy Mahallesi Çayır Caddesi Özce Center İş Merkezi No: 3A/1 Ataşehir 34752 İstanbul	ATAŞEHİR	İSTANBUL	+90 850 204 01 52
İğdir Branch	Bağlar Mahallesi İbrahim Bozyel Caddesi No: 4/A Merkez 76103 İğdir	MERKEZ	İĞDIR	+90 850 204 06 78
İhlamurkuyu Branch	İhlamurkuyu Mahallesi Alemdağ Caddesi No: 249A Ümraniye 34771 İstanbul	ÜMRANIYE	İSTANBUL	+90 850 204 04 68
İkitelli Branch	İkitelli OSB Mahallesi Atatürk Bulvarı Dış Kapı No: 52 İç Kapı No: 1 Başakşehir 34490 İstanbul	BAŞAKŞEHİR	İSTANBUL	+90 850 204 00 60
İkitelli Organize Sanayi Branch	İkitelli OSB Mahallesi Bağcılar-Güngören Metro AVM B Blok Sokak Dış Kapı No: 1/B İç Kapı No: 13 Başakşehir 34490 İstanbul	BAŞAKŞEHİR	İSTANBUL	+90 850 204 04 60
İmes Sanayi Sitesi Branch	İmes Sanayi Sitesi C Blok 301/3 Yukarı Dudullu	ÜMRANIYE	İSTANBUL	+90 850 204 00 61
İmsan Branch	İkitelli Caddesi İmsan Küçük Sanayi Sitesi E - Blok No : 10 İkitelli Küçükçekmece 34303 İstanbul	KÜÇÜKÇEKMECE	İSTANBUL	+90 850 204 02 28
İnegöl Branch	Sinanbey Mahallesi Nuri Doğrul Caddesi No: 19 İnegöl 16400 Bursa	İNEGÖL	BURSA	+90 850 204 02 66
İnönü Caddesi Malatya Branch	Şıkşık Mahallesi İnönü Caddesi No: 91/A	MERKEZ	MALATYA	+90 850 204 02 45
İskenderun Branch	Çay Mahallesi Atatürk Bulvarı No: 25A İskenderun 31300 Hatay	İSKENDERUN	HATAY	+90 850 204 00 85
İsparta Branch	Kutlubey Mahallesi 106 Cadde Halısarayı Apartmanı G Blok Dış Kapı No: 2-G İç Kapı No: 1	MERKEZ	İSPARTA	+90 850 204 02 43
İstanbul Anatolian Side Corporate Branch	Esentepe Mahallesi Cevizli D-100 Güney Yanyol Caddesi Dumankaya Vizyon D Blok No: 13 D / 76 Kartal 34870 İstanbul	KARTAL	İSTANBUL	+90 850 204 05 36
İstanbul Corporate Branch	Gayrettepe Mahallesi Yener Sokak No: 1 Kat: 1/A Beşiktaş 34349 İstanbul	BEŞİKTAŞ	İSTANBUL	+90 850 204 00 12
İstanbul Ulus Branch	Nispetiye Mahallesi Ahmet Adnan Saygun Caddesi No: 22D Beşiktaş 34340 İstanbul	BEŞİKTAŞ	İSTANBUL	+90 850 204 02 20

İstoç Branch	Mahmutbey Mahallesi 17. Yol Sokak No: 132/A İSTOÇ Bağcılar 34218 İstanbul	BAĞCILAR	İSTANBUL	+90 850 204 01 97
İvedik Branch	İvedik Organize Sanayi Sit. Melih Gökçek Bulvarı Halk Yapı Koop. No : 17/22 Ostim Yenimahalle 06370 Ankara	YENİMAHALLE	ANKARA	+90 850 204 01 67
İzmir 1. Sanayi Branch	Mersinli Mahallesi 2822 Sokak No: 63 Konak 35170 İzmir	KONAK	İZMİR	+90 850 204 02 08
İzmir Branch	Akdeniz Mahallesi Cumhuriyet Bulvarı No 86/A Konak 35210 İzmir	KONAK	İZMİR	+90 850 204 0040
İzmir Çankaya Branch	Fevzi Paşa Bulvarı No: 59 / A-B Çankaya Konak 35210 İzmir	KONAK	İZMİR	+90 850 204 02 00
İzmir Göztepe Branch	Göztepe Mahallesi Mithatpaşa Caddesi No: 984A Konak 35290 İzmir	KONAK	İZMİR	+90 850 204 01 60
İzmit Branch	Körfez Mahallesi Ankara Karayolu No: 123/3	MERKEZ (İZMİT)	KOCAELİ	+90 850 204 00 20
Kadıköy Çarşı Branch	Caferağa Mahallesi Mühürdar Caddesi No: 22 Kadıköy 34710 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 04 52
Kadirli Branch	Savrun Mahallesi Atatürk Caddesi No: 46 Kadirli 80760 Osmaniye	KADIRLI	OSMANIYE	+90 850 204 06 89
Kağıthane Branch	Merkez Mahallesi Sadabat Caddesi No: 40 40 A Kağıthane 34406 İstanbul	KAĞITHANE	İSTANBUL	+90 850 204 04 76
Kahramanmaraş Branch	Hayrullah Mahallesi Azerbaycan Bulvarı Ağdaş Plaza Sit. No: 12 A Onikişubat 46040 Kahramanmaraş	ONİKİŞUBAT	KAHRAMANMARAŞ	+90 850 204 00 31
Kahramanmaraş Çarşı Branch	Menderes Mahallesi Trabzon Bulvarı No: 53/D Dulkadiroğlu 46100 Kahramanmaraş	DULKADİROĞLU	KAHRAMANMARAŞ	+90 850 204 04 86
Kalamış Branch	Faruk Ayanoğlu Caddesi Barış Apt. 19/1-2 Fenerbahçe	KADIKÖY	İSTANBUL	+90 850 204 00 42
Kalkan Branch	Kalkan Mahallesi Milli Egemenlik Caddesi No: 1/1 Kaş 07960 Antalya	KAŞ	ANTALYA	+90 850 204 07 44
Karabağlar Branch	Aşık Veysel Mahallesi Yeşillik Caddesi No: 437-441/B Karabağlar 35110 İzmir	KARABAĞLAR	İZMİR	+90 850 204 00 53
Karabük Branch	Bayır Mahallesi Menderes Caddesi No: 2/B Merkez 78100 Karabük	MERKEZ	KARABÜK	+90 850 204 02 83
Karacabey Branch	Tavşanlı Mahallesi Bursa Caddesi Necmi Akkuş Sitesi No: 31 A/5 Karacabey 16700 Bursa	KARACABEY	BURSA	+90 850 204 02 91
Karadeniz Ereğli Branch	Orhanlar Mahallesi Yalı Caddesi No: 38 Ereğli 67300 Zonguldak	EREĞLİ	ZONGULDAK	+90 850 204 00 88
Karaköy Branch	Kemankeş Karamustafapaşa Mahallesi Necatibey Caddesi Hacı Mahmut İş Merkezi No: 72/A Beyoğlu İstanbul	BEYOĞLU	İSTANBUL	+90 850 204 01 39
Karaman Branch	Mansurdede Mahallesi Atatürk Bulvarı No: 24 D-E-F Merkez 70200 Karaman	MERKEZ	KARAMAN	+90 850 204 06 72
Kars Branch	Merkez Mahallesi Kazım Paşa Caddesi No: 117	MERKEZ	KARS	+90 850 204 03 78
Karşıyaka Branch	Cemal Gürsel Caddesi No: 200/A Karşıyaka 35600 İzmir	KARŞIYAKA	İZMİR	+90 850 204 03 94
Kartal Çarşı Branch	Ankara Caddesi Şimşek Han No: 82 Zemin Kat	KARTAL	İSTANBUL	+90 850 204 01 40
Karya Bodrum Branch	Kıbrıs Şehitleri Caddesi Emniyet Müdürlüğü Yanı Ataman İş Mrk. C Blk. Bodrum 48400 MUĞLA	BODRUM	MUĞLA	+90 850 204 04 19
Kastamonu Branch	Cebrail Mahallesi Plevne Caddesi No: 52 A-B Merkez 37200 Kastamonu	MERKEZ	KASTAMONU	+90 850 204 02 68
Kavacık Branch	Rüzgarlıbahçe Mahallesi Cumhuriyet Caddesi No: 12 Beykoz 34805 İstanbul	BEYKOZ	İSTANBUL	+90 850 204 01 55
Kaynarca Branch	Fevzi Çakmak Mahallesi Tevfik İleri Caddesi No: 111 Pendik 34899 İstanbul	PENDİK	İSTANBUL	+90 850 204 02 78
Kayseri Branch	Cumhuriyet Mahallesi Turan Caddesi No: 3 Melikgazi 38110 Kayseri	MELİKGAZİ	KAYSERİ	+90 850 204 00 23
Kayseri Corporate Branch	Anbar Mahallesi 14. Cadde No: 20 Asma Kat 38070	MELİKGAZİ	KAYSERİ	+90 850 204 05 93
Kayseri Eski Sanayi Branch	Sanayi Mahallesi Osman Kavuncu Bulvarı No: 90 Kocasinan 38010 Kayseri	KOCASINAN	KAYSERİ	+90 850 204 05 72
Kayseri Sanayi Branch	Anbar Mahallesi 14. Cadde No: 20 Zemin Kat	MELİKGAZİ	KAYSERİ	+90 850 204 01 70
Kazasker Branch	Şemsettin Günaltay Caddesi No: 109/A Erenköy	KADIKÖY	İSTANBUL	+90 850 204 01 11
Keçiören Branch	Güçlükaya Mahallesi Kızlar Pınarı Caddesi No: 53/A Keçiören 06310 Ankara	KEÇİÖREN	ANKARA	+90 850 204 03 08
Kemalpaşa Branch	Mehmet Akif Ersoy Mahallesi Atatürk Bulvarı No:	KEMALPAŞA	İZMİR	+90 850 204 00



	51/1A Kemalpaşa 35730 İzmir			51
Kemer Branch	Yeni Mahalle Dört Yol Bulvarı No: 25/B	KEMER	ANTALYA	+90 850 204 01 74
Kepez Branch	Teomanpaşa Mahallesi Yeşilirmak Caddesi 34/2 Kepez 07260 Antalya	KEPEZ	ANTALYA	+90 850 204 07 04
Keşan Branch	Büyük Cami Mahallesi Cumhuriyet Meydanı No: 8 Keşan 22800 Edirne	KEŞAN	EDİRNE	+90 850 204 02 94
Kestel Branch	Ahmet Vefik Paşa Mahallesi Gazi Caddesi No: 6/A	KESTEL	BURSA	+90 850 204 03 15
Kıraç Branch	Çakmaklı Mahallesi Hadımköy Yolu Caddesi Ufuk Plaza No: 57B Büyükkçekmece 34500 İstanbul	BÜYÜKÇEKMECE	İSTANBUL	+90 850 204 06 54
Kırıkkale Branch	Yenidoğan Mahallesi Cumhuriyet Caddesi No: 8/A	MERKEZ	KIRIKKALE	+90 850 204 03 79
Kırklareli Branch	Karakaş Mahallesi 100. Yıl Caddesi Necdet Şeylan Apt No: 10/Z03 Merkez 39010 Kırklareli	MERKEZ	KIRKLARELİ	+90 850 204 03 39
Kırşehir Branch	Medrese Mahallesi M. Kemal Hotamaroğlu Sokak No: 2 Merkez 40200 Kırşehir	MERKEZ	KIRŞEHİR	+90 850 204 06 68
Kızılay Branch	Gazi Mustafa Kemal Bulvarı No: 7/A Kızılay Çankaya 06420 Ankara	ÇANKAYA	ANKARA	+90 850 204 01 38
Kızıltoprak Branch	Zühtüpaşa Mahallesi Bağdat Caddesi No: 62/3 Kızıltoprak Kadıköy 34724 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 04 89
Kocasinan Kayseri Branch	Sahabiye Mahallesi Ahmet Paşa Caddesi No: 31-B 31-C 31-D 31-E Kocasinan 38010 Kayseri	KOCASINAN	KAYSERİ	+90 850 204 07 13
Konya Branch	Musalla Bağları Mahallesi Ahmet Hilmi Nalçacı Caddesi Cengizhan No: 130/1 Selçuklu 42060 Konya	SELÇUKLU	KONYA	+90 850 204 00 30
Konya Buğday Pazarı Branch	Fevzi Çakmak Mahallesi Adana Çevreyolu Caddesi No: 26B-(1 İşyeri) Karatay 42050 Konya	KARATAY	KONYA	+90 850 204 07 08
Konya Ereğli Branch	Selçuklu Mahallesi Atatürk Caddesi Necip Pala Apt. Sit. No: 44D Ereğli 42310 Konya	EREĞLİ	KONYA	+90 850 204 02 60
Konyaaltı Branch	Bahçelievler Mahallesi Konyaaltı Caddesi Sıtkı Göksoy Apt No: 40 / Z1 Muratpaşa 07050 Antalya	MURATPAŞA	ANTALYA	+90 850 204 01 72
Körfez Branch	Kuzey Mahallesi Cahit Zarifoğlu Caddesi No: 53/B	KÖRFEZ	KOCAELİ	+90 850 204 03 26
Koşuyolu Branch	Koşuyolu Mahallesi Koşuyolu Caddesi No: 72 A Kadıköy 34718 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 05 63
Kozyatağı Branch	Sahrayıcedit Mahallesi Atatürk Caddesi No: 67A Kadıköy 34734 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 00 56
Kozyatağı Corporate Branch	Değirmen Sokak Nida Kule No: 18 Kat: 3 Kozyatağı Kadıköy 34710 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 00 18
Küçükbakkalköy Branch	Küçükbakkalköy Mahallesi Serdar Sokak No: 1 D: 3 Ataşehir 34750 İstanbul	ATAŞEHİR	İSTANBUL	+90 850 204 05 58
Küçüksu Branch	Saray Mahallesi Küçüksu Caddesi No: 60/1A Ümraniye 34768 İstanbul	ÜMRANIYE	İSTANBUL	+90 850 204 03 77
Kumluca Branch	Merkez Mahallesi Gödene Caddesi No: 18 Kumluca 07350 Antalya	KUMLUCA	ANTALYA	+90 850 204 03 31
Kurtköy Branch	Şeyhli Mahallesi Ankara Caddesi No: 217 A Pendik 34890 İstanbul	PENDİK	İSTANBUL	+90 850 204 01 87
Kuşadası Branch	İsmet İnönü Bulvarı No : 59 09400 Kuşadası - Aydın	KUŞADASI	AYDIN	+90 850 204 04 77
Kütahya Branch	Gazi Kemal Mahallesi Cumhuriyet Caddesi No: 77/B Merkez 43050 Kütahya	MERKEZ	KÜTAHYA	+90 850 204 06 43
Kuyubaşı Branch	Fahrettin Kerim Gökay Caddesi No: 122/1 Zemin Kat A Kısım Göztepe Kadıköy 34722 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 03 02
Kuyumcukent Branch	29 Ekim Caddesi No: 1 Kuyumcukent Atölye Bloğu Zemin/1. Kat 5. Sokak No: 19 Yenibosna	BAHÇELİEVLER	İSTANBUL	+90 850 204 02 71
Laleli Branch	Mimar Kemalettin Mahallesi Mesih Paşa Caddesi No: 54 Daire : 1 Laleli Fatih 34130 İstanbul	FATİH	İSTANBUL	+90 850 204 02 10
Lara Branch	Yeşilbahçe Mahallesi Metin Kasapoğlu Caddesi Armada Apt. Sit. No: 44 D Muratpaşa 07160 Antalya	MURATPAŞA	ANTALYA	+90 850 204 01 15
Lefkoşa Branch	Ortaköy Mahallesi Kumsal Mevkii Mehmet Akif Caddesi Koçan No: D303 ve D304	-	LEFKOŞA / KKTC	+90 392 229 20 40
Lefkoşa Kaymaklı Branch	Küçük Kaymaklı Mahallesi Şht. Mustafa Ahmet Ruso Caddesi (Adres No: 3 ve 4) Lefkoşa / KKTC	-	LEFKOŞA / KKTC	+90 392 228 02 55
Levent Çarşı Branch	Çarşı Caddesi No: 22 1. Levent	BEŞİKTAŞ	İSTANBUL	+90 850 204 01 12
Lüleburgaz Branch	Kocasinan Mahallesi İstanbul Caddesi No: 12/ Z01 Lüleburgaz 39750 Kırklareli	LÜLEBURGAZ	KIRKLARELİ	+90 850 204 02 05
Maçka Branch	Harbiye Mahallesi Kadırgalar Caddesi No: 13A Şişli 34367 İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 00 45

Malatya Branch	Niyazi Mahallesi Çevre Yolu Sokak (Buhara Bulvarı) Caddesi No: 195 Merkez 44100	MERKEZ	MALATYA	+90 850 204 00 89
Malatya Çarşı Branch	İzzetiye Mahallesi Şehit Servet Aktaş Caddesi No: 8 Battalgazi 44210 Malatya	BATTALGAZİ	MALATYA	+90 850 204 06 90
Malkara Branch	Camiatik Mahallesi Hürriyet Caddesi No: 25/11 Malkara 59300 Tekirdağ	MALKARA	TEKİRDAĞ	+90 850 204 07 30
Maltepe Çarşı İstanbul Branch	Altayçeşme Mahallesi Atatürk Caddesi No: 41/604 Maltepe 34843 İstanbul	MALTEPE	İSTANBUL	+90 850 204 07 73
Maltepe E-5 Branch	Altayçeşme Mahallesi Çam Sokak No: 25A Maltepe 34843 İstanbul	MALTEPE	İSTANBUL	+90 850 204 04 41
Maltepe İstanbul Branch	Bağlarbaşı Mahallesi Bağdat Caddesi No: 477	MALTEPE	İSTANBUL	+90 850 204 01 21
Manavgat Branch	Eski Hisar Mahallesi Demokrasi Bulvarı Öğrekçi Plaza No: 73/Z02-Z03 Manavgat 07600 Antalya	MANAVGAT	ANTALYA	+90 850 204 01 07
Manavgat Sanayi Branch	Aşağı Pazarcı Mahallesi Zübeyde Hanım Caddesi No: 19/Z01 Manavgat 07600 Antalya	MANAVGAT	ANTALYA	+90 850 204 04 78
Manavkuyu Branch	Adalet Mahallesi Manas Bulvarı No: 20/A Bayraklı 35530 İzmir	BAYRAKLI	İZMİR	+90 850 204 06 25
Manisa Branch	1. Anafartalar Mahallesi Mustafa Kemal Paşa Caddesi No: 40/A Şehzadeler 45020 Manisa	ŞEHZADELER	MANİSA	+90 850 204 01 14
Manisa Sanayi Branch	75. Yıl Mahallesi Bahri Sarıtepe Caddesi No: 53/A Yunusemre 45030 Manisa	YUNUSEMRE	MANİSA	+90 850 204 02 03
Mardin Branch	13 Mart Mahallesi Vali Ozan Caddesi 82/B Artuklu 47200 Mardin	ARTUKLU	MARDİN	+90 850 204 03 27
Marmara Corporate Branch	23 Nisan Mahallesi 75. Yıl Caddesi No: 5A/15 Durmazlar İş Merkezi Nilüfer 16120 Bursa	NİLÜFER	BURSA	+90 850 204 00 58
Marmaris Branch	Tepe Mahallesi Ulusal Egemenlik Caddesi No: 24 Marmaris 48700 MUĞLA	MARMARİS	MUĞLA	+90 850 204 01 02
Maslak Branch	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 14/A Sarıyer 34468 İstanbul	SARIYER	İSTANBUL	+90 850 204 01 29
Maslak Sanayi Branch	Ayazağa Mahallesi Büyükdere Caddesi No: 257/C Sarıyer 34485 İstanbul	SARIYER	İSTANBUL	+90 850 204 04 06
Mecidiyeköy Branch	Büyükdere Caddesi 103/1 Mecidiyeköy	ŞİŞLİ	İSTANBUL	+90 850 204 00 64
Mega Center Branch	Kocatepe Mahallesi Yağ İskelesi Caddesi Mega Center C.51 Blok No: 25/A Bayrampaşa 34045 İstanbul	BAYRAMPAŞA	İSTANBUL	+90 850 204 01 80
Menemen Branch	Mermerli Mahallesi Mithatpaşa Caddesi No: 55 Menemen 35661 İzmir	MENEMEN	İZMİR	+90 850 204 02 29
Mersin Branch	Camışerif Mahallesi İsmet İnönü Bulvarı No: 94A Akdeniz 33010 Mersin	AKDENİZ	MERSİN	+90 850 204 00 38
Mersin Çamlıbel Branch	Kültür Mahallesi 103. Cadde No : 62 33100 İçel Mersin	MERKEZ	MERSİN	+90 850 204 03 85
Mersin Çarşı Branch	Camışerif Mahallesi İstiklal Caddesi No: 40/D Akdeniz 33060 Mersin	AKDENİZ	MERSİN	+90 850 204 04 44
Mersin Pozcu Branch	İnönü ( Bahçe ) Mahallesi G.M.K. Bulvarı Emel Sitesi B ve C Blok No: 353 / A 33140 Pozcu -Mersin -İçel	MERKEZ	MERSİN	+90 850 204 05 84
Mersin Toptancılar Sitesi Branch	Mersin Toptancılar Sitesi (Mertoç) Hal Mahallesi Turgut Özal Bulvarı E Blok No: 92 Akdeniz 33020 Mersin	AKDENİZ	MERSİN	+90 850 204 06 52
Merter Branch	Mehmet Nesih Özmen Mahallesi Fatih Caddesi No: 21 A Güngören 34173 İstanbul	GÜNGÖREN	İSTANBUL	+90 850 204 00 32
Merzifon Branch	Hocasüleyman Mahallesi Yokuşbaşı Caddesi No: 13 Merzifon 05300 Amasya	MERZİFON	AMASYA	+90 850 204 03 23
Meşrutiyet Caddesi Branch	Meşrutiyet Mahallesi Meşrutiyet Caddesi No: 11 B	ÇANKAYA	ANKARA	+90 850 204 01 05
Metropol Mersin Branch	Mesudiye Mahallesi Kuvayi Milliye Caddesi No: 84/B Akdeniz 33060 Mersin	AKDENİZ	MERSİN	+90 850 204 03 52
Mevlana Branch	Aziziye Mahallesi Mevlana Caddesi No: 63 D: 1	KARATAY	KONYA	+90 850 204 02 57
Mezitli Branch	Menderes Mahallesi Gazi Mustafa Kemal Bulvarı Doğaner Yapı Koop. Sit. A Blok Apt. No: 709 AA Mezitli 33340 Mersin	MEZİTLİ	MERSİN	+90 850 204 02 55
Milas Branch	Hacılyas Mahallesi Menteşe Caddesi Özler İş Hanı Karşısı No: 91 Milas 48200 Muğla	MİLAS	MUĞLA	+90 850 204 06 65
Montrö Branch	Şair Eşref Bulvarı No: 23/A 35210 Çankaya Konak / İzmir	KONAK	İZMİR	+90 850 204 03 81
Muğla Branch	Şeyh Mahallesi İsmet İnönü Caddesi Dış Kapı No: 17 Menteşe 48050 MUĞLA	MENTEŞE	MUĞLA	+90 850 204 02 58
Mut Branch	Doğancı Mahallesi Atatürk Bulvarı No: 48/A-B Mut	MUT	MERSİN	+90 850 204 07

	33600 Mersin			46
Narlidere Branch	Çamtepe Mahallesi Mithatpaşa Caddesi No: 277-279 Narlıdere 35320 İzmir	NARLİDERE	İZMİR	+90 850 204 07 03
Nato Yolu Branch	Tuzluçayır Mahallesi Nato Yolu Caddesi 294. Sokak No: 1/A Mamak 06620 Ankara	MAMAK	ANKARA	+90 850 204 07 16
Nazilli Branch	Altıntaş Mahallesi 129 Sokak No: 2	NAZİLLİ	AYDIN	+90 850 204 03 21
Necatibey Branch	Kızılay Mahallesi Necatibey Caddesi Günay Apt. No: 25 B Çankaya 06420 Ankara	ÇANKAYA	ANKARA	+90 850 204 01 36
Nevşehir Branch	Karasoku Mahallesi Atatürk Caddesi No: 16/B Merkez 50100 Nevşehir	MERKEZ	NEVŞEHİR	+90 850 204 06 94
Niğde Branch	Yenice Mahallesi Ayhan Şahenk Bulvarı No: 15/A Merkez 51200 NİĞDE	MERKEZ	NİĞDE	+90 850 204 01 66
Nilüfer Branch	İhsaniye Mahallesi İzmir Yolu Caddesi No: 118 A Nilüfer 16130 Bursa	NİLÜFER	BURSA	+90 850 204 01 03
Nuruosmaniye Branch	Alemdar Mahallesi Nuruosmaniye Caddesi No: 12/1 Fatih 34110 İstanbul	FATİH	İSTANBUL	+90 850 204 02 54
Ödemiş Branch	Akıncılar Mahallesi Gazi Caddesi No: 32/1 Ödemiş 35750 İzmir	ÖDEMiŞ	İZMİR	+90 850 204 02 49
Ofis Branch	Kooperatifler Mahallesi Akkoyunlu Bulvarı No: 19/B Yenişehir 21100 Diyarbakır	YENİŞEHİR	DİYARBAKIR	+90 850 204 03 03
Ordu Branch	Şarkıye Mahallesi Süleyman Felek Caddesi No: 93C Altınordu 52000 ORDU	ALTINORDU	ORDU	+90 850 204 01 82
Orhangazi Branch	Muradiye Mahallesi Yalova Caddesi No: 38/A Orhangazi 16800 Bursa	ORHANGAZI	BURSA	+90 850 204 03 69
Ortaklar Caddesi Branch	Büyükdere Caddesi 60/A Mecidiyeköy Şişli 34387 İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 01 25
Ortaköy Branch	Yıldız Mahallesi Çırağan Caddesi No: 97 Ortaköy	BEŞİKTAŞ	İSTANBUL	+90 850 204 01 30
Osmanbey Branch	Cumhuriyet Mahallesi Halaskargazi Caddesi No: 103B Şişli 34380 İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 00 13
Osmaniye Branch	Alibeyli Mahallesi Dr. Ahmet Alkan Caddesi No: 17/A Merkez 80010 Osmaniye	MERKEZ	OSMANİYE	+90 850 204 06 42
Ostim Branch	Ostim Sanayi Sitesi 100. Yıl Bulvarı No: 9 Yenimahalle 06370 Ankara	YENİMAHALLE	ANKARA	+90 850 204 01 24
Özlüce Branch	Altınşehir Mahallesi Ahmet Taner Kışlalı Bulvarı No: 36A/A Nilüfer 16230 Bursa	NİLÜFER	BURSA	+90 850 204 05 79
Pendik Branch	Batı Mahallesi Ankara Caddesi No: 102	PENDİK	İSTANBUL	+90 850 204 01 31
Pendik E-5 Branch	Çınardere Mahallesi Gönenli Mehmet Efendi Caddesi No: 85 Pendik 34896 İstanbul	PENDİK	İSTANBUL	+90 850 204 00 37
Perpa Branch	Halil Rifat Paşa Mahallesi Yüzer Havuz Sokak No: 1/922 Şişli 34384 İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 01 27
Pınarbaşı Branch	Ümit Mahallesi Kemalpaşa Caddesi No: 333 B Pınarbaşı Bornova 35060 İzmir	BORNOVA	İZMİR	+90 850 204 00 50
Polatlı Branch	Cumhuriyet Mahallesi Ankara Caddesi No: 5 Polatlı 06900 Ankara	POLATLI	ANKARA	+90 850 204 06 57
Polatlı Topçu ve Füze Okulu Komutanlığı Branch	İstiklal Mahallesi Refik Cesur Caddesi No: 1 Polatlı 06900 Ankara	POLATLI	ANKARA	+90 850 204 07 01
Private Banking Center Branch	Nispetiye Caddesi Dilhayat Sokak No: 8 Zemin Kat Etiler	BEŞİKTAŞ	İSTANBUL	+90 850 204 00 70
Rize Branch	Yeniköy Mahallesi Tevfik İleri Caddesi No : 18	MERKEZ	RİZE	+90 850 204 01 95
Rumeli Corporate Branch	Target İş Merkezi E-5 Yan Yolu üzeri Haramidere mevkii K: 5 Beylikdüzü 34520 İstanbul	BEYLİKDÜZÜ	İSTANBUL	+90 850 204 06 36
Sakarya Caddesi Branch	Cumhuriyet Mahallesi Sakarya-1 Caddesi No: 37/A Tepebaşı 26130 Eskişehir	TEPEBAŞI	ESKİŞEHİR	+90 850 204 02 27
Salihli Branch	Atatürk Mahallesi Belediye Caddesi No: 93-95	SALİHLİ	MANİSA	+90 850 204 01 92
Samsun Branch	Kale Mahallesi Kaptanağa Sokak No: 4/B İlkadım 55030 Samsun	MERKEZ	SAMSUN	+90 850 204 00 90
Samsun Mecidiye Branch	Hançerli Mahallesi Çifte Hamam Caddesi No: 2 İlkadım 55020 Samsun	İLKADIM	SAMSUN	+90 850 204 04 94
Samsun Sanayi Branch	Yenimahalle Mahallesi 28. Sokak No: 23/1 Canik 55080 Samsun	CANİK	SAMSUN	+90 850 204 01 81
Şanlıurfa Branch	Atatürk Bulvarı Numune Pasajı No: 16/2-3 Haliliye 63100 Şanlıurfa	HALİLİYE	ŞANLIURFA	+90 850 204 01 35

Şanlıurfa Sarayönü Caddesi Branch	Yusufoğlu Mahallesi Sarayönü Caddesi No: 131 Haliliye Şanlıurfa	HALİLİYE	ŞANLIURFA	+90 850 204 04 23
Santral Ümraniye Branch	Atatürk Mahallesi Sütçü imam Caddesi Kardeşler Apartmanı No: 51A Dükkan No: 1-2 Ümraniye 34764 İstanbul	ÜMRANIYE	İSTANBUL	+90 850 204 04 02
Sarıgazi Branch	İnönü Mahallesi Ankara Caddesi No: 63/A Sancaktepe	SANCAKTEPE	İSTANBUL	+90 850 204 03 43
Sarıgöl Branch	Cumhuriyet Mahallesi Aşağı Koçaklar Caddesi No: 6/Z01 Sarıgöl 45470 MANİSA	SARIGÖL	MANİSA	+90 850 204 07 23
Sarıyer Branch	Sarıyer Merkez Mahallesi Yeni Mahalle Caddesi No: 19 Sarıyer 34450 İstanbul	SARIYER	İSTANBUL	+90 850 204 02 01
Saruhanlı Branch	Saruhan Mahallesi Cumhuriyet Meydanı No: 9/2-3 Saruhanlı 45800 Manisa	SARUHANLI	MANİSA	+90 850 204 07 24
Şaşmaz Branch	Bahçekapı Mahallesi 2488. Cadde. No: 4-A	ETİMESGUT	ANKARA	+90 850 204 02 39
Sefaköy Branch	Kartaltepe Mahallesi Halkalı Caddesi No: 62A/1 Küçükçekmece 34295 İstanbul	KÜÇÜKÇEKMECE	İSTANBUL	+90 850 204 01 22
Şehitkamil Gaziantep Branch	Budak Mahallesi Gazi Muhtarpaşa Bulvarı No: 44/D Şehitkamil 27090 Gaziantep	ŞEHİTKAMİL	GAZİANTEP	+90 850 204 00 97
Şenesenevler Branch	Bostancı Mahallesi Emin Ali Paşa Caddesi No: 116 A/14 Kadıköy 34744 İstanbul	KADIKÖY	İSTANBUL	+90 850 204 04 87
Serik Branch	Yeni Mahalle Hürriyet Caddesi No: 6-8	SERİK	ANTALYA	+90 850 204 03 30
Seyrantepe Branch	Seyrantepe Mahallesi İbrahim Karaoğlanoğlu Caddesi No: 111A/1 Kağıthane 34418 İstanbul	KAĞITHANE	İSTANBUL	+90 850 204 06 18
Siirt Branch	Bahçelievler Mahallesi Hükümet Bulvarı No: 26 Merkez 56100 Siirt	MERKEZ	SİİRT	+90 850 204 06 71
Silifke Branch	Mukaddem Mahallesi İnönü Bulvarı No: 20 A Silifke 33940 Mersin	SİLİFKE	MERSİN	+90 850 204 06 88
Silivri Branch	Piri Mehmet Paşa Mahallesi Başkomutan Caddesi No: 4 Silivri 34570 İstanbul	SİLİVRİ	İSTANBUL	+90 850 204 02 61
Sincan Branch	Atatürk Mahallesi Ankara Caddesi No: 44/A Sincan 06930 Ankara	SİNCAN	ANKARA	+90 850 204 01 91
Sinop Branch	Meydankapı Mahallesi Kıbrıs Caddesi No: 4 Merkez 57000 Sinop	MERKEZ	SİNOP	+90 850 204 06 91
Şirehanı Branch	İsmetpaşa Mahallesi İnönü Caddesi No: 217/7 Şahinbey 27010 Gaziantep	ŞAHİNBEY	GAZİANTEP	+90 850 204 03 37
Şirinevler Branch	Meriç Sokak Ünal İş Merkezi No: 13/3 Zemin Kat Şirinevler Bahçelievler 34188 İstanbul	BAHÇELİEVLER	İSTANBUL	+90 850 204 02 33
Şirinyalı Branch	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 80/1 Muratpaşa 07160 Antalya	MURATPAŞA	ANTALYA	+90 850 204 04 62
Şirinyer Branch	Güven Mahallesi Menderes Caddesi No: 318 Buca 35370 İzmir	BUCA	İZMİR	+90 850 204 02 76
Sirkeci Branch	Hobyar Mahallesi Ankara Caddesi Eraysan Ofis Malzemeleri Apt. No: 37/1 Fatih 34112 İstanbul	FATİH	İSTANBUL	+90 850 204 03 91
Şişli Meydan Branch	19 Mayıs Mahallesi Halaskargazi Caddesi No: 212A Şişli 34381 İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 03 83
Siteler Branch	Ulubey Mahallesi Demirhenderek Caddesi No: 69 Altındağ 06320 Ankara	ALTINDAĞ	ANKARA	+90 850 204 04 74
Sivas Branch	Atatürk Caddesi No: 15	MERKEZ	SİVAS	+90 850 204 02 47
Soğanlık Branch	Atatürk Caddesi No : 119 34880 Soğanlık - Kartal - İstanbul	KARTAL	İSTANBUL	+90 850 204 05 96
Söğütözü Branch	Platin Tower Söğütözü Mahallesi Dumlupınar Bulvarı (Eskişehir yolu Üzeri) No: 94/G Çankaya 06510 Ankara	ÇANKAYA	ANKARA	+90 850 204 06 82
Söke Branch	Konak Mahallesi Aydın Caddesi No: 19 Söke 09200 Aydın	SÖKE	AYDIN	+90 850 204 06 59
Soma Branch	Kurtuluş Mahallesi Fatih Caddesi No: 10	SOMA	MANİSA	+90 850 204 03 40
Sorgun Branch	Çay Mahallesi Cumhuriyet Caddesi No: 71 A Sorgun 66700 YOZGAT	SORGUN	YOZGAT	+90 850 204 07 31
Southeastern Anatolia Corporate Branch	Mücahitler Mahallesi Gazi Muhtarpaşa Bulvarı No: 48 Kat : 6 A Kısım Şehitkamil 27090 Gaziantep	ŞEHİTKAMİL	GAZİANTEP	+90 850 204 03 58
Suadiye Branch	Bağdat Caddesi German Apt. 456 Suadiye	KADIKÖY	İSTANBUL	+90 850 204 00 15
Suburcu Branch	Çukur Mahallesi Suburcu Caddesi No: 11/A Şahinbey 27400 Gaziantep	ŞAHİNBEY	GAZİANTEP	+90 850 204 01 96
Sultanbeyli Branch	Mehmet Akif Mahallesi Fatih Bulvarı No: 244/B	SULTANBEYLİ	İSTANBUL	+90 850 204 01

	Sultanbeyli 34920 İstanbul			94
Sultangazi Branch	Cebeci Mahallesi Eski Edirne Asfaltı No: 748 34270 Sultancıflığı 34270 Sultangazi İstanbul	SULTANGAZI	İSTANBUL	+90 850 204 06 06
Tahtakale Branch	Süleymaniye Mahallesi Şahende Sokak Keleşler İş Hanı No: 7A Fatih 34116 İstanbul	FATİH	İSTANBUL	+90 850 204 01 47
Tarsus Branch	Şehit Mustafa Mahallesi Atatürk Bulvarı No: 7/A Tarsus 33500 Mersin	TARSUS	MERSİN	+90 850 204 02 37
Tarsus Makam Branch	Şehit Mustafa Mahallesi Atatürk Caddesi 33400 No: 17/A Tarsus - İçel Mersin	TARSUS	MERSİN	+90 850 204 04 66
Tatvan Branch	Tuğ Mahallesi Cumhuriyet Caddesi No: 214/21 Tatvan 13200 BİTLİS	TATVAN	BİTLİS	+90 850 204 06 81
Tekirdağ Branch	Aydoğdu Mahallesi Hükümet Caddesi No: 94 Süleymanpaşa 59200 Tekirdağ	SÜLEYMANPAŞA	TEKİRDAĞ	+90 850 204 02 24
Teksan Branch	75. Yıl (Sultandere) Mahallesi Teksan İdari (Küme Evler) No: 63/2 Odunpazarı 26250 ESKİŞEHİR	ODUNPAZARI	ESKİŞEHİR	+90 850 204 01 84
Thrace Corporate Branch	Nur Yıldız Plaza 15 Temmuz Mahallesi Gülbahar Caddesi No: 7A Kat: 5 Güneşli/Bağcılar 34212 İstanbul	BAĞCILAR	İSTANBUL	+90 850 204 00 55
Tire Branch	Cumhuriyet Meydanı No: 05	TİRE	İZMİR	+90 850 204 02 53
Tokat Branch	Kabe-i Mescid Mahallesi Gaziosmanpaşa Bulvarı No: 168/A Merkez 60030 Tokat	MERKEZ	TOKAT	+90 850 204 06 51
Topçular Branch	Rami Kışla Caddesi Koçbay İş Merkezi No: 25/B 7-8 Topçular	EYÜP	İSTANBUL	+90 850 204 01 78
Topkapı Maltepe Branch	Maltepe Mahallesi Gümüşsuyu Caddesi No: 53 Dk: 21-22 Zeytinburnu 34010 İstanbul	ZEYTİNBURNU	İSTANBUL	+90 850 204 05 28
Torbalı Branch	Tepeköy Mahallesi Ağalar Caddesi No: 16 A-B TORBALI 35860 İzmir	TORBALI	İZMİR	+90 850 204 03 56
Trabzon Branch	Kemerkaya Mahallesi Kahramanmaraş Caddesi No: 35A Ortahisar 61030 Trabzon	ORTAHİSAR	TRABZON	+90 850 204 00 91
Trakya Üniversitesi Branch	Kocasinan Mahallesi E5 Karayolu Caddesi No: 76/13 İç Kapı : 2 Merkez 22030 Edirne	MERKEZ	EDİRNE	+90 850 204 07 45
Tunalı Hilmi Branch	Remzi Oğuz Mahallesi Tunalı Hilmi Caddesi No: 68/A Kavaklıdere	ÇANKAYA	ANKARA	+90 850 204 03 11 13
Turgutlu Branch	Altay Mahallesi Atatürk Bulvarı No: 163	TURGUTLU	MANİSA	+90 850 204 02 92
Tuzla Branch	İçmeler Mahallesi Mazhar Sokak No: 21A Tuzla 34947 İstanbul	TUZLA	İSTANBUL	+90 850 204 02 36
Tuzla Deniz Harp Okulu Branch	Tuzla Deniz Harp Okulu Komutanlığı Sosyal Tesisleri	TUZLA	İSTANBUL	+90 850 204 03 20
Tuzla OSB Branch	Aydınlı-İstanbul AYOSB Mahallesi 5. Sokak İstanbul Anadolu Yakası OSB Sitesi No: 2 Tuzla 34953 İstanbul	TUZLA	İSTANBUL	+90 850 204 02 18
Tuzla Piyade Okulu Branch	Piyade Okulu Komutanlığı	TUZLA	İSTANBUL	+90 850 204 03 50
Üçevler Branch	Üçevler Mahallesi Ahıska Caddesi No: 10/1 Nilüfer 16270 Bursa	NİLÜFER	BURSA	+90 850 204 01 62
Ulus Ankara Branch	Anafartalar Mahallesi Sanayi Caddesi No: 15/1-2-3-4-5-6-7 Altındağ 06050 Ankara	ALTINDAĞ	ANKARA	+90 850 204 00 34
Ümitköy Branch	Çay Yolu Mahallesi 8. Cadde No : 45 Çankaya 06530 Ankara	ÇANKAYA	ANKARA	+90 850 204 02 26
Ümraniye Branch	Alemdağ Caddesi 194/2	ÜMRANIYE	İSTANBUL	+90 850 204 00 43
Ümraniye Sanayi Branch	Çakmak Mahallesi Alemdağ Caddesi No: 422 Ümraniye 34775 İstanbul	ÜMRANIYE	İSTANBUL	+90 850 204 06 10
Uncalı Branch	Uncalı Mahallesi Uncalı Caddesi No: 63 Konyaaltı 07070 Antalya	UNCALI	ANTALYA	+90 850 204 02 75
Ünye Branch	Kaledere Mahallesi Akkuş Nihsar Caddesi No: 6/A Ünye 52300 Ordu	ÜNYE	ORDU	+90 850 204 06 98
Uşak Branch	İslice Mahallesi İsmetpaşa Caddesi No: 67/B Merkez 64100 UŞAK	MERKEZ	UŞAK	+90 850 204 00 92
Uşak Çarşı Branch	İslice Mahallesi İslic Sokak No: 12/A Merkez 64200 Uşak	MERKEZ	UŞAK	+90 850 204 05 18
Üsküdar Branch	Aziz Mahmut Hüdayi Mahallesi Hakimiyeti Milliye Caddesi No: 50 Kat : 1 Üsküdar 34672 İstanbul	ÜSKÜDAR	İSTANBUL	+90 850 204 01 32
Uzunköprü Branch	Muradiye Camii Mahallesi Cumhuriyet Caddesi No: 1-A Uzunköprü 22300 Edirne	UZUNKÖPRÜ	EDİRNE	+90 850 204 06 93
Valikonağı Branch	Teşvikiye Mahallesi Valikonağı Caddesi No: 66 Şişli 34365 İstanbul	ŞİŞLİ	İSTANBUL	+90 850 204 02 19
Van Branch	Şerefiye Mahallesi M. Fevzi Çakmak Caddesi Lütfü Savur İş Merkezi Sit. No: 14 İpekyolu 65100 Van	İPEKYOLU	VAN	+90 850 204 02 15

Van Yüzüncü Yıl Üniversitesi Branch	Yüzüncü Yıl Üniversitesi Bardakçı Mahallesi Zeve Kampüsü Tuşba 65040 Van	TUŞBA	VAN	+90 850 204 07 10
Yalıkavak Branch	İnönü Caddesi No: 101/A-E Yalıkavak Bodrum 48990 MUĞLA	BODRUM	MUĞLA	+90 850 204 06 92
Yalova Branch	Rüstempaşa Mahallesi Çeşme Sokak No: 2/1 Merkez 77200 Yalova	MERKEZ	YALOVA	+90 850 204 03 10
Yalova İskele Branch	Süleyman Bey Mahallesi Cengiz Koçal Caddesi No: 24/1 Merkez 77200 Yalova	MERKEZ	YALOVA	+90 850 204 05 59
Yeditepe Corporate Branch	Gayrettepe Mahallesi Yener Sokak No: 1 Kat: 1/B Beşiktaş 34349 İstanbul	BEŞİKTAŞ	İSTANBUL	+90 850 204 05 38
Yeni Adana Branch	Güzelyalı Mahallesi Turgut Özal Bulvarı No: 90/D Edip Özeltin Sitesi B Blok Altı Çukurova 01170 Adana	ÇUKUROVA	ADANA	+90 850 204 05 73
Yenibosna Branch	Yenibosna Merkez Mahallesi Yıldırım Beyazıt Caddesi No: 210A Bahçelievler 34197 İstanbul	BAHÇELİEVLER	İSTANBUL	+90 850 204 03 29
Yeniköy Antalya Branch	Yeniköy Mahallesi Atatürk Caddesi No: 476 Döşemealtı	DÖŞEMEALTI	ANTALYA	+90 850 204 03 53
Yeniköy Branch	Yeniköy Mahallesi Köybaşı Caddesi No: 51 Yeniköy Sarıyer 34464 İstanbul	SARIYER	İSTANBUL	+90 850 204 02 51
Yeşilköy Branch	İstasyon Caddesi Orhan Gazi Sokak No: 1 Zemin Kat Kısım A Yeşilköy Bakırköy 34801 İstanbul	BAKIRKÖY	İSTANBUL	+90 850 204 00 54
Yıldırım Branch	Duaçınarı Mahallesi Ankarayolu Caddesi B Blok Apt. No: 171-173B Yıldırım 16370 Bursa	YILDIRIM	BURSA	+90 850 204 02 80
Yıldız Branch	Turan Güneş Bulvarı No: 17	ÇANKAYA	ANKARA	+90 850 204 01 63
Yıldız Posta Branch	Gayrettepe Mahallesi Yener Sokak No: 1	BEŞİKTAŞ	İSTANBUL	+90 850 204 03 92
Yozgat Branch	Medrese Mahallesi Şeyhzade Caddesi No: 11/B Merkez 66100 Yozgat	MERKEZ	YOZGAT	+90 850 204 07 00
Yüreğir Branch	Cumhuriyet Mahallesi 770 Sokak No: 11/A Yüreğir 01280 Adana	YÜREĞİR	ADANA	+90 850 204 01 56
Zekeriya Köy Branch	Zekeriya Köy Mahallesi 4. Caddesi Kültür Merkezi Apt. No: 4/1/2 Sarıyer 34450 İstanbul	SARIYER	İSTANBUL	+90 850 204 03 70
Zeytinburnu Branch	Prof. Muammer Aksoy Caddesi No: 85 Zeytinburnu 34020 İstanbul	ZEYTİNBURNU	İSTANBUL	+90 850 204 00 93
Zeytinburnu Bulvar Branch	Gökalp Mahallesi 58. Bulvar Caddesi No: 49-51 Zeytinburnu 34020 İstanbul	ZEYTİNBURNU	İSTANBUL	+90 850 204 05 21
Zonguldak Branch	Meşrutiyet Mahallesi Gazipaşa Caddesi No: 31 Merkez 67030 Zonguldak	MERKEZ	ZONGULDAK	+90 850 204 06 34



## (CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

### INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

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

#### 1) Opinion

As we have audited the full set consolidated and unconsolidated financial statements of Türk Ekonomi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2020–31/12/2020, we have also audited the annual report for the same period.

In our opinion, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

#### 2) Basis for Opinion

We conducted our 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 Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Bank in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other 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 audit opinion.

#### 3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented unqualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2020–31/12/2020 in our Auditor's Report dated 5 February 2021.



#### 4) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
  - The significant events occurred in the Bank's activities subsequent to the financial year ends,
  - The Bank's research and development activities,
  - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

#### 5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit

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

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



Yaman Polat  
Partner

İstanbul, 26 February 2021

**SECTION 4- UNCONSOLIDATED FINANCIAL STATEMENTS**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020**

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR  
THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2020  
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 AŞ.**

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

**1) Opinion**

We have audited the financial statements of Türk Ekonomi Bankası AŞ (the “Bank”), which comprise the balance sheet as at 31 December 2020, and the statement of income, statement of income and expense items accounted for under shareholders’ equity, statement of changes in shareholders’ equity and statement of cash flows for the year then ended and, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its 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 provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

**2) Basis for Opinion**

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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="156 322 751 387"><b><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></b></p> <p data-bbox="156 421 815 640">Impairment of loans is a key area of judgment for the management. The Bank has the total loans and receivables amounting to TL 82,932,090 thousands, which comprise 59% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 4,047,771 as at 31 December 2020.</p> <p data-bbox="156 674 815 864">As of 1 January 2018, the Bank has started to recognize provisions for impairment 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="156 898 815 1182">In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been changed by applying the expected credit loss model under TFRS 9. 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="156 1216 815 1469">The Bank 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. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects.</p> <p data-bbox="156 1503 815 1727">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="156 1760 815 1825">Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p data-bbox="834 322 1453 387">As part of our audit work, the following procedures were performed:</p> <p data-bbox="834 421 1477 622">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank 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="834 656 1477 757">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="834 790 1477 1025">We have performed loan review procedures on selected samples of loans and receivables considering effects of Covid 19 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="834 1059 1477 1496">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 regarding with Covid 19 effects, 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="834 1529 1477 1594">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="834 1628 1477 1830">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="834 1863 1477 1964">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>

<b>Key Audit Matters</b>	<b>How the matter was addressed in the audit</b>
	<p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements considering Covid 19 effects underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Bank’s policy by means of supporting data, and evaluated appropriateness via communications with management considering Covid 19 effects.</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 Bank with respect to loans and receivables and related impairment provisions.</p>
<p><b>Pension Fund Obligations</b></p> <p>Defined benefit pension plan that the Bank 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 unconsolidated 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 Bank 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 2020, the Bank’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</p>	<p>Our audit work included the following procedures:</p> <p>We involved external 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 Bank’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>

<b>Key Audit Matters</b>	<b>How the matter was addressed in the audit</b>
<p>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><b><i>Information Technologies Audit</i></b></p> <p>The Bank 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 Bank 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 Bank 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 Banks' 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>• Operations management</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 are 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>

#### **4) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

#### **5) Auditor's Responsibilities for the Audit of the 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 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 SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 the 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 Bank’s set of accounts for the period 1 January - 31 December 2020 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 English Translation**

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

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

Yaman Polat, SMMM  
Partner

İstanbul, 5 February 2021

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

**UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2020**

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

- General Information about the Bank
- Unconsolidated Financial Statements of the Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on Financial Structure and Risk Management of the Bank
- Disclosures and Footnotes on Unconsolidated Financial Statements
- Other Explanations
- Independent Auditor’s Report

The accompanying audited unconsolidated financial statements, related disclosures and footnotes which are 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 our Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

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

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  
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# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### SECTION ONE

#### GENERAL INFORMATION

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

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

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

As of 31 December 2020, and 31 December 2019 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	31 December 2020		31 December 2019	
	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 2020, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

<u>Name</u>	<u>Title</u>	<u>Education</u>
<b>Board of Directors;</b>		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	University
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Hans Wilfried J. Broucke	Member of the Board of Directors	Master
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	General Manager and the Executive Director	Master
<b>Assistant General Managers;</b>		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	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
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Dr.Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
Bade Siphaoğlu Işık	Assistant General Manager Responsible from Human Resources Group	Master
<b>Group Heads (*);</b>		
Nimet Elif Akpınar	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 Group	University

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

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

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

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

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

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2020, the Bank has 451 local branches and 4 foreign branches (31 December 2019: 467 local branches, 4 foreign branches). As of 31 December 2020, the number of employees of the Bank is 8,850 (31 December 2019; 8,954).

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

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

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

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

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

None.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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



# TÜRK EKONOMİ BANKASI A.Ş

## UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

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

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

ASSETS	Section 5 Note	Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>20,245,141</b>	<b>22,528,451</b>	<b>42,773,592</b>	<b>8,076,181</b>	<b>22,007,009</b>	<b>30,083,190</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>11,518,749</b>	<b>18,122,448</b>	<b>29,641,197</b>	<b>2,626,642</b>	<b>18,709,959</b>	<b>21,336,601</b>
1.1.1 Cash and Balances with Central Bank	(I-1)	3,431,921	13,519,382	16,951,303	716,053	11,239,917	11,955,970
1.1.2 Banks	(I-4)	1,908,213	4,615,206	6,523,419	1,071,174	7,480,991	8,552,165
1.1.3 Money Markets		6,180,886	-	6,180,886	840,263	-	840,263
1.1.4 Expected Loss Provision (-)		2,271	12,140	14,411	848	10,949	11,797
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>511,089</b>	<b>1,119,802</b>	<b>1,630,891</b>	<b>426,084</b>	<b>869,339</b>	<b>1,295,423</b>
1.2.1 Government Debt Securities	(I-2)	463,550	984,266	1,447,816	385,317	782,677	1,167,994
1.2.2 Equity Securities		47,539	135,536	183,075	40,767	84,258	125,025
1.2.3 Other Financial Assets		-	-	-	-	2,404	2,404
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-5)</b>	<b>5,628,391</b>	<b>3,022,986</b>	<b>8,651,377</b>	<b>3,323,142</b>	<b>2,216,475</b>	<b>5,539,617</b>
1.3.1 Government Debt Securities		5,617,510	3,022,986	8,640,496	3,315,247	2,216,475	5,531,722
1.3.2 Equity Securities		10,881	-	10,881	7,895	-	7,895
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>		<b>2,586,912</b>	<b>263,215</b>	<b>2,850,127</b>	<b>1,700,313</b>	<b>211,236</b>	<b>1,911,549</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	1,520,531	232,078	1,752,609	1,473,795	196,247	1,670,042
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	1,066,381	31,137	1,097,518	226,518	14,989	241,507
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>76,191,309</b>	<b>15,213,133</b>	<b>91,404,442</b>	<b>57,002,218</b>	<b>13,480,439</b>	<b>70,482,657</b>
<b>2.1 Loans</b>	<b>(I-6)</b>	<b>69,567,055</b>	<b>13,365,035</b>	<b>82,932,090</b>	<b>56,725,319</b>	<b>12,492,716</b>	<b>69,218,035</b>
<b>2.2 Lease Receivables</b>	<b>(I-11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>(I-7)</b>	<b>10,197,854</b>	<b>2,325,087</b>	<b>12,522,941</b>	<b>3,549,987</b>	<b>1,356,631</b>	<b>4,906,618</b>
2.4.1 Government Debt Securities		10,197,854	2,325,087	12,522,941	3,549,987	1,356,631	4,906,618
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>		<b>3,573,600</b>	<b>476,989</b>	<b>4,050,589</b>	<b>3,273,088</b>	<b>368,908</b>	<b>3,641,996</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		<b>112,859</b>	<b>-</b>	<b>112,859</b>	<b>131,362</b>	<b>-</b>	<b>131,362</b>
3.1 Held for Sale Purpose	(I-17)	112,859	-	112,859	131,362	-	131,362
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>116,041</b>	<b>-</b>	<b>116,041</b>	<b>115,991</b>	<b>-</b>	<b>115,991</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-8)</b>	<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>	<b>(I-9)</b>	<b>116,036</b>	<b>-</b>	<b>116,036</b>	<b>115,986</b>	<b>-</b>	<b>115,986</b>
4.2.1 Unconsolidated Financial Subsidiaries		115,986	-	115,986	115,986	-	115,986
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-10)</b>	<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. PROPERTY AND EQUIPMENT (Net)</b>	<b>(I-13)</b>	<b>836,192</b>	<b>-</b>	<b>836,192</b>	<b>877,782</b>	<b>-</b>	<b>877,782</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>564,803</b>	<b>-</b>	<b>564,803</b>	<b>555,886</b>	<b>-</b>	<b>555,886</b>
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		143,679	-	143,679	134,762	-	134,762
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>(I-15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>19,678</b>	<b>-</b>	<b>19,678</b>	<b>10,958</b>	<b>-</b>	<b>10,958</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-16)</b>	<b>632,912</b>	<b>-</b>	<b>632,912</b>	<b>650,094</b>	<b>-</b>	<b>650,094</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(I-18)</b>	<b>1,965,145</b>	<b>1,622,378</b>	<b>3,587,523</b>	<b>2,345,923</b>	<b>2,096,325</b>	<b>4,442,248</b>
<b>TOTAL ASSETS</b>		<b>100,684,080</b>	<b>39,363,962</b>	<b>140,048,042</b>	<b>69,766,395</b>	<b>37,583,773</b>	<b>107,350,168</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 AND 2019**

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

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

LIABILITIES		Section 5 Note	Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(II-1)	49,618,540	44,154,938	93,773,478	34,476,076	37,718,252	72,194,328
<b>II.</b>	<b>FUNDS BORROWED</b>	(II-3)	412,907	9,334,699	9,747,606	307,801	8,269,181	8,576,982
<b>III.</b>	<b>MONEY MARKET FUNDS</b>	(II-4)	3,830,785	2,717,468	6,548,253	1,317,498	327,167	1,644,665
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	(II-3)	4,810,637	-	4,810,637	2,333,877	-	2,333,877
4.1	Bills		4,766,623	-	4,766,623	2,333,877	-	2,333,877
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		44,014	-	44,014	-	-	-
<b>V.</b>	<b>FUNDS</b>		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>		3,135,153	208,026	3,343,179	3,404,041	107,517	3,511,558
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,067,218	193,125	2,260,343	1,486,334	100,250	1,586,584
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	1,067,935	14,901	1,082,836	1,917,707	7,267	1,924,974
<b>VIII.</b>	<b>FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE LIABILITIES (Net)</b>	(II-6)	547,035	51,922	598,957	614,030	39,677	653,707
<b>X.</b>	<b>PROVISIONS</b>	(II-8)	746,323	226,726	973,049	657,461	168,521	825,982
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		475,253	29,963	505,216	352,885	22,713	375,598
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		271,070	196,763	467,833	304,576	145,808	450,384
<b>XI.</b>	<b>CURRENT TAX LIABILITY</b>	(II-9)	321,406	-	321,406	213,516	-	213,516
<b>XII.</b>	<b>DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(I-10)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT INSTRUMENTS</b>	(I-11)	-	4,194,951	4,194,951	-	3,190,503	3,190,503
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	4,194,951	4,194,951	-	3,190,503	3,190,503
<b>XV.</b>	<b>OTHER LIABILITIES</b>		4,070,593	256,082	4,326,675	4,029,751	454,725	4,484,476
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(II-12)	11,360,851	49,000	11,409,851	9,705,323	15,251	9,720,574
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		390,297	-	390,297	390,297	-	390,297
16.2.1	Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		387,732	-	387,732	387,732	-	387,732
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		279,006	-	279,006	312,187	-	312,187
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		(363,792)	49,000	(314,792)	(884,581)	15,251	(869,330)
16.5	Profit Reserves		7,664,139	-	7,664,139	6,603,179	-	6,603,179
16.5.1	Legal Reserves		452,086	-	452,086	398,568	-	398,568
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		7,020,021	-	7,020,021	6,194,919	-	6,194,919
16.5.4	Other Profit Reserves		192,032	-	192,032	9,692	-	9,692
16.6	Profit or Loss		1,186,811	-	1,186,811	1,079,851	-	1,079,851
16.6.1	Prior Periods' Profit / Loss		9,497	-	9,497	9,497	-	9,497
16.6.2	Current Periods' Profit / Loss		1,177,314	-	1,177,314	1,070,354	-	1,070,354
16.7	Minority Shares	(II-13)	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>			<b>78,854,230</b>	<b>61,193,812</b>	<b>140,048,042</b>	<b>57,059,374</b>	<b>50,290,794</b>	<b>107,350,168</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2020 AND 2019

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

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

	Section 5 Note	Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
		<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>82,223,013</b>	<b>89,376,868</b>	<b>171,599,881</b>	<b>67,739,091</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(III-1)	<b>7,481,426</b>	<b>16,764,598</b>	<b>24,246,024</b>	<b>9,130,519</b>	<b>13,244,967</b>	<b>22,375,486</b>
1.1 Letters of Guarantee		6,052,327	8,131,845	14,184,172	6,481,105	7,071,936	13,553,041
1.1.1 Guarantees Subject to State Tender Law		80,715	89,820	170,535	93,314	79,406	172,720
1.1.2 Guarantees Given for Foreign Trade Operations		344,482	545,346	889,828	319,439	417,745	737,184
1.1.3 Other Letters of Guarantee		5,627,130	7,496,679	13,123,809	6,068,352	6,574,785	12,643,137
1.2 Bank Acceptances		-	16,573	16,573	-	12,915	12,915
1.2.1 Import Letter of Acceptance		-	16,573	16,573	-	12,915	12,915
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	5,025,525	5,025,525	260	2,623,591	2,623,851
1.3.1 Documentary Letters of Credit		-	3,656,589	3,656,589	-	1,119,305	1,119,305
1.3.2 Other Letters of Credit		-	1,368,936	1,368,936	260	1,504,286	1,504,546
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		1,428,395	2,548,277	3,976,672	2,649,033	2,382,926	5,031,959
1.9 Other Collaterals		704	1,042,378	1,043,082	121	1,153,599	1,153,720
<b>II. COMMITMENTS</b>	(III-1)	<b>17,188,967</b>	<b>2,831,971</b>	<b>20,020,938</b>	<b>16,821,291</b>	<b>3,460,708</b>	<b>20,281,999</b>
2.1 Irrevocable Commitments		17,188,967	2,831,971	20,020,938	16,821,291	3,460,708	20,281,999
2.1.1 Asset Purchase Commitments		916,964	2,114,054	3,031,018	1,406,402	2,278,420	3,684,822
2.1.2 Deposit Purchase and Sale Commitments		-	94,524	94,524	-	759,924	759,924
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		5,498,822	237,748	5,736,570	5,059,676	174,696	5,234,372
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		1,741,408	-	1,741,408	1,769,641	-	1,769,641
2.1.8 Tax and Fund Liabilities from Export Commitments		47,494	-	47,494	71,566	-	71,566
2.1.9 Commitments for Credit Card Limits		8,978,512	-	8,978,512	8,506,931	-	8,506,931
2.1.10 Commitments for Credit Cards and Banking Services Promotions		5,767	-	5,767	4,975	-	4,975
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		-	385,645	385,645	2,100	247,668	249,768
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(III-2)	<b>57,552,620</b>	<b>69,780,299</b>	<b>127,332,919</b>	<b>41,787,281</b>	<b>70,656,381</b>	<b>112,443,662</b>
3.1 Derivative Financial Instruments for Hedging Purposes		14,112,081	9,895,360	24,007,441	16,303,838	9,650,297	25,954,135
3.1.1 Fair Value Hedge		1,991,418	4,258,649	6,250,067	-	1,740,184	1,740,184
3.1.2 Cash Flow Hedge		12,120,663	5,636,711	17,757,374	16,303,838	7,910,113	24,213,951
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		43,440,539	59,884,939	103,325,478	25,483,443	61,006,084	86,489,527
3.2.1 Forward Foreign Currency Buy/Sell Transactions		6,698,057	10,100,110	16,798,167	3,905,504	6,836,778	10,742,282
3.2.1.1 Forward Foreign Currency Transactions-Buy		4,420,031	4,234,382	8,654,413	2,186,296	3,210,603	5,396,899
3.2.1.2 Forward Foreign Currency Transactions-Sell		2,278,026	5,865,728	8,143,754	1,719,208	3,626,175	5,345,383
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		35,101,585	43,210,657	78,312,242	18,588,736	48,542,952	67,131,688
3.2.2.1 Foreign Currency Swap-Buy		1,723,908	25,735,907	27,459,815	4,003,482	25,326,796	29,330,278
3.2.2.2 Foreign Currency Swap-Sell		20,517,677	10,825,732	31,343,409	12,453,254	16,946,840	29,400,094
3.2.2.3 Interest Rate Swaps-buy		6,430,000	3,324,509	9,754,509	1,066,000	3,134,658	4,200,658
3.2.2.4 Interest Rate Swaps-Sell		6,430,000	3,324,509	9,754,509	1,066,000	3,134,658	4,200,658
3.2.3 Foreign Currency, Interest Rate and Securities Options		1,050,757	3,069,974	4,120,731	2,952,821	5,548,060	8,500,881
3.2.3.1 Foreign Currency Options-Buy		729,259	1,370,067	2,099,326	1,726,935	2,562,617	4,289,552
3.2.3.2 Foreign Currency Options-Sell		321,498	1,699,907	2,021,405	1,225,886	2,985,443	4,211,329
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		590,140	543,771	1,133,911	36,362	35,164	71,526
3.2.4.1 Foreign Currency Futures-Buy		2,957	541,030	543,987	36,362	-	36,362
3.2.4.2 Foreign Currency Futures-Sell		587,183	2,741	589,924	-	35,164	35,164
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	2,960,427	2,960,427	20	43,130	43,150
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>169,031,491</b>	<b>42,921,176</b>	<b>211,952,667</b>	<b>155,126,352</b>	<b>34,382,041</b>	<b>189,508,393</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>26,642,365</b>	<b>5,778,751</b>	<b>32,421,116</b>	<b>22,692,296</b>	<b>3,362,169</b>	<b>26,054,465</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		14,096,812	4,231,162	18,327,974	12,683,121	1,926,086	14,609,207
4.3 Cheques Received for Collection		11,666,295	953,460	12,619,755	9,224,197	917,651	10,141,848
4.4 Commercial Notes Received for Collection		532,953	81,589	614,542	501,378	129,625	631,003
4.5 Other assets Received for Collection		125	512,540	512,665	125	388,807	388,932
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		346,180	-	346,180	283,475	-	283,475
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>139,190,758</b>	<b>36,757,375</b>	<b>175,948,133</b>	<b>127,978,988</b>	<b>30,359,974</b>	<b>158,338,962</b>
5.1 Marketable Securities		306,697	459,121	765,818	362,798	100,651	463,449
5.2 Guarantee Notes		50,158,510	24,390,412	74,548,922	48,526,817	20,196,846	68,723,663
5.3 Commodity		142,587	108,608	251,195	50,194	-	50,194
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		77,965,304	8,026,196	85,991,500	69,855,979	7,236,289	77,092,268
5.6 Other Pledged Items		10,617,660	3,773,038	14,390,698	9,183,200	2,826,188	12,009,388
5.7 Pledged Items-Guaranty		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>3,198,368</b>	<b>385,050</b>	<b>3,583,418</b>	<b>4,455,068</b>	<b>659,898</b>	<b>5,114,966</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>251,254,504</b>	<b>132,298,044</b>	<b>383,552,548</b>	<b>222,865,443</b>	<b>121,744,097</b>	<b>344,609,540</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED  
31 DECEMBER 2020 AND 2019**

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

**III. STATEMENT OF PROFIT OR LOSS**

INCOME AND EXPENSE ITEMS		Section 5 Note	Audited Current Period 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-1)</b>	<b>11,239,492</b>	<b>12,358,965</b>
1.1	Interest Income on Loans		8,673,914	10,605,062
1.2	Interest Income on Reserve Requirements		83,562	108,777
1.3	Interest Income on Banks		165,865	234,267
1.4	Interest Income on Money Market Transactions		145,965	245,284
1.5	Interest Income on Securities Portfolio		2,147,734	1,131,686
1.5.1	Financial Assets at Fair Value Through Profit or Loss		178,384	187,881
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		800,174	330,963
1.5.3	Financial Assets Measured at Amortized Cost		1,169,176	612,842
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		22,452	33,889
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>5,093,416</b>	<b>6,922,720</b>
2.1	Interest Expense on Deposits		3,688,830	5,645,472
2.2	Interest Expense on Funds Borrowed		490,497	517,583
2.3	Interest Expense on Money Market Transactions		238,193	115,205
2.4	Interest Expense on Securities Issued		454,149	514,885
2.5	Interest Expense on Leases		99,037	104,031
2.5	Other Interest Expenses		122,710	25,544
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>6,146,076</b>	<b>5,436,245</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,157,227</b>	<b>1,500,669</b>
4.1	Fees and Commissions Received		1,761,110	2,375,008
4.1.1	Non-cash Loans		260,274	285,265
4.1.2	Other	(IV-12)	1,500,836	2,089,743
4.2	Fees and Commissions Paid (-)		603,883	874,339
4.2.1	Non-cash Loans		6,628	4,971
4.2.2	Other	(IV-12)	597,255	869,368
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>31,334</b>	<b>18,570</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(IV-4)</b>	<b>(1,739,661)</b>	<b>(1,010,533)</b>
6.1	Securities Trading Gains / Losses		(52,291)	125,374
6.2	Gains / Losses on Derivative Financial Instruments		(1,059,395)	(911,169)
6.3	Foreign Exchange Gains / Losses		(627,975)	(224,738)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>132,885</b>	<b>134,615</b>
<b>VIII.</b>	<b>GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)</b>		<b>5,727,861</b>	<b>6,079,566</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(IV-6)</b>	<b>752,187</b>	<b>1,404,740</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(IV-6)</b>	<b>(22,683)</b>	<b>89,173</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>1,581,779</b>	<b>1,445,655</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>1,866,858</b>	<b>1,726,235</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)</b>		<b>1,549,720</b>	<b>1,413,763</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>INCOME/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(IV-8)</b>	<b>1,549,720</b>	<b>1,413,763</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(372,406)</b>	<b>(343,409)</b>
18.1	Current Tax Provision		(486,856)	(525,749)
18.2	Deferred Tax Income Effect(+)		(1,314,199)	(211,949)
18.3	Deferred Tax Expense Effect(-)		1,428,649	394,289
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(IV-10)</b>	<b>1,177,314</b>	<b>1,070,354</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses from Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>	<b>(IV-8)</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect(+)		-	-
23.3	Deferred Tax Income Effect(-)		-	-
<b>XXIV.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET INCOME/LOSS (XIX+XXIV)</b>	<b>(IV-11)</b>	<b>1,177,314</b>	<b>1,070,354</b>
25.1	Group's Profit / Loss		1,177,314	1,070,354
25.2	Minority Interest Profit / Loss (-)		-	-
	Earnings per Share		0.5341	0.4856

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019

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

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

	Audited Current Period 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>1,177,314</b>	<b>1,070,354</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>511,963</b>	<b>(991,941)</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss</b>	<b>(42,575)</b>	<b>11,567</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 Remeasurements of Defined Benefit Plans	(53,832)	10,775
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	500	3,061
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	10,757	(2,269)
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>554,538</b>	<b>(1,003,508)</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	(132,443)	201,250
2.2.3 Income (loss) related with Cash Flow Hedges	829,370	(1,463,373)
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	(142,389)	258,615
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,689,277</b>	<b>78,413</b>

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

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2020 AND 2019**

(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 or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Shares	Minority Shares	Total Shareholders' Equity
<b>Period-End Balance 31.12.2019</b>																
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>																
<b>2,204,390 2,565 - 387,732 266,122 41,322 4,743 - 17,421 (886,751) 6,603,179 9,497 1,070,354 9,720,574 - 9,720,574</b>																
<b>Current Period – 01.01-31.12.2020</b>																
I. Prior Period End Balance	2,204,390	2,565	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	9,720,574	-	9,720,574
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2,204,390	2,565	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	9,720,574	-	9,720,574
IV. Total Comprehensive Income	-	-	-	-	-	-	(43,066)	491	(105,508)	660,046	-	-	1,177,314	1,689,277	-	1,689,277
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	9,394	-	-	-	-	-	1,060,960	(1,070,354)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,060,960	(1,070,354)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance 31.12.2020</b>																
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>																
<b>2,204,390 2,565 - 387,732 275,516 (1,744) 5,234 - (88,087) (226,705) 7,664,139 9,497 1,177,314 11,409,851 - 11,409,851</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 unconsolidated financial statements.

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2020 AND 2019

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

### VI. STATEMENT OF CASH FLOWS

		Audited	Audited
	Section 5 Note	Current Period 01.01-31.12.2020	Prior Period 01.01-31.12.2019
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>4,593,464</b>	<b>5,938,334</b>
1.1.1	Interest received	10,687,114	11,944,525
1.1.2	Interest paid	(4,932,080)	(7,194,011)
1.1.3	Dividend received	31,334	18,570
1.1.4	Fees and commissions received	1,345,387	2,344,880
1.1.5	Other income	133,185	2,327,241
1.1.6	Collections from previously written off loans	1,610,390	1,077,143
1.1.7	Payments to personnel and service suppliers	(1,551,631)	(1,427,250)
1.1.8	Taxes paid	(342,411)	(741,734)
1.1.9	Others	(VI-1) (2,387,824)	(2,411,030)
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>	<b>7,800,843</b>	<b>(370,128)</b>
1.2.1	Net (increase) in financial asset at fair value through profit or loss	(329,359)	(676,907)
1.2.2	Net (increase) in due from banks and other financial institutions	(83,896)	-
1.2.3	Net (increase) in loans	(10,570,598)	(1,673,378)
1.2.4	Net (increase) in other assets	(VI-1) (792,680)	(261,210)
1.2.5	Net increase in bank deposits	11,958,916	1,684,589
1.2.6	Net increase in other deposits	5,480,752	4,986,559
1.2.7	Net increase/(decrease) in financial asset at fair value through profit or loss	-	-
1.2.8	Net increase/(decrease) in funds borrowed	1,206,986	(3,151,430)
1.2.9	Net (increase)/decrease in matured payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(VI-1) 930,722	(1,278,351)
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>12,394,307</b>	<b>5,568,206</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>(9,602,984)</b>	<b>(4,425,930)</b>
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	(50)	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-	-
2.3	Cash paid for purchase of tangible assets	(202,037)	(277,408)
2.4	Cash obtained from sale of tangible assets	3,907	22,128
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income	(6,171,855)	(4,627,548)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income	3,620,752	2,281,659
2.7	Cash paid for purchase of financial assets measured at amortized cost	(7,591,796)	(1,726,438)
2.8	Cash obtained from sale of financial assets measured at amortized cost	823,184	-
2.9	Others	(VI-1) (85,089)	(98,323)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>2,189,332</b>	<b>1,677,170</b>
3.1	Cash obtained from funds borrowed and securities issued	14,631,331	15,002,839
3.2	Cash used for repayment of funds borrowed and securities issued	(12,196,805)	(13,101,686)
3.3	Equity instruments issued	-	-
3.4	Dividends paid	-	-
3.5	Payments for financial leases	(245,194)	(223,983)
3.6	Others	-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1) <b>1,432,624</b>	<b>475,011</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents</b>	<b>6,413,279</b>	<b>3,294,457</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>16,328,523</b>	<b>13,034,066</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	(VI-2) <b>22,741,802</b>	<b>16,328,523</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR 31 DECEMBER 2020 AND 2019

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

### VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period 31.12.2020	Audited Prior Period 31.12.2019(*)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	1,549,720	1,413,763
1.2 TAXES AND DUTIES PAYABLE (-)	372,406	343,409
1.2.1 Corporate tax (Income tax)	486,856	525,749
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	(114,450)	(182,340)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>1,177,314</b>	<b>1,070,354</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	53,518
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>1,177,314</b>	<b>1,016,836</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive 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 (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	1,016,836
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVE</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 (preemptive 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	0.5340	0.4613
3.2 TO OWNERS OF ORDINARY SHARES ( % )	53.40	46.13
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 ( % )	-	-

(\*) As of 31 December 2020, when the financial statements have been finalized, the General Assembly meeting has not been held.

(\*\*) Other taxes and duties amount is deferred tax income (31 December 2019: Deferred tax income).

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



**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

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

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

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

The preparation of unconsolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being audited 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.

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

The effects of this global pandemic on the Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the unconsolidated financial statements as of 31 December 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 31 December 2020, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

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

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

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

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market.

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

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

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

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

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

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

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

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

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

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

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

**V. Explanations on Interest Income and Expenses**

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

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

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

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.

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

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

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

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

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

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

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

**VII. Explanations on Financial Assets**

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

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

*Financial Assets at Fair Value through Profit or Loss*

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

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

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

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

*Financial Assets at Fair Value Through Other Comprehensive Income*

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

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

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

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

*Financial Assets Measured at Amortized Cost*

*Financial investments measured at amortised cost:*

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

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

*Loans:*

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

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

Measurement of the expected credit losses reflects:

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

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

***Stage 1:***

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

***Stage 2:***

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

- Loans having past due more than 30 days and less than 90 days
- Restructured loans
- Concordatum files
- 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 probabilities of default.

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

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

The Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948.

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

***Stage 3:***

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

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

**Expected Credit Loss Calculation**

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

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

There are mainly 3 loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

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

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

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

As of 31 December 2020, considering the possible effects of COVID-19 the data obtained with the principle of best effort were reflected to the estimates and assumptions used in the calculation of expected credit losses with the best estimation method. In light of the related information, the Bank has reconsidered its macroeconomic expectations in the expected credit loss calculation. The Bank has also provided additional provisions through individual assessment for customers which may be considered as highly effected.

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

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

- 12-Month PD: as the estimated probability of default occurring within the next 12 months
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument

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

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

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

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

**Expected Credit Loss Calculation (continued)**

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

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

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

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

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

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

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

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

Qualitative assessments:

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

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

The Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948.

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



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

**Expected Credit Loss Calculation (continued)**

Quantitative assessments:

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

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

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

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

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

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

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

Securities purchased under repurchase agreements (“reverse repos”) 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 2020, the Bank has TL 3,679,810 reverse repo transaction (31 December 2019: TL 840,263).

As of 31 December 2020, the Bank does not have any marketable securities lending transaction (31 December 2019: None).

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

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

As of 31 December 2020, assets held for sale and discontinued operations of the Bank are TL 112,859 (31 December 2019: TL 131,362). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 5,330 (31 December 2019: TL 10,598) has been reserved as provision for impairment losses.

As of 31 December 2020, the Bank has no discontinued operations.

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

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

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

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

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

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

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

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

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**XIII. Explanations on Tangible Fixed Assets**

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

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

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

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

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

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

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

**XIV. Explanations on Leasing Transactions**

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

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

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

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

**XV. Explanations on Provisions and Contingent Liabilities**

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

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

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**XVI. Explanations on Contingent Assets**

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

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

**XVII. Explanations on Liabilities Regarding Employee Benefits**

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over 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 Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 Employee Benefits.

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

Employees transferred to the Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “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 2020, the Pension Fund has 1,505 employees and 1,191 pensioners (31 December 2019: 1,552 employees and 1,139 pensioners).

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

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

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

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

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

**XVIII. Explanations on Taxation**

*Corporate tax*

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 September 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate has been applied as 22% for the 3 years between 2018-2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

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

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

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

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

*Deferred Tax Asset/Liability*

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

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2020 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

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

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

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

**XIX. Additional Explanations on Borrowings**

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

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

**XX. Explanations on Issued Equity Securities**

There is no share issued in 2020.

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

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

**XXII. Explanations on Government Incentives**

There is no government incentive utilized by the Bank.

**XXIII. Explanations on Reporting According to Segmentation**

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

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

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

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

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

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

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

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

<b>Current Period</b>	<b>Retail and Private Banking</b>	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Other</b>	<b>Total</b>
Dividend Income	-	-	-	31,334	31,334
Profit Before Tax	261,391	318,969	88,170	881,190	1,549,720
Tax Provision (-)	-	-	-	372,406	372,406
<b>Net Profit for the Period</b>	<b>261,391</b>	<b>318,969</b>	<b>88,170</b>	<b>508,784</b>	<b>1,177,314</b>

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

<b>Prior Period (31.12.2019)</b>	<b>Retail and Private Banking</b>	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Other</b>	<b>Total</b>
Dividend Income	-	-	-	18,570	18,570
Profit Before Tax	572,390	838,101	(269,219)	272,491	1,413,763
Tax Provision (-)	-	-	-	343,409	343,409
<b>Net Profit for the Period</b>	<b>572,390</b>	<b>838,101</b>	<b>(269,219)</b>	<b>(70,918)</b>	<b>1,070,354</b>

<b>Prior Period (31.12.2019)</b>	<b>Retail and Private Banking</b>	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Other</b>	<b>Total</b>
Segment Assets	25,750,311	20,792,344	17,290,247	43,401,275	107,234,177
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
<b>Total Assets</b>	<b>25,750,311</b>	<b>20,792,344</b>	<b>17,290,247</b>	<b>43,517,266</b>	<b>107,350,168</b>
Segment Liabilities	51,472,544	14,120,899	6,479,553	25,556,598	97,629,594
Shareholders' Equity	-	-	-	9,720,574	9,720,574
<b>Total Liabilities</b>	<b>51,472,544</b>	<b>14,120,899</b>	<b>6,479,553</b>	<b>35,277,172</b>	<b>107,350,168</b>

**XXIV. Explanations on Other Matters**

It has been resolved in the Ordinary General Assembly dated 26 March 2020 of the Bank, TL 1,070,354 that constitutes the 2019 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 53,518 as Legal Reserves, TL 9,394 as Special Reserves, TL 0.87 (full TL) as profit distributed to the holders of the founder jouissance certificates.

**XXV. Reclassifications**

In order to comply with the presentation of the financial statements dated 31 December 2020, some classifications were made on the statement of income and statement of cash flows dated 31 December 2019.

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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Explanations Related to Components of Shareholders’ Equity**

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

In calculating the amount subject to credit risk; exchange buying rate which was used for the financial statements dated 31 December 2019 are used for calculating the foreign currency valuation.

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

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

As of 31 December 2020, Bank’s total capital has been calculated as TL 16,429,056 (31 December 2019: TL 14,339,636) and capital adequacy ratio is 18,51% (31 December 2019: 16.95%). This ratio is well above the minimum ratio required by the legislation. The credit risk of banking accounts has been calculated by using the “standard approach”, the market risk of purchase and sale accounts by using the “standard method”, counterparty credit risk of derivative and repo transactions by using the “fair value method”, credit valuation adjustments of over counter derivative transactions by using the “standard model” and operational risk by using the “basic indicator approach”.



# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

	Current Period 31.12.2020	Amount related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	8,293,298	
Gains Recognized in Equity as per TAS	63,530	
Profit	1,186,811	
Current Period Profit	1,177,314	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>11,951,383</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>-</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	23,436	
Leasehold Improvements on Operational Leases	38,025	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	131,757	131,757
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>614,342</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>11,337,041</b>	

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

	Current Period 31.12.2020	Amount related to treatment before 01.01.2014(*)
<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(Temporary Article 4)	-	
<b>Additional Tier 1 Capital before deductions</b>	-	
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
<b>Items to be deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
<b>Total Deductions from Additional Tier 1 Capital</b>	-	
<b>Total Additional Tier 1 Capital</b>	-	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>11,337,041</b>	
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	4,137,063	
Bank's borrowing instruments and related issuance premium(in the scope of temporary Article 4)	-	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	959,538	
<b>Tier 2 Capital Before Deductions</b>	<b>5,096,601</b>	
<b>Deductions from Tier 2 Capital</b>		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	
Other Items Determined by BRSA (-)	-	
<b>Total Deductions from Tier 2 Capital</b>	-	
<b>Total Tier 2 Capital</b>	<b>5,096,601</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>16,433,642</b>	

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

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

	<b>Current Period 31.12.2020</b>	<b>Amount related to treatment before 01.01.2014(*)</b>
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	1,046	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	
Other items to be defined by the BRSA (-)	3,540	
<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	16,429,056	
Total Risk Weighted Assets	88,762,236	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.77	
Tier 1 Capital Adequacy Ratio (%)	12.77	
Capital Adequacy Ratio (%)	18.51	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4.27	
<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	182,843	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	632,912	
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,996,558	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	959,538	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	177,147	

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

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

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

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

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	7,353,433	
Gains Recognized in Equity as per TAS	23,065	
Profit	1,079,851	
Current Period Profit	1,070,354	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>10,864,093</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	3,475	
Leasehold Improvements on Operational Leases	44,877	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	124,530	124,530
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56, 4 <sup>th</sup> paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>594,006</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>10,270,087</b>	

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014 (*)
<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(Temporary Article 4)	-	
<b>Additional Tier 1 Capital before deductions</b>	-	
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank’s additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
<b>Items to be deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
<b>Total Deductions from Additional Tier 1 Capital</b>	-	
<b>Total Additional Tier 1 Capital</b>	-	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>10,270,087</b>	
<b>TIER 2 CAPITAL</b>		
Bank’s borrowing instruments and related issuance premium	3,145,908	
Bank’s borrowing instruments and related issuance premium(in the scope of temporary Article 4)	-	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	932,332	
<b>Tier 2 Capital Before Deductions</b>	<b>4,078,240</b>	
<b>Deductions from Tier 2 Capital</b>		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank’s Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital (-)	-	
Other Items Determined by BRSA (-)	-	
<b>Total Deductions from Tier 2 Capital</b>	-	
<b>Total Tier 2 Capital</b>	<b>4,078,240</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>14,348,327</b>	

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

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

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014 (*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	2,467	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years(-)	-	
Other items to be defined by the BRSA (-)	6,224	
<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	14,339,636	
Total Risk Weighted Assets	84,609,081	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.14	
Tier 1 Capital Adequacy Ratio (%)	12.14	
Capital Adequacy Ratio (%)	16.95	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3.63	
<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	124,855	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	650,094	
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,503,984	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	932,332	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	265,721	

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

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

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

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

	<b>T</b>	<b>T-1</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
<b>CAPITAL ITEMS</b>					
Common Equity Tier 1 Capital	11,337,041	11,343,942	11,084,682	10,582,731	10,270,087
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	11,159,894	11,166,795	10,907,535	10,405,584	10,004,366
Tier 1 Capital	11,337,041	11,343,942	11,084,682	10,582,731	10,270,087
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	11,159,894	11,166,795	10,907,535	10,405,584	10,004,366
Capital	16,429,056	16,472,605	15,644,097	15,063,625	14,339,636
Capital where the transition impact of TFRS 9 has not been applied (c)	16,251,909	16,295,458	15,466,950	14,886,478	14,073,915
<b>TOTAL RISK WEIGHTED ASSETS</b>					
Total Risk Weighted Assets	88,762,236	86,658,046	87,260,960	97,225,786	84,609,081
<b>CAPITAL ADEQUACY RATIOS</b>					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.77	13.09	12.70	10.88	12.14
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	12.57	12.89	12.50	10.70	11.82
Tier 1 Capital Adequacy Ratio (%)	12.77	13.09	12.70	10.88	12.14
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	12.57	12.89	12.50	10.70	11.82
Capital Adequacy Ratio (%)	18.51	19.01	17.93	15.49	16.95
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	18.31	18.80	17.72	15.31	16.63
<b>LEVERAGE RATIO</b>					
Leverage Ratio Total Risk Amount	183,587,494	179,856,846	167,785,998	168,042,884	148,550,077
Leverage Ratio	6.11%	6.20%	6.57%	6.18%	6.91%
FTA not Applied Leverage Ratio (d)	6.01%	6.11%	6.47%	6.08%	6.73%

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

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

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

<b>Total Capital per Balance Sheet</b>	<b>11,409,851</b>
Hedging Funds (effective portion)	226,705
Deductions Made Under Regulation	(602,482)
Transition Impact of TFRS 9 (Temporary 5 <sup>th</sup> Article)	177,147
Gerçeğe uygun değer farkı diğer kapsamlı gelire yansıtılan finansal varlıkların birikmiş yeniden değerlendirme ve/veya sınıflandırma kazançları/kayıpları	125,820
<b>Common Equity Tier 1 Capital</b>	<b>11,337,041</b>
Additional Tier 1 Capital	-
<b>Tier 1 Capital</b>	<b>11,337,041</b>
General Provisions (Stage 1 and 2)	959,538
Bank's Borrowing Instruments	4,137,063
Deductions Made Under Regulation	(4,586)
<b>Total Equity</b>	<b>16,429,056</b>

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

**Information related to debt instruments included in equity calculation**

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

<b>Issuer</b>	<b>TEB</b>	<b>TEB</b>	<b>TEB</b>	<b>TEB</b>
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS1895575071	XS2023308278	XS1973559484	XS1845118865
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated/consolidated/consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,551.5	907.2	544.3	1,134
Par value of debt instrument (TL Currency in mil)	1,551.5	907.2	544.3	1,134
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	05.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	05.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	05.11.2023	22.07.2024	14.05.2024	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	6mEuribor+7.10%	6mEuribor+7.10%	6mEuribor+5.10%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed(*)	-	-	-	-

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



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**II. Explanations Related to Credit Risk**

Credit risk is the risk and financial loss that the Bank is a party in a contract whereby the counterparty fails to meet its obligation 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 Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the 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 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.

Non-required delay time loans that is not classified as Stage III Loans defined in “Regulation on Procedures and Principles for Classification of Loans And Provisions to be Set Aside” published in the Official Gazette numbered 29750 dated 22 June 2016, amended by the regulation published in the Official Gazette dated 14 December 2016 and numbered 29918, whose principal and interest payment collection delayed more than 30 days are considered as “past-due loan” in the Accounting Practice; group III, IV and V loans defined in the mentioned communiqué are considered as “impaired receivables” without considering refinancing or addition of the accrued interest and quasi-interest principal amount.

The 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 A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

In calculating the amount subject to credit risk; exchange buying rate which was used for the financial statements dated 31 December 2019 are used for calculating the foreign currency valuation in accordance with BRSA decisions dated 23 March 2020 and numbered 3391, dated 16 April 2020 and numbered 3984.

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

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	35,611,406	30,378,860
Conditional and unconditional receivables from regional or local governments	1,198,712	1,191,770
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	9,619,818	8,412,497
Conditional and unconditional corporate receivables	42,602,286	41,606,407
Conditional and unconditional retail receivables	35,852,357	35,305,146
Conditional and unconditional secured mortgage receivables	10,955,985	11,567,659
Past due receivables	1,277,011	1,611,860
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	3,543,873	4,011,263
Investments in equities	167,257	144,178

(\*) 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 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	20,808,776	19,889,510
Conditional and unconditional receivables from regional or local governments	1,249,725	1,028,952
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	12,343,046	8,454,625
Conditional and unconditional corporate receivables	34,548,225	38,019,684
Conditional and unconditional retail receivables	32,532,649	32,161,243
Conditional and unconditional secured mortgage receivables	12,654,892	10,737,238
Past due receivables	1,874,439	1,602,291
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	4,337,763	3,937,051
Investments in equities	132,920	115,964

(\*) 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 prepared to the end of the month.

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

For the positions of the 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 fulfillment 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 volume of the restructured loans is 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 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 Bank.

The Bank 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 2020, the receivables of the Bank from its top 100 and top 200 cash loan share in total cash loans are respectively 25.96% and 33.84%. (31 December 2019: 22.56% and 28.45%)

As of 31 December 2020, the receivables of the Bank from its top 100 and top 200 non-cash loan share are 72.30% and 83.41% respectively in the total non-cash loans. (31 December 2019: 58.35% and 66.46%)

As of 31 December 2020, the share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan customers in total balance sheet and off-balance sheet assets is 10.49% and 14.01% respectively. (31 December 2019: 8.44% and 10.94%)

As of 31 December 2020, the general loan loss provision related with the credit risk taken by the Bank is TL 1,996,558 (31 December 2019: TL1,503,984).

#### Credit Rating System

Credit risk is evaluated according to the internal rating system of the 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 2020, Retail, Business and Agricultural Banking loans are excluded from the internal rating system of the Bank and these loans constitute 29.70% of the total cash and non-cash loan portfolio (31 December 2019: 31.05 %). Application and behavioral scorecards are used for the Individual and Business segments, however behavioral scorecard is used for the Agricultural segment.

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

<b>Category</b>	<b>Description of Category</b>	<b>Share in the Total % 31.12.2020</b>	<b>Share in the Total % 31.12.2019</b>
1st Category	The borrower has a very strong financial structure	47.06	40.39
2nd Category	The borrower has a good financial structure	25.30	25.38
3rd Category	The borrower has an intermediate level of financial structure	20.35	24.95
4th Category	The financial structure of the borrower must be closely monitored in the medium term	7.29	9.28
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

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**II. Explanations Related to 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 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 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	70,174	598,426	-	-	-	1,690,830	30,670,286	24,561,633	5,455,931	1,075,347	-	-	-	-	1,408,311	167,257	65,698,195
European Union (EU) Countries	-	-	-	-	-	376,546	32	7,411	2,445	1,202	-	-	-	-	-	-	387,636
OECD Countries(*)	-	-	-	-	-	29,410	-	769	278	-	-	-	-	-	397	-	30,854
Off-Shore Banking Regions (***)	389,970	-	-	-	-	8	211,528	104,878	22,704	7,739	-	-	-	-	432	-	737,259
USA, Canada	-	-	-	-	-	195,970	-	803	311	27	-	-	-	-	-	-	197,111
Other Countries	-	-	-	-	-	15,929	6,099	2,585	482	27	-	-	-	-	-	-	25,122
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,041	-	116,041
Unallocated Assets/Liabilities (**)	-	935	-	-	-	561,081	10,616,055	2,208,847	424,648	90,173	-	-	-	-	2,889	-	13,904,628
<b>Total</b>	<b>460,144</b>	<b>599,361</b>	-	-	-	<b>2,869,774</b>	<b>41,504,000</b>	<b>26,886,926</b>	<b>5,906,799</b>	<b>1,174,515</b>	-	-	-	-	<b>1,528,070</b>	<b>167,257</b>	<b>81,096,846</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.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### II. Explanations Related to 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	4,286,981	623,819	-	-	-	2,277,362	20,711,820	21,919,612	6,477,806	1,685,310	-	-	-	-	-	1,520,061	132,920	59,635,691
European Union (EU) Countries	-	-	-	-	-	1,376,688	4,079	9,718	4,904	1,752	-	-	-	-	-	191	-	1,397,332
OECD Countries(*)	-	-	-	-	-	148,208	108	529	413	3	-	-	-	-	-	540	-	149,801
Off-Shore Banking Regions (****)	399,811	-	-	-	-	9	234,520	106,298	43,444	6,187	-	-	-	-	-	306	-	790,575
USA, Canada	-	-	-	-	-	42,234	-	901	345	10	-	-	-	-	-	-	-	43,490
Other Countries	-	-	-	-	-	14,220	35,750	1,968	799	20	-	-	-	-	-	-	-	52,757
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,991	-	115,991
Unallocated Assets/Liabilities (**)	-	1,050	-	-	-	557,445	12,245,386	2,352,342	490,801	115,221	-	-	-	-	-	2,649	-	15,764,894
<b>Total</b>	<b>4,686,792</b>	<b>624,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,416,166</b>	<b>33,231,663</b>	<b>24,391,368</b>	<b>7,018,512</b>	<b>1,808,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,639,738</b>	<b>132,920</b>	<b>77,950,531</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.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

**TÜRK EKONOMİ BANKASI A.Ş.**

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AS OF 31 DECEMBER 2020**

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

**II. Explanations Related to Credit Risk (continued)**

**Risk profile by Sectors or Counterparties:**

Current Period	Exposure Categories (**)															Others	Investments in equities	TL (*)	FC	Total		
	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 exposures to retail secured by real estate property	Conditional and unconditional exposures secured by real estate property	Past due items	Exposures Receivables in the form in regulatory high-risk categories	Exposures of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings							
Agriculture	-	-	-	-	-	-	447,234	438,967	158,476	112,583	-	-	-	-	-	-	-	1,089,467	67,793	1,157,260		
Farming and Stockbreeding	-	-	-	-	-	-	443,548	431,691	157,781	111,728	-	-	-	-	-	-	-	1,078,011	66,737	1,144,748		
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fishery	-	-	-	-	-	-	3,686	7,276	695	855	-	-	-	-	-	-	-	-	11,456	1,056	12,512	
Manufacturing	-	-	-	-	-	-	24,855,202	4,902,058	1,764,334	330,290	-	-	-	-	-	-	-	6	22,480,233	9,371,657	31,851,890	
Mining and Quarrying	-	-	-	-	-	-	1,572,126	202,080	81,468	21,774	-	-	-	-	-	-	-	3	1,631,846	245,605	1,877,451	
Production	-	-	-	-	-	-	21,870,372	4,671,776	1,504,491	291,654	-	-	-	-	-	-	-	3	19,767,297	8,570,999	28,338,296	
Electricity, Gas and Water	-	-	-	-	-	-	1,412,704	28,202	178,375	16,862	-	-	-	-	-	-	-	-	1,081,090	555,053	1,636,143	
Construction	-	-	-	-	-	-	2,477,190	577,174	262,209	184,251	-	-	-	-	-	-	-	-	1,914,319	1,586,505	3,500,824	
Services	460,144	599,361	-	-	-	2,869,774	13,549,135	5,097,399	2,431,352	481,209	-	-	-	-	-	-	-	1,527,418	166,544	19,101,067	8,081,269	27,182,336
Wholesale and Retail Trade	-	-	-	-	-	-	5,745,415	2,529,212	767,050	210,204	-	-	-	-	-	-	-	78	7,539,402	1,712,557	9,251,959	
Accommodation and Dining	-	-	-	-	-	-	457,285	389,829	827,844	56,062	-	-	-	-	-	-	-	-	939,127	791,893	1,731,020	
Transportation and Telecom.	-	-	-	-	-	-	1,784,563	1,020,382	345,067	70,347	-	-	-	-	-	-	-	99	2,585,392	635,066	3,220,458	
Financial Institutions	460,144	-	-	-	-	2,869,774	1,947,044	52,674	100,912	5,769	-	-	-	-	-	-	-	1,526,984	166,544	3,902,824	3,227,021	7,129,845
Real Estate and Rental Services	-	-	-	-	-	-	3,004,184	759,125	308,164	101,740	-	-	-	-	-	-	-	246	2,646,475	1,526,984	4,173,459	
Self-Employment Services	-	-	-	-	-	-	411,191	305,939	79,234	24,662	-	-	-	-	-	-	-	3	633,765	187,264	821,029	
Educational Services	-	-	-	-	-	-	27,088	33,188	2,825	12,394	-	-	-	-	-	-	-	3	75,372	126	75,498	
Health and Social Services	-	599,361	-	-	-	-	172,365	7,050	256	31	-	-	-	-	-	-	-	5	778,710	358	779,068	
Other	-	-	-	-	-	-	175,239	15,871,328	1,290,428	66,182	-	-	-	-	-	-	-	646	713	17,299,893	104,643	17,404,536
<b>Total</b>	<b>460,144</b>	<b>599,361</b>	-	-	-	<b>2,869,774</b>	<b>41,504,000</b>	<b>26,886,926</b>	<b>5,906,799</b>	<b>1,174,515</b>	-	-	-	-	-	-	-	<b>1,528,070</b>	<b>167,257</b>	<b>61,884,979</b>	<b>19,211,867</b>	<b>81,096,846</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 A.Ş.**

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

**II. Explanations Related to Credit Risk (continued)**

**Risk profile by Sectors or Counterparties: (continued)**

Prior Period	Exposure Categories (**)																Others	Investments in equities	TL (*)	FC	Total		
	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 retail corporates	Conditional and unconditional exposures secured by real estate property	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 collective investment undertakings	Exposures in the form of collective investment undertakings								
Agriculture	-	-	-	-	-	-	374,692	536,218	261,206	150,896	-	-	-	-	-	-	-	-	1,162,084	160,928	1,323,012		
Farming and Stockbreeding	-	-	-	-	-	-	317,205	525,965	258,848	148,777	-	-	-	-	-	-	-	-	1,090,841	159,954	1,250,795		
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fishery	-	-	-	-	-	-	57,487	10,253	2,358	2,119	-	-	-	-	-	-	-	-	71,243	974	72,217		
Manufacturing	-	-	-	-	-	-	18,252,019	4,977,803	2,163,538	554,389	-	-	-	-	-	-	-	21	15,490,396	10,457,374	25,947,770		
Mining and Quarrying	-	-	-	-	-	-	1,473,513	237,677	78,380	33,035	-	-	-	-	-	-	-	-	-	1,135,354	687,251	1,822,605	
Production	-	-	-	-	-	-	16,016,287	4,707,054	1,913,525	509,667	-	-	-	-	-	-	-	21	13,756,241	9,390,313	23,146,554		
Electricity, Gas and Water	-	-	-	-	-	-	762,219	33,072	171,633	11,687	-	-	-	-	-	-	-	-	598,801	379,810	978,611		
Construction	-	-	-	-	-	-	2,118,040	637,414	467,131	284,003	-	-	-	-	-	-	-	-	2,031,355	1,475,233	3,506,588		
Services	4,686,792	624,869	-	-	-	4,416,166	12,008,560	5,215,221	2,632,510	707,107	-	-	-	-	-	-	-	1,638,829	131,367	17,247,660	14,813,761	32,061,421	
Wholesale and Retail Trade	-	-	-	-	-	-	4,003,922	2,526,552	912,416	340,407	-	-	-	-	-	-	-	97	-	5,805,138	1,978,256	7,783,394	
Accommodation and Dining	-	-	-	-	-	-	733,180	417,832	802,371	68,350	-	-	-	-	-	-	-	-	-	818,428	1,203,305	2,021,733	
Transportation and Telecom.	-	-	-	-	-	-	1,536,635	978,073	293,854	142,060	-	-	-	-	-	-	-	-	-	-	-	-	
Financial Institutions	4,686,792	-	-	-	-	4,416,166	1,786,230	59,171	5,201	7,406	-	-	-	-	-	-	-	115	-	2,266,800	683,937	2,950,737	
Real Estate and Rental Services	-	-	-	-	-	-	3,438,078	907,814	510,515	114,144	-	-	-	-	-	-	-	-	242	-	3,057,345	1,913,448	4,970,793
Self-Employment Services	-	-	-	-	-	-	380,682	279,877	103,933	31,773	-	-	-	-	-	-	-	-	-	682,986	113,279	796,265	
Educational Services	-	-	-	-	-	-	42,583	38,431	3,213	2,883	-	-	-	-	-	-	-	-	8	-	86,556	562	87,118
Health and Social Services	-	624,869	-	-	-	-	87,250	7,471	1,007	84	-	-	-	-	-	-	-	-	5	-	720,319	367	720,686
Other	-	-	-	-	-	-	478,352	13,024,712	1,494,127	112,108	-	-	-	-	-	-	-	-	888	1,553	14,704,84	406,892	15,111,74
<b>Total</b>	<b>4,686,792</b>	<b>624,869</b>	-	-	-	<b>4,416,166</b>	<b>33,231,663</b>	<b>24,391,368</b>	<b>7,018,512</b>	<b>1,808,50</b>	-	-	-	-	-	-	-	<b>1,639,738</b>	<b>132,920</b>	<b>50,636,34</b>	<b>27,314,18</b>	<b>77,950,53</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 A.Ş.**

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**II. Explanations Related to Credit Risk (continued)**

**Analysis of maturity-bearing exposures according to remaining maturities:**

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
<b>Exposure classifications</b>					
Conditional and unconditional exposures to central governments or central banks	460,144	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	2,896	1,917	2,504	73,817	517,264
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	1,556,176	82,212	102,568	50,379	99,750
Conditional and unconditional exposures to corporates	4,446,913	4,286,397	7,166,570	6,269,661	8,707,685
Conditional and unconditional retail exposures	4,743,410	932,170	2,272,421	2,793,708	13,924,631
Conditional and unconditional exposures secured by real estate property	321,818	215,569	504,560	624,601	3,813,992
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
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	12,972	-	-	-	-
Investment in equities	-	-	-	-	-
<b>Total</b>	<b>11,544,329</b>	<b>5,518,265</b>	<b>10,048,623</b>	<b>9,812,166</b>	<b>27,063,322</b>

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
<b>Exposure classifications</b>					
Conditional and unconditional exposures to central governments or central banks	1,066,414	471,734	149,250	-	2,999,393
Conditional and unconditional exposures to regional governments or local authorities	454	8,510	5,831	28,694	580,327
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	2,521,879	149,760	391,771	354,946	22,467
Conditional and unconditional exposures to corporates	6,709,735	3,041,969	1,774,385	2,099,121	7,070,149
Conditional and unconditional retail exposures	5,901,738	662,123	1,057,436	1,960,244	12,447,543
Conditional and unconditional exposures secured by real estate property	1,060,771	188,558	418,402	500,288	4,358,543
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
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	9,742	-	-	-	-
Investment in equities	-	-	-	-	-
<b>Total</b>	<b>17,270,733</b>	<b>4,522,654</b>	<b>3,797,075</b>	<b>4,943,293</b>	<b>27,478,422</b>



# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### II. Explanations Related to 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% weight concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% weight concentration 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.

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 and AA-	0%	20%	50%	100%
2	A+ and A-	20%	20%	50%	100%
3	BBB+ and BBB-	50%	50%	50%	100%
4	BB+ and BB-	100%	100%	100%	100%
5	B+ and B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

#### Exposures by risk weights:

Current Period												Deductions from Equity	
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
Exposures before													
Credit Risk													
Mitigation	37,120,331	-	6,848,950	4,781,154	10,296,262	35,844,332	45,768,483	169,194	-	-	-	-	595,492
Exposures after													
Credit Risk													
Mitigation	39,207,308	-	7,127,526	4,781,154	9,805,690	33,271,187	43,175,855	111,039	-	-	-	-	595,492
Prior Period												Deductions from Equity	
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
Exposures before													
Credit Risk													
Mitigation	18,782,383	-	9,722,718	5,619,543	8,772,509	32,503,479	44,694,831	386,973	-	-	-	-	599,223
Exposures after													
Credit Risk													
Mitigation	20,810,311	-	9,894,427	5,619,543	8,792,310	30,117,705	42,886,103	251,802	-	-	-	-	599,223

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**II. Explanations Related to Credit Risk (continued)**

Information in terms of major sectors and type of counterparties:

Current Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	Loss Provisions (TFRS 9)
Agriculture	589,157	237,067	178,448
Farming and Stockbreeding	576,288	228,842	172,294
Forestry	-	3,634	2,088
Fishery	12,869	4,591	4,066
Manufacturing	1,731,493	674,352	851,836
Mining and Quarrying	189,483	14,968	75,194
Production	1,499,539	635,292	752,434
Electricity, Gas and Water	42,471	24,092	24,208
Services	4,248,425	2,132,357	2,003,325
Wholesale and Retail Trade	3,107,940	1,273,123	1,203,942
Accommodation and Dining	121,449	131,641	133,499
Transportation and Telecom.	293,137	98,481	176,684
Financial Institutions	40,969	9,653	10,883
Real Estate and Rental Services	344,119	384,202	268,913
Professional Services	303,989	137,755	141,206
Educational Services	24,358	32,194	24,886
Health and Social Services	12,464	65,308	43,312
Other	1,383,270	458,106	620,716
<b>Total</b>	<b>7,952,345</b>	<b>3,501,882</b>	<b>3,654,325</b>

Prior Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	Loss Provisions (TFRS 9)
Agriculture	389,856	257,288	165,710
Farming and Stockbreeding	384,108	252,031	162,059
Forestry	-	675	612
Fishery	5,748	4,582	3,039
Manufacturing	1,542,620	803,789	626,803
Mining and Quarrying	84,136	13,466	18,190
Production	1,451,604	773,381	602,057
Electricity, Gas and Water	6,880	16,942	6,556
Services	3,064,524	1,857,476	1,449,342
Wholesale and Retail Trade	944,454	1,463,331	938,988
Accommodation and Dining	737,563	122,513	132,793
Transportation and Telecom.	492,117	149,666	137,225
Financial Institutions	212,560	13,413	59,972
Real Estate and Rental Services	553,559	33,710	122,601
Professional Services	60,825	64,569	44,882
Educational Services	17,606	7,229	8,298
Health and Social Services	45,840	3,045	4,583
Other	3,867,382	1,228,353	1,004,843
<b>Total</b>	<b>8,864,382</b>	<b>4,146,906</b>	<b>3,246,698</b>

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

**II. Explanations Related to Credit Risk (continued)**

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

	<b>31.12.2019 Balance</b>	<b>Provision for the Period</b>	<b>Provision Reversal</b>	<b>Written off from Asset</b>	<b>Other Adjustments(*)</b>	<b>31.12.2020 Balance</b>
Default (Stage III) Expected Loss Provisions (Stage I-II)	2,394,656	680,625	(207,531)	(485,853)	-	2,381,897
	1,503,984	980,025	(648,931)	-	161,480	1,996,558

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

	<b>31.12.2018 Balance</b>	<b>Provision for the Period</b>	<b>Provision Reversal</b>	<b>Written off from Asset</b>	<b>Other Adjustments(*)</b>	<b>31.12.2019 Balance</b>
Default (Stage III) Expected Loss Provisions (Stage I-II)	1,705,877	1,543,159	(242,873)	(613,109)	1,602	2,394,656
	1,356,383	459,096	(353,802)	-	42,307	1,503,984

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

**III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation:**

**Current Period**

<b>Countries where the risk ultimately taken</b>	<b>Private sector loans in banking accounts</b>	<b>Risk weighted amounts calculated in trading accounts</b>	<b>Total</b>
Turkey	71,192,511	1,031,487	72,223,998
TRNC	323,446	-	323,446
England	283,621	-	283,621
Egypt	6,098	-	6,098
Germany	4,714	-	4,714
Netherlands	993	-	993
France	954	-	954
Other	9,554	-	9,554
	<b>71,821,891</b>	<b>1,031,487</b>	<b>72,853,378</b>

**Prior Period**

<b>Countries where the risk ultimately taken</b>	<b>Private sector loans in banking accounts</b>	<b>Risk weighted amounts calculated in trading accounts</b>	<b>Total</b>
Turkey	63,538,329	613,436	64,151,765
TRNC	370,046	-	370,046
England	343,908	-	343,908
The Ivory Coast	29,622	-	29,622
Germany	6,331	-	6,331
Egypt	6,126	-	6,126
Belgium	1,730	-	1,730
Other	12,613	5	12,618
	<b>64,308,705</b>	<b>613,441</b>	<b>64,922,146</b>

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**IV. Explanations Related to Currency Risk**

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

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

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

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

As of 31 December 2020, the Bank’s balance sheet short position is TL 21,615,848 (31 December 2019: TL 12,304,371 short position) off-balance sheet long position is TL 20,950,439 (31 December 2019: 11,928,995 long position) and as a result net foreign currency short position is TL 665,409 (31 December 2019: net TL 375,376 short position).

The announced current foreign exchange buying rates of the Bank at 31 December 2020 and the previous five working days in full TL are as follows:

	24.12.2020	25.12.2020	28.12.2020	29.12.2020	30.12.2020	31.12.2020
<b>USD</b>	7.5343	7.5127	7.4187	7.3265	7.3415	7.3883
<b>JPY</b>	0.0727	0.0726	0.0716	0.0707	0.0713	0.0717
<b>EURO</b>	9.1843	9.1429	9.0634	8.975	9.0234	9.072

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2019 are as follows:

	Monthly Average Foreign Exchange Rate
<b>USD</b>	7.6812
<b>JPY</b>	0.0740
<b>EUR</b>	9.3475

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

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

The table below shows the Bank's sensitivity to a 10% change in the USD and EURO rates. The rate of 10% used is the rate used to report the currency risk to the senior management within the 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 2020	31 December 2020
USD	10 increase	(21,533)	2,403
USD	10 decrease	21,533	(2,403)
EURO	10 increase	2,810	2,496
EURO	10 decrease	(2,810)	(2,496)
Change in FX Rate %		Effect on Profit / Loss	Effect on Equity (*)
		31 December 2019	31 December 2019
USD	10 increase	19,299	937
USD	10 decrease	(19,299)	(937)
EURO	10 increase	(7,623)	587
EURO	10 decrease	7,623	(587)

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

The sensitivity of the 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.

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**IV. Explanations Related to Currency Risk (continued)**

**Information on the Bank's currency risk:**

The table below shows the Bank’s distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Bank also monitors the delta-adjusted position of the option transactions. As of 31 December 2020, the Bank has net USD short position TL 222,394 and net EUR long position TL 42,157.

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(1)</sup>	5,575,267	6,192,796	1,748,758	13,516,821
Banks <sup>(2)</sup>	563,501	2,195,685	1,846,441	4,605,627
Financial Assets at Fair Value Through Profit or Loss	273,495	846,307	-	1,119,802
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2,402,125	597,696	23,165	3,022,986
Loans <sup>(3)</sup>	9,748,810	2,539,105	834,361	13,122,276
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost <sup>(4)</sup>	1,263,472	1,061,092	-	2,324,564
Derivative Financial Assets for Hedging Purposes <sup>(5)</sup>	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets <sup>(6)</sup>	1,450,428	185,001	5,956	1,641,385
<b>Total Assets</b>	<b>21,277,098</b>	<b>13,617,682</b>	<b>4,458,681</b>	<b>39,353,461</b>
<b>Liabilities</b>				
Bank Deposits	71	-	15	86
Foreign Currency Deposits <sup>(7)</sup>	12,698,616	23,869,761	7,586,475	44,154,852
Money Market Borrowings	2,717,468	-	-	2,717,468
Funds Provided From Other Financial Institutions	9,056,646	4,472,261	743	13,529,650
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	14,901	-	-	14,901
Other Liabilities <sup>(8)</sup>	230,137	300,973	21,242	552,352
<b>Total Liabilities</b>	<b>24,717,839</b>	<b>28,642,995</b>	<b>7,608,475</b>	<b>60,969,309</b>
<b>Net Balance Sheet Position</b>	<b>(3,440,741)</b>	<b>(15,025,313)</b>	<b>(3,149,794)</b>	<b>(21,615,848)</b>
<b>Net Off-Balance Sheet Position</b>	<b>3,506,359</b>	<b>14,570,186</b>	<b>2,964,614</b>	<b>21,041,159</b>
Financial Derivative Assets <sup>(9)</sup>	15,993,374	25,685,642	4,743,380	46,422,396
Financial Derivative Liabilities <sup>(9)</sup>	12,487,015	11,115,456	1,778,766	25,381,237
Non-Cash Loans <sup>(10)</sup>	8,000,422	7,226,322	1,537,854	16,764,598
<b>Prior Period</b>				
Total Assets	19,666,901	14,316,374	3,896,975	37,880,250
Total Liabilities	20,695,152	25,650,183	3,839,286	50,184,621
Net Balance Sheet Position	(1,028,251)	(11,333,809)	57,689	(12,304,371)
Net Off-Balance Sheet Position	797,511	11,133,800	(2,316)	11,928,995
Financial Derivative Assets <sup>(9)</sup>	14,804,346	26,844,874	782,678	42,431,898
Financial Derivative Liabilities <sup>(9)</sup>	14,006,835	15,711,074	784,994	30,502,903
Non-Cash Loans <sup>(10)</sup>	6,880,451	5,459,747	904,769	13,244,967

- (1) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey TL 2,561(31 December 2019: TL 1,890) includes the balances of expected credit losses.
- (2) The banks include TL 9,579 (31 December 2019: TL 9,059) of expected credit loss provisions.
- (3) Foreign currency indexed loans amounting to TL 233,707 (31 December 2019: TL 495,451) are included in the loan portfolio. Also, it includes TL 476,466 (31 December 2019: TL 368,603) amounting to expected credit loss.
- (4) Financial assets at amortized cost includes expected credit loss amounting to TL 523 (31 December 2019: TL 305).
- (5) TL 31,137 (31 December 2019: TL 14,112) income accruals from derivative financial instruments is deducted from derivative financial assets held for risk management.
- (6) TL 213,071 (31 December 2019: TL 184,862) income accruals from derivative financial instruments is deducted from other assets.
- (7) Precious metal accounts amounting to TL 6,002,054 (31 December 2019: TL 2,349,023) are included in the foreign currency deposits.
- (8) TL 175,503 (31 December 2019: TL 90,922) expense accruals from derivative financial instruments are deducted from other liabilities.
- (9) Forward asset and marketable securities purchase-sale commitments of TL 951,630 (31 December 2019: TL 1,395,075) are added to derivative financial assets and TL 1,071,704 (31 December 2019: TL 883,345) has been added to derivative financial assets.
- (10) There is no effect on the net off-balance sheet position.

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### V. Explanations Related to Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing <sup>(1)</sup>	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(2)</sup>	11,452,134	-	-	-	-	5,495,853	16,947,987
Banks <sup>(3)</sup>	4,732,084	-	-	-	-	1,780,679	6,512,763
Financial Assets at Fair Value Through Profit and Loss	297,525	91,886	760,926	201,958	95,521	183,075	1,630,891
Money Market Placements	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income <sup>(4)</sup>	805,587	113,055	2,319,571	4,656,078	746,205	10,881	8,651,377
Loans <sup>(5)</sup>	11,310,285	6,681,908	25,261,054	32,741,342	3,435,619	(545,889)	78,884,319
Financial Assets Measured at Amortized Cost <sup>(6)</sup>	1,012,657	825,220	9,171,693	1,472,121	41,250	(2,818)	12,520,123
Other Assets	338,380	535,384	266,647	672,721	299,267	6,607,736	8,720,135
<b>Total Assets</b>	<b>36,129,538</b>	<b>8,247,453</b>	<b>37,779,891</b>	<b>39,744,220</b>	<b>4,617,862</b>	<b>13,529,078</b>	<b>140,048,042</b>
<b>Liabilities</b>							
Bank Deposits	7,424,601	-	-	-	-	43,796	7,468,397
Other Deposits	47,493,350	5,865,710	235,318	367	-	32,710,336	86,305,081
Money Market Borrowings	6,548,253	-	-	-	-	-	6,548,253
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	2,160,640	-	2,649,997	-	-	-	4,810,637
Funds Provided From Other Financial Institutions	-	-	-	-	-	-	-
Financial Institutions	758,398	594,518	8,303,532	91,158	4,194,951	-	13,942,557
Other Liabilities	227,987	28,532	383,341	1,309,066	244,413	18,779,778	20,973,117
<b>Total Liabilities</b>	<b>64,613,229</b>	<b>6,488,760</b>	<b>11,572,188</b>	<b>1,400,591</b>	<b>4,439,364</b>	<b>51,533,910</b>	<b>140,048,042</b>
Balance Sheet Long Position	-	1,758,693	26,207,703	38,343,629	178,498	-	66,488,523
Balance Sheet Short Position	(28,483,691)	-	-	-	-	(38,004,832)	(66,488,523)
Off-Balance Sheet Long Position	3,031,120	3,816,103	-	-	-	-	6,847,223
Off-Balance Sheet Short Position	-	-	(796,816)	(5,154,568)	(487,360)	-	(6,438,744)
<b>Total Position</b>	<b>(25,452,571)</b>	<b>5,574,796</b>	<b>25,410,887</b>	<b>33,189,061</b>	<b>(308,862)</b>	<b>(38,004,832)</b>	<b>408,479</b>

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

<sup>(2)</sup>Cash and cash equivalents include cash balances (cash in hand, cash in the safe deposit box, purchased checks) and the Central Bank of Turkey's outstanding loss provisions in the amount of TL 3,316.

<sup>(3)</sup>The banks include TL 10,656 of expected loss provisions.

<sup>(4)</sup>Receivables from money markets includes the expected losses provisions amounting to TL 439.

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

<sup>(6)</sup>Financial assets at amortized cost include losses amounting to TL 2,818.

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

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**V. Explanations Related to Interest Rate Risk (continued)**

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,951,411	-	-	-	-	3,002,600	11,954,011
Banks	6,057,109	-	-	-	-	2,485,247	8,542,356
Financial Assets at Fair Value Through Profit and Loss	180,593	132,240	55,307	669,506	132,752	125,025	1,295,423
Money Market Placements	840,263	-	-	-	-	(29)	840,234
Financial Assets at Fair Value Through Other Comprehensive Income	1,057,349	529,972	523,340	2,416,056	1,005,005	7,895	5,539,617
Loans <sup>(1)</sup>	16,882,302	4,579,167	11,359,041	28,333,166	3,917,453	506,014	65,577,143
Financial Assets Measured at Amortized Cost	164,665	796,314	2,075,934	1,699,969	169,736	(1,104)	4,905,514
Other Assets	105,790	7,652	315,615	948,324	94,067	7,224,422	8,695,870
<b>Total Assets</b>	<b>34,239,482</b>	<b>6,045,345</b>	<b>14,329,237</b>	<b>34,067,021</b>	<b>5,319,013</b>	<b>13,350,070</b>	<b>107,350,168</b>
<b>Liabilities</b>							
Bank Deposits	362,573	-	-	-	-	23,739	386,312
Other Deposits	49,530,928	4,829,633	677,235	7,293	-	16,762,927	71,808,016
Money Market Borrowings	1,644,665	-	-	-	-	-	1,644,665
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,692,304	641,573	-	-	-	-	2,333,877
Funds Provided From Other Financial Institutions	-	-	-	-	-	-	-
FiFinancialInstitutions	1,736,892	2,987,103	5,676,760	100,473	1,266,257	-	11,767,485
Other Liabilities	23,862	117	711,943	2,330,152	86,263	16,257,476	19,409,813
<b>Total Liabilities</b>	<b>54,991,224</b>	<b>8,458,426</b>	<b>7,065,938</b>	<b>2,437,918</b>	<b>1,352,520</b>	<b>33,044,142</b>	<b>107,350,168</b>
Balance Sheet Long Position	-	-	7,263,299	31,629,103	3,966,493	-	42,858,895
Balance Sheet Short Position	(20,751,742)	(2,413,081)	-	-	-	(19,694,072)	(42,858,895)
Off-Balance Sheet Long Position	5,720,979	4,734,356	-	-	-	-	10,455,335
Off-Balance Sheet Short Position	-	-	(4,006,053)	(5,678,954)	(623,850)	-	(10,308,857)
<b>Total Position</b>	<b>(15,030,763)</b>	<b>2,321,275</b>	<b>3,257,246</b>	<b>25,950,149</b>	<b>3,342,643</b>	<b>(19,694,072)</b>	<b>146,478</b>

- (1) The expected loss provisions are presented under the “Non-Interest Bearing” column.
- (2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 1,959.
- (3) Banks include balance of expected loss provisions amounting to TL 9,809.
- (4) Money market placements include balance of expected loss provisions amounting to TL 29.
- (5) The revolving loans amounting to TL 7,177,775 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,640,892.
- (6) Financial assets at amortized cost include balance of expected loss provisions of TL 1,104.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 877,782 intangible assets amounting to TL 555,886, subsidiaries amounting to TL 116,036 and entities under common control joint venture amounting to TL 5, assets held for sale amounting to TL 131,362 while other liabilities line includes the shareholders’ equity of TL 9,720,574.

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**V. Explanations Related to Interest Rate Risk (continued)**

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

	EUR	USD	YEN	TL
	%	%	%	%
<b>End of Current Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.29)	0.21	(0.26)	17.88
Financial Assets at Fair Value Through Profit and Loss	2.60	2.65	-	10.12
Money Market Placements	-	-	-	17.98
Financial Assets at Fair Value Through Other Comprehensive Income	2.91	3.86	-	12.91
Loans	2.79	3.81	5.37	14.33
Financial Assets Measured at Amortized Cost	2.04	3.51	-	8.26
Liabilities				
Bank Deposits	-	-	-	10.65
Other Deposits	0.04	1.25	-	15.12
Money Market Borrowings	0.88	-	-	17.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	9.54
Funds Provided From Other Financial Institutions	2.09	4.91	-	10.69
	<b>EUR</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>End of Prior Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	10.00
Banks	-	1.59	-	11.43
Financial Assets at Fair Value Through Profit and Loss	1.52	4.89	-	8.66
Money Market Placements	-	-	-	11.46
Financial Assets at Fair Value Through Other Comprehensive Income	2.11	4.57	-	13.83
Loans	3.23	4.95	5.28	16.42
Financial Assets Measured at Amortized Cost	2.48	4.51	-	14.63
Liabilities				
Bank Deposits	-	1.40	-	5.10
Other Deposits	0.16	1.86	0.25	10.26
Money Market Borrowings	-	-	-	11.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	12.05
Funds Provided From Other Financial Institutions	2.16	5.65	-	12.31

**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 historic the reaction of housing loans to interest movements in the previous periods. By analyzing 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 Bank on account basis. Assumptions accepted in parallel with the results reached are reflected in the above mentioned products in interest rate sensitivity calculations.



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**V. Explanations Related to 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	Applied shock (+/- x base point)	Gains/ (Losses)	Gains /Equity– (Losses)/ Equity
TL	(400)	1,270,671	7.79%
TL	500	(1,422,031)	(8.72)%
EURO	(200)	(83,424)	(0.51)%
EURO	200	87,032	0.53%
USD	(200)	(101,872)	(0.62)%
USD	200	101,153	0.62%
<b>Total (For negative shocks)</b>	<b>(800)</b>	<b>1,085,376</b>	<b>6.66%</b>
<b>Total (For positive shocks)</b>	<b>900</b>	<b>(1,233,845)</b>	<b>(7.57)%</b>

**VI. Explanations Related to Certificates Share Position Risk from Banking Book:**

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

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

**VII. Explanations Related to Liquidity Risk and Liquidity Coverage Ratio**

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

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

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

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

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

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

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

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

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

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

- e) Information on liquidity risk mitigation techniques:

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

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

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

- f) Explanation on the usage of the stress test:

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

- g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

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

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

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

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

**Liquidity Coverage Ratio:**

	Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
	TL+FC	FC	TL+FC	FC
<b>Current Period – 31 December 2020</b>				
<b>High Quality Liquid Assets</b>				
1	High Quality Liquid Assets		36,582,088	15,499,469
<b>Cash Outflows</b>				
2	Real Person and Retail Deposits		61,582,931	31,915,012
3	Stable Deposits		13,647,077	-
4	Less Stable Deposits		47,935,854	31,915,012
5	Unsecured Debts Other than Real Person and Retail Deposits		32,361,702	14,472,515
6	Operational Deposits		117,835	-
7	Non-Operational Deposits		28,298,303	12,070,133
8	Other Unsecured Funding		3,945,564	2,402,382
9	Secured Funding		-	-
10	Other Cash Outflows		1,665,525	2,927,065
11	Outflows Related to Derivative Exposures and Other Collateral Requirements		1,665,525	2,927,065
12	Outflows Related to Restructured Financial Instruments		-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets		-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations		-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations		34,747,936	12,938,807
<b>16</b>	<b>Total Cash Outflows</b>		<b>27,570,187</b>	<b>14,682,613</b>
<b>Cash Inflows</b>				
17	Secured Receivables		-	-
18	Unsecured Receivables		11,815,328	5,566,219
19	Other cash Inflows		966,659	9,003,399
<b>20</b>	<b>Total Cash Inflows</b>		<b>12,781,987</b>	<b>14,569,618</b>
<b>Values to which the upper limit is applied</b>				
<b>21</b>	<b>Total High Quality Liquid Assets</b>		<b>36,582,088</b>	<b>15,499,469</b>
<b>22</b>	<b>Total Net Cash Outflows</b>		<b>17,356,491</b>	<b>3,670,653</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>		<b>210.77</b>	<b>422.25</b>

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

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

Prior Period – 31 December 2019		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	TL
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			22,314,509	14,243,288
<b>Cash Outflows</b>					
2	Real Person and Retail Deposits	52,470,993	25,987,479	4,616,009	2,598,748
3	Stable Deposits	12,621,803	-	631,090	-
4	Less Stable Deposits	39,849,190	25,987,479	3,984,919	2,598,748
5	Unsecured Debts Other than Real Person and Retail Deposits	21,413,624	11,074,642	11,928,061	5,872,051
6	Operational Deposits	70,441	-	17,610	-
7	Non-Operational Deposits	16,335,675	8,860,962	6,932,951	3,658,371
8	Other Unsecured Funding	5,007,508	2,213,680	4,977,500	2,213,680
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	1,576,774	2,328,433	1,576,774	2,328,433
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	1,576,774	2,328,433	1,576,774	2,328,433
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	32,629,677	10,716,211	2,666,309	1,124,445
<b>16</b>	<b>Total Cash Outflows</b>			<b>20,787,153</b>	<b>11,923,677</b>
<b>Cash Inflows</b>					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	12,666,308	5,508,103	9,352,475	4,874,984
19	Other cash Inflows	1,731,364	8,382,892	1,731,364	8,382,892
<b>20</b>	<b>Total Cash Inflows</b>	<b>14,397,672</b>	<b>13,890,995</b>	<b>11,083,839</b>	<b>13,257,876</b>
<b>Values to which the upper limit is applied</b>					
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>22,314,509</b>	<b>14,243,288</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>9,703,314</b>	<b>2,980,919</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>229.97</b>	<b>477.82</b>

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

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

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

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

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

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

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

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest	170.05%	274.27%	153.35%	358.28%
Week	23.10.2020	16.10.2020	04.10.2019	18.10.2019
Highest	267.71%	491.66%	375.55%	610.47%
Week	18.12.2020	11.12.2020	06.12.2019	06.12.2019

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

**Liquidity Coverage Ratio: (continued)**

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

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Undistributed <sup>(1)</sup></b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(2)</sup>	5,499,169	11,452,134	-	-	-	-	(3,316)	16,947,987
Banks <sup>(3)</sup>	2,347,591	4,175,828	-	-	-	-	(10,656)	6,512,763
Financial Assets at Fair Value Through Profit and Loss	-	215,364	12,605	676,294	448,032	95,521	183,075	1,630,891
Money Market Placements <sup>(4)</sup>	-	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income	10,881	118,185	61,238	2,461,895	4,935,096	1,064,082	-	8,651,377
Loans <sup>(4)</sup>	-	10,344,024	6,679,434	25,275,844	33,695,287	3,435,619	(545,889)	78,884,319
Financial Assets Measured at Amortized Cost <sup>(5)</sup>	-	606,251	511,946	980,114	10,083,934	340,696	(2,818)	12,520,123
Other Assets	-	1,254,201	787,405	446,644	743,683	299,267	5,188,935	8,720,135
<b>Total Assets</b>	<b>7,857,641</b>	<b>34,346,873</b>	<b>8,052,628</b>	<b>29,840,791</b>	<b>49,906,032</b>	<b>5,235,185</b>	<b>4,808,892</b>	<b>140,048,042</b>
<b>Liabilities</b>								
Bank Deposits	43,796	7,424,601	-	-	-	-	-	7,468,397
Other Deposits	32,710,336	47,493,350	5,865,710	235,318	367	-	-	86,305,081
Funds Provided from Other Financial Institutions	-	741,423	59,141	8,829,629	117,413	4,194,951	-	13,942,557
Money Market Placements	-	6,548,253	-	-	-	-	-	6,548,253
Securities Issued	-	2,160,640	-	2,649,997	-	-	-	4,810,637
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	5,030,934	781,778	617,866	1,642,131	517,508	12,382,900	20,973,117
<b>Total Liabilities</b>	<b>32,754,132</b>	<b>69,399,201</b>	<b>6,706,629</b>	<b>12,332,810</b>	<b>1,759,911</b>	<b>4,712,459</b>	<b>12,382,900</b>	<b>140,048,042</b>
<b>Liquidity Gap</b>	<b>(24,896,491)</b>	<b>(35,052,328)</b>	<b>1,345,999</b>	<b>17,507,981</b>	<b>48,146,121</b>	<b>522,726</b>	<b>(7,574,008)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>223,288</b>	<b>(240,996)</b>	<b>117,535</b>	<b>126,240</b>	<b>(3,144)</b>	<b>-</b>	<b>222,923</b>
Financial Derivative Assets	-	18,691,080	19,520,863	9,383,245	11,983,043	4,199,690	-	63,777,921
Financial Derivative Liabilities	-	18,467,792	19,761,859	9,265,710	11,856,803	4,202,834	-	63,554,998
Non-Cash Loans	6,918,016	1,354,463	2,719,244	6,823,344	6,430,957	-	-	24,246,024
<b>Prior Period</b>								
Total Assets	5,507,510	33,279,118	5,954,430	12,932,885	37,190,039	5,767,493	6,718,693	107,350,168
Total Liabilities	16,786,666	59,083,886	5,940,873	8,557,061	2,792,617	3,642,509	10,546,556	107,350,168
Liquidity Gap	<b>(11,279,156)</b>	<b>(25,804,768)</b>	<b>13,557</b>	<b>4,375,824</b>	<b>34,397,422</b>	<b>2,124,984</b>	<b>(3,827,863)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>217,295</b>	<b>(20,526)</b>	<b>21,127</b>	<b>62,051</b>	<b>1,665</b>	<b>-</b>	<b>281,612</b>
Financial Derivative Assets	-	18,322,414	6,162,762	13,378,270	15,125,169	3,374,022	-	56,362,637
Financial Derivative Liabilities	-	18,105,119	6,183,288	13,357,143	15,063,118	3,372,357	-	56,081,025
Non-Cash Loans	6,078,123	942,642	2,658,433	5,667,723	7,028,565	-	-	22,375,486

<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 and cash equivalents include cash balances (cash in hand, cash in the safe deposit box, purchased checks) and the Central Bank of Turkey's outstanding loss provisions amounting to TL 3,316.

<sup>(3)</sup> The banks include TL 10,656 of expected loss provisions.

<sup>(4)</sup> Receivables from money markets includes the expected losses provisions amounting to TL 439.

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

<sup>(6)</sup> Financial assets at amortized cost include losses amounting to TL 2,818.

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**VII. Explanations Related to 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	Unallocated	Total
<b>31 December 2020</b>								
Money Market Borrowings	-	6,568,394	-	-	-	-	(20,141)	6,548,253
Other Deposits	32,710,336	47,611,550	5,941,850	241,975	367	-	(200,997)	86,305,081
Banks Deposits	43,796	7,433,248	-	-	-	-	(8,647)	7,468,397
Funds From Other Financial Institutions	-	835,551	71,744	9,569,324	1,129,862	5,581,278	(3,245,202)	13,942,557
Issued Securities	-	-	4,413,557	739,050	-	-	(341,970)	4,810,637
<b>Total</b>	<b>32,754,132</b>	<b>62,448,743</b>	<b>10,427,151</b>	<b>10,550,349</b>	<b>1,130,229</b>	<b>5,581,278</b>	<b>(3,816,957)</b>	<b>119,074,925</b>
<b>31 December 2019</b>								
Money Market Borrowings	-	1,644,941	-	-	-	-	(276)	1,644,665
Other Deposits	16,762,927	49,590,016	4,856,525	702,372	8,133	-	(111,957)	71,808,016
Banks Deposits	23,739	362,650	-	-	-	-	(77)	386,312
Funds from Other Financial Institutions	-	1,058,591	400,531	7,466,273	1,197,495	4,214,894	(2,570,299)	11,767,485
Issued Securities	-	1,732,211	659,336	-	-	-	(57,670)	2,333,877
<b>Total</b>	<b>16,786,666</b>	<b>54,388,409</b>	<b>5,916,392</b>	<b>8,168,645</b>	<b>1,205,628</b>	<b>4,214,894</b>	<b>(2,740,279)</b>	<b>87,940,355</b>

**Analysis of contractual maturity of the Bank’s derivative financial instruments:**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated
<b>31 December 2020</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair Value Hedge	1,047,907	4,338,325	-	-	863,835	6,250,067
Cash Flow Hedge	710,591	34,994	1,708,688	3,238,883	-	5,693,156
<b>Trading Transactions</b>						
Forward foreign exchange agreement	3,000,033	2,271,615	2,318,963	553,143	-	8,143,754
Swap money selling agreement	10,028,698	13,815,112	2,175,927	3,527,930	3,329,046	32,876,713
Swap interest agreement	-	-	-	-	-	-
Futures monetary agreement	-	209,828	380,096	-	-	589,924
Money exchange options contract	981,308	566,084	288,360	185,653	-	2,021,405
<b>Total</b>	<b>15,768,537</b>	<b>21,235,958</b>	<b>6,872,034</b>	<b>7,505,609</b>	<b>4,192,881</b>	<b>55,575,019</b>
<b>31 December 2019</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair Value Hedge	-	935,776	-	804,408	-	1,740,184
Cash Flow Hedge	617,006	335,892	4,195,289	6,305,070	107,140	11,560,397
<b>Trading Transactions</b>						
Forward foreign exchange agreement	1,738,432	1,661,071	1,479,351	466,529	-	5,345,383
Swap money selling agreement	13,932,004	2,992,549	5,848,387	6,105,848	2,806,467	31,685,255
Swap interest agreement	26,051	14,667	105,270	142,349	9,818	298,155
Futures monetary agreement	-	-	-	35,164	-	35,164
Money exchange options contract	1,709,590	1,694,963	743,905	62,871	-	4,211,329
<b>Total</b>	<b>18,023,083</b>	<b>7,634,918</b>	<b>12,372,202</b>	<b>13,922,239</b>	<b>2,923,425</b>	<b>54,875,867</b>

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**VIII. Explanations Related to Leverage Ratio**

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

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

b) Leverage ratio:

<b>Assets on the Balance Sheet</b>	<b>Current Period(*)</b>	<b>Prior Period(*)</b>
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	134,762,915	103,210,045
2 (Assets Deducted from Core Capital)	(675,833)	(580,323)
3 Total Risk Amount for Assets on the Balance Sheet	134,087,082	102,629,722
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	1,777,668	438,483
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	492,002	560,417
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	2,269,670	998,900
<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)	900,450	3,323
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	900,450	3,323
<b>Off-the-Balance Sheet Transactions</b>		
10 Gross Nominal Amount of the Off-Balance Sheet Transactions	46,024,212	46,734,215
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	46,024,212	46,734,215
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	11,154,878	10,224,843
14 Total Risk Amount	183,281,414	150,366,160
<b>Leverage Ratio</b>		
15 Leverage Ratio	6.09%	6.80%

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



# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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

The table below shows the book value and fair value of financial assets and liabilities that are not shown at the fair value of the Bank's financial statements.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>112,749,029</b>	<b>85,404,864</b>	<b>112,447,072</b>	<b>87,155,529</b>
Receivables From Money Markets	6,180,447	840,234	6,180,447	840,234
Banks	6,512,763	8,542,356	6,512,763	8,542,356
Financial Assets at Fair Value Through Other Comprehensive Income	8,651,377	5,539,617	8,651,377	5,539,617
Financial Assets Valued Over Amortized Cost	12,520,123	4,905,514	12,544,293	5,032,899
Loans	78,884,319	65,577,143	78,558,192	67,200,423
<b>Financial Liabilities</b>	<b>121,695,133</b>	<b>91,123,255</b>	<b>121,946,859</b>	<b>91,289,902</b>
Banks Deposits	7,468,397	386,312	7,468,397	386,312
Other Deposits	86,305,081	71,808,016	86,455,274	71,903,320
Funds Received from Other Financial Institutions (*)	20,490,810	13,412,150	20,592,343	13,483,493
Securities Issued	4,810,637	2,333,877	4,810,637	2,333,877
Miscellaneous Payables	2,620,208	3,182,900	2,620,208	3,182,900

(\*) Debts to money markets and subordinated loans are included in the line of funds from other financial institutions.

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 A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 2020	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>10,065,146</b>	<b>3,008,598</b>	<b>58,651</b>	<b>13,132,395</b>
Financial Assets at Fair Value Through Profit or Loss	1,447,816	1,887,914	47,770	3,383,500
<i>Government Debt Securities</i>	<i>1,447,816</i>	-	-	<i>1,447,816</i>
<i>Derivative Financial Assets at Fair Value Through Profit or Loss</i>	-	<i>1,752,609</i>	-	<i>1,752,609</i>
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	<i>135,305</i>	<i>47,770</i>	<i>183,075</i>
Derivative Financial Assets for Hedging Purposes	-	1,097,518	-	1,097,518
Financial Assets at Fair Value Through Other Comprehensive Income	8,617,330	23,166	10,881	8,651,377
<i>Government Debt Securities</i>	<i>8,617,330</i>	<i>23,166</i>	-	<i>8,640,496</i>
<i>Other Fair Value Differences Financial Assets Reflected to Other Comprehensive Income</i>	-	-	<i>10,881</i>	<i>10,881</i>
<b>Financial Liabilities</b>	-	<b>3,343,179</b>	-	<b>3,343,179</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	2,260,343	-	2,260,343
Derivative Financial Liabilities for Hedging Purposes	-	1,082,836	-	1,082,836
31 December 2019	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>6,681,437</b>	<b>2,016,319</b>	<b>48,833</b>	<b>8,746,589</b>
Financial Assets at Fair Value Through Profit or Loss	1,170,398	1,754,129	40,938	2,965,465
<i>Government Debt Securities</i>	<i>1,167,994</i>	-	-	<i>1,167,994</i>
<i>Derivative Financial Assets at Fair Value Through Profit or Loss</i>	-	<i>1,670,042</i>	-	<i>1,670,042</i>
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	<i>2,404</i>	<i>84,087</i>	<i>40,938</i>	<i>127,429</i>
Derivative Financial Assets for Hedging Purposes	-	241,507	-	241,507
Financial Assets at Fair Value Through Other Comprehensive Income	5,511,039	20,683	7,895	5,539,617
<i>Government Debt Securities</i>	<i>5,511,039</i>	<i>20,683</i>	-	<i>5,531,722</i>
<i>Other Fair Value Differences Financial Assets Reflected to Other Comprehensive Income</i>	-	-	<i>7,895</i>	<i>7,895</i>
<b>Financial Liabilities</b>	-	<b>3,511,558</b>	-	<b>3,511,558</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	1,586,584	-	1,586,584
Derivative Financial Liabilities for Hedging Purposes	-	1,924,974	-	1,924,974

There is no transition between levels in the current year.

### X. Explanations Related to Transaction Carried Out on Behalf of Other Parties and Fiduciary Assets

The Bank performs buying transactions on behalf of customers, and gives custody, administration and advisory services.

The Bank does not deal with fiduciary transactions.

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**XI. Explanations Related to Risk Management**

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

**1. Risk management approach and Risk Weighted Amounts**

**1.1 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 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 Bank aims to,

- i) Identify the main risks to which 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 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 A.Ş.**

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**XI. Explanations Related to 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)	74,646,643	73,382,817	5,971,732
2 Of which Standardized Approach (SA)	74,646,643	73,382,817	5,971,732
3 Of which Internal Rating-Based (IRB) Approach	-	-	-
4 Counterparty Credit risk	2,116,406	1,203,770	169,312
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	2,116,406	1,203,770	169,312
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity Investment in Funds - Look-Through Approach	-	-	-
9 Equity Investment in Funds - Mandate-Based Approach	-	-	-
10 Equity Investment in Funds - 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	2,451,650	1,649,750	196,132
17 Of which Standardized approach (SA)	2,451,650	1,649,750	196,132
18 Of which Internal model approaches (IMM)	-	-	-
19 Operational Risk	9,547,537	8,372,744	763,803
20 Of which Basic Indicator Approach	9,547,537	8,372,744	763,803
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>88,762,236</b>	<b>84,609,081</b>	<b>7,100,979</b>

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**XI. Explanations Related to Risk Management (continued)**

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

**2.1 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

	Carrying values as reported in published financial statements (*)	Carrying value of items			Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework (**)	
<b>Current Period</b>					
<b>Assets</b>					
Cash Values and Central Bank	16,951,303	16,951,303	-	-	-
Banks	6,523,419	6,526,154	-	-	-
Receivables From Money Markets	6,180,886	2,501,076	3,679,810	-	-
Financial Assets at Fair Value through Profit Loss	1,630,891	183,074	-	1,447,817	-
Financial Assets at Fair Value Through Other Comprehensive Income	8,651,377	8,653,347	-	-	-
Financial Assets Measured by Amortized Cost	12,522,941	12,522,941	-	-	-
Part of Derivative Financial Assets at Fair Value Through Profit Loss	1,752,609	-	1,752,609	1,752,609	-
The Fair Value Differences of Derivative Financial Assets Reflected to Other Comprehensive Income	1,097,518	-	1,097,518	1,097,518	-
Frozen Financial Assets	-	-	-	-	-
Expected Loss Reserves (-)	4,065,000	2,294,073	-	-	-
Credits	82,932,090	82,932,088	-	-	-
Factoring Receivables	-	-	-	-	-
Non-Current Assets Held For Sale and Discontinued Operations (Net)	112,859	112,859	-	-	-
Affiliates (Net)	-	-	-	-	-
Subsidiaries (Net)	116,036	116,036	-	-	-
Joint Ventures (Joint Ventures) (Net)	5	5	-	-	-
Property, Plant and Equipment (Net)	836,192	798,168	-	-	38,025
Intangible Assets (Net)	564,803	-	-	-	564,803
Investment Properties (Net)	-	-	-	-	-
Current Tax Asset	19,678	19,678	-	-	-
Deferred Tax Asset	632,912	632,912	-	-	-
Other Assets (*)	3,587,523	1,845,163	1,470,105	-	272,255
<b>Total assets</b>	<b>140,048,042</b>	<b>131,500,731</b>	<b>8,000,042</b>	<b>4,297,944</b>	<b>875,083</b>
<b>Liabilities</b>					
Deposit	93,773,478	-	-	-	-
Loans received	9,747,606	-	-	-	-
Debts to money markets	6,548,253	-	6,548,253	-	-
Issued securities	4,810,637	-	-	-	-
Financial Liabilities with Fair Value Differences Reflected to Profit Loss	-	-	-	-	-
Derivative Financial Liabilities	3,343,179	-	1,604,879	-	-
Factoring Obligations	-	-	-	-	-
Lease Liabilities	598,957	-	-	-	-
Provisions	973,049	-	-	-	-
Current Tax Liability	321,406	-	-	-	-
Deferred Tax Liability	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-
Subordinated loans	4,194,951	-	-	-	-
Other Liabilities	4,326,675	-	2,461	-	-
Equity	11,409,851	-	-	-	-
<b>Total liabilities</b>	<b>140,048,042</b>	<b>-</b>	<b>8,155,593</b>	<b>-</b>	<b>-</b>

(\*) Refers to Bank's unconsolidated financial statement

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**XI. Explanations Related to Risk Management (continued)**

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

**2.1 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

Prior Period	Carrying values as reported in published financial statements (*)	Carrying value of items			Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework (**)	
<b>Assets</b>					
Cash Values and Central Bank	11,955,970	11,955,970	-	-	-
Banks	8,552,165	8,553,619	-	-	-
Receivables From Money Markets	840,263	-	840,263	-	-
Financial Assets at Fair Value through Profit Loss	1,295,423	125,026	-	1,170,397	-
Financial Assets at Fair Value Through Other Comprehensive Income	5,539,617	5,539,546	-	-	-
Financial Assets Measured by Amortized Cost	4,906,618	4,906,618	-	-	-
Part of Derivative Financial Assets at Fair Value Through Profit Loss	1,670,042	-	1,670,042	1,670,042	-
The Fair Value Differences of Derivative Financial Assets Reflected to Other Comprehensive Income	241,507	-	241,507	241,507	-
Frozen Financial Assets	-	-	-	-	-
Expected Loss Reserves (-)	3,653,793	2,352,545	-	-	-
Credits (*)	69,218,035	69,218,035	-	-	-
Factoring Receivables	-	-	-	-	-
Non-Current Assets Held For Sale and Discontinued Operations (Net)	131,362	131,362	-	-	-
Affiliates (Net)	-	-	-	-	-
Subsidiaries (Net)	115,986	115,986	-	-	-
Joint Ventures (Joint Ventures) (Net)	5	5	-	-	-
Property, Plant and Equipment (Net)	877,782	832,905	-	-	44,877
Intangible Assets (Net)	555,886	-	-	-	555,885
Investment Properties (Net)	-	-	-	-	-
Current Tax Asset	10,958	10,958	-	-	-
Deferred Tax Asset	650,094	650,094	-	-	-
Other Assets (*)	4,442,248	2,554,356	1,889,567	531	-
<b>Total assets</b>	<b>107,350,168</b>	<b>102,241,935</b>	<b>4,641,379</b>	<b>3,082,477</b>	<b>600,762</b>
<b>Liabilities</b>					
Deposit	72,194,328	-	-	-	-
Loans received	8,576,982	-	-	-	-
Debts to money markets	1,644,665	-	1,644,665	-	-
Issued securities	2,333,877	-	-	-	-
Financial Liabilities with Fair Value Differences Reflected to Profit Loss	-	-	-	-	-
Derivative Financial Liabilities	3,511,558	-	2,571,144	-	-
Factoring Obligations	-	-	-	-	-
Lease Liabilities	653,707	-	-	-	-
Provisions	825,982	-	-	-	-
Current Tax Liability	213,516	-	-	-	-
Deferred Tax Liability	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-
Subordinated loans	3,190,503	-	-	-	-
Other Liabilities	4,484,476	-	730,161	-	-
Equity	9,720,574	-	-	-	-
<b>Total liabilities</b>	<b>107,350,168</b>	<b>-</b>	<b>4,945,970</b>	<b>-</b>	<b>-</b>

(\*) Refers to Bank's unconsolidated financial statements.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**XI. Explanations Related to Risk Management (continued)**

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

**2.2 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

<b>Current Period</b>		<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>140,048,042</b>	<b>131,500,731</b>	<b>8,000,042</b>	<b>4,297,944</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	8,155,593	-	8,155,593	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>131,892,449</b>	<b>131,500,730</b>	<b>(155,551)</b>	<b>4,297,944</b>
4	Off-balance sheet amounts	48,120,392	18,120,887	678,183	-
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</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>180,012,840</b>	<b>149,621,617</b>	<b>522,632</b>	<b>4,297,944</b>

<b>Prior Period</b>		<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>107,350,168</b>	<b>102,241,935</b>	<b>4,641,379</b>	<b>3,082,477</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	4,945,970	-	4,945,970	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>102,404,201</b>	<b>102,241,935</b>	<b>(304,591)</b>	<b>3,082,477</b>
4	Off-balance sheet amounts	96,510,498	17,225,190	567,789	-
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</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>198,914,699</b>	<b>119,467,125</b>	<b>263,198</b>	<b>3,082,477</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 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.

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**XI. Explanations Related to Risk Management (continued)**
**3. 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 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 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 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 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 unconsolidated financial statements prepared as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
Loans	3,501,882	79,430,208	4,047,771	78,884,319
Debt Securities	-	21,163,437	2,818	21,160,619
Off-balance sheet exposures	-	44,266,962	311,330	43,955,632
<b>Total</b>	<b>3,501,882</b>	<b>144,860,607</b>	<b>4,361,919</b>	<b>144,000,570</b>

Prior Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
Loans	4,146,906	65,071,129	3,640,892	65,577,143
Debt Securities	-	10,438,340	1,104	10,437,236
Off-balance sheet exposures	-	42,657,485	243,480	42,414,005
<b>Total</b>	<b>4,146,906</b>	<b>118,166,954</b>	<b>3,885,476</b>	<b>118,428,384</b>



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**XI. Explanations Related to Risk Management (continued)**

**3. 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 Defaulted loans and debt securities at end of the 31 December 2019</b>	<b>4,146,906</b>
2 Loans and debt securities that have defaulted since the last reporting period	1,451,572
3 Returned to non-defaulted status	-
4 Amounts written off(*)	(521,965)
5 Other changes (**)	(1,574,631)
<b>6 Defaulted loans and debt securities at end of 31 December 2020 (1+2-3-4-5)</b>	<b>3,501,882</b>

(\*)The bank wrote off TL 97,496 of its non-performing loans. Additionally, the portion of the Bank's non-performing loan portfolio amounting to TL 424,469 for which a provision of TL 410,516 was provided, was sold in 2020 with a price of TL 35,759 and after following the completion of the necessary procedures, non-performing loans were written off from the records.

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

<b>1 Defaulted loans and debt securities at end of the 31 December 2018</b>	<b>2,774,744</b>
2 Loans and debt securities that have defaulted since the last reporting period	3,062,812
3 Returned to non-defaulted status	-
4 Amounts written off(*)	(639,870)
5 Other changes (**)	(1,050,780)
<b>6 Defaulted loans and debt securities at end of 31 December 2019 (1+2-3-4-5)</b>	<b>4,146,906</b>

(\*)The bank wrote off TL 171,832 of its non-performing loans. The Bank's non-performing loan portfolio amounting to TL 467,640 with provision TL 450,294 was sold in 2019 with a price of TL 26,363 after 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. According to the BRSA decision dated 17 March 2020, following the number of overdue days valid in the definition of default was changed from 90 days to 180 days, expected credit losses are allocated considering the Stage 2 and Stage 3 provision ratios for risks within this range.

- 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 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.

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**XI. Explanations Related to Risk Management (continued)**

**3. 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	16,512,303	25.00	3,051,887	22.83
Farming and Stockbreeding	16,211,517	24.54	3,050,339	22.82
Forestry	-	-	-	-
Fishery	300,786	0.46	1,548	0.01
Manufacturing	22,951,706	34.74	6,097,207	45.62
Mining and Quarrying	1,928,121	2.92	179,404	1.34
Production	20,849,286	31.56	5,886,041	44.04
Electricity, Gas and Water	174,299	0.26	31,762	0.24
Construction	1,115,441	1.69	61,756	0.46
Services	19,151,597	28.99	3,356,564	25.11
Wholesale and Retail Trade	5,609,523	8.49	554,172	4.15
Accommodation and Dining	3,349,901	5.07	792,491	5.93
Transportation and Telecom.	2,041,497	3.09	311,508	2.33
Financial Institutions	1,489,840	2.26	98,540	0.74
Real Estate and Rental Services	3,342,800	5.06	530,997	3.97
Self-Employment Services	2,719,581	4.12	1,037,743	7.76
Educational Services	313,805	0.48	17,315	0.13
Health and Social Services	284,650	0.43	13,798	0.10
Other	6,334,126	9.59	797,621	5.98
<b>Total</b>	<b>66,065,173</b>	<b>100.00</b>	<b>13,365,035</b>	<b>100.00</b>
	Prior Period			
	TL	(%)	FC	(%)
Agriculture	1,272,531	2.42	139,879	1.12
Farming and Stockbreeding	1,210,438	2.30	138,905	1.11
Forestry	-	-	-	-
Fishery	62,093	0.12	974	0.01
Manufacturing	14,855,656	28.26	5,936,539	47.53
Mining and Quarrying	1,158,785	2.20	203,068	1.63
Production	13,147,577	25.01	5,450,083	43.63
Electricity, Gas and Water	549,294	1.05	283,388	2.27
Construction	1,247,839	2.37	335,191	2.68
Services	13,222,498	25.15	5,735,750	45.91
Wholesale and Retail Trade	5,205,663	9.90	1,005,417	8.05
Accommodation and Dining	805,003	1.53	1,373,359	10.99
Transportation and Telecom.	2,099,437	3.99	336,643	2.69
Financial Institutions	1,936,249	3.68	1,516,889	12.14
Real Estate and Rental Services	1,070,901	2.04	1,402,519	11.23
Self-Employment Services	680,584	1.29	100,360	0.80
Educational Services	82,751	0.16	563	0.00
Health and Social Services	1,341,910	2.55	-	-
Other	21,979,889	41.80	345,357	2.76
<b>Total</b>	<b>52,578,413</b>	<b>100.00</b>	<b>12,492,716</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”.

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**XI. Explanations Related to Risk Management (continued)**

**3. 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 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) Ageing analysis of accounting past-due exposures

<b>31 December 2020 (*)</b>	<b>1-30 Day</b>	<b>31-60 Day</b>	<b>61-90 Day</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	265,565	155,830	438,085	859,480
Consumer Loans	520,416	180,156	256,865	957,437
Credit Cards	77,892	77,145	56,408	211,445
<b>Total</b>	<b>863,873</b>	<b>413,131</b>	<b>751,358</b>	<b>2,028,362</b>

(\*) According to the BRSA’s decisions, dated 17 March 2020 and numbered 8948 and, dated 8 December 2020 and numbered 9312, to be effective from 17 March 2020 until 30 June 2021, total amount of loans with delays of 91 to 180 days which are continued to be classified as Stage 2 is TL 626,606 as of 31 December 2020.

<b>31 December 2019</b>	<b>1-30 Day</b>	<b>31-60 Day</b>	<b>61-90 Day</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	455,811	357,891	1,093,620	1,907,322
Consumer Loans	482,022	297,618	380,699	1,160,339
Credit Cards	96,362	103,803	73,313	273,478
<b>Total</b>	<b>1,034,195</b>	<b>759,312</b>	<b>1,547,632</b>	<b>3,341,139</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	1,585,123	(621,022)	964,101
Consumer Loans	154,605	(32,183)	122,422
Credit Cards	22,188	(1,735)	20,453
<b>Total</b>	<b>1,761,916</b>	<b>(654,940)</b>	<b>1,106,976</b>

<b>Prior Period</b>	<b>Gross Amount</b>	<b>Significant Increase in Credit Risk (Stage II)</b>	<b>Net Amount</b>
Commercial Loans	1,927,889	(393,754)	1,534,135
Consumer Loans	137,661	(14,402)	123,259
Credit Cards	61,116	(3,605)	57,511
<b>Total</b>	<b>2,126,666</b>	<b>(411,761)</b>	<b>1,714,905</b>

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**XI. Explanations Related to Risk Management (continued)**

**3. 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	65,682	37,989	27,693
Consumer Loans	27,484	18,913	8,571
Credit Cards	5,953	4,519	1,434
<b>Total</b>	<b>99,119</b>	<b>61,421</b>	<b>37,698</b>
<b>Prior Period</b>	<b>Gross Amount</b>	<b>Default (Stage III)</b>	<b>Net Amount</b>
Commercial Loans	47,120	28,442	18,678
Consumer Loans	56,711	34,791	21,920
Credit Cards	11,972	9,355	2,617
<b>Total</b>	<b>115,803</b>	<b>72,588</b>	<b>43,215</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 Bank makes on and off-balance sheet netting

The 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 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 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 Bank credit customers obtained guarantee from other entities.

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

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**XI. Explanations Related to Risk Management (continued)**
**3. Credit Risk Disclosure (continued)**
**3.2 Credit risk mitigation**
**3.2.2 Credit risk mitigation techniques – Overview**

	Exposures unsecured: carrying amount	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(*)	62,123,854	9,340,977	8,438,686	5,746,115	4,549,485	-	-
2 Debt securities(*)	19,865,015	-	-	-	-	-	-
<b>3 Total</b>	<b>81,988,869</b>	<b>9,340,977</b>	<b>8,438,686</b>	<b>5,746,115</b>	<b>4,549,485</b>	-	-
4 Of which defaulted(*)	3,290,277	123,545	87,776	65,615	297	-	-

(\*) According to BRSA communiqué dated 23/03/2020 and numbered 24049440-045, 31/12/2019 exchange rates are used for credit risk calculations.

	Exposures unsecured: carrying amount	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	51,501,497	10,623,941	9,464,806	4,740,052	3,794,739	-	-
2 Debt securities	10,438,340	-	-	-	-	-	-
<b>3 Total</b>	<b>61,939,837</b>	<b>10,623,941</b>	<b>9,464,806</b>	<b>4,740,052</b>	<b>3,794,739</b>	-	-
4 Of which defaulted	3,816,599	312,828	221,411	17,479	1,122	-	-

**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:

- a) 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 Bank uses Fitch Ratings International Rating Agency’s external ratings.

- b) 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 on 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.

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**XI. Explanations Related to Risk Management (continued)**

**3. 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 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 three months or less, and a 50% risk weight is used for receivables with a maturity period of more than three 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 and AA-	0%	20%	50%	100%
2	A+ and A-	20%	20%	50%	100%
3	BBB+ and BBB-	50%	50%	50%	100%
4	BB+ and BB-	100%	100%	100%	100%
5	B+ and B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

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**XI. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosures (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	35,081,966	-	37,168,942	-	460,144	1%
2	Exposures to regional governments or local authorities	1,196,851	3,910	1,195,676	1,851	598,768	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	7,131,564	2,113,171	7,016,925	1,689,485	2,364,609	27%
7	Exposures to corporates	30,929,793	17,725,095	29,078,801	9,418,754	37,816,140	98%
8	Retail exposures	32,868,189	15,383,637	30,423,707	2,836,385	24,942,728	75%
9	Exposures secured by residential property	4,654,019	334,268	4,654,019	127,135	1,673,404	35%
10	Exposures secured by commercial real estate	5,703,402	1,117,896	5,450,919	462,159	3,971,642	67%
11	Past-due loans	1,207,798	226,565	1,207,503	65,240	1,123,886	88%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
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 assets	3,540,984	2,723,762	3,540,976	2,889	1,528,065	43%
17	Investments in equities	167,257	-	167,257	-	167,257	100%
<b>18</b>	<b>Total</b>	<b>122,481,823</b>	<b>39,628,304</b>	<b>119,904,725</b>	<b>14,603,898</b>	<b>74,646,643</b>	<b>55%</b>

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**XI. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosures (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	20,795,764	-	22,823,247	445	4,686,792	21%
2 Exposures to regional governments or local authorities	1,247,638	4,566	1,242,201	2,087	622,150	50%
3 Exposures to public sector entities	-	-	-	-	-	-
4 Exposures to multilateral development Banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	10,917,720	2,235,018	10,819,861	1,718,566	4,387,903	35%
7 Exposures to corporates	21,700,590	18,703,110	20,454,546	11,499,334	30,921,617	97%
8 Retail exposures	29,340,715	15,428,657	27,088,081	3,014,696	22,568,577	75%
9 Exposures secured by residential Property	5,473,079	374,142	5,473,079	146,464	1,966,840	35%
10 Exposures secured by commercial real Estate	6,506,468	1,174,811	6,236,649	512,230	4,765,201	71%
11 Past-due loans	1,794,352	244,545	1,793,224	77,444	1,691,079	90%
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-
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 assets	4,335,114	4,450,530	4,335,112	2,649	1,639,738	38%
17 Investments in equities	132,920	-	132,920	-	132,920	100%
<b>18 Total</b>	<b>102,244,360</b>	<b>42,615,379</b>	<b>100,398,920</b>	<b>16,973,915</b>	<b>73,382,817</b>	<b>63%</b>



**TÜRK EKONOMİ BANKASI A.Ş.**

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**XI. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosures (continued)**

**3.3 Credit risk under standardized approach (continued)**

**3.3.3 Standardized approach – exposures by asset classes and risk weights**

Current Period		0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
Asset Classes / Risk Weights												
1	Exposures to regional governments or local authorities	36,708,798	-	-	-	-	-	460,144	-	-	-	37,168,942
2	Exposures to regional governments or local authorities	-	-	-	-	1,197,519	-	8	-	-	-	1,197,527
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	6,679,841	-	1,995,853	-	30,715	1	-	-	8,706,410
7	Exposures to corporates	-	-	127,443	-	1,158,920	-	37,211,192	-	-	-	38,497,555
8	Retail exposures	-	-	1,125	-	6,904	33,252,063	-	-	-	-	33,260,092
9	Exposures secured by residential property	-	-	-	4,781,154	-	-	-	-	-	-	4,781,154
10	Exposures secured by commercial real estate	-	-	-	-	3,882,873	-	2,030,205	-	-	-	5,913,078
11	Past-due loans	-	-	-	-	408,750	-	752,955	111,038	-	-	1,272,743
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	167,257	-	-	-	167,257
17	Other assets	1,969,069	-	58,413	-	-	-	1,516,383	-	-	-	3,543,865
<b>18</b>	<b>Total</b>	<b>38,677,867</b>	<b>-</b>	<b>6,866,822</b>	<b>4,781,154</b>	<b>8,650,819</b>	<b>33,252,063</b>	<b>42,168,859</b>	<b>111,039</b>	<b>-</b>	<b>-</b>	<b>134,508,623</b>

(\*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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**XI. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosures (continued)**

**3.3 Credit risk under standardized approach (continued)**

**3.3.3 Standardized approach – exposures by asset classes and risk weights (continued)**

Prior Period					50% secured					Other risk	Total credit risk
Asset Classes / Risk Weights	0%	10%	20%	35%	by real	75%	100%	150%	200%	weights	exposure amount
					estate (*)					(after CCF and CRM)	
1 Exposures to regional governments or local authorities	18,136,900	-	-	-	-	-	4,686,792	-	-	-	22,823,692
2 Exposures to regional governments or local authorities	-	-	-	-	1,244,276	-	12	-	-	-	1,244,288
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to banks and financial intermediaries	-	-	9,044,671	-	1,838,724	-	1,645,882	9,150	-	-	12,538,427
7 Exposures to corporates	-	-	786,895	-	805,495	-	30,361,490	-	-	-	31,953,880
8 Retail exposures	-	-	5,755	-	21,615	30,075,157	250	-	-	-	30,102,777
9 Exposures secured by residential property	-	-	-	5,619,543	-	-	-	-	-	-	5,619,543
10 Exposures secured by commercial real estate	-	-	-	-	3,967,356	-	2,781,523	-	-	-	6,748,879
11 Past-due loans	-	-	-	-	601,830	-	1,026,186	242,652	-	-	1,870,668
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	132,920	-	-	-	132,920
17 Other assets	2,660,399	-	47,029	-	-	-	1,630,333	-	-	-	4,337,761
<b>18 Total</b>	<b>20,797,299</b>	<b>-</b>	<b>9,884,350</b>	<b>5,619,543</b>	<b>8,479,296</b>	<b>30,075,157</b>	<b>42,265,388</b>	<b>251,802</b>	<b>-</b>	<b>-</b>	<b>117,372,835</b>

(\*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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**XI. Explanations Related to 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 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 Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are audited and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

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**XI. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.2. Analysis of counterparty credit risk (CCR) exposure by approach**

<b>Current Period</b>	<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE(*)</b>	<b>Alpha used for computing regulatory EAD</b>	<b>EAD post CRM</b>	<b>Risk Weighted Amounts</b>
Standardized Approach - CCR (For Derivatives)	1,452,674	498,722		1.4	1,923,504	1,229,934
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					1,047,632	420,982
<b>Total</b>						<b>1,650,916</b>

(\*) Effective Expected Positive Exposure

<b>Prior Period</b>	<b>Replacement Cost</b>	<b>Potential future exposure</b>	<b>EEPE(*)</b>	<b>Alpha used for computing regulatory EAD</b>	<b>EAD post CRM</b>	<b>Risk Weighted Amounts</b>
Standardized Approach - CCR (For Derivatives)	424,504	567,790		1.4	978,777	807,495
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					20,589	3,653
<b>Total</b>						<b>811,148</b>

(\*)Effective Expected Positive Exposure

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**XI. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.3. Credit valuation adjustment (CVA) capital charge**

<b>Current Period</b>	<b>EAD post-CRM</b>	<b>Risk Weighted Amounts</b>
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)		-
(ii) Stressed VaR component (including the 3×multiplier)		-
All portfolios subject to the Standardized CVA capital charge	1,923,504	465,490
<b>Total subject to the CVA capital charge</b>	<b>1,923,504</b>	<b>465,490</b>

<b>Prior Period</b>	<b>EAD post-CRM</b>	<b>Risk Weighted Amounts</b>
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)		-
(ii) Stressed VaR component (including the 3×multiplier)		-
All portfolios subject to the Standardized CVA capital charge	978,777	392,622
<b>Total subject to the CVA capital charge</b>	<b>978,777</b>	<b>392,622</b>

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**XI. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.4. Counterparty credit risk by risk classes and risk weights**

<b>Current Period</b>											<b>Total credit exposure(*)</b>
<b>Risk Weight / Regulatory portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>		
Claims from central governments and central banks	529,441	-	-	-	-	-	-	-	-	-	529,441
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	254,344	-	1,137,118	-	-	-	-	-	1,391,462
Corporates	-	-	6,360	-	17,753	-	1,006,996	-	-	-	1,031,109
Retail portfolios	-	-	-	-	-	19,124	-	-	-	-	19,124
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>529,441</b>	<b>-</b>	<b>260,704</b>	<b>-</b>	<b>1,154,871</b>	<b>19,124</b>	<b>1,006,996</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,971,136</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.

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**XI. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.4. Counterparty credit risk by risk classes and risk weights (continued)**

<b>Prior Period Risk Weight/ Regulatory portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure(*)</b>
Claims from central governments and central banks	13,012	-	-	-	-	-	-	-	-	13,012
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	9,946	-	297,308	-	46,481	-	-	353,735
Corporates	-	-	131	-	15,706	-	574,234	-	-	590,071
Retail portfolios	-	-	-	-	-	42,548	-	-	-	42,548
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13,012</b>	<b>-</b>	<b>10,077</b>	<b>-</b>	<b>313,014</b>	<b>42,548</b>	<b>620,715</b>	<b>-</b>	<b>-</b>	<b>999,366</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.

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**XI. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.5. Composition of collateral for CCR exposure**

Current Period	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	1,220	-	-	-	-
Cash – other currencies	-	3,711	-	-	-	-
Domestic sovereign debt	-	1,055	-	-	-	-
Other sovereign debt	-	21,906	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>27,892</b>	-	-	-	-

Prior Period	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	298	-	-	-	-
Cash – other currencies	-	12,916	-	-	-	-
Domestic sovereign debt	-	74	-	-	-	-
Other sovereign debt	-	229	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>13,517</b>	-	-	-	-

**4.6. Credit derivatives exposures**

	Current Period	
	Protection bought	Protection sold
<b>Nominal</b>		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	-	-
<b>Fair Values</b>		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

	Prior Period	
	Protection bought	Protection sold
<b>Nominal</b>		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	-	-
<b>Fair Values</b>		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

**4.7. Exposures to central counterparties**

None.



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**XI. Explanations Related to Risk Management (continued)**

**5. Securitization Disclosures**

Since the 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. The notes to be presented on annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of market risk by the Bank.

**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 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 Bank’s assets, liabilities and off balance sheet items values. The 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 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.

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**XI. Explanations Related to Risk Management (continued)**

**6. Market Risk Disclosures (continued)**

**6.1. Qualitative disclosure requirements related to market risk (continued)**

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 are 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.

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

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, VAR (value at risk) 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**

<b>Current Period</b>		<b>Risk Weighted Amounts</b>
Outright products		
1	Interest rate risk (general and specific)	1,561,156
2	Equity risk (general and specific)	-
3	Foreign exchange risk	248,933
4	Commodity risk	588,523
Options		
5	Simplified approach	-
6	Delta-plus method	53,038
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>2,451,650</b>

<b>Prior Period</b>		<b>Risk Weighted Amounts</b>
Outright product		
1	Interest rate risk (general and specific)	1,437,126
2	Equity risk (general and specific)	-
3	Foreign exchange risk	82,917
4	Commodity risk	107,119
Options		
5	Simplified approach	-
6	Delta-plus method	22,588
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>1,649,750</b>

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**XI. Explanations Related to Risk Management (continued)**

**7. Explanations Related to Operational Risk**

a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed monthly.

b) In case of Basic Indicator Approach the following:

	31.12.2017	31.12.2018	31.12.2019	Total/Number of positive gross income years	Rate (%)	Total
Gross Income	4,133,929	5,159,211	5,982,919	5,092,020	15	763,803
Operational Risk Capital Requirement (Total*12.5)						9,547,537

	31.12.2016	31.12.2017	31.12.2018	Total/Number of positive gross income years	Rate (%)	Total
Gross Income	4,103,251	4,133,929	5,159,211	4,465,464	15	669,820
Operational Risk Capital Requirement (Total*12.5)						8,372,744

c) The Bank does not use the standard method.

d) The Bank does not use any alternative approach in standard method.

e) The Bank 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 audited and approved by SECOM and submitted to the Board of Directors. The remuneration policy is reviewed annually.

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to the Assets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	382,963	1,948,389	410,344	2,031,625
Balances with the Central Bank of Turkey	3,048,958	11,382,722	305,709	8,942,832
Other	-	188,271	-	265,460
<b>Total</b>	<b>3,431,921</b>	<b>13,519,382</b>	<b>716,053</b>	<b>11,239,917</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2,979,546	-	297,130	-
Unrestricted Time Deposit	-	4,626,036	-	3,932,318
Restricted Time Deposit	69,412	6,756,686	8,579	5,010,514
<b>Total</b>	<b>3,048,958</b>	<b>11,382,722</b>	<b>305,709</b>	<b>8,942,832</b>

Foreign currency unrestricted deposit amounting to TL 4,626,036 (31 December 2019: TL 3,932,318) foreign currency restricted deposit amounting to TL 6,756,686 (31 December 2019: TL 5,010,514) unrestricted deposit balance amounting to TL 2,979,546 (31 December 2019: TL 297,130), and restricted deposit amounting to TL 69,412 (31 December 2019: TL 8,579) comprises of reserve deposits. As of 31 December 2020, the Turkish lira required reserve ratios are determined to be within the range of 1% - 6% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2019: 1% - 2%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 5% - 22% (31 December 2019: 5% - 21%).

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

- a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2019: None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2019: None).

Net book value of unrestricted financial assets at fair value through profit and loss is TL 1,447,816 (31 December 2019: TL 1,167,994).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	392,758	56,660	144,959	9,474
Swap Transactions	1,091,529	165,479	1,302,918	179,827
Futures Transactions	-	-	-	-
Options	36,244	9,939	25,918	6,946
Other	-	-	-	-
<b>Total</b>	<b>1,520,531</b>	<b>232,078</b>	<b>1,473,795</b>	<b>196,247</b>

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

**4. Information on banks:**

a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	1,851,274	801,236	1,015,539	185,361
Foreign Banks	56,939	3,813,970	55,635	7,295,630
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>1,908,213</b>	<b>4,615,206</b>	<b>1,071,174</b>	<b>7,480,991</b>

b) Information on foreign banks account:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,637,693	5,946,715	-	-
USA, Canada	1,518,644	211,172	-	-
OECD Countries (*)	135,873	739,820	-	-
Coastal Banking Regions	556,267	446,599	-	-
Other	22,432	6,959	-	-
<b>Total</b>	<b>3,870,909</b>	<b>7,351,265</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	876,626	272,329	333,201	-
Other	-	-	-	-
<b>Total</b>	<b>876,626</b>	<b>272,329</b>	<b>333,201</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	869,642	2,567,087	77,088	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>869,642</b>	<b>2,567,087</b>	<b>77,088</b>	-

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 4,065,693 (31 December 2019: TL 5,129,328)

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

**5. Information on financial assets at fair value through other comprehensive income (continued)**

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

	Current Period	Prior Period
Debt Securities	8,640,496	5,531,722
Quoted at Stock Exchange	8,617,330	5,511,108
Unquoted at Stock Exchange	23,166	20,614
Share Certificates	10,881	7,895
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	10,881	7,895
Impairment Provision (-)	-	-
<b>Total</b>	<b>8,651,377</b>	<b>5,539,617</b>

**6. Information on loans:**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	438,193	1,596	182,856
Corporate Shareholders	-	438,193	1,596	182,856
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	153,482	-	139,703	-
<b>Total</b>	<b>153,482</b>	<b>438,193</b>	<b>141,299</b>	<b>182,856</b>

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

Cash Loans	Loans under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-specialized Loans	71,477,863	6,190,429	92,352	1,669,564
Working Capital Loans	5,389,404	835,979	54,422	796,995
Export Loans	9,300,529	62,917	-	89,456
Import Loans	-	-	-	-
Loans Given to Financial Sector	2,655,503	-	-	-
Consumer Loans	16,922,139	2,915,680	3,912	150,693
Credit Cards	4,540,033	655,741	22,188	-
Other	32,670,255	1,720,112	11,830	632,420
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>71,477,863</b>	<b>6,190,429</b>	<b>92,352</b>	<b>1,669,564</b>

	Current Period		Prior Period	
	Loans Under Close Monitoring		Loans Under Close Monitoring	
	Standard Loans	Standard Loans	Standard Loans	Monitoring
12 Month Expected Credit Losses	393,446	-	394,194	-
Significant increase in Credit Risk	-	1,360,252	-	894,153
<b>Total</b>	<b>393,446</b>	<b>1,360,252</b>	<b>394,194</b>	<b>894,153</b>

c) Distribution of cash loans by maturity structure:

	Loans under Close Monitoring		
	Standard Loans	Not under the Scope of Restructuring	
	Standard Loans	Restructuring	Restructuring
Short Term Loans	35,701,203	1,564,549	152,657
Medium and Long Term Loans	35,776,660	4,625,880	1,609,259
<b>Total</b>	<b>71,477,863</b>	<b>6,190,429</b>	<b>1,761,916</b>

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

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

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

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

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

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

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

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

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

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>567,813</b>	<b>15,880,140</b>	<b>16,447,953</b>
Housing Loans	3,287	5,334,276	5,337,563
Vehicle Loans	18,385	422,741	441,126
General Purpose Loans	546,141	10,123,123	10,669,264
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	-	<b>18,308</b>	<b>18,308</b>
Housing Loans	-	18,308	18,308
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	-	<b>27,949</b>	<b>27,949</b>
Housing Loans	-	6,031	6,031
Vehicle Loans	-	3,655	3,655
General Purpose Loans	-	18,263	18,263
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3,135,899</b>	<b>54,120</b>	<b>3,190,019</b>
With Instalments	1,012,747	54,120	1,066,867
Without Instalments	2,123,152	-	2,123,152
<b>Individual Credit Cards-FC</b>	<b>11,775</b>	-	<b>11,775</b>
With Instalments	-	-	-
Without Instalments	11,775	-	11,775
<b>Personnel Loans-TL</b>	<b>13,520</b>	<b>89,484</b>	<b>103,004</b>
Housing Loans	-	517	517
Vehicle Loans	-	-	-
General Purpose Loans	13,520	88,967	102,487
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>31,920</b>	-	<b>31,920</b>
With Instalments	10,293	-	10,293
Without Instalments	21,627	-	21,627
<b>Personnel Credit Cards-FC</b>	<b>393</b>	-	<b>393</b>
With Instalments	-	-	-
Without Instalments	393	-	393
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>608,567</b>	-	<b>608,567</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>4</b>	-	<b>4</b>
<b>Total</b>	<b>4,369,891</b>	<b>16,070,001</b>	<b>20,439,892</b>

(\*) Overdraft accounts include personnel loans amounting to TL 4,386.

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



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**I. Explanations and Disclosures Related to the 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>2,173,068</b>	<b>8,946,399</b>	<b>11,119,467</b>
Business Loans	257	163,797	164,054
Vehicle Loans	61,037	1,257,926	1,318,963
General Purpose Loans	2,111,774	7,524,676	9,636,450
Other	-	-	-
<b>Commercial loans with instalment - Indexed to FC</b>	<b>-</b>	<b>148,076</b>	<b>148,076</b>
Business Loans	-	6,192	6,192
Vehicle Loans	-	23,201	23,201
General Purpose Loans	-	118,683	118,683
Other	-	-	-
<b>Commercial loans with instalment – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,660,003</b>	<b>917</b>	<b>1,660,920</b>
With Instalments	601,673	917	602,590
Without Instalments	1,058,330	-	1,058,330
<b>Corporate Credit Cards-FC</b>	<b>1,560</b>	<b>-</b>	<b>1,560</b>
With Instalments	-	-	-
Without Instalments	1,560	-	1,560
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>741,420</b>	<b>-</b>	<b>741,420</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,576,051</b>	<b>9,095,392</b>	<b>13,671,443</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>1,006,177</b>	<b>9,781,970</b>	<b>10,788,147</b>
Business Loans	1,000	170,690	171,690
Vehicle Loans	26,836	682,638	709,474
General Purpose Loans	978,341	8,928,642	9,906,983
Other	-	-	-
<b>Commercial loans with instalment - Indexed to FC</b>	<b>-</b>	<b>331,604</b>	<b>331,604</b>
Business Loans	-	5,899	5,899
Vehicle Loans	-	83,943	83,943
General Purpose Loans	-	241,762	241,762
Other	-	-	-
<b>Commercial loans with instalment – FC</b>	<b>478</b>	<b>-</b>	<b>478</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	478	-	478
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,504,191</b>	<b>-</b>	<b>1,504,191</b>
With Instalments	385,150	-	385,150
Without Instalments	1,119,041	-	1,119,041
<b>Corporate Credit Cards-FC</b>	<b>2,439</b>	<b>-</b>	<b>2,439</b>
With Instalments	-	-	-
Without Instalments	2,439	-	2,439
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>849,525</b>	<b>-</b>	<b>849,525</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,362,810</b>	<b>10,113,574</b>	<b>13,476,384</b>

f) Distribution of loans by users:

	<b>Current Period</b>	<b>Prior Period</b>
Public	2,048,390	2,096,489
Private	77,381,818	62,974,640
<b>Total</b>	<b>79,430,208</b>	<b>65,071,129</b>

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

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

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	78,937,391	64,523,379
Foreign Loans	492,817	547,750
<b>Total</b>	<b>79,430,208</b>	<b>65,071,129</b>

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	345,966	277,729
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>345,966</b>	<b>277,729</b>

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

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	104,606	349,033
Loans and Receivables with Doubtful Collectability	198,193	572,537
Uncollectible Loans and Receivables	1,991,274	1,430,975
<b>Total</b>	<b>2,294,073</b>	<b>2,352,545</b>

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

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

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
Gross Amounts before Provisions	22,018	24,809	52,292
Restructured Loans	22,018	24,809	52,292
<b>Prior Period</b>			
Gross Amounts before Provisions	55,867	41,008	18,928
Restructured Loans	55,867	41,008	18,928

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

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
<b>Prior period end balance</b>	<b>624,321</b>	<b>1,168,994</b>	<b>2,353,591</b>
Additions (+)	962,916	94,269	394,387
Transfers from other Categories of Loans under Follow-up (+)	-	1,173,957	1,705,142
Transfers to other Categories of Loans under Follow-up (-)	1,173,957	1,705,142	-
Collections (-)	245,121	412,866	916,644
Write-Offs (-)	4	691	96,801
Sold Portfolio (-)(*)	3	4,792	419,674
Corporate and Commercial Loans	-	4,572	171,810
Retail Loans	2	-	137,865
Credit Cards	1	220	109,999
Other	-	-	-
<b>Current period end balance</b>	<b>168,152</b>	<b>313,729</b>	<b>3,020,001</b>
Provision (-)	104,606	198,193	1,991,274
<b>Net Balances on Balance Sheet</b>	<b>63,546</b>	<b>115,536</b>	<b>1,028,727</b>

(\*) Past due receivables amounting to TL 424,469 for which TL 410,516 of provision had been allocated, is sold for TL 35,759 during 2020. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

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

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

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

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

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>31 December 2020</b>			
Period End Balance	13,274	82,483	206,622
Provision (-)	7,729	57,368	158,053
<b>Net Balance on Balance Sheet</b>	<b>5,545</b>	<b>25,115</b>	<b>48,569</b>
<b>31 December 2019</b>			
Prior Period End Balance	40,984	76,556	153,192
Provision (-)	22,125	42,944	121,969
<b>Net Balance on Balance Sheet</b>	<b>18,859</b>	<b>33,612</b>	<b>31,223</b>

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

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	168,152	313,729	3,020,001
Provision (-)	104,606	198,193	1,991,274
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>63,546</b>	<b>115,536</b>	<b>1,028,727</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<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)	624,321	1,168,994	2,353,591
Provision (-)	349,033	572,537	1,430,975
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>275,288</b>	<b>596,457</b>	<b>922,616</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<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	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period(Net)</b>	<b>2,233</b>	<b>10,665</b>	<b>357,174</b>
Interest Accruals, Rediscounts and Valuation Differences	18,675	40,732	637,700
Provision (-)	16,442	30,067	280,526
<b>Prior Period (Net)</b>	<b>18,822</b>	<b>77,767</b>	<b>229,640</b>
Interest Accruals, Rediscounts and Valuation Differences	76,914	175,092	394,218
Provision (-)	58,092	97,325	164,578

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

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

k) Outline of the liquidation policy for losses and other receivables:

Loans and other receivables, which are deemed not possible to be collected according to the “Regulation on Classification of Loans and Provisions and Provisions for Reserves” published in the Official Gazette dated 22 June 2016 and numbered 29750, are fulfilled by the requirements of the Tax Procedure Law in line with the decision taken by the Bank’s senior management classified as a loan as a loss.

l) Disclosures regarding the unregistered policy:

The Fifth Group - Loans classified as Loss Loans, with at least one reporting period in this group, and the lifetime expected credit loss due to the default of the debtor constitutes the Bank’s credits to be deducted. Deregistration is an accounting practice and does not result in the right to waive. Loans deducted from the record do not affect the legal follow-up of the Bank. Indicators are utilized regarding the absence of reasonable expectations regarding the recovery of loans. The deregistration is examined on an incident basis with predefined criteria and the following deregistration indicators 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 evaluating that the entire loan is not capable of recovering 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.

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

Within the scope of TFRS 9, the deducted amount during the period is TL 97,496 (31 December 2019: TL 171,832) and its effect on NPL ratio is 0.12%(31 December 2019: 0.23%) . The follow-up conversion rate, after deductions, is 4.22% (31 December 2019 5.99% ) in the current period frozen loan figures, while the calculated rate including the loans deducted during the year is 4.34% (31 December 2019 : 6.22%) .

m) Other explanations and disclosures :

<b>Current Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	50,015,691	16,922,139	4,540,033	71,477,863
Loans under Close Monitoring	4,204,131	3,070,285	677,929	7,952,345
Loans Under Follow-Up	3,096,177	315,522	90,183	3,501,882
<b>Total</b>	<b>57,315,999</b>	<b>20,307,946</b>	<b>5,308,145</b>	<b>82,932,090</b>
12 Month Expected Credit Loss (Stage I) (-)	176,623	162,525	54,298	393,446
Significant Increase in Credit Risk (Stage II) (-)	1,033,284	263,142	63,826	1,360,252
Default (Stage III) (-)	1,996,399	228,731	68,943	2,294,073
<b>Total</b>	<b>3,206,306</b>	<b>654,398</b>	<b>187,067</b>	<b>4,047,771</b>
<b>Net Credit Balance on the Balance Sheet</b>	<b>54,109,693</b>	<b>19,653,548</b>	<b>5,121,078</b>	<b>78,884,319</b>

<b>Prior Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	37,586,208	14,593,587	4,026,952	56,206,747
Loans under Close Monitoring	5,538,399	2,612,198	713,785	8,864,382
Loans Under Follow-Up	3,617,237	398,230	131,439	4,146,906
<b>Total</b>	<b>46,741,844</b>	<b>17,604,015</b>	<b>4,872,176</b>	<b>69,218,035</b>
12 Month Expected Loss Reserves (Stage I) (-)	192,135	144,831	57,228	394,194
Significant Increase in Credit Risk (Stage II) (-)	686,025	161,159	46,969	894,153
Default (Stage III) (-)	2,009,282	250,895	92,368	2,352,545
<b>Total</b>	<b>2,887,442</b>	<b>556,885</b>	<b>196,565</b>	<b>3,640,892</b>
<b>Net Credit Balance on the Balance Sheet</b>	<b>43,854,402</b>	<b>17,047,130</b>	<b>4,675,611</b>	<b>65,577,143</b>

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

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

m) Other explanations and disclosures (continued)

The following is a reclassification of provision for impairment on loans by stage;

**Current Period**

<b>Commercial</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non- performing loans (Stage 3)</b>	<b>Total</b>
31 December 2019	192,135	686,025	2,009,282	2,887,442
Transfers;				
- Stage 1 to Stage 2	(8,724)	49,433	-	40,709
- Stage 1 to Stage 3	(1,029)	-	34,371	33,342
- Stage 2 to Stage 3	-	(70,704)	259,761	189,057
- Stage 2 to Stage 1	2,529	(19,907)	-	(17,378)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	87,699	574,689	141,749	804,137
Collections	(110,444)	(285,376)	(189,132)	(584,952)
Sold Portfolio	-	-	(163,411)	(163,411)
Write-off	-	-	(96,221)	(96,221)
Currency differences	14,457	99,124	-	113,581
<b>Total expected credit losses 31 December 2020</b>	<b>176,623</b>	<b>1,033,284</b>	<b>1,996,399</b>	<b>3,206,306</b>

**Prior Period**

<b>Commercial</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non- performing loans (Stage 3)</b>	<b>Total</b>
31 December 2018	218,413	634,220	760,528	1,613,161
Transfers;				
- Stage 1 to Stage 2	(19,564)	104,626	-	85,062
- Stage 1 to Stage 3	(5,387)	-	169,762	164,375
- Stage 2 to Stage 3	-	(82,960)	378,714	295,754
- Stage 2 to Stage 1	2,817	(17,869)	-	(15,052)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	117,210	243,941	1,388,936	1,750,087
Collections	(127,005)	(224,291)	(236,201)	(587,497)
Sold Portfolio	-	-	(282,227)	(282,227)
Write-offs	-	-	(171,832)	(171,832)
Currency differences	5,651	28,358	1,602	35,611
<b>Total expected credit losses 31 December 2019</b>	<b>192,135</b>	<b>686,025</b>	<b>2,009,282</b>	<b>2,887,442</b>

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

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

m) Other explanations and disclosures (continued)

**Current Period**

<b>Consumer</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non- performing loans (Stage 3)</b>	<b>Total</b>
31 December 2019	144,831	161,159	250,895	556,885
Transfers;				
- Stage 1 to Stage 2	(9,009)	69,594	-	60,585
- Stage 1 to Stage 3	(1,226)	-	27,155	25,929
- Stage 2 to Stage 3	-	(16,472)	65,561	49,089
- Stage 2 to Stage 1	4,209	(30,446)	-	(26,237)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	72,237	122,632	29,704	224,573
Collections	(48,517)	(43,325)	(18,399)	(110,241)
Sold Portfolio	-	-	(124,910)	(124,910)
Write-offs	-	-	(1,275)	(1,275)
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2020</b>	<b>162,525</b>	<b>263,142</b>	<b>228,731</b>	<b>654,398</b>

**Prior Period**

<b>Consumer</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non- performing loans (Stage 3)</b>	<b>Total</b>
31 December 2018	85,416	149,047	769,345	1,003,808
Transfers;				
- Stage 1 to Stage 2	(7,719)	37,698	-	29,979
- Stage 1 to Stage 3	(2,701)	-	54,025	51,324
- Stage 2 to Stage 3	-	(13,970)	74,977	61,007
- Stage 2 to Stage 1	4,716	(28,485)	-	(23,769)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	91,331	52,767	(555,612)	(411,514)
Collections	(26,212)	(35,898)	(6,672)	(68,782)
Sold Portfolio	-	-	(85,168)	(85,168)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2019</b>	<b>144,831</b>	<b>161,159</b>	<b>250,895</b>	<b>556,885</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

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

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

m) 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>Non- performing loans (Stage 3)</b>	<b>Total</b>
31 December 2019	57,228	46,969	92,368	196,565
Transfers;				
- Stage 1 to Stage 2	(5,373)	35,955	-	30,582
- Stage 1 to Stage 3	(1,144)	-	22,014	20,870
- Stage 2 to Stage 3	-	(5,174)	32,122	26,948
- Stage 2 to Stage 1	6,441	(16,903)	-	(10,462)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	4,183	14,254	22,475	40,912
Collections	(7,037)	(11,275)	-	(18,312)
Sold Portfolio	-	-	(100,036)	(100,036)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2020</b>	<b>54,298</b>	<b>63,826</b>	<b>68,943</b>	<b>187,067</b>

**Prior Period**

<b>Credit Cards</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non- performing loans (Stage 3)</b>	<b>Total</b>
31 December 2018	51,561	52,947	128,307	232,815
Transfers;				
- Stage 1 to Stage 2	(5,389)	27,657	-	22,268
- Stage 1 to Stage 3	(2,850)	-	71,316	68,466
- Stage 2 to Stage 3	-	(7,962)	67,091	59,129
- Stage 2 to Stage 1	7,383	(17,452)	-	(10,069)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	13,240	3,035	(91,447)	(75,172)
Collections	(6,717)	(11,256)	-	(17,973)
Sold Portfolio	-	-	(82,899)	(82,899)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2019</b>	<b>57,228</b>	<b>46,969</b>	<b>92,368</b>	<b>196,565</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

m) Other explanations and disclosures (continued):

The fair value of collaterals of non- performing loans, capped with the respective outstanding loan balance, at 31 December 2020 is TL 1,902,570 (31 December 2019: TL 2,272,171).

#### The fair value of the collateral of non-performing loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	1,459,066	1,595,390
Vehicle	118,677	161,143
Cash	878	1,068
Other (*)	323,949	514,570
<b>Total</b>	<b>1,902,570</b>	<b>2,272,171</b>

(\*) Other amount includes Treasury backed and Portfolio guaranteed CGF guarantee amounting to TL 323,949 (31 December 2019: TL 514,750).

As of 31 December 2020, the fair value of the collaterals of the customers' total principal risk related to the loans under close monitoring is TL 3,911,887 (31 December 2019: TL 3,406,585).

#### Fair value of the part of the collaterals of the closely monitored loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	3,263,239	2,741,280
Vehicle	282,443	304,501
Cash	230,542	265,836
Other	135,663	94,968
<b>Total</b>	<b>3,911,887</b>	<b>3,406,585</b>

As of 31 December 2020 and 31 December 2019, the details of the commodities and real estates that the bank has acquired for disposal of credit receivables are as follows:

31 December 2020	Commercial	Consumer	Total
Residential, commercial or industrial properties	108,709	4,150	112,859
Other	-	-	-
<b>Total</b>	<b>108,709</b>	<b>4,150</b>	<b>112,859</b>

31 December 2019	Commercial	Consumer	Total
Residential, commercial or industrial properties	123,326	8,036	131,362
Other	-	-	-
<b>Total</b>	<b>123,326</b>	<b>8,036</b>	<b>131,362</b>



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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	2,971,137	1,153,219	1,194,716	405,580
<b>Total</b>	<b>2,971,137</b>	<b>1,153,219</b>	<b>1,194,716</b>	<b>405,580</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	6,698,645	1,171,868	1,978,084	-
Other	-	-	-	-
<b>Total</b>	<b>6,698,645</b>	<b>1,171,868</b>	<b>1,978,084</b>	<b>-</b>

Financial assets valued over their amortized cost classified as free warehouse TL 528,072 (31 December 2019: TL 1,328,238).

- a.3) Information on held-to-maturity investments given as collateral or blocked:

	Current Period	Prior Period
Government Bonds	12,522,941	4,906,618
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>12,522,941</b>	<b>4,906,618</b>

- a.4) Information government debt securities measured at amortized cost:

	Current Period	Prior Period
Debt securities	12,522,941	4,906,618
Quoted on a Stock Exchange	12,522,941	4,906,618
Unquoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>12,522,941</b>	<b>4,906,618</b>

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

	Current Period	Prior Period
Beginning Balance	4,906,618	2,792,080
Foreign Currency Differences on Monetary Assets	377,092	-
Purchases During the Year <sup>(*)(**)</sup>	8,062,415	2,114,538
Disposals Through Sales and Redemptions	(823,184)	-
Impairment Provision (-)	-	-
<b>Closing Balance</b>	<b>12,522,941</b>	<b>4,906,618</b>

(\*) Includes rediscount amounts.

(\*\*) In the current period, the securities portfolio of the Chief Investment Office were transferred to the Asset-Liability Management and Treasury Group due to the change in the business model of the Bank management. During this transition, securities held as Financial Assets at Fair Value through Other Comprehensive Income amounting to TL 291,603 were classified as Financial Assets Measured at Amortized Cost. After this reclassification, the valuation difference amounting to TL 20,141 has been reversed from equity.

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## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

- a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks’ Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2019: None).
- a.2) Information on the unconsolidated associates: None (31 December 2019: None).
- a.3) Explanations of consolidated associates: None (31 December 2019: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2019: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2019: None).

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

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

Subsidiaries do not use internal capital adequacy assessment approach.

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	50,000	28,794	6,860
Reserves	100,454	47,846	6,674
Net income for the period and prior period income	40,455	104,065	20,849
Income/ Loss recognized under equity in accordance with TAS	-	-	(122)
Leasehold Improvements on Operational Leases (-)	186	303	58
Goodwill and intangible asset and the related deferred tax liability (-)	3,031	4,162	551
<b>Total Common Equity Tier 1 Capital</b>	<b>187,692</b>	<b>176,240</b>	<b>33,652</b>
General Provision	3,832	-	-
<b>Total Equity</b>	<b>191,524</b>	<b>176,240</b>	<b>33,652</b>

- b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non-consolidate and minimum capital requirement: None (31 December 2019: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2019: None).
- d) Information on the consolidated subsidiaries:
- d.1) Information on the consolidated subsidiaries:

	Address (City/ Country)	The Bank’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	96.62	3.38
3	TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	25.60	29.14

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

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	2,620,875	190,909	4,355	197,063	-	29,417	39,385	-
2	522,419	180,705	3,630	33,279	-	78,931	31,755	-
3	44,370	34,261	1,890	2,928	98	13,590	4,917	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2019.

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## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

d.2) Information on consolidated subsidiaries:

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

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	-	-
Other Financial Subsidiaries	72,569	72,569
<b>Total</b>	<b>115,986</b>	<b>115,986</b>

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2019: None).

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

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

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

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

Entities under common control (joint ventures)	Share of the Parent Bank	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Ta Güvenlik Hizmetleri A.Ş.	0.1	33.3	113,710	47,576	25,018	215,676	(193,028)

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

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. and 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 2019: None).

**TÜRK EKONOMİ BANKASI A.Ş.**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	416,239	31,137	7,024	14,112
Cash Flow Hedge	650,142	-	219,494	877
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>1,066,381</b>	<b>31,137</b>	<b>226,518</b>	<b>14,989</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted TL 18,266 (31 December 2019: TL 20,286) is recorded under equity as of 31 December 2020 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

**13. Information on tangible assets:**

	31 December 2019	Purchases	Sales	Other	31 December 2020
Cost:					
Real estate	109,711	574	(1,206)	358	109,437
Right of Use	1,017,239	77,631	(85,644)	-	1,009,226
Furniture, Furnishings, Office Machines and Other Securities	879,596	123,832	(13,994)	-	989,434
<b>Total cost</b>	<b>2,006,546</b>	<b>202,037</b>	<b>(100,844)</b>	<b>358</b>	<b>2,108,097</b>
	31 Decemer 2019	Period Expenses	Sales	Other	31 December 2020
Accumulated Depreciation:					
Real estate	51,802	3,556	(417)	56	54,997
Right of Use Depreciation	479,140	145,792	(85,644)	-	539,288
Furniture, Furnishings, Office Machines and Other Securities	597,822	93,271	(13,473)	-	677,620
<b>Total Accumulated Depreciation</b>	<b>1,128,764</b>	<b>242,619</b>	<b>(99,534)</b>	<b>56</b>	<b>1,271,905</b>
<b>Net Book Value</b>	<b>877,782</b>				<b>836,192</b>

- 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.
- Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

#### 14. Information on intangible assets:

	31 December 2019	Purchases	Sales	Other	31 December 2020
<b>Cost:</b>					
Other Intangible Assets	468,333	85,089	(409)	-	553,013
<b>Total cost</b>	<b>468,333</b>	<b>85,089</b>	<b>(409)</b>	<b>-</b>	<b>553,013</b>
		<b>Depreciation</b>			
	<b>31 December 2019</b>	<b>Expense</b>	<b>Sales</b>	<b>Other</b>	<b>31 December 2020</b>
<b>Accumulated Depreciation:</b>					
Other Intangible Assets	333,571	75,775	(12)	-	409,334
<b>Total Accumulated Depreciation</b>	<b>333,571</b>	<b>75,775</b>	<b>(12)</b>	<b>-</b>	<b>409,334</b>
<b>Net Book Value</b>	<b>134,762</b>				<b>143,679</b>

- Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- The method of subsequent measurement for intangible fixed 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 fixed 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: Not applicable for unconsolidated financial statements.
- Information on goodwill:

Following the publication of the BRSA's permission dated February 10, 2011 in the Official Gazette dated February 12, 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 TL 1 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. Fortis Bank A.Ş. The difference between this value and the fair value of Fortis Bank A.Ş.'s identifiable net assets acquired is recognized as goodwill, considering the fair value of the equity shares subject to change as a result of the merger as of 14 February 2011. It has been recognized.

- Beginning and ending balance of the goodwill and movement on goodwill in the current period:

	Current Period	Prior Period
Beginning period	421,124	421,124
Foreign currency differences	-	-
Acquisitions	-	-
<b>Balance at the end of the period</b>	<b>421,124</b>	<b>421,124</b>

#### 15. Information on investment properties: None (31 December 2019: None)

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

**16. Information on deferred tax assets:**

- a) As of 31 December 2020, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 632,912 (31 December 2019: TL 650,094). There are no tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	<b>Current Period</b>	<b>Prior Period</b>
<b>As of January 1</b>	<b>650,094</b>	<b>187,325</b>
TFRS 16 Transition Effect	-	24,083
Deferred Tax Income / (Expense)	114,450	182,340
Deferred Tax Accounted Under Equity	(131,632)	256,346
<b>Deferred Tax Asset</b>	<b>632,912</b>	<b>650,094</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 114,450 is stated under the tax provision in the income statement (31 December 2019: TL 182,340 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.

	<b>Current Period</b>	<b>Prior Period</b>
Financial assets fair value through other comprehensive income	26,926	(44,390)
From hedge accounting	(169,324)	302,891
Actuarial gains and losses	10,766	(2,155)
<b>Total</b>	<b>(131,632)</b>	<b>256,346</b>

**17. Information on assets held for sale and discontinued operations:**

	<b>Current Period</b>	<b>Prior Period</b>
Beginning of Period Cost	131,362	109,104
Accumulated Depreciation at the Beginning of the Period (-)	-	-
<b>Net Book Value</b>	<b>131,362</b>	<b>109,104</b>
Opening Balance	131,362	109,104
Acquired	137,125	149,647
Disposed (-)	160,897	122,922
Impairment (-)	(5,269)	4,467
Depreciation Value (-)	-	-
Period End Cost	112,859	131,362
Period End Accumulated Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>112,859</b>	<b>131,362</b>

**18. Information on other assets:**

Other assets of the balance sheet amount to TL 3,587,523 (31 December 2019: TL 4,442,248) and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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

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

**a.1) Current period:**

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	3,343,473	-	13,247,327	9,248,027	174,061	15,303	31,868	-	26,060,059
Foreign Currency Deposits	18,427,496	-	7,600,065	11,882,963	97,381	92,277	52,616	-	38,152,798
Residents in Turkey	17,203,160	-	7,316,504	11,506,796	67,244	42,090	36,070	-	36,171,864
Residents Abroad	1,224,336	-	283,561	376,167	30,137	50,187	16,546	-	1,980,934
Public Sector Deposits	431,997	-	59,843	136,651	8,020	-	-	-	636,511
Commercial Deposits	4,493,650	-	3,953,410	5,879,776	158,781	1,448	13,824	-	14,500,889
Other Institutions Deposits	206,580	-	145,091	539,426	61,442	63	168	-	952,770
Precious Metals Deposits	5,807,140	-	31,022	94,004	15,788	50,503	3,597	-	6,002,054
Bank Deposits	43,796	-	7,424,601	-	-	-	-	-	7,468,397
Central Bank of Turkey	31	-	-	-	-	-	-	-	31
Domestic Banks	8	-	-	-	-	-	-	-	8
Foreign Banks	43,757	-	7,424,601	-	-	-	-	-	7,468,358
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>32,754,132</b>	<b>-</b>	<b>32,461,359</b>	<b>27,780,847</b>	<b>515,473</b>	<b>159,594</b>	<b>102,073</b>	<b>-</b>	<b>93,773,478</b>

**a.2) Prior period:**

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	2,913,675	-	11,685,382	8,760,022	198,974	159,316	142,791	-	23,860,160
Foreign Currency Deposits	8,689,233	-	9,179,868	16,994,157	220,469	75,587	91,126	-	35,250,440
Residents in Turkey	8,125,778	-	8,724,284	16,524,666	196,404	32,768	74,233	-	33,678,133
Residents Abroad	563,455	-	455,584	469,491	24,065	42,819	16,893	-	1,572,307
Public Sector Deposits	424,598	-	73,628	50,872	7,475	-	-	-	556,573
Commercial Deposits	3,315,957	-	3,921,717	1,904,438	101,496	3,210	55,398	-	9,302,216
Other Institutions Deposits	143,878	-	65,741	266,882	12,458	91	554	-	489,604
Precious Metals Deposits	1,275,586	-	90,788	700,588	38,080	142,511	101,470	-	2,349,023
Bank Deposits	23,739	-	362,573	-	-	-	-	-	386,312
Central Bank of Turkey	25	-	-	-	-	-	-	-	25
Domestic Banks	16	-	-	-	-	-	-	-	16
Foreign Banks	23,698	-	358,772	-	-	-	-	-	382,470
Special Financial Institutions	-	-	3,801	-	-	-	-	-	3,801
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16,786,666</b>	<b>-</b>	<b>25,379,697</b>	<b>28,676,959</b>	<b>578,952</b>	<b>380,715</b>	<b>391,339</b>	<b>-</b>	<b>72,194,328</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	14,783,424	14,607,157	10,931,481	8,731,764
Foreign Currency Saving Deposits	7,067,339	6,075,469	14,081,460	12,928,549
Other Deposits in the Form of Saving Deposits	2,567,019	781,197	2,854,708	1,320,538
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>24,417,782</b>	<b>21,463,823</b>	<b>27,867,649</b>	<b>22,980,851</b>

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

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

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

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

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

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	639,161	615,203
Deposits of Controlling Shareholders and Their Close Families	1,130,777	3,823,134
Deposits of Chairman and Members of the Board of Directors and Their Close Families	66,845	68,002
Deposits Obtained Through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-	-
Saving Deposits in Banks Established in Turkey Exclusively for 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	71,044	6,778	97,772	25,075
Swap Transactions	1,977,574	179,821	1,362,074	71,890
Futures Transactions	-	-	-	-
Options	18,600	6,526	26,488	3,285
Other	-	-	-	-
<b>Total</b>	<b>2,067,218</b>	<b>193,125</b>	<b>1,486,334</b>	<b>100,250</b>

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

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	412,907	34,552	307,801	169,120
From Foreign Banks, Institutions and Funds	-	9,300,147	-	8,100,061
<b>Total</b>	<b>412,907</b>	<b>9,334,699</b>	<b>307,801</b>	<b>8,269,181</b>

As of 31 December 2020, the Bank has borrowings from its related parties amounting to TL 3,915,889 (31 December 2019: TL 3,507,164).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	412,907	4,859,037	307,801	4,735,058
Medium and long-term	-	4,475,662	-	3,534,123
<b>Total</b>	<b>412,907</b>	<b>9,334,699</b>	<b>307,801</b>	<b>8,269,181</b>

c) Additional explanations regarding the areas where the Bank's obligations are concentrated:

The Bank diversifies its funding sources with customer deposits, loans from abroad, securities issued and borrowings from money markets. Deposits are the most important source of funding of the Bank and do not present any risk concentration with its stable structure spread over a wide base. Loans received mainly consist of funds obtained from various foreign financial institutions with different features and maturity-interest structure. There is no risk concentration in the bank's funding sources.



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

**3. Information on funds borrowed and debt securities issued: (continued)**

d) Information on Debt Securities Issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	4,766,623	-	2,333,877	-
Treasury Bills	44,014	-	-	-
<b>Total</b>	<b>4,810,637</b>	<b>-</b>	<b>2,333,877</b>	<b>-</b>

**4. Funds provided through repurchase transactions:**

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>3,830,785</b>	<b>2,717,468</b>	<b>1,317,498</b>	<b>327,167</b>
Financial Institutions and Organizations	3,830,785	2,717,468	1,317,498	327,167
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>From Overseas Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Total</b>	<b>3,830,785</b>	<b>2,717,468</b>	<b>1,317,498</b>	<b>327,167</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 1,699,019 (31 December 2019: TL 1,293,901) and 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 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Tangible Fixed Assets” as an asset (tenure) and under “Liabilities from Leasing” as a liability. Bank has as of 31 December 2020 TL 598,957 (31 December 2019: TL 653,707) Liabilities from Leasing amount.

**7. Negative differences table related to derivative financial liabilities for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
For the protection of fair value risk	84,098	-	-	-
For cash flow hedge purposes	983,837	14,901	1,917,707	7,267
For protection from net investment risk abroad	-	-	-	-
<b>Total</b>	<b>1,067,935</b>	<b>14,901</b>	<b>1,917,707</b>	<b>7,267</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.

As of 31 December 2020, there are accumulated valuation differences of TL 18,266 (31 December 2019: TL 20,286) under equity as of 31 December 2020. This amount is spread over the remaining terms of the hedged items by the Bank and transferred to the income statement.

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

**8. Information on provisions:**

- a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2019: None).
- b) The specific provisions provided for unindemnified non-cash loans or expected credit loss for non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Stage 1	58,241	55,551
Stage 2	165,265	145,818
Stage 3	87,824	42,111
<b>Total</b>	<b>311,330</b>	<b>243,480</b>

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

As of 31 December 2020, the Bank received TL 13,581(31 December 2019: TL 12,344) allowance, TL 286,464 (31 December 2019: TL 192,002) and TL 168,071 (31 December 2019: TL 139,152) related to the premiums to be paid to bank personnel and TL 37,100 (31 December 2019: TL 32,100) reflected the provision of other personnel expenses to the “Provisions for Employee Rights” account in the financial statements.

- c.1) Termination Benefits:

In determining the liability, the 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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Discount rate (%)	14.50	12.51
Estimated inflation rate (%)	10.03	6.59
Salary increase rate over inflation rate (%)	1.00	1.00

Movement of employee termination benefits:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	192,002	173,020
Current service cost	18,634	18,702
Interest cost	23,390	28,185
Reductions and payments	2,543	9,047
Actuarial loss / (gain)	64,314	577
Compensations paid	(14,419)	(37,529)
<b>Total</b>	<b>286,464</b>	<b>192,002</b>

- c.2) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of TEB and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, 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 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 2020 and 31 December 2019. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

**8. Information on provisions: (continued)**

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

c.2) Pension Rights: (continued)

Within the frame of the assumptions determined;

<b>Period Based Pension and Health Obligations:</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Net Present Value of Transferrable Retirement Liabilities	(1,081,794)	(919,469)
Net Present Value of Transferrable Retirement and Health Contributions	371,589	355,986
General Administration Expenses	(10,818)	(9,195)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(721,023)	(572,678)
Fair Value of Plan Assets (2)	2,998,581	2,646,999
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,277,558	2,074,321
Non-Transferable Benefits (4)	(624,502)	(404,727)
Asset Surplus over Total Benefits ((3)-(4))	1,653,056	1,669,594

As of 31 December 2020 and 31 December 2019, the distribution of the fair value of the total assets of the Pension Fund is as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Bank placements	2,804,241	1,119,326
Property, plant and equipment	119,573	114,378
Government bonds and treasury bills, fund and rediscount interest income	-	1,278,238
Other	74,767	135,057
<b>Total</b>	<b>2,998,581</b>	<b>2,646,999</b>

Actuarial assumptions used in the calculation of liabilities excluding the period-based liabilities according to TAS 19 are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Discount rates	14.50%	12.51%
Inflation expectations	10.03%	6.59%

As of 31 December 2020, health inflation is assumed to be above 20% (31 December 2019: 20%). It is assumed that general wage increase and SSI ceiling increase rates will be the same as inflation. CSO 2001 (31 December 2019: CSO 2001) Female / Male mortality table was used to represent the 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	311,330	243,480
Provision for Legal Cases	91,772	51,069
Provision for Promotions of Credit Cards and Banking Services	11,935	12,936
Other	52,796	142,899
<b>Total</b>	<b>467,833</b>	<b>450,384</b>

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

**8. Information on provisions: (continued)**

d) Information on other provisions (continued)

Below is the reconciliation of impairment provisions for non-cash loans;

<b>Current Period</b>	<b>Standard Qualified Loans (Stage I)</b>	<b>Loans in Close Monitoring (Stage II)</b>	<b>Loans Under Follow-Up (Stage III)</b>	<b>Total</b>
31 December 2019	55,551	145,818	42,111	243,480
Transfers;				
- Stage 1 to Stage 2	(3,464)	22,238	-	18,774
- Stage 1 to Stage 3	(78)	-	1,489	1,411
- Stage 2 to Stage 3	-	(12,704)	85,543	72,839
- Stage 2 to Stage 1	3,162	(9,071)	-	(5,909)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	15,206	(213)	(35,539)	(20,546)
Collections	(17,063)	(21,075)	(5,780)	(43,918)
Write-offs	-	-	-	-
Exchange differences	4,927	40,272	-	45,199
<b>Total Expected Loss Reserve 31 December 2020</b>	<b>58,241</b>	<b>165,265</b>	<b>87,824</b>	<b>311,330</b>

<b>Prior Period</b>	<b>Standard Qualified Loans (Stage I)</b>	<b>Loans in Close Monitoring (Stage II)</b>	<b>Loans Under Follow-Up (Stage III)</b>	<b>Total</b>
31 December 2018	50,741	104,222	47,696	202,659
Transfers;				
- Stage 1 to Stage 2	(3,253)	30,060	-	26,807
- Stage 1 to Stage 3	(282)	-	6,045	5,763
- Stage 2 to Stage 3	-	(3,768)	31,155	27,387
- Stage 2 to Stage 1	2,084	(6,592)	-	(4,508)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	28,313	34,932	(27,256)	35,989
Collections	(23,649)	(19,738)	(15,529)	(58,916)
Write-offs	-	-	-	-
Exchange differences	1,597	6,702	-	8,299
<b>Total Expected Loss Reserves 31 December 2019</b>	<b>55,551</b>	<b>145,818</b>	<b>42,111</b>	<b>243,480</b>

**9. Explanations on taxes payable:**

a) Information on tax provision:

As of 31 December 2020, the Bank's corporate tax liability is TL 158,727 (31 December 2019: TL 29,289). As of 31 December 2020, the Bank's debt on total taxes and premiums is TL 321,406 (31 December 2019: TL 213,516).

b) Information on current tax liability:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	158,727	29,289
Taxation on Securities	45,038	70,139
Property Tax	1,223	2,569
Banking Insurance Transaction Tax (BITT)	50,699	59,307
Foreign Exchange Transaction Tax	4,556	2,430
Value Added Tax Payable	6,365	5,073
Other (*)	28,268	23,408
<b>Total</b>	<b>294,876</b>	<b>192,215</b>

(\*) Others include income taxes deducted from wages amounting to TL 24,127 (31 December 2019: TL 19,419) and stamp taxes payable amounting to TL 1,761 (31 December 2019: TL 1,518).

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**II. Explanations and Disclosures Related to the Liabilities (continued)**
**9. Explanations on taxes payable (continued):**

c) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	11,386	9,114
Social Security Premiums-Employer	12,575	10,133
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	966	775
Unemployment Insurance-Employer	1,603	1,279
Other	-	-
<b>Total</b>	<b>26,530</b>	<b>21,301</b>

d) Explanations on deferred tax liabilities, if any: the Bank does not have any deferred tax liabilities as of 31 December 2020 (31 December 2019: None).

**10. Information on fixed assets payables related to activities held and discontinued for sale:** None (31 December 2019: None).

**11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

The 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 USD210 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 6 months Libor + 7.32% after the first early redemption date. The “T2 capital” was provided by BNP Paribas Fortis SA / NV.

The Bank, aligned its Board of Directors’ decision dated 8 May 2012, had issued a debt instrument as T2 Capital Subordinated debt instrument with a value of USD 65 million on 14 May 2012 and the debt instrument was redeemed on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA). On 14 May 2019, the Bank issued a subordinated debt securities with amount of 60 million EURO with the final maturity of 10 years, with no call till the 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 six months Euribor + 7.10% annually. The “T2 capital” was provided by BNP Paribas Fortis SA / NV.

On 20 July, 2012, the 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 Bank issued a subordinated debt securities with amount of 100 million EURO, with the final maturity of 10 years, with no call till 5<sup>th</sup> 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 six months Euribor + 7.10% annually. The “T2 capital” was provided by BNP Paribas Fortis SA / NV.

The Bank issued subordinated debt instrument, which has early redemption right in 27 June 2023, with the final maturity of 10 years in the amount of EUR125 million in 27 June 2018. The interest rate of the issuance is 6 month Euribor + 5.10% per annum. The “T2 capital” was provided by BNP Paribas Fortis S.A. / N.V.

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 Bank as well as utilizing long term funding.

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

**11. Explanations on the number of subordinated loans the 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
Borrowing Tools to be Included in Additional Capital				
Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution				
Capital Calculation	-	4,194,951	-	3,190,503
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	4,194,951	-	3,190,503
<b>Total</b>	-	<b>4,194,951</b>	-	<b>3,190,503</b>

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	4,194,951	-	3,190,503
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	-	<b>4,194,951</b>	-	<b>3,190,503</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 Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank’s equity due to the uncertainty of these indicators:

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

g) Information on preferred shares: None.

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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#### II. Explanations and Disclosures Related to the 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	(149,256)	61,169	(3,474)	20,895
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(149,256)</b>	<b>61,169</b>	<b>(3,474)</b>	<b>20,895</b>

13. Information on minority interests: None (31 December 2019: None).

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

**1. Information on off-balance sheet liabilities:**

a) Nature and amount of irrevocable loan commitments:

	<b>Current Period</b>	<b>Prior Period</b>
Commitments for Credit Card Expenditure Limits	8,978,512	8,506,931
Loan Granting Commitments	5,736,570	5,234,372
Asset Purchase and Sale Commitments	3,031,018	3,684,822
Payment Commitments for Cheques	1,741,408	1,769,641
Time Deposit Purchase and Sale Commitments	94,524	759,924
Tax and Fund Liabilities from Export Commitments	47,494	71,566
Commitments for Promotions Related with Credit Cards and Banking Activities	5,767	4,975
Other Irrevocable Commitments	385,645	249,768
<b>Total</b>	<b>20,020,938</b>	<b>20,281,999</b>

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of credit	5,025,525	2,623,851
Bank acceptances	16,573	12,915
Other commitments	3,976,672	5,031,959
Other contingencies	1,043,082	1,153,720
<b>Total</b>	<b>10,061,852</b>	<b>8,822,445</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Final letters of guarantee	9,864,566	9,855,883
Advance letters of guarantee	2,244,080	1,481,220
Letters of guarantee given to the customs	481,964	429,999
Temporary letters of guarantee	332,396	286,101
Other letters of guarantee	1,261,166	1,499,838
<b>Total</b>	<b>14,184,172</b>	<b>13,553,041</b>

c) c.1) Total amount of non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash Loans Given Against Achieving Cash Loans	1,262,302	1,499,838
With Maturity of One Year or Less Than One Year	94,973	130,687
With Maturity of More Than One Year	1,167,329	1,369,151
Other Non-Cash Loans	22,983,722	20,875,648
<b>Total</b>	<b>24,246,024</b>	<b>22,375,486</b>



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III. Explanations and Disclosures Related to the 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	20,404	0.27	22,980	0.14	33,515	0.37	30,972	0.23
Farming and raising livestock	18,338	0.25	22,980	0.14	20,044	0.22	30,972	0.23
Forestry, Wood and Paper	-	-	-	-	-	-	-	-
Fishery	2,066	0.03	-	-	13,471	0.15	-	-
Manufacturing	2,294,148	30.66	5,969,293	35.61	2,361,726	25.87	6,761,713	51.05
Mining and Quarry	106,832	1.43	295,929	1.77	123,105	1.35	672,430	5.08
Production	2,109,458	28.20	5,560,042	33.17	2,159,522	23.65	5,914,253	44.65
Electricity, Gas and Water	77,858	1.04	113,322	0.68	79,099	0.87	175,030	1.32
Construction	1,322,830	17.68	3,711,776	22.14	1,548,096	16.96	2,273,895	17.17
Services	3,605,121	48.19	5,095,080	30.39	5,132,770	56.22	4,116,286	31.08
Wholesale and Retail Trade	1,585,385	21.19	2,108,405	12.58	1,257,201	13.77	1,112,311	8.40
Hotel, Tourism, Food and Beverage Services	121,734	1.63	105,933	0.63	133,984	1.47	71,748	0.54
Transportation and Communication	416,936	5.57	511,955	3.05	450,731	4.94	446,030	3.37
Financial Institutions	463,495	6.20	713,275	4.25	979,561	10.73	1,495,269	11.29
Real Estate and Renting	929,698	12.43	1,410,419	8.41	2,197,820	24.07	953,721	7.20
Self-employment Services	73,121	0.98	243,457	1.45	96,719	1.06	35,562	0.27
Education Services	5,517	0.07	336	-	6,349	0.07	178	-
Health and Social Services	9,235	0.12	1,300	0.01	10,405	0.11	1,467	0.01
Other	238,923	3.19	1,965,469	11.72	54,412	0.60	62,101	0.47
<b>Total</b>	<b>7,481,426</b>	<b>100.00</b>	<b>16,764,598</b>	<b>100.00</b>	<b>9,130,519</b>	<b>100.00</b>	<b>13,244,967</b>	<b>100.00</b>

c.3) Information on Stage I and Stage II non-cash loans:

Current Period

Non-cash loans	Stage I		Stage II	
	TL	FC	TL	FC
Letters of guarantee	5,499,529	7,423,249	552,798	708,596
Bank acceptances	-	16,573	-	-
Letters of credit	-	4,893,122	-	132,403
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,393,047	3,439,901	36,052	150,754
<b>Total</b>	<b>6,892,576</b>	<b>15,772,845</b>	<b>588,850</b>	<b>991,753</b>

Prior Period

Non-cash loans	Stage I		Stage II	
	TL	FC	TL	FC
Letters of guarantee	5,763,889	6,558,086	717,216	513,850
Bank acceptances	-	12,695	-	220
Letters of credit	260	2,479,195	-	144,396
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	2,600,335	3,358,168	48,819	178,357
<b>Total</b>	<b>8,364,484</b>	<b>12,408,144</b>	<b>766,035</b>	<b>836,823</b>

The Bank provided a reserve for TL 263,951 (31 December 2019: TL 286,647) of non-cash loans not indemnified which equals to net amounting to TL 87,824 (31 December 2019: TL 42,111)

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**III. Explanations and Disclosures Related to the 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):	80,856,033	78,045,061	-	-
Forward transactions	16,798,167	10,742,282	-	-
Swap transactions	58,803,224	58,730,372	-	-
Futures transactions	1,133,911	71,526	-	-
Option transactions	4,120,731	8,500,881	-	-
Interest related derivative transactions (II):	19,509,018	8,401,316	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	19,509,018	8,401,316	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	2,960,427	43,150	-	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>	<b>103,325,478</b>	<b>86,489,527</b>	-	-
Types of hedging transactions				
Fair value hedges	-	-	6,250,067	1,740,184
Cash flow hedges	-	-	17,757,374	24,213,951
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	<b>24,007,441</b>	<b>25,954,135</b>
<b>Total Derivative Transactions (A+B)</b>	<b>103,325,478</b>	<b>86,489,527</b>	<b>24,007,441</b>	<b>25,954,135</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.

i) Derivative instruments for fair value hedging purposes:

In 2020, the Bank applied fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loans and marketable securities. As of 31 December 2020, the nominal value of the derivative instruments for risk management purposes is TL 6,250,067 and the net fair value is TL 363,278.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	6,250,067	447,376	84,098	1,740,184	21,136	-
Interest Rate Swaps	-	-	-	-	-	-
<b>Total</b>	<b>6,250,067</b>	<b>447,376</b>	<b>84,098</b>	<b>1,740,184</b>	<b>21,136</b>	<b>-</b>

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**III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)**

**2. Information related to derivative financial instruments: (continued)**

ii) Derivative instruments for cash flow hedge purposes:

The Bank has applied cash flow hedge accounting by matching its swap portfolio with total notional amounting to TL 17,757,374 (31 December 2019: TL 24,213,951) and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. Effective portion of TL 283,380 (31 December 2019: TL 1,112,750 credit) credit accounted for under equity is presented after deducting its deferred tax effect of TL 56,676 (31 December 2019: TL 226,000 debit) debit in the financial statements. In 2020, ineffective portion of TL 18,266 (31 December 2019: TL 20,286 ) income is accounted for under income statement.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	4,852,334	615,008	471,891	7,611,850	218,639	875,965
Interest Rate Swaps	12,905,040	35,134	526,847	16,602,101	1,732	1,049,009
<b>Total</b>	<b>17,757,374</b>	<b>650,142</b>	<b>998,738</b>	<b>24,213,951</b>	<b>220,371</b>	<b>1,924,974</b>

**3. Credit derivatives and risk exposures on credit derivatives: None.**

**4. Explanations on contingent liabilities and assets:**

a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venture: None.

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.

a.3) The Bank'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 2020, there are no contingent assets that need to be explained (31 December 2019: 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 has provided provision amounting to TL 91,772 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 Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

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**III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)**

**6. The information on the Bank’s rating by the international rating introductions (\*):**

TEB maintained its position as one of the most highly rated banks in Turkey. As of 31 December 2020, TEB’s ratings were as follows:

**Moody’s Investor Services:**

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Deposits	B2
Short Term FC Deposits	NP
Long Term TL Deposits	B1
Short Term TL Deposits	NP
Outlook	Negative

**Fitch Ratings:**

<i>Foreign Currency</i>	
Long-term	B+
Short-term	B
Outlook	Negative
<i>Turkish Lira</i>	
Long-term	BB-
Short-term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Financial Strength	b+

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

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

**1. Explanations on Interest Income**

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest income on loans (*)</b>				
Short term loans	3,370,179	221,584	4,612,075	356,415
Medium and long term loans	4,697,498	242,614	5,137,129	269,578
Interest on loans under follow-up	142,039	-	229,865	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>8,209,716</b>	<b>464,198</b>	<b>9,979,069</b>	<b>625,993</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 153,388 (31 December 2019: TL 225,870).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	22,728
Domestic banks	154,030	475	142,459	2,975
Foreign banks	3,470	7,890	15,024	51,081
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>157,500</b>	<b>8,365</b>	<b>157,483</b>	<b>76,784</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	135,137	43,247	159,911	27,970
Financial Assets at Fair Value Through Other Comprehensive Income	708,300	91,874	282,760	48,203
Financial Assets Measured at Amortized Cost	1,078,923	90,253	571,203	41,639
<b>Total</b>	<b>1,922,360</b>	<b>225,374</b>	<b>1,013,874</b>	<b>117,812</b>

d) Interest Income on Subsidiaries and Associates:

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	18,548	17,214

**2. Explanations on Interest Expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic banks	30,758	4,130	43,880	16,087
Foreign banks	-	455,609	-	457,616
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>30,758</b>	<b>459,739</b>	<b>43,880</b>	<b>473,703</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL 10,870 (31 December 2019: TL 23,055).

b) Information on interest expense on associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	1,838	2,103

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

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

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

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	454,149	-	514,885	-
<b>Total</b>	<b>454,149</b>	<b>-</b>	<b>514,885</b>	<b>-</b>

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

Current Period Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Bank Deposits	-	178,541	-	-	-	-	-	178,541
Saving Deposits	-	1,219,565	862,589	14,228	4,701	14,788	-	2,115,871
Public Sector Deposits	-	2,002	17,514	768	-	-	-	20,284
Commercial Deposits	-	458,972	599,679	20,442	210	4,987	-	1,084,290
Other Deposits	-	11,147	141,728	4,119	7	36	-	157,037
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,870,227</b>	<b>1,621,510</b>	<b>39,557</b>	<b>4,918</b>	<b>19,811</b>	<b>-</b>	<b>3,556,023</b>
<b>FC</b>								
Foreign Currency Deposits	9	19,810	103,064	1,179	510	987	-	125,559
Bank Deposits	-	285	-	-	-	5	-	290
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	238	2,432	470	2,249	1,569	-	6,958
<b>Total</b>	<b>9</b>	<b>20,333</b>	<b>105,496</b>	<b>1,649</b>	<b>2,759</b>	<b>2,561</b>	<b>-</b>	<b>132,807</b>
<b>Grand Total</b>	<b>9</b>	<b>1,890,560</b>	<b>1,727,006</b>	<b>41,206</b>	<b>7,677</b>	<b>22,372</b>	<b>-</b>	<b>3,688,830</b>
<b>Prior Period</b>								
Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Bank Deposits	-	39,449	-	-	-	-	-	39,449
Saving Deposits	9	1,595,995	1,948,510	137,972	45,953	35,407	-	3,763,846
Public Sector Deposits	-	4,463	6,465	2,174	-	-	-	13,102
Commercial Deposits	235	465,464	530,438	54,558	31,676	46,726	-	1,129,097
Other Deposits	-	7,238	158,706	14,990	73,986	4,870	-	259,790
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>244</b>	<b>2,112,609</b>	<b>2,644,119</b>	<b>209,694</b>	<b>151,615</b>	<b>87,003</b>	<b>-</b>	<b>5,205,284</b>
<b>FC</b>								
Foreign Currency Deposits	-	95,599	304,254	5,303	4,492	3,929	-	413,577
Bank Deposits	-	8,327	-	-	-	-	-	8,327
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	1	682	12,328	1,108	3,037	1,128	-	18,284
<b>Total</b>	<b>1</b>	<b>104,608</b>	<b>316,582</b>	<b>6,411</b>	<b>7,529</b>	<b>5,057</b>	<b>-</b>	<b>440,188</b>
<b>Grand Total</b>	<b>245</b>	<b>2,217,217</b>	<b>2,960,701</b>	<b>216,105</b>	<b>159,144</b>	<b>92,060</b>	<b>-</b>	<b>5,645,472</b>

**3. Information on dividend income:**

	Current Period	Prior Period
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,557	1,326
Other	27,777	17,244
<b>Total</b>	<b>31,334</b>	<b>18,570</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

	Current Period	Prior Period
<b>Gains</b>	<b>61,961,748</b>	<b>34,028,533</b>
Gains on capital market operations	295,308	449,304
Gains on derivative financial instruments <sup>(1)</sup>	15,988,223	14,068,159
Foreign exchange gains	45,678,217	19,511,070
<b>Losses (-)</b>	<b>63,701,409</b>	<b>35,039,066</b>
Losses on capital market operations	347,599	323,930
Losses on derivative financial instruments <sup>(1)</sup>	17,047,618	14,979,328
Foreign exchange losses	46,306,192	19,735,808

<sup>(1)</sup> Includes exchange rate fluctuations of hedging transactions net profit of TL 801,149 (31 December 2019: TL 142,065 profit), derivative financial instruments exchange rate changes in profit / loss accounts amounting to TL 235,299 (31 December 2019: TL 343,138) net exchange income

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

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

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

##### a) Allowance for Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	752,187	1,404,740
12-Month Expected Credit Losses (Stage 1)	(15,056)	40,818
Significant Increase in Credit Risk (Stage 2)	346,150	64,476
Credit-Impaired (Stage 3)	421,093	1,299,446
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	(22,683)	89,173
<b>Total</b>	<b>729,504</b>	<b>1,493,913</b>

<sup>(1)</sup> Includes provision reversals amounting to TL 53,259 (31 December 2019: TL 19,708).

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

	Current Period	Prior Period
Reserve for employee termination benefits <sup>(1)</sup>	30,148	18,405
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	943	-
Depreciation expenses of fixed assets	242,619	224,729
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	75,775	70,560
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	(5,269)	4,467
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	1,107,432	1,060,140
Leasing Expenses on TFRS 16 Exceptions	32,784	52,448
Maintenance expenses	34,248	36,318
Advertisement expenses	58,856	67,796
Other expenses	981,544	903,578
Loss on sales of assets	6,581	10,778
Other <sup>(2)</sup>	438,777	355,561
<b>Total</b>	<b>1,897,006</b>	<b>1,744,640</b>

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

<sup>(2)</sup> Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 191,325 (31 December 2019: TL 142,295) and other taxes and fees paid in the amount of TL 179,916 (31 December 2019: TL 149,358).

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

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

**8. Information on profit loss before continuing and discontinued operations before tax:**

- a) The portion of the profit before tax amounting to TL 6,146,076 (31 December 2019: TL 5,436,245) consists of net interest income, while TL 1,157,227 (31 December 2019: TL 1,500,669) consists of net fee and commission income; total operating expenses amount to TL 3,448,637 (31 December 2019: TL 3,171,890).
- b) Explanations on discontinued operations profit loss: None.

**9. Information on tax provision for continuing and discontinued operations:**

- a) As of 31 December 2020, the current tax expense is TL 486,856 (31 December 2019: TL 525,749). Deferred tax income is TL 114,450 (31 December 2019: TL 182,340) and there is no current and deferred tax income/expense from discontinued operations (31 December 2019: None).
- b) Deferred tax income on temporary differences resulted from continued operations is TL 114,450 (31 December 2019: TL 182,340).

c) Tax reconciliation:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit before tax</b>	<b>1,549,720</b>	<b>1,413,763</b>
<b>Additions</b>	<b>174,565</b>	<b>164,440</b>
Nonallowable expenses	50,178	96,927
Effect of different tax rate	86,615	33,200
<b>Deductions</b>	<b>37,772</b>	<b>34,313</b>
Dividend income	<b>(31,532)</b>	<b>(18,218)</b>
Other	(31,532)	(18,218)
<b>Taxable Profit/ (Loss)</b>	<b>1,692,753</b>	<b>1,559,985</b>
Corporate tax rate	22%	22%
<b>Tax calculated</b>	<b>372,406</b>	<b>343,197</b>
Prior year tax correction	-	212
<b>Tax charge</b>	<b>372,406</b>	<b>343,409</b>

**10. Information on net profit / loss of continuing and discontinued operations:**

Net profit of the Bank from the activities carried out as of 31 December 2020 TL 1,177,314 (31 December 2019: TL 1,070,354) as of 31 December 2020 there is no net profit from discontinued operations (31 December 2019: 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 2019: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2019: None).
- c) Profit/ loss attributable to minority interest: None (31 December 2019: None).



## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

##### 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><u>Other fees and commissions received</u></b>		
Card Fees and Commissions	798,924	1,313,155
Insurance Commissions	262,964	185,916
Prepayment Commissions	76,263	62,993
General Limit Revision Commissions	49,332	45,680
Transfer Commissions	48,859	39,659
Fund Management Fees	47,613	31,072
Settlement Expense Provision, Eft, Swift, Agency Commissions	44,649	44,630
Periodic Service Commissions	28,225	166,434
Other	144,007	200,204
<b>Total</b>	<b>1,500,836</b>	<b>2,089,743</b>
<b><u>Other fees and commissions paid</u></b>		
Credit Cards Commissions and Fees	418,324	701,669
Commission and Fees Paid to Correspondent Banks	38,071	39,026
Settlement Expense Provision, Eft, Swift Commissions	26,989	20,400
Other	113,871	108,273
<b>Total</b>	<b>597,255</b>	<b>869,368</b>

#### V. Explanations and Disclosures Related to 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 132,443 in 2020 (31 December 2019: TL 201,250 increased) and change effect to deferred tax is TL 26,935 (31 December 2019: TL 44,275).

b) Increase in cash flow risk hedging items:

The 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. The related amount in 2020 increased by TL 829,370 (31 December 2019: TL 1,463,373 decreased) and the effect of this change to deferred tax is TL 169,324 (31 December 2019: TL 302,891).

c) Explanations on profit distribution:

It has been resolved in the Ordinary General Assembly dated 26 March 2019 of the Bank, TL 1,070,354 that constitutes the 2019 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 53,518 as Legal Reserves, TL 9,394 as special reserves, TL 0.87 (full TL) as profit distributed to the holders of the founder jouissance certificates.

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.

#### VI. Explanations and Disclosures Related to Statement of Cash Flows

##### 1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

“Other items” amounting to TL 2,387,824 (31 December 2019: TL 2,411,030) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

**VI. Explanations and Disclosures Related to Statement of Cash Flows (continued)**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents (continued):**

The “net increase in other liabilities” item in the “change in assets and liabilities subject to banking activities” amounting to TL 930,722 (31 December 2019: TL 1,278,351 decreased) consists of various liabilities, other foreign sources and changes in money markets. “Net increase in other assets” item amounting to TL 792,80 (31 December 2019: TL 261,210 decreased) consists of changes in blocked reserve requirements, miscellaneous receivables and other assets.

“Other” item amounting to TL 85,089 (31 December 2019: TL 98,323) included in “Net cash flow from investment activities” consists of cash outflows for intangible assets received 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 the period, and as TL 1,432,624 for the year 2020 (31 December 2019: TL 475,011) It has been realized.

**2. Cash and cash equivalents at 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>6,936,877</b>	<b>8,834,731</b>
Cash in TL/Foreign Currency	2,441,969	2,006,466
Central Bank – Unrestricted amount	4,229,448	6,721,963
Other	265,460	106,302
<b>Cash equivalents</b>	<b>9,391,646</b>	<b>4,199,335</b>
Banks	8,551,646	3,917,835
Money market placements	840,000	281,500
<b>Total cash and cash equivalents</b>	<b>16,328,523</b>	<b>13,034,066</b>

<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>10,125,205</b>	<b>6,936,877</b>
Cash in TL/Foreign Currency	2,331,352	2,441,969
Central Bank – Unrestricted amount	7,605,582	4,229,448
Other	188,271	265,460
<b>Cash equivalents</b>	<b>12,616,597</b>	<b>9,391,646</b>
Banks	6,438,597	8,551,646
Money market placements	6,178,000	840,000
<b>Total cash and cash equivalents</b>	<b>22,741,802</b>	<b>16,328,523</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2020**

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

**VII. Explanations and Disclosures Related to Risk Group of the Bank**

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

Balance sheet and income/expense items of previous periods are presented as of 31 December 2019.

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	277,729	716	15,616	182,856	248,301	101,145
Balance at End of Period	345,966	778	71,698	438,193	741,973	89,477
Interest and Commission Income	18,548	48	7,595	2,125	15,808	629

Direct and indirect shareholders of the Bank balance above includes TL 71,698 and other entities included in the risk group balance above includes TL 76,533 placement in “Banks”.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common Control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	97,952	971	73,228	260,569	281,838	20,136
Balance at end of Period	277,729	716	15,616	182,856	248,301	101,145
Interest and Commission Income	17,214	40	29,774	2,541	10,850	1,140

Direct and indirect shareholders of the Bank balance above includes TL 14,020 and other entities included in the risk group balance above includes TL 60,244 placement in “Banks”.

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

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current Period	Prior Period
Deposits						
Balance at Beginning of Period	16,476	57,033	3,313,150	1,497,789	648,747	1,055,942
Balance at End of Period	31,575	16,476	5,596,710	3,313,150	1,281,302	648,747
Interest on Deposits	1,838	2,103	162,488	90,121	39,047	92,318

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

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of Period	-	34,685	30,904,435	28,512,967	109,762	1,210,586
End of Period	-	-	18,396,561	30,904,435	284,453	109,762
Total Profit/loss	-	2,376	(1,106,802)	1,403,566	(23,948)	(14,335)
Hedging Transactions purposes						
Beginning of Period	-	-	17,648,505	17,581,390	-	-
End of Period	-	-	10,139,721	17,648,505	-	-
Total Profit/Loss	-	-	949,648	(1,209,539)	-	-

d) As of 31 December 2020, the total amount of remuneration and benefits provided for the senior management

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

of the Bank is TL 53,515 (31 December 2019: TL 44,125).

#### VIII. Explanations on the Bank’s Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

##### 1. Explanations on the Bank’s domestic branches, agencies and branches abroad and off-shore branches:

	Numbers	Employees			
Domestic branches	451	8,778			
Rep-offices abroad	-	-		Country	
Branches abroad	4	72	Cyprus	Total Assets	Capital
				1,198,195	20,000
Off-shore branches	-	-	-	-	-

##### 2. Explanations on Branch and Agency Openings or Closings of the Bank:

The Bank closed 16 branches in 2020, there are no branches opened during the year.

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

None.

### SECTION SIX

#### OTHER EXPLANATIONS

##### I. Other Disclosures Related to the Bank's Activity

None.

### SECTION SEVEN

#### INDEPENDENT AUDITOR’S REPORT

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

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s report dated 5 February 2021 is presented preceding the financial statements.

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

None.

**SECTION 5- CONSOLIDATED FINANCIAL STATEMENTS**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020**

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

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

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR  
THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2020  
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 AŞ.**

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

**1) Opinion**

We have audited the financial statements of Türk Ekonomi Bankası AŞ (the “Bank”) and its consolidated subsidiaries (“the Group”), which comprise the consolidated balance sheet as at 31 December 2020, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, 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 provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

**2) Basis for Opinion**

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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="156 309 751 371"><b><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></b></p> <p data-bbox="156 405 842 629">Impairment of loans is a key area of judgment for the management. The Group has the total loans and receivables amounting to TL 85,265,773 thousands, which comprise 60% of the Group’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 4,064,933 as at 31 December 2020.</p> <p data-bbox="156 663 842 853">As of 1 January 2018, the Group has started to recognize provisions for impairment 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="156 887 842 1178">In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been changed by applying the expected credit loss model under TFRS 9. 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="156 1211 842 1424">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. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects.</p> <p data-bbox="156 1458 842 1648">Not the requirements of the TFRS 9 is a potential risk for the Group. 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="156 1682 842 1749">Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p data-bbox="863 309 1481 376">As part of our audit work, the following procedures were performed:</p> <p data-bbox="863 409 1509 611">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="863 645 1509 745">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="863 779 1509 1014">We have performed loan review procedures on selected samples of loans and receivables considering effects of Covid 19 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="863 1048 1509 1451">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 regarding with Covid 19 effects, 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="863 1485 1509 1552">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="863 1585 1509 1787">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="863 1821 1509 1921">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="863 1955 1509 2022">Based on our discussions with the Group management, we evaluated whether the key assumptions and other</p>



Key Audit Matters	How the matter was addressed in the audit
	<p>judgements considering Covid 19 effects underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Group’s policy by means of supporting data, and evaluated appropriateness via communications with management considering Covid 19 effects.</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>Pension Fund Obligations</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 2020, 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</p>	<p>Our audit work included the following procedures:</p> <p>We involved external 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>

<b>Key Audit Matters</b>	<b>How the matter was addressed in the audit</b>
<p>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><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>• Operations management</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 are 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>

#### **4) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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 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 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 SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 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.

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 the 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 2020 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 English Translation**

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Group’s financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

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

Yaman Polat, SMMM  
Partner

İstanbul, 5 February 2021

**CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF AND 31 DECEMBER 2020**

Address : Saray Mahallesi Sokullu Caddesi No:7/A – 7/B  
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Website : [www.teb.com.tr](http://www.teb.com.tr)  
E-mail : [yatirimciiliskileri@teb.com.tr](mailto:yatirimciiliskileri@teb.com.tr)

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.	-	-

The accompanying audited consolidated financial statements for the year-end, 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)**.

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

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

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

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**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF  
31 DECEMBER 2020**

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

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

As of 31 December 2020 and 31 December 2019 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	31 December 2020		31 December 2019	
	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 Ticaret Odası	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 2020, 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 A.Ş.

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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>		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr. Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	University
Yvan L.A.M. De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Hans Wilfried J. Broucke	Member of the Board of Directors	Master
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	Chief Executive Officer and the Executive Member	Master
<b>Assistant General Managers;</b>		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	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
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Dr. Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
Bade Sipahioğlu Işık	Assistant General Manager Responsible from Human Resources Group	Master
<b>Group Heads (*);</b>		
Nimet Elif Akpınar	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
<b>Internal Audit(*);</b>		
Hakan Tıraşın	Internal Audit Group	University

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

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

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

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

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

The Parent Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2020, the Parent Bank has 451 local branches and 4 foreign branches (31 December 2019: 467 local branches, 4 foreign branches). As of 31 December 2020, the number of employees of the Group is 9,129 (31 December 2019: 9,248).

### 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. Consolidated Statement of Profit Distribution

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

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

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

ASSETS	Section 5 Note	Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>20,312,342</b>	<b>22,622,956</b>	<b>42,935,298</b>	<b>8,094,017</b>	<b>22,014,859</b>	<b>30,108,876</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>11,584,929</b>	<b>18,216,953</b>	<b>29,801,882</b>	<b>2,642,723</b>	<b>18,717,809</b>	<b>21,360,532</b>
1.1.1 Cash and Balances with Central Bank	(I-1)	3,431,921	13,519,382	16,951,303	716,054	11,239,917	11,955,971
1.1.2 Banks	(I-4)	1,974,393	4,709,711	6,684,104	1,087,213	7,488,841	8,576,054
1.1.3 Money Markets		6,180,886	-	6,180,886	840,304	-	840,304
1.1.4 Expected Loss Provision (-)		2,271	12,140	14,411	848	10,949	11,797
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>511,090</b>	<b>1,119,802</b>	<b>1,630,892</b>	<b>426,085</b>	<b>869,339</b>	<b>1,295,424</b>
1.2.1 Government Debt Securities	(I-2)	463,550	984,266	1,447,816	385,317	782,677	1,167,994
1.2.2 Equity Securities		47,540	135,536	183,076	40,768	84,258	125,026
1.2.3 Other Financial Assets		-	-	-	-	2,404	2,404
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-5)</b>	<b>5,629,411</b>	<b>3,022,986</b>	<b>8,652,397</b>	<b>3,324,896</b>	<b>2,216,475</b>	<b>5,541,371</b>
1.3.1 Government Debt Securities		5,618,530	3,022,986	8,641,516	3,317,001	2,216,475	5,533,476
1.3.2 Equity Securities		10,881	-	10,881	7,895	-	7,895
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>		<b>2,586,912</b>	<b>263,215</b>	<b>2,850,127</b>	<b>1,700,313</b>	<b>211,236</b>	<b>1,911,549</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	1,520,531	232,078	1,752,609	1,473,795	196,247	1,670,042
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	1,066,381	31,137	1,097,518	226,518	14,989	241,507
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>77,577,144</b>	<b>16,143,819</b>	<b>93,720,963</b>	<b>58,026,785</b>	<b>14,346,010</b>	<b>72,372,795</b>
<b>2.1 Loans</b>	<b>(I-6)</b>	<b>69,418,968</b>	<b>13,342,867</b>	<b>82,761,835</b>	<b>56,568,956</b>	<b>12,490,850</b>	<b>69,059,806</b>
<b>2.2 Lease Receivables</b>	<b>(I-11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>	<b>(I-18)</b>	<b>1,548,931</b>	<b>955,007</b>	<b>2,503,938</b>	<b>1,209,538</b>	<b>873,720</b>	<b>2,083,258</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>(I-7)</b>	<b>10,197,854</b>	<b>2,325,087</b>	<b>12,522,941</b>	<b>3,549,987</b>	<b>1,356,631</b>	<b>4,906,618</b>
2.4.1 Government Debt Securities		10,197,854	2,325,087	12,522,941	3,549,987	1,356,631	4,906,618
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>	<b>(I-6,18)</b>	<b>3,588,609</b>	<b>479,142</b>	<b>4,067,751</b>	<b>3,301,696</b>	<b>375,191</b>	<b>3,676,887</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		<b>112,859</b>	<b>-</b>	<b>112,859</b>	<b>131,362</b>	<b>-</b>	<b>131,362</b>
3.1 Held for Sale Purpose	(I-17)	112,859	-	112,859	131,362	-	131,362
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>55</b>	<b>-</b>	<b>55</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-8)</b>	<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>	<b>(I-9)</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-10)</b>	<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. PROPERTY AND EQUIPMENT (Net)</b>	<b>(I-13)</b>	<b>845,976</b>	<b>91</b>	<b>846,067</b>	<b>884,141</b>	<b>677</b>	<b>884,818</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>572,547</b>	<b>-</b>	<b>572,547</b>	<b>561,432</b>	<b>-</b>	<b>561,432</b>
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		151,423	-	151,423	140,308	-	140,308
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>(I-15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>19,678</b>	<b>-</b>	<b>19,678</b>	<b>14,810</b>	<b>-</b>	<b>14,810</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-16)</b>	<b>651,589</b>	<b>-</b>	<b>651,589</b>	<b>667,146</b>	<b>-</b>	<b>667,146</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(I-19)</b>	<b>2,232,039</b>	<b>1,638,672</b>	<b>3,870,711</b>	<b>2,375,393</b>	<b>2,097,796</b>	<b>4,473,189</b>
<b>TOTAL ASSETS</b>		<b>102,324,229</b>	<b>40,405,538</b>	<b>142,729,767</b>	<b>70,755,091</b>	<b>38,459,342</b>	<b>109,214,433</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

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

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

LIABILITIES	Section 5 Note	Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(II-1)	49,589,731	44,152,172	93,741,903	34,470,683	37,707,169	72,177,852
<b>II. FUNDS BORROWED</b>	(II-3)	1,562,891	10,348,393	11,911,284	1,067,418	9,127,278	10,194,696
<b>III. MONEY MARKET FUNDS</b>	(II-4)	4,016,659	2,717,468	6,734,127	1,323,300	327,167	1,650,467
<b>IV. SECURITIES ISSUED (Net)</b>	(II-3)	4,810,637	-	4,810,637	2,333,877	-	2,333,877
4.1 Bills		4,766,623	-	4,766,623	2,333,877	-	2,333,877
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		44,014	-	44,014	-	-	-
<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>		3,135,153	208,026	3,343,179	3,404,041	107,517	3,511,558
7.1 Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,067,218	193,125	2,260,343	1,486,334	100,250	1,586,584
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	1,067,935	14,901	1,082,836	1,917,707	7,267	1,924,974
<b>VIII. FACTORING LIABILITIES</b>	(II-14)	91	8,888	8,979	274	538	812
<b>IX. LEASE LIABILITIES (Net)</b>	(II-6)	552,899	51,975	604,874	617,693	39,964	657,657
<b>X. PROVISIONS</b>	(II-8)	778,091	226,726	1,004,817	678,877	168,521	847,398
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		505,168	29,963	535,131	372,735	22,713	395,448
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		272,923	196,763	469,686	306,142	145,808	451,950
<b>XI. CURRENT TAX LIABILITY</b>	(II-9)	343,527	-	343,527	222,365	-	222,365
<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)	-	4,194,951	4,194,951	-	3,190,503	3,190,503
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	4,194,951	4,194,951	-	3,190,503	3,190,503
<b>XV. OTHER LIABILITIES</b>		4,079,335	262,481	4,341,816	4,037,263	480,077	4,517,340
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-12)	11,640,673	49,000	11,689,673	9,894,657	15,251	9,909,908
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		391,754	-	391,754	391,754	-	391,754
16.2.1 Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		389,189	-	389,189	389,189	-	389,189
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		276,629	-	276,629	310,864	-	310,864
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		(363,855)	49,000	(314,855)	(884,644)	15,251	(869,393)
16.5 Profit Reserves		7,843,996	-	7,843,996	6,728,424	-	6,728,424
16.5.1 Legal Reserves		490,587	-	490,587	434,338	-	434,338
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		7,161,377	-	7,161,377	6,284,394	-	6,284,394
16.5.4 Other Profit Reserves		192,032	-	192,032	9,692	-	9,692
16.6 Profit or Loss		1,272,252	-	1,272,252	1,134,463	-	1,134,463
16.6.1 Prior Periods' Profit / Loss		9,497	-	9,497	9,497	-	9,497
16.6.2 Current Periods' Profit / Loss		1,262,755	-	1,262,755	1,124,966	-	1,124,966
16.7 Minority Shares	(II-13)	15,507	-	15,507	9,406	-	9,406
<b>TOTAL LIABILITIES</b>		<b>80,509,687</b>	<b>62,220,080</b>	<b>142,729,767</b>	<b>58,050,448</b>	<b>51,163,985</b>	<b>109,214,433</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS  
AS OF 31 DECEMBER 2020 AND 2019**

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

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

		Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
Section 5		TL	FC	Total	TL	FC	Total
Note							
<b>A.</b>	<b>OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>82,225,686</b>	<b>89,376,868</b>	<b>171,602,554</b>	<b>67,741,200</b>	<b>87,362,056</b>	<b>155,103,256</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>7,480,648</b>	<b>16,764,598</b>	<b>24,245,246</b>	<b>9,129,803</b>	<b>13,244,967</b>	<b>22,374,770</b>
1.1	Letters of Guarantee	6,051,549	8,131,845	14,183,394	6,480,389	7,071,936	13,552,325
1.1.1	Guarantees Subject to State Tender Law	80,715	89,820	170,535	93,314	79,406	172,720
1.1.2	Guarantees Given for Foreign Trade Operations	344,482	545,346	889,828	319,439	417,745	737,184
1.1.3	Other Letters of Guarantee	5,626,352	7,496,679	13,123,031	6,067,636	6,574,785	12,642,421
1.2	Bank Acceptances	-	16,573	16,573	-	12,915	12,915
1.2.1	Import Letter of Acceptance	-	16,573	16,573	-	12,915	12,915
1.2.2	Other Bank Acceptances	-	-	-	-	-	-
1.3	Letters of Credit	-	5,025,525	5,025,525	260	2,623,591	2,623,851
1.3.1	Documentary Letters of Credit	-	3,656,589	3,656,589	-	1,119,305	1,119,305
1.3.2	Other Letters of Credit	-	1,368,936	1,368,936	260	1,504,286	1,504,546
1.4	Prefinancing Given as Guarantee	-	-	-	-	-	-
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2	Other Endorsements	-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued	-	-	-	-	-	-
1.7	Factoring Guarantees	-	-	-	-	-	-
1.8	Other Guarantees	1,428,395	2,548,277	3,976,672	2,649,033	2,382,926	5,031,959
1.9	Other Collaterals	704	1,042,378	1,043,082	121	1,153,599	1,153,720
<b>II.</b>	<b>COMMITMENTS</b>	<b>17,192,418</b>	<b>2,831,971</b>	<b>20,024,389</b>	<b>16,824,116</b>	<b>3,460,708</b>	<b>20,284,824</b>
2.1	Irrevocable Commitments	17,192,418	2,831,971	20,024,389	16,824,116	3,460,708	20,284,824
2.1.1	Asset Purchase Commitments	916,964	2,114,054	3,031,018	1,406,402	2,278,420	3,684,822
2.1.2	Deposit Purchase and Sale Commitments	-	94,524	94,524	-	759,924	759,924
2.1.3	Share Capital Commitment to Associates and Subsidiaries	-	-	-	-	-	-
2.1.4	Loan Granting Commitments	5,498,822	237,748	5,736,570	5,059,676	174,696	5,234,372
2.1.5	Securities Issuance Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments	1,741,408	-	1,741,408	1,769,641	-	1,769,641
2.1.8	Tax and Fund Liabilities from Export Commitments	47,494	-	47,494	71,566	-	71,566
2.1.9	Commitments for Credit Card Limits	8,978,512	-	8,978,512	8,506,931	-	8,506,931
2.1.10	Commitments for Credit Cards and Banking Services Promotions	5,767	-	5,767	4,975	-	4,975
2.1.11	Receivables from Short Sale Commitments on Securities	-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments on Securities	-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments	3,451	385,645	389,096	4,925	247,668	252,593
2.2	Revocable Commitments	-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2	Other Revocable Commitments	-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>57,552,620</b>	<b>69,780,299</b>	<b>127,332,919</b>	<b>41,787,281</b>	<b>70,656,381</b>	<b>112,443,662</b>
3.1	Derivative Financial Instruments for Hedging Purposes	14,112,081	9,895,360	24,007,441	16,303,838	9,650,297	25,954,135
3.1.1	Fair Value Hedge	1,991,418	4,258,649	6,250,067	-	1,740,184	1,740,184
3.1.2	Cash Flow Hedge	12,120,663	5,636,711	17,757,374	16,303,838	7,910,113	24,213,951
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-
3.2	Held for Trading Transactions	43,440,539	59,884,939	103,325,478	25,483,443	61,006,084	86,489,527
3.2.1	Forward Foreign Currency Buy/Sell Transactions	6,698,057	10,100,110	16,798,167	3,905,504	6,836,778	10,742,282
3.2.1.1	Forward Foreign Currency Transactions-Buy	4,420,031	4,234,382	8,654,413	2,186,296	3,210,603	5,396,899
3.2.1.2	Forward Foreign Currency Transactions-Sell	2,278,026	5,865,728	8,143,754	1,719,208	3,626,175	5,345,383
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	35,101,585	43,210,657	78,312,242	18,588,736	48,542,952	67,131,688
3.2.2.1	Foreign Currency Swap-Buy	1,723,908	25,735,907	27,459,815	4,003,482	25,326,796	29,330,278
3.2.2.2	Foreign Currency Swap-Sell	20,517,677	10,825,732	31,343,409	12,453,254	16,946,840	29,400,094
3.2.2.3	Interest Rate Swaps-Buy	6,430,000	3,324,509	9,754,509	1,066,000	3,134,658	4,200,658
3.2.2.4	Interest Rate Swaps-Sell	6,430,000	3,324,509	9,754,509	1,066,000	3,134,658	4,200,658
3.2.3	Foreign Currency, Interest Rate and Securities Options	1,050,757	3,069,974	4,120,731	2,952,821	5,548,060	8,500,881
3.2.3.1	Foreign Currency Options-Buy	729,259	1,370,067	2,099,326	1,726,935	2,562,617	4,289,552
3.2.3.2	Foreign Currency Options-Sell	321,498	1,699,907	2,021,405	1,225,886	2,985,443	4,211,329
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	590,140	543,771	1,133,911	36,362	35,164	71,526
3.2.4.1	Foreign Currency Futures-Buy	2,957	541,030	543,987	36,362	-	36,362
3.2.4.2	Foreign Currency Futures-Sell	587,183	2,741	589,924	-	35,164	35,164
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	2,960,427	2,960,427	20	43,130	43,150
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>	<b>176,730,851</b>	<b>44,287,540</b>	<b>221,018,391</b>	<b>165,611,452</b>	<b>35,349,359</b>	<b>200,960,811</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>33,848,445</b>	<b>5,782,810</b>	<b>39,631,255</b>	<b>32,624,537</b>	<b>3,374,145</b>	<b>35,998,682</b>
4.1	Customer Fund and Portfolio Balances	4,218,738	-	4,218,738	7,318,390	-	7,318,390
4.2	Investment Securities Held In Custody	15,992,767	4,231,162	20,223,929	14,503,776	1,926,086	16,429,862
4.3	Cheques Received for Collection	12,745,727	957,162	13,702,889	10,011,245	929,338	10,940,583
4.4	Commercial Notes Received for Collection	544,908	81,946	626,854	507,526	129,914	637,440
4.5	Other assets Received for Collection	125	512,540	512,665	125	388,807	388,932
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items under Custody	346,180	-	346,180	283,475	-	283,475
4.8	Custodians	-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>	<b>139,684,038</b>	<b>38,119,680</b>	<b>177,803,718</b>	<b>128,531,847</b>	<b>31,315,316</b>	<b>159,847,163</b>
5.1	Marketable Securities	306,697	459,121	765,818	362,798	100,651	463,449
5.2	Guarantee Notes	50,620,121	25,752,717	76,372,838	49,046,126	21,152,188	70,198,314
5.3	Commodity	142,587	108,608	251,195	50,194	-	50,194
5.4	Warranty	-	-	-	-	-	-
5.5	Immovables	77,966,304	8,026,196	85,992,500	69,856,979	7,236,289	77,093,268
5.6	Other Pledged Items	10,648,329	3,773,038	14,421,367	9,215,750	2,826,188	12,041,938
5.7	Pledged Items-Depository	-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>	<b>3,198,368</b>	<b>385,050</b>	<b>3,583,418</b>	<b>4,455,068</b>	<b>659,898</b>	<b>5,114,966</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>258,956,537</b>	<b>133,664,408</b>	<b>392,620,945</b>	<b>233,352,652</b>	<b>122,711,415</b>	<b>356,064,067</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019

(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 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>11,452,376</b>	<b>12,604,416</b>
1.1 Interest Income on Loans		8,681,796	10,625,264
1.2 Interest Income on Reserve Requirements		83,562	108,777
1.3 Interest Income on Banks		173,774	235,855
1.4 Interest Income on Money Market Transactions		146,441	249,456
1.5 Interest Income on Securities Portfolio		2,147,832	1,131,843
1.5.1 Financial Assets at Fair Value Through Profit or Loss		178,384	187,881
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		800,272	331,120
1.5.3 Financial Assets Measured at Amortised Cost		1,169,176	612,842
1.6 Financial Lease Income		-	-
1.7 Other Interest Income	(IV-12)	218,971	253,221
<b>II. INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>5,199,210</b>	<b>7,039,703</b>
2.1 Interest Expense on Deposits		3,686,992	5,643,369
2.2 Interest Expense on Funds Borrowed		591,500	627,280
2.3 Interest Expense on Money Market Transactions		244,396	123,913
2.4 Interest Expense on Securities Issued		454,149	514,885
2.5 Interest Expense on Leases		99,463	104,433
2.6 Other Interest Expenses		122,710	25,823
<b>III. NET INTEREST INCOME (I - II)</b>		<b>6,253,166</b>	<b>5,564,713</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,331,799</b>	<b>1,582,629</b>
4.1 Fees and Commissions Received		1,957,703	2,470,514
4.1.1 Non-cash Loans		260,229	285,265
4.1.2 Other	(IV-12)	1,697,474	2,185,249
4.2 Fees and Commissions Paid (-)		625,904	887,885
4.2.1 Non-cash Loans		7,186	5,880
4.2.2 Other	(IV-12)	618,718	882,005
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>3,557</b>	<b>1,326</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(IV-4)</b>	<b>(1,736,637)</b>	<b>(1,010,117)</b>
6.1 Securities Trading Gains / Losses		(52,483)	125,350
6.2 Gains / Losses on Derivative Financial Instruments		(1,059,395)	(912,199)
6.3 Foreign Exchange Gains / Losses		(624,759)	(223,268)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>129,397</b>	<b>132,609</b>
<b>VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>5,981,282</b>	<b>6,271,160</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(IV-6)</b>	<b>752,055</b>	<b>1,407,353</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(IV-6)</b>	<b>(22,683)</b>	<b>89,173</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>1,664,416</b>	<b>1,517,717</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>1,910,574</b>	<b>1,765,124</b>
<b>XIII. NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)</b>		<b>1,676,920</b>	<b>1,491,793</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON</b>			
<b>XV. 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>1,676,920</b>	<b>1,491,793</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(408,014)</b>	<b>(364,604)</b>
18.1 Current Tax Provision		(523,814)	(541,836)
18.2 Deferred Tax Income Effect (+)		(1,312,557)	(212,472)
18.3 Deferred Tax Expense Effect (-)		1,428,357	389,704
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(IV-10)</b>	<b>1,268,906</b>	<b>1,127,189</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>1,268,906</b>	<b>1,127,189</b>
25.1 Group's Profit / Loss		1,262,755	1,124,966
25.2 Minority Interest Profit / Loss (-)		6,151	2,223
Earnings per Share		0.5728	0.5103

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019

(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 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>1,268,906</b>	<b>1,127,189</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>510,859</b>	<b>(992,114)</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss</b>	<b>(43,674)</b>	<b>11,186</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	(55,205)	10,299
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	500	3,061
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	11,031	(2,174)
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>554,533</b>	<b>(1,003,300)</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	(132,449)	201,511
2.2.3 Income (loss) related with Cash Flow Hedges	829,370	(1,463,374)
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	(142,388)	258,563
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,779,765</b>	<b>135,075</b>

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



**TÜRK EKONOMİ BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY  
FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2020 AND 2019**

(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 or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Shares	Minority Shares	Total Shareholders' Equity
<b>Period-End Balance 31.12.2019 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>																
I. Prior Period End Balance	2,204,390	2,565	-	485,536	266,122	31,706	1,796	-	(139,731)	273,733	5,675,707	1,062,214	-	9,864,038	8,589	9,872,627
II. Corrections According to TAS 8	-	-	-	(96,347)	-	-	-	-	-	-	-	-	-	(96,347)	-	(96,347)
2.1 The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy	-	-	-	(96,347)	-	-	-	-	-	-	-	-	-	(96,347)	-	(96,347)
III. New Balance (I+II)	2,204,390	2,565	-	389,189	266,122	31,706	1,796	-	(139,731)	273,733	5,675,707	1,062,214	-	9,767,691	8,589	9,776,280
IV. Total Comprehensive Income	-	-	-	-	-	8,293	2,947	-	157,088	(1,160,483)	-	-	1,124,966	132,811	2,264	135,075
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	-	-	-	-	-	-	-	-	-	-	1,052,717	(1,052,717)	-	-	(1,447)	(1,447)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,447)	(1,447)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1,052,717	(1,052,717)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Current Period – 01.01-31.12.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>																
I. Prior Period End Balance	2,204,390	2,565	-	389,189	266,122	39,999	4,743	-	17,357	-886,750	6,728,424	1,134,463	-	9,900,502	9,406	9,909,908
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2,204,390	2,565	-	389,189	266,122	39,999	4,743	-	17,357	-886,750	6,728,424	1,134,463	-	9,900,502	9,406	9,909,908
IV. Total Comprehensive Income	-	-	-	-	-	-44,119	490	-	-105,508	660,046	-	-	1,262,755	1,773,664	6,101	1,779,765
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	9,394	-	-	-	-	-	1,115,572	-1,124,966	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,115,572	-1,124,966	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance 31.12.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>																
	2,204,390	2,565	-	389,189	275,516	(4,120)	5,233	-	(88,151)	(226,704)	7,843,996	9,497	1,262,755	11,674,166	15,507	11,689,673

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 A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2020 AND 2019 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

### VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Section 5 Notes	Audited Current Period 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>4,708,110</b>	<b>6,108,327</b>
1.1.1 Interest received		10,899,819	12,189,963
1.1.2 Interest paid		(5,008,327)	(7,341,806)
1.1.3 Dividend received		3,557	1,326
1.1.4 Fees and commissions received		1,541,980	2,440,386
1.1.5 Other income		129,697	2,325,852
1.1.6 Collections from previously written off loans		1,610,390	1,077,528
1.1.7 Payments to personnel and service suppliers		(1,664,416)	(1,497,992)
1.1.8 Taxes paid		(365,266)	(763,127)
1.1.9 Others	(VI-1)	(2,439,324)	(2,323,803)
<b>1.2 Changes in operating assets and liabilities</b>		<b>7,838,255</b>	<b>(532,007)</b>
1.2.1 Net (increase) / decrease in financial asset at fair value through profit or loss		(329,359)	(676,908)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(83,717)	68
1.2.3 Net (increase) in loans		(10,977,082)	(1,886,668)
1.2.4 Net (increase) in other assets	(VI-1)	(1,111,815)	(251,877)
1.2.5 Net increase in bank deposits		12,138,988	1,647,957
1.2.6 Net increase in other deposits		5,465,653	5,027,115
1.2.7 Net increase / (decrease) in financial asset at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		1,723,403	(2,934,379)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net (decrease) / increase in other liabilities		1,012,184	(1,457,315)
<b>I. Net cash provided from banking operations</b>		<b>12,546,365</b>	<b>5,576,320</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>(9,615,146)</b>	<b>(4,431,612)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		(50)	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.3 Cash paid for purchase of tangible assets		(208,351)	(280,432)
2.4 Cash obtained from sale of tangible assets		4,446	22,434
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(6,174,641)	(4,627,548)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		3,621,407	2,281,659
2.7 Cash paid for purchase of financial assets measured at amortised cost		(7,591,794)	(1,726,438)
2.8 Cash obtained from sale of financial assets measured at amortised cost		823,184	-
2.9 Others	(VI-1)	(89,347)	(101,287)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>2,186,190</b>	<b>1,672,581</b>
3.1 Cash obtained from funds borrowed and securities issued		14,631,331	15,002,839
3.2 Cash used for repayment of funds borrowed and securities issued		(12,196,805)	(13,101,686)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	(1,447)
3.5 Payments for financial leases		(248,336)	(227,125)
3.6 Others		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1)	<b>1,432,624</b>	<b>475,011</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>6,550,033</b>	<b>3,292,300</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>16,352,454</b>	<b>13,060,154</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>22,902,487</b>	<b>16,352,454</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR 31 DECEMBER 2020 AND 2019

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

### VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION

	Current Audited Period 31.12.2020(*)	Prior Audited Period 31.12.2019(*)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</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>	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
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 (-)	-	-
1.9.1 To owners of ordinary shares	-	-
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 (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<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	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
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 Bank does not distribute profit on consolidated accounts.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### SECTION THREE ACCOUNTING PRINCIPLES

#### I. Basis of Presentation

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

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

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

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the 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.

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

The effects of this global pandemic on the Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the consolidated financial statements as of 31 December 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 31 December 2020, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

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

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

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

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

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

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

### 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

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

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

The financial statements of subsidiaries were prepared as of 31 December 2020 and 31 December 2019.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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

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".

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

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

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market.

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

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

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.

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

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

### V. Explanations on Interest Income and Expenses

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

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

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

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

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

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

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

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 “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 or Loss*

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

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

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

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

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

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

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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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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.

#### *Financial Assets Measured at Amortised Cost*

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

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

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

##### *Loans:*

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

Measurement of the expected credit losses reflects:

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

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

#### **Stage 1:**

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

#### **Stage 2:**

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

- Loans having past due more than 30 days and less than 90 days
- Restructured loans
- Concordatum files
- 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 probabilities of default.

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

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

The Parent Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948.

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

#### **Stage 3:**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

#### Expected Credit Loss Calculation

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

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

There are mainly 3 loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

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

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

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

As of 31 December 2020, considering the possible effects of COVID-19 the data obtained with the principle of best effort were reflected to the estimates and assumptions used in the calculation of expected credit losses with the best estimation method. In light of the related information, the Bank has reconsidered its macroeconomic expectations in the expected credit loss calculation. The Bank has also provided additional provisions through individual assessment for customers which may be considered as highly effected.

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

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

- 12-Month PD: as the estimated probability of default occurring within the next 12 months
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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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 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.

The Parent Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948.

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

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

#### Expected Credit Loss Calculation (continued)

Quantitative assessments:

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

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

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

### 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 at fair value through profit or loss, financial assets at fair value through other comprehensive income and financials assets measured at amortized cost 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 repos”) 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 2020, the Group has TL 3,679,810 reverse repo transaction (31 December 2019: TL 840,304).

As of 31 December 2020, the Group does not have any marketable securities lending transaction (31 December 2019: 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”.

As of 31 December 2020, assets held for sale and discontinued operations of the Group are TL 112,859 (31 December 2019: TL 131,362). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 5,330 (31 December 2019: TL 10,598) has been reserved as provision for impairment losses.

As of 31 December 2020, 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 statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

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

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

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

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

The other intangible assets of the Group comprise mainly software. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Software'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 Fixed Assets

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

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

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

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

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

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

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

### XIV. Explanations on Leasing Transactions

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

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

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

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

### XV. Explanations on Provisions and Contingent Liabilities

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

Provisions are determined by using the 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. Total benefit is calculated in accordance with TAS 19 Employee Benefits.

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

Employees transferred to the Parent Bank following the business combination defined in “General Information” of the Parent Bank and Fortis Bank A.Ş. are the members of “Fortis Bank A.Ş. Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No. 506. Technical financial statements of the Pension Fund are reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 31 December 2020, the Pension Fund has 1,505 employees and 1,191 pensioners (31 December 2019: 1,552 employees and 1,139 pensioners).

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

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

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

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



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

#### *Corporate tax*

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate has been applied as 22% for 3 the years between 2018-2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

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

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

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

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

#### *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.

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2020 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

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

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

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

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

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

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

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

There is no share issued in the year 2020.

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

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

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

There is no government incentive utilized by the Group.

### **XXIII. Explanations on Reporting According to Segmentation**

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

Retail and private banking lines of the Parent Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Parent Bank also provides account products like Marifetli, Fırsat and CEPTETEB along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In 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, jewellers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women’s banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Parent Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

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

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

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

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

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	32,308	(28,751)	3,557
Profit Before Tax	416,020	394,058	88,170	809,102	(30,430)	1,676,920
Tax Provision (-)	-	-	-	408,098	(84)	408,014
<b>Net Profit for the Period</b>	<b>416,020</b>	<b>394,058</b>	<b>88,170</b>	<b>401,004</b>	<b>(30,346)</b>	<b>1,268,906</b>

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

Prior Period (31.12.2019)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	19,502	(18,176)	1,326
Profit before Tax	656,105	911,375	(269,219)	212,779	(19,247)	1,491,793
Tax Provision (-)	-	-	-	364,629	(25)	364,604
<b>Net Profit for The Period</b>	<b>656,105</b>	<b>911,375</b>	<b>(269,219)</b>	<b>(151,850)</b>	<b>(19,222)</b>	<b>1,127,189</b>

Prior Period (31.12.2019)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	25,906,561	22,913,607	17,290,247	43,401,275	(297,262)	109,214,428
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	124,923	(124,918)	5
<b>Total Assets</b>	<b>25,906,561</b>	<b>22,913,607</b>	<b>17,290,247</b>	<b>43,526,198</b>	<b>(422,180)</b>	<b>109,214,433</b>
Segment Liabilities	51,517,147	16,048,947	6,479,553	25,556,598	(297,720)	99,304,525
Shareholders' Equity	-	-	-	10,034,368	(124,460)	9,909,908
<b>Total Liabilities</b>	<b>51,517,147</b>	<b>16,048,947</b>	<b>6,479,553</b>	<b>35,590,966</b>	<b>(422,180)</b>	<b>109,214,433</b>

### XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2020 of the Parent Bank, TL 1,070,354 that constitutes the 2019 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 53,518 as Legal Reserves, TL 9,394 as Special Reserves, TL 0.87 (full TL) as profit distributed to the holders of the founder jouissance certificates.

### XXV. Reclassifications

In order to comply with the presentation of the financial statements dated 31 December 2020, some classifications were made on the statement of income and statement of cash flows dated 31 December 2019.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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### SECTION FOUR

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

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

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

In calculating the amount subject to credit risk; exchange buying rate which was used for the financial statements dated 31 December 2019 are used for calculating the foreign currency valuation.

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

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

As of 31 December 2020, Group’s total capital has been calculated as TL 16,717,321 (31 December 2019: TL 14,538,530) and Capital Adequacy Ratio is 18.25% (31 December 2019: 16.74%). This ratio is well above the minimum ratio required by the legislation. The credit risk of banking accounts has been calculated by using the “standard approach”, the market risk of purchase and sale accounts by using the “standard method”, counterparty credit risk of derivative and repo transactions by using the “fair value method”, credit valuation adjustments of over the counter derivative transactions by using the “standard model” and operational risk by using the “basic indicator approach”.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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:

	Current Period 31.12.2020	Amount related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	8,472,235	
Gains Recognized in Equity as per TAS	63,530	
Profit	1,272,252	
Current Period Profit	1,262,755	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Minority interest	530	795
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>12,216,291</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	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	23,436	
Leasehold Improvements on Operational Leases	38,571	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	139,502	139,502
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from common equity Tier 1 Capital</b>	<b>622,633</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>11,593,658</b>	

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 31.12.2020	Amount related to treatment before 01.01.2014(*)
<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 (Temporary Article 4)	-	
Third Parties Share in the Additional Tier 1 Capital	114	
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	114	
<b>Additional Tier 1 Capital before deductions</b>	<b>114</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>Total Additional Tier 1 Capital</b>	<b>114</b>	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)</b>	<b>11,593,772</b>	
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	4,137,063	
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	-	
Third parties' share in the Tier 2 Capital	151	
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	151	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	990,921	
<b>Tier 2 Capital Before Deductions</b>	<b>5,128,135</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>Total Tier 2 Capital</b>	<b>5,128,135</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>16,721,907</b>	

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 31.12.2020	Amount related to treatment before 01.01.2014(*)
<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	1,046	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	
Other items to be defined by the BRSA	3,540	
<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 I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
<b>TOTAL CAPITAL</b>		
Total Capital	16,717,321	
Total Risk Weighted Assets	91,603,777	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.66	
Tier 1 Capital Adequacy Ratio (%)	12.66	
Capital Adequacy Ratio (%)	18.25	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4.15	
<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	182,843	
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)	651,589	
<b>Limits related to provisions considered in Tier II Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2,000,390	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (**)	990,921	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	177,147	

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

	Prior Period 31.12.2019	Amount Related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	7,478,812	
Gains Recognized in Equity as per TAS	23,065	
Profit	1,134,463	
Current Period Profit	1,124,966	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Minority interest	309	464
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>11,044,393</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	-	
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	3,536	
Leasehold Improvements on Operational Leases	45,335	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	130,077	130,077
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 according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from common equity Tier 1 Capital</b>	<b>600,072</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>10,444,321</b>	



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014(*)
<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 (Temporary Article 4)	-	
Third Parties Share in the Additional Tier 1 Capital	67	
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	67	
<b>Additional Tier 1 Capital before deductions</b>	<b>67</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>Total Additional Tier 1 Capital</b>	<b>67</b>	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)</b>	<b>10,444,388</b>	
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	3,145,908	
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	-	
Third parties' share in the Tier 2 Capital	88	
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	88	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	956,837	
<b>Tier 2 Capital Before Deductions</b>	<b>4,102,833</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>Total Tier 2 Capital</b>	<b>4,102,833</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>14,547,221</b>	

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014(*)
<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	2,467	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	
Other items to be defined by the BRSA	6,224	
<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 I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
<b>TOTAL CAPITAL</b>		
Total Capital	14,538,530	
Total Risk Weighted Assets	86,848,849	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.03	
Tier 1 Capital Adequacy Ratio (%)	12.03	
Capital Adequacy Ratio (%)	16.74	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3.52	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	124,855	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	
<b>Limits related to provisions considered in Tier II Calculation</b>	667,146	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)		
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (**)	1,507,423	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	956,837	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4		
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4		
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	-	
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 (%)	265,721	

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

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

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

	T	T-1	T-2	T-3	T-4
<b>CAPITAL ITEMS</b>					
Common Equity Tier 1 Capital	11,593,658	11,563,600	11,278,641	10,751,132	10,444,321
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	11,416,511	11,386,453	11,101,494	10,573,985	10,178,600
Tier 1 Capital	11,593,772	11,563,674	11,278,711	10,751,193	10,444,388
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	11,416,625	11,386,527	11,101,564	10,574,046	10,178,667
Capital	16,717,321	16,717,156	15,858,763	15,256,150	14,538,530
Capital where the transition impact of TFRS 9 has not been applied (c)	16,540,174	16,540,009	15,681,616	15,079,003	14,272,809
<b>TOTAL RISK WEIGHTED ASSETS</b>					
Total Risk Weighted Assets	91,603,777	88,968,214	89,255,953	99,483,130	86,848,849
<b>CAPITAL ADEQUACY RATIOS</b>					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.66	13.00	12.64	10.81	12.03
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	12.46	12.80	12.44	10.63	11.72
Tier 1 Capital Adequacy Ratio (%)	12.66	13.00	12.64	10.81	12.03
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (e)	12.46	12.80	12.44	10.63	11.72
Capital Adequacy Ratio (%)	18.25	18.79	17.77	15.34	16.74
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	18.06	18.59	17.57	15.16	16.43
<b>LEVERAGE RATIO</b>					
Leverage Ratio Total Risk Amount	186,259,132	182,140,647	167,749,013	169,502,593	150,407,442
Leverage Ratio	6.16%	6.25%	6.69%	6.23%	6.94%
FTA not Applied Leverage Ratio (d)	6.06%	6.15%	6.58%	6.12%	6.77%

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

a: Common equity Tier 1 capital if temporary Article 5 of the Regulation on equities of banks has not applied.

b: Tier 1 capital if temporary Article 5 of the Regulation on equities of banks has not applied.

c: Total capital if temporary Article 5 of the Regulation on equities of banks has not applied.

ç: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

d: The leverage ratio calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

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

<b>Total Capital per Balance Sheet</b>	<b>11,689,673</b>
Hedging Funds (effective portion)	226,704
Deductions Made Under Regulation	(625,750)
Transition Impact of TFRS 9 (Temporary 5th Article)	177,147
Accumulated revaluation and / or classification on gains / losses of financial assets with fair value through comprehensive income	125,884
<b>Common Equity Tier 1 Capital</b>	<b>11,593,658</b>
Additional Tier 1 Capital	114
<b>Tier 1 Capital</b>	<b>11,593,772</b>
General Provisions (Stage 1 and 2)	990,921
Bank's Borrowing Instruments	4,137,063
Deductions Made Under Regulation	(4,586)
Share of Third Parties in Capital	151
<b>Total Equity</b>	<b>16,717,321</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### Information related to debt instruments included in equity calculation:

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

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS1895575071	XS2023308278	XS1973559484	XS1845118865
Governing law(s) of the instrument	Türkiye	Türkiye	Türkiye	Türkiye
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at consolidated /unconsolidated/ consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,551.5	907.2	544.3	1,134
Par value of instrument (TL Currency in mil)	1,551.5	907.2	544.3	1,134
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	05.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	05.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	05.11.2023	22.07.2024	14.05.2024	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons/dividends</b>				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	6mEuribor+7.10%	6mEuribor+7.10%	6mEuribor+5.10%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
<b>Convertible or non-convertible</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 instrument)	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	-	-

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 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.

Non-required delay time loans that is not classified as Stage III Loans defined in “Regulation on Procedures and Principles for Classification of Loans And Provisions to be Set Aside” published in the Official Gazette numbered 29750 dated 22 June 2016, amended by the regulation published in the Official Gazette dated 14 December 2016 and numbered 29918, whose principal and interest payment collection delayed more than 30 days are considered as “past-due loan” in the Accounting Practice; group III, IV and V loans defined in the mentioned communiqué are considered as “impaired receivables” without considering refinancing or addition of the accrued interest and quasi-interest principal amount.

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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

In calculating the amount subject to credit risk; exchange buying rate which was used for the financial statements dated 31 December 2019 are used for calculating the foreign currency valuation in accordance with BRSA decisions dated 23 March 2020 and numbered 3391, dated 16 April 2020 and numbered 3984.

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

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	35,631,103	29,775,440
Conditional and unconditional receivables from regional or local governments	1,198,712	1,205,215
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	9,417,384	9,460,631
Conditional and unconditional corporate receivables	44,684,444	41,969,955
Conditional and unconditional retail receivables	36,184,067	35,242,205
Conditional and unconditional secured mortgage receivables	10,955,985	11,894,801
Past due receivables	1,281,949	1,620,673
Receivables in high risk category defined by BRSA	-	-
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	3,720,404	4,028,443
Investments in equities	167,257	145,104

(\*) 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	20,831,054	20,547,036
Conditional and unconditional receivables from regional or local governments	1,249,725	1,058,763
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	12,087,705	8,920,736
Conditional and unconditional corporate receivables	36,384,925	39,232,786
Conditional and unconditional retail receivables	32,868,263	32,188,225
Conditional and unconditional secured mortgage receivables	12,654,892	10,925,747
Past due receivables	1,874,933	1,576,011
Receivables in high risk category defined by BRSA	-	-
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	4,259,299	3,713,329
Investments in equities	132,920	114,471

(\*) 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 volume of the restructured loans is not material to the financial statements of the Parent Bank, 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 2020, the receivables of the Group from its top 100 and top 200 cash loan customers share in total cash loans respectively 25.70% and 33.52% (31 December 2019: 20.93% and 26.44%).

As of 31 December 2020, the receivables of the Group from its top 100 and top 200 non-cash loan customers share of 72.30% and 83.41% respectively in the total non-cash loans (31 December 2019: 58.36% and 66.46%).

As of 31 December 2020, 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 10.33% and 13.80% respectively (31 December 2018: 8.31% and 10.77%).

As of 31 December 2020, the general loan loss provision related with the credit risk taken by the Group is TL 2,000,390 (31 December 2019: TL 1,507,423).

#### 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 2020 Retail, Business and Agricultural Banking loans are excluded from the internal rating system of the Parent Bank and these loans constitute 29.70% of the total cash and non-cash loan portfolio (31 December 2019: 31.05%). Application and behavioral scorecards are used for the Individual and Business segments, however behavioral scorecard is used for the Agricultural segment.

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

<b>Category</b>	<b>Description of Category</b>	<b>Share in the Total % 31.12.2020</b>	<b>Share in the Total % 31.12.2019</b>
1 <sup>st</sup> Category	The borrower has a very strong financial structure	47.06	40.39
2 <sup>nd</sup> Category	The borrower has a good financial structure	25.30	25.38
3 <sup>rd</sup> Category	The borrower has an intermediate level of financial structure	20.35	24.95
4 <sup>th</sup> Category	The financial structure of the borrower must be closely monitored in the medium term	7.29	9.28
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 (***)															Investments in equities	Total		
	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 organisations	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 defined in 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	
<b>Current Period</b>																			
Domestic	70,174	598,426	-	-	-	1,687,114	32,089,110	24,799,232	5,455,931	1,080,285	-	-	-	-	-	1,700,831	167,257	67,648,360	
European Union (EU)																			
Countries	-	-	-	-	-	378,459	297,664	18,590	2,445	1,202	-	-	-	-	-	-	-	698,360	
OECD Countries (*)	-	-	-	-	-	29,410	355,299	770	278	-	-	-	-	-	-	397	-	386,154	
Off-Shore Banking Regions (****)	389,970	-	-	-	-	8	211,528	104,878	22,704	7,739	-	-	-	-	-	432	-	737,259	
USA, Canada	-	-	-	-	-	195,970	380	803	311	27	-	-	-	-	-	-	-	197,491	
Other Countries	-	-	-	-	-	15,929	16,122	2,588	482	27	-	-	-	-	-	-	-	35,148	
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	-	55	
Unallocated Assets /Liabilities (**)	-	935	-	-	-	561,081	10,616,055	2,208,847	424,648	90,173	-	-	-	-	-	2,889	-	13,904,628	
<b>Total</b>	<b>460,144</b>	<b>599,361</b>	-	-	-	<b>2,867,971</b>	<b>43,586,158</b>	<b>27,135,708</b>	<b>5,906,799</b>	<b>1,179,453</b>	-	-	-	-	-	<b>1,704,604</b>	<b>167,257</b>	<b>83,607,455</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.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 organisations	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 defined in 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	4,286,981	623,819	-	-	-	2,224,321	21,812,533	22,158,625	6,477,806	1,685,806	-	-	-	-	-	1,557,582	132,920	60,960,393
European Union (EU)																		
Countries	-	-	-	-	-	1,379,647	260,448	11,080	4,904	1,752	-	-	-	-	-	191	-	1,658,022
OECD Countries (*)	-	-	-	-	-	148,208	472,147	11,862	413	3	-	-	-	-	-	540	-	633,173
Off-Shore Banking Regions (****)	399,811	-	-	-	-	9	234,520	106,298	43,444	6,187	-	-	-	-	-	306	-	790,575
USA, Canada	-	-	-	-	-	42,234	1,112	901	345	10	-	-	-	-	-	-	-	44,602
Other Countries	-	-	-	-	-	14,220	42,219	1,968	799	20	-	-	-	-	-	-	-	59,226
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	5
Unallocated Assets/Liabilities (**)	-	1,050	-	-	-	557,445	12,245,386	2,352,342	490,801	115,221	-	-	-	-	-	2,649	-	15,764,894
<b>Total</b>	<b>4,686,792</b>	<b>624,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,366,084</b>	<b>35,068,365</b>	<b>24,643,076</b>	<b>7,018,512</b>	<b>1,808,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,561,273</b>	<b>132,920</b>	<b>79,910,890</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.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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:

	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 organisations	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 defined in 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
<b>Current Period</b>																				
Agriculture	-	-	-	-	-	-	497,239	444,468	158,475	112,604	-	-	-	-	-	-	-	1,139,886	72,900	1,212,786
Farming and Stockbreeding	-	-	-	-	-	-	468,762	435,107	157,781	111,728	-	-	-	-	-	-	-	1,103,087	70,291	1,173,378
Forestry	-	-	-	-	-	-	10,728	1,134	-	21	-	-	-	-	-	-	-	10,330	1,553	11,883
Fishery	-	-	-	-	-	-	17,749	8,227	694	855	-	-	-	-	-	-	-	26,469	1,056	27,525
Manufacturing	-	-	-	-	-	-	26,159,429	4,969,726	1,764,334	334,923	-	-	-	-	-	5	-	23,207,924	10,020,493	33,228,417
Mining and Quarrying	-	-	-	-	-	-	1,617,044	202,706	81,468	21,774	-	-	-	-	-	2	-	1,677,373	245,621	1,922,994
Production	-	-	-	-	-	-	23,048,009	4,738,652	1,504,491	296,287	-	-	-	-	-	3	-	20,367,623	9,219,819	29,587,442
Electricity, Gas and Water	-	-	-	-	-	-	1,494,376	28,368	178,375	16,862	-	-	-	-	-	-	-	1,162,928	555,053	1,717,981
Construction	-	-	-	-	-	-	2,584,007	588,306	262,209	184,284	-	-	-	-	-	-	-	2,032,301	1,586,505	3,618,806
Services	460,144	599,361	-	-	-	2,867,971	14,055,115	5,157,305	2,431,353	481,460	-	-	-	-	1,655,242	166,544	19,738,285	8,136,210	27,874,495	
Wholesale and Retail Trade	-	-	-	-	-	-	5,932,918	2,574,752	767,050	210,394	-	-	-	-	86	-	7,728,307	1,756,893	9,485,200	
Accommodation and Dining	-	-	-	-	-	-	461,759	390,331	827,844	56,062	-	-	-	-	-	-	944,103	791,893	1,735,996	
Transportation and Telecom.	-	-	-	-	-	-	1,843,637	1,030,270	345,067	70,356	-	-	-	-	98	-	2,654,362	635,066	3,289,428	
Financial Institutions	460,144	-	-	-	-	2,867,971	2,175,190	52,674	100,912	5,769	-	-	-	-	1,654,801	166,544	4,246,379	3,237,626	7,484,005	
Real Estate and Rental Service	-	-	-	-	-	-	3,004,183	759,126	308,164	101,740	-	-	-	-	246	-	2,646,475	1,526,984	4,173,459	
Self-Employment Services	-	-	-	-	-	-	417,367	308,107	79,234	24,713	-	-	-	-	3	-	642,160	187,264	829,424	
Educational Services	-	-	-	-	-	-	27,262	33,188	2,825	12,394	-	-	-	-	4	-	75,547	126	75,673	
Health and Social Services	-	599,361	-	-	-	-	192,799	8,857	257	32	-	-	-	-	4	-	800,952	358	801,310	
Other	-	-	-	-	-	-	290,368	15,975,903	1,290,428	66,182	-	-	-	-	49,357	713	17,566,582	106,369	17,672,951	
<b>Total</b>	<b>460,144</b>	<b>599,361</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,867,971</b>	<b>43,586,158</b>	<b>27,135,708</b>	<b>5,906,799</b>	<b>1,179,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,704,604</b>	<b>167,257</b>	<b>63,684,978</b>	<b>19,922,477</b>	<b>83,607,455</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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 (**)																			TL (*)	FC	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 organisations	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 defined in 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					
Agriculture	-	-	-	-	-	-	427,463	557,360	261,206	150,933	-	-	-	-	-	-	-	-	-	1,228,565	168,397	1,396,962
Farming and Stockbreeding	-	-	-	-	-	-	333,334	530,953	258,848	148,814	-	-	-	-	-	-	-	-	-	1,104,526	167,423	1,271,949
Forestry	-	-	-	-	-	-	5,198	1,692	-	-	-	-	-	-	-	-	-	-	-	6,890	-	6,890
Fishery	-	-	-	-	-	-	88,931	24,715	2,358	2,119	-	-	-	-	-	-	-	-	-	117,149	974	118,123
Manufacturing	-	-	-	-	-	-	19,361,260	5,064,386	2,163,538	554,391	-	-	-	-	-	-	21	-	-	16,017,555	11,126,041	27,143,596
Mining and Quarrying	-	-	-	-	-	-	1,487,525	241,823	78,380	33,035	-	-	-	-	-	-	-	-	-	1,153,507	687,256	1,840,763
Production	-	-	-	-	-	-	17,111,026	4,786,024	1,913,525	509,669	-	-	-	-	-	-	21	-	-	14,261,290	10,058,975	24,320,265
Electricity, Gas and Water	-	-	-	-	-	-	762,709	36,539	171,633	11,687	-	-	-	-	-	-	-	-	-	602,758	379,810	982,568
Construction	-	-	-	-	-	-	2,180,534	654,684	467,131	284,104	-	-	-	-	-	-	-	-	-	2,111,220	1,475,233	3,586,453
Services	4,686,792	624,869	-	-	-	4,366,084	12,496,846	5,270,188	2,632,510	707,254	-	-	-	-	-	-	1,529,902	131,367	17,444,596	15,001,216	32,445,812	
Wholesale and Retail Trade	-	-	-	-	-	-	4,275,803	2,568,497	912,416	340,554	-	-	-	-	-	-	105	-	-	5,940,172	2,157,203	8,097,375
Accommodation and Dining	-	-	-	-	-	-	738,886	418,165	802,371	68,350	-	-	-	-	-	-	-	-	-	824,467	1,203,305	2,027,772
Transportation and Telecom.	-	-	-	-	-	-	1,556,697	985,641	293,854	142,060	-	-	-	-	-	-	114	-	-	2,294,429	683,937	2,978,366
Financial Institutions	4,686,792	-	-	-	-	4,366,084	1,942,761	59,171	5,201	7,406	-	-	-	-	-	-	1,529,428	131,367	3,801,896	8,926,314	12,728,210	
Real Estate and Rental Services	-	-	-	-	-	-	3,438,078	907,814	510,515	114,144	-	-	-	-	-	-	242	-	-	3,057,345	1,913,448	4,970,793
Self-Employment Services	-	-	-	-	-	-	407,088	283,114	103,933	31,773	-	-	-	-	-	-	-	-	-	709,828	116,080	825,908
Educational Services	-	-	-	-	-	-	42,612	38,430	3,213	2,883	-	-	-	-	-	-	9	-	-	86,585	562	87,147
Health and Social Services	-	624,869	-	-	-	-	94,921	9,356	1,007	84	-	-	-	-	-	-	4	-	-	729,874	367	730,241
Other	-	-	-	-	-	-	602,262	13,096,458	1,494,127	112,317	-	-	-	-	-	-	31,350	1,553	14,926,640	411,427	15,338,067	
<b>Total</b>	<b>4,686,792</b>	<b>624,869</b>	-	-	-	<b>4,366,084</b>	<b>35,068,365</b>	<b>24,643,076</b>	<b>7,018,512</b>	<b>1,808,999</b>	-	-	-	-	-	-	<b>1,561,273</b>	<b>132,920</b>	<b>51,728,576</b>	<b>28,182,314</b>	<b>79,910,890</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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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:

<b>Current Period</b>	<b>Term to Maturity</b>				
<b>Risks Categories</b>	<b>1 Month</b>	<b>1–3 Months</b>	<b>3–6 Months</b>	<b>6–12 Months</b>	<b>Over 1 year</b>
Conditional and unconditional exposures to central governments or central banks	460,144	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	2,896	1,917	2,504	73,817	517,264
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 organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,554,373	82,212	102,568	50,379	99,750
Conditional and unconditional exposures to corporates	5,296,566	5,136,347	7,447,256	6,371,529	8,707,685
Conditional and unconditional retail exposures	4,876,390	1,006,538	2,305,036	2,802,528	13,924,631
Conditional and unconditional exposures secured by real estate property	321,818	215,569	504,560	624,601	3,813,992
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category defined by BRSA	-	-	-	-	-
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	-	-	-	-	-
Others	283,140	1,014	2,222	-	3
Investments in equities	-	-	-	-	-
<b>Total</b>	<b>12,795,327</b>	<b>6,443,597</b>	<b>10,364,146</b>	<b>9,922,854</b>	<b>27,063,325</b>

<b>Prior Period</b>	<b>Term to Maturity</b>				
<b>Exposure Categories</b>	<b>1 Month</b>	<b>1–3 Months</b>	<b>3–6 Months</b>	<b>6–12 Months</b>	<b>Over 1 year</b>
Conditional and unconditional exposures to central governments or central banks	1,066,414	471,734	149,250	-	2,999,393
Conditional and unconditional exposures to regional governments or local authorities	454	8,510	5,831	28,694	580,327
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 organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	2,471,798	149,760	391,771	354,946	22,467
Conditional and unconditional exposures to corporates	7,668,070	3,655,245	1,962,289	2,173,624	7,072,832
Conditional and unconditional retail exposures	6,010,266	740,655	1,108,243	1,974,087	12,447,543
Conditional and unconditional exposures secured by real estate property	1,060,771	188,558	418,402	500,288	4,358,543
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category defined by BRSA	-	-	-	-	-
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	-	-	-	-	-
Others	30,905	452	5,862	-	14
Investments in equities	-	-	-	-	-
<b>Total</b>	<b>18,308,678</b>	<b>5,214,914</b>	<b>4,041,648</b>	<b>5,031,639</b>	<b>27,481,119</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 Organisation 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.

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 ila AA-	0%	20%	50%	100%
2	A+ ila A-	20%	20%	50%	100%
3	BBB+ ila BBB-	50%	50%	50%	100%
4	BB+ ila BB-	100%	100%	100%	100%
5	B+ ila B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

#### Exposures by risk weights:

Current Period												Deductions from Equity	
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
Exposures before Credit Mitigation													
Risk Mitigation	37,140,028	-	6,517,571	4,781,153	10,425,207	36,176,042	48,032,110	169,194	-	-	-	-	603,783
Exposures after Credit Mitigation													
Risk Mitigation	39,227,005	-	6,796,136	4,781,153	9,934,635	33,602,902	45,439,479	111,039	-	-	-	-	603,783
Prior Period												Deductions from Equity	
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
Exposures before Credit Mitigation													
Risk Mitigation	18,804,661	-	9,461,115	5,619,542	8,780,553	32,839,093	46,451,779	386,973	-	-	-	-	605,226
Exposures after Credit Mitigation													
Risk Mitigation	20,832,591	-	9,632,820	5,619,542	8,800,354	30,453,319	44,643,049	251,802	-	-	-	-	605,226

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 (TFRS9)
	Increase in Credit Risk (Stage II)	Impaired (Stage III)	
<b>Major Sectors / Counterparties</b>			
Agriculture	589,157	237,067	178,448
Farming and Stockbreeding	576,288	228,842	172,294
Forestry	12,869	4,591	4,066
Fishery	-	3,634	2,088
Manufacturing	1,731,493	674,352	851,836
Mining and Quarrying	42,471	24,092	24,208
Production	1,499,539	635,292	752,434
Electricity, Gas and Water	189,483	14,968	75,194
Services	4,248,425	2,132,357	2,003,325
Wholesale and Retail Trade	3,107,940	1,273,123	1,203,942
Accommodation and Dining	121,449	131,641	133,499
Transportation and Telecom.	303,989	137,755	141,206
Financial Institutions	24,358	32,194	24,886
Real Estate and Rental Services	293,137	98,481	176,684
Professional Services	40,969	9,653	10,883
Educational Services	344,119	384,202	268,913
Health and Social Services	12,464	65,308	43,312
Other	1,383,270	458,106	620,716
<b>Total</b>	<b>7,952,345</b>	<b>3,501,882</b>	<b>3,654,325</b>

Prior Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit Loss Provision (TFRS9)
	Increase in Credit Risk (Stage II)	Impaired (Stage III)	
<b>Major Sectors / Counterparties</b>			
Agriculture	389,856	257,288	165,710
Farming and Stockbreeding	384,108	252,031	162,059
Forestry	-	675	612
Fishery	5,748	4,582	3,039
Manufacturing	1,542,620	803,789	626,803
Mining and Quarrying	84,136	13,466	18,190
Production	1,451,604	773,381	602,057
Electricity, Gas and Water	6,880	16,942	6,556
Services	3,064,524	1,857,476	1,449,342
Wholesale and Retail Trade	944,454	1,463,331	938,988
Accommodation and Dining	737,563	122,513	132,793
Transportation and Telecom.	492,117	149,666	137,225
Financial Institutions	212,560	13,413	59,972
Real Estate and Rental Services	553,559	33,710	122,601
Professional Services	60,825	64,569	44,882
Educational Services	17,606	7,229	8,298
Health and Social Services	45,840	3,045	4,583
Other	3,867,382	1,228,353	1,004,843
<b>Total</b>	<b>8,864,382</b>	<b>4,146,906</b>	<b>3,246,698</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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

	31.12.2019 Balance	Provision for Period	Provision Reversals	Written off from Asset	Other Adjustments(*)	31.12.2020 Balance
Default (Stage III) Expected Credit Loss (Stage I - II)	2,394,656	700,392	(207,531)	(505,620)	-	2,381,897
	1,507,423	983,725	(652,238)	-	161,480	2,000,390

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

	31.12.2018 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments (*)	31.12.2019 Balance
Default (Stage III) Expected Credit Loss (Stage I - II)	1,765,133	1,515,456	(242,873)	(644,662)	1,602	2,394,656
	1,358,020	462,527	(355,431)	-	42,307	1,507,423

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

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

#### Current Period

Countries where the risk ultimately taken	Private sector loan in banking loans	Risk weighted amount calculated in trading accounts	Total
Turkey	72,282,903	1,031,487	73,314,390
Italy	945,166	-	945,166
Switzerland	332,306	-	332,306
TRNC	323,446	-	323,446
England	321,166	-	321,166
Spain	50,318	-	50,318
Bulgaria	37,782	-	37,782
Denmark	19,492	-	19,492
Egypt	6,098	-	6,098
Other	15,624	-	15,624
	<b>74,334,301</b>	<b>1,031,487</b>	<b>75,365,788</b>

#### Prior Period

Countries where the risk ultimately taken	Private sector loan in banking loans	Risk weighted amount calculated in trading accounts	Total
Turkey	64,800,085	613,436	65,413,521
Switzerland	445,348	-	445,348
TRNC	370,046	-	370,046
England	365,118	-	365,118
Italy	89,660	-	89,660
Israel	39,412	-	39,412
Portugal	37,055	-	37,055
Spain	36,353	-	36,353
The Ivory Coast	29,622	-	29,622
Other	106,447	5	106,452
	<b>66,319,146</b>	<b>613,441</b>	<b>66,932,587</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 2020, the Group’s balance sheet short position is TL 21,600,540 (31 December 2019: TL 12,301,993 short position) off-balance sheet long position is TL 20,950,439 (31 December 2019: TL 11,928,995 long position) and as a result net foreign currency short position is TL 650,101 (31 December 2019: net TL 372,997 short position).

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2020 and the previous five working days in full TL are as follows:

	24.12.2020	25.12.2020	28.12.2020	29.12.2020	30.12.2020	31.12.2020
USD	7.5343	7.5127	7.4187	7.3265	7.3415	7.3883
JPY	0.0727	0.0726	0.0716	0.0707	0.0713	0.0717
EUR	9.1843	9.1429	9.0634	8.975	9.0234	9.072

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2020 are as follows:

	Monthly Average Foreign Exchange Rate
USD	7.6812
JPY	0.0740
EUR	9.3475

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

The Parent Bank is exposed to foreign exchange risk in EURO and USD.

The following table details the Parent Bank's sensitivity to a 10% change in USD and EUR exchange rates. The 10% rate used is the rate that the currency risk is reported to the senior management in the Parent Bank, 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 exchange rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2020	31 December 2020
USD	10 increase	(21,533)	2,403
USD	10 decrease	21,533	(2,403)
EUR	10 increase	2,810	2,496
EUR	10 decrease	(2,810)	(2,496)

Change in exchange rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2019	31 December 2019
USD	10 increase	19,299	937
USD	10 decrease	(19,299)	(937)
EUR	10 increase	(7,623)	587
EUR	10 decrease	7,623	(587)

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

The sensitivity of the Parent Bank to 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

The table below shows the Group's distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Group also monitors the delta-adjusted position of the option transactions. As of 31 December 2020, the Parent Bank has net USD short position TL 222,394 and net EUR long position TL 42,157.

Current Period	EUR	USD	Other FC	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(1)</sup>	5,575,267	6,192,796	1,748,758	13,516,821
Banks <sup>(2)</sup>	629,416	2,213,893	1,856,823	4,700,132
Financial Assets at Fair Value Through Profit or Loss	273,495	846,307	-	1,119,802
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2,402,125	597,696	23,165	3,022,986
Loans <sup>(3)</sup>	9,729,893	2,535,854	834,361	13,100,108
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-to-Maturity Investments <sup>(4)</sup>	1,263,472	1,061,092	-	2,324,564
Derivative Financial Assets for Hedging Purposes <sup>(5)</sup>	-	-	-	-
Tangible Assets	91	-	-	91
Intangible Assets	-	-	-	-
Other Assets <sup>(6)</sup>	2,318,224	233,157	59,152	2,610,533
<b>Total Assets</b>	<b>22,191,983</b>	<b>13,680,795</b>	<b>4,522,259</b>	<b>40,395,037</b>
<b>Liabilities</b>				
Bank Deposits	71	-	15	86
Foreign Currency Deposits <sup>(7)</sup>	12,697,235	23,868,480	7,586,371	44,152,086
Money Market Borrowings	2,717,468	-	-	2,717,468
Funds Provided from Other Financial Institutions	9,952,799	4,529,136	61,409	14,543,344
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	14,901	-	-	14,901
Other Liabilities <sup>(8)</sup>	239,379	304,248	24,065	567,692
<b>Total Liabilities</b>	<b>25,621,853</b>	<b>28,701,864</b>	<b>7,671,860</b>	<b>61,995,577</b>
<b>Net Balance Sheet Position</b>	<b>(3,429,870)</b>	<b>(15,021,069)</b>	<b>(3,149,601)</b>	<b>(21,600,540)</b>
<b>Net Off-Balance Sheet Position</b>	<b>3,506,359</b>	<b>14,570,186</b>	<b>2,964,614</b>	<b>21,041,159</b>
Financial Derivative Assets <sup>(9)</sup>	15,993,374	25,685,642	4,743,380	46,422,396
Financial Derivative Liabilities <sup>(9)</sup>	12,487,015	11,115,456	1,778,766	25,381,237
Non-Cash Loans <sup>(10)</sup>	8,000,422	7,226,322	1,537,854	16,764,598
<b>Prior Period</b>				
Total Assets	20,444,208	14,393,861	3,917,750	38,755,819
Total Liabilities	21,469,848	25,727,978	3,859,986	51,057,812
Net Balance Sheet Position	(1,025,640)	(11,334,117)	57,764	(12,301,993)
Net Off-Balance Sheet Position	797,511	11,133,800	(2,316)	11,928,995
Financial Derivative Assets <sup>(9)</sup>	14,804,346	26,844,874	782,678	42,431,898
Financial Derivative Liabilities <sup>(9)</sup>	14,006,835	15,711,074	784,994	30,502,903
Non-Cash Loans <sup>(10)</sup>	6,880,451	5,459,747	904,769	13,244,967

- (1) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 2,561 (31 December 2019: TL 1,890)
- (2) The banks include TL 9,579 of expected credit loss provisions. (31 December 2019: TL 9,059)
- (3) Foreign currency indexed loans amounting to TL 233,707 TL (31 December 2019: TL 495,451) are included in the loan portfolio. As of 31 December 2020, there is no (31 December 2019: TL None) foreign currency indexed factoring receivables. Also, it includes TL 476,466 (31 December 2019: TL 368,603) amounting to expected credit loss.
- (4) Financial assets at amortized cost includes expected credit loss amounting to TL 523 (31 December 2019: TL 305)
- (5) TL 31,137 (31 December 2019: TL 14,112) income accruals from derivative financial instruments is deducted from derivative financial assets held for risk management.
- (6) TL 213,071 (31 December 2019: TL 184,862) income accruals from derivative financial instruments is deducted from other assets. Other assets line includes factoring receivables amounting to TL 955,007 and factoring receivables expected credit loss amounting to TL 2,153.
- (7) Precious metal accounts amounting to TL 6,002,054 (31 December 2019: TL 2,349,023) are included in the foreign currency deposits.
- (8) TL 175,503 (31 December 2019: TL 90,922) expense accruals from derivative financial instruments are deducted from other liabilities.
- (9) Forward asset and marketable securities purchase-sale commitments of TL 951,630 (31 December 2019: TL 1,395,075) are added to derivative financial assets and TL 1,071,704 (31 December 2019: TL 883,345) has been added to derivative financial assets.
- (10) There is no effect on the net off-balance sheet position.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing(1)	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(2)</sup>	11,452,134	-	-	-	-	5,495,853	16,947,987
Banks <sup>(3)</sup>	4,796,899	-	-	-	-	1,876,549	6,673,448
Financial Assets at Fair Value Through Profit or Loss	297,525	91,886	760,926	201,959	95,521	183,075	1,630,892
Money Market Placements <sup>(4)</sup>	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income	805,587	113,055	2,319,571	4,657,098	746,205	10,881	8,652,397
Loans <sup>(5)</sup>	11,140,029	6,681,908	25,261,054	32,741,342	3,435,619	(545,888)	78,714,064
Financial Assets Measured at Amortized Cost <sup>(6)</sup>	1,012,657	825,220	9,171,693	1,472,121	41,250	(2,818)	12,520,123
Other Assets <sup>(7)</sup>	1,678,659	1,506,874	696,926	672,721	299,267	6,555,962	11,410,409
<b>Total Assets</b>	<b>37,364,376</b>	<b>9,218,943</b>	<b>38,210,170</b>	<b>39,745,241</b>	<b>4,617,862</b>	<b>13,573,175</b>	<b>142,729,767</b>
<b>Liabilities</b>							
Bank Deposits	7,424,601	-	-	-	-	43,796	7,468,397
Other Deposits	47,468,264	5,865,710	235,318	367	-	32,703,847	86,273,506
Money Market Borrowings	6,734,127	-	-	-	-	-	6,734,127
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	2,160,640	-	2,649,997	-	-	-	4,810,637
Funds Provided from Other Financial Institutions	1,827,122	1,289,465	8,703,539	91,158	4,194,951	-	16,106,235
Other Liabilities	227,987	28,532	383,341	1,309,066	244,413	19,143,526	21,336,865
<b>Total Liabilities</b>	<b>65,842,741</b>	<b>7,183,707</b>	<b>11,972,195</b>	<b>1,400,591</b>	<b>4,439,364</b>	<b>51,891,169</b>	<b>142,729,767</b>
Balance Sheet Long Position	-	2,035,236	26,237,975	38,344,650	178,498	-	66,796,359
Balance Sheet Short Position	(28,478,365)	-	-	-	-	(38,317,994)	(66,796,359)
Off-Balance Sheet Long Position	3,031,120	3,816,103	-	-	-	-	6,847,223
Off-Balance Sheet Short Position	-	-	(796,816)	(5,154,568)	(487,360)	-	(6,438,744)
<b>Total Position</b>	<b>(25,447,245)</b>	<b>5,851,339</b>	<b>25,441,159</b>	<b>33,190,082</b>	<b>(308,862)</b>	<b>(38,317,994)</b>	<b>408,479</b>

- (1) The expected loss provisions are presented under the “Non-Interest Bearing” column.
- (2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 3,316.
- (3) Banks include balance of expected loss provisions amounting to TL 10,656.
- (4) Money market placements include balance of expected loss provisions amounting to TL 439.
- (5) The revolving loans amounting to TL 6,201,511 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 4,047,711.
- (6) Financial assets at amortized cost include balance of expected loss provisions of TL 2,818.
- (7) Includes factoring receivables amounting to TL 2,503,938 and factoring receivables expected loss provisions amounting to TL 17,162.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 846,067, intangible assets amounting to TL 572,547, assets held for resale amounting to TL 112,859, subsidiaries amounting to TL 50 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 11,689,673.

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey Banks <sup>(3)</sup>	8,951,411	-	-	-	-	3,002,601	11,954,012
Financial Assets at Fair Value Through Profit or Loss	6,072,870	-	-	-	-	2,493,375	8,566,245
Money Market Placements <sup>(4)</sup>	180,593	132,240	55,307	669,507	132,752	125,025	1,295,424
Financial Assets at Fair Value Through Other Comprehensive Income	840,304	-	-	-	-	(29)	840,275
Loans <sup>(5)</sup>	1,057,349	530,691	523,340	2,417,091	1,005,005	7,895	5,541,371
Financial Assets Measured at Amortized Cost <sup>(6)</sup>	16,724,073	4,579,167	11,359,041	28,333,166	3,917,453	506,014	65,418,914
Other Assets <sup>(2)</sup>	164,665	796,314	2,075,934	1,699,969	169,736	(1,104)	4,905,514
	1,148,017	689,675	657,912	951,007	94,067	7,152,000	10,692,678
<b>Total Assets</b>	<b>35,139,282</b>	<b>6,728,087</b>	<b>14,671,534</b>	<b>34,070,740</b>	<b>5,319,013</b>	<b>13,285,777</b>	<b>109,214,433</b>
<b>Liabilities</b>							
Bank Deposits	362,573	-	-	-	-	23,739	386,312
Other Deposits	49,529,000	4,829,633	677,235	7,293	-	16,748,379	71,791,540
Money Market Borrowings	1,650,467	-	-	-	-	-	1,650,467
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,692,304	641,573	-	-	-	-	2,333,877
Funds Provided from Other Financial Institutions	2,448,096	3,560,585	6,009,788	100,473	1,266,257	-	13,385,199
Other Liabilities	23,862	117	711,943	2,330,152	86,263	16,514,701	19,667,038
<b>Total Liabilities</b>	<b>55,706,302</b>	<b>9,031,908</b>	<b>7,398,966</b>	<b>2,437,918</b>	<b>1,352,520</b>	<b>33,286,819</b>	<b>109,214,433</b>
Balance Sheet Long Position	-	-	7,272,568	31,632,822	3,966,493	-	42,871,883
Balance Sheet Short Position	(20,567,020)	(2,303,821)	-	-	-	(20,001,042)	(42,871,883)
Off-Balance Sheet Long Position	5,720,979	4,734,356	-	-	-	-	10,455,335
Off-Balance Sheet Short Position	-	-	(4,006,053)	(5,678,954)	(623,850)	-	(10,308,857)
<b>Total Position</b>	<b>(14,846,041)</b>	<b>2,430,535</b>	<b>3,266,515</b>	<b>25,953,868</b>	<b>3,342,643</b>	<b>(20,001,042)</b>	<b>146,478</b>

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

(2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 1,959.

(3) Banks include balance of expected loss provisions amounting to TL 9,809.

(4) Money market placements include balance of expected loss provisions amounting to TL 29.

(5) The revolving loans amounting to TL 7,177,755 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,640,892.

(6) Financial assets at amortized cost include balance of expected loss provisions of TL 1,104.

(7) Includes factoring receivables amounting to TL 2,083,258 and factoring receivables expected loss provisions amounting to TL 34,891.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 884,818, intangible assets amounting to TL 561,432, assets held for resale amounting to TL 131,362, entities under common control joint venture amounting to TL 5 and the other liabilities line includes the shareholders’ equity of TL 9,909,908.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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:

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

	EUR %	USD %	YEN %	TL %
<b>Prior Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	10.00
Banks	-	1.59	-	11.42
Financial Assets at Fair Value Through Profit or Loss	1.52	4.89	-	8.66
Money Market Placements	-	-	-	11.46
Financial Assets at Fair Value Through Other Comprehensive Income	2.11	4.57	-	13.83
Loans (*)	3.08	4.95	5.28	16.42
Financial Assets Measured at Amortized Cost	2.48	4.51	-	14.63
Liabilities				
Bank Deposits	-	1.40	-	5.10
Other Deposits	0.16	1.86	0.25	10.26
Money Market Borrowings	-	-	-	11.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	12.05
Funds Provided from Other Financial Institutions	1.99	5.61	-	17.62

(\*) Includes factoring receivables.

#### Interest rate risk on 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 analyzing 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 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

#### Interest rate risk on 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”:

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity– (Losses)/Equity
TL	(400)	1,270,671	6.17%
TL	500	(1,422,031)	(6.87)%
EURO	(200)	(83,424)	0.24%
EURO	200	87,032	(0.19)%
USD	(200)	(101,872)	0.23%
USD	200	101,153	(0.15)%
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>1,085,376</b>	<b>6.65%</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(1,233,845)</b>	<b>(7.20)%</b>

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

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

The Parent Bank has no stocks traded in Borsa Istanbul.

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

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

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

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

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

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### VII. Explanations Related to Consolidated Liquidity Risk 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 consists of a minimum of 5% of the Parent Bank's total liabilities:

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

- e) Information on liquidity risk mitigation techniques:

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

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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### Liquidity Coverage Ratio:

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

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

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

#### Liquidity Coverage Ratio: (continued)

Prior Period – 31 December 2019	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			21,836,422	13,917,929
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	51,313,467	25,406,593	4,514,492	2,540,659
3 Stable Deposits	12,337,090	-	616,854	-
4 Less Stable Deposits	38,976,377	25,406,593	3,897,638	2,540,659
5 Unsecured Debts Other than Real Person and Retail Deposits	21,297,924	11,014,451	11,767,184	5,804,238
6 Operational Deposits	435,470	187,907	108,867	46,977
7 Non-operational Deposits	15,944,770	8,635,837	6,769,930	3,566,554
8 Other Unsecured Funding	4,917,684	2,190,707	4,888,387	2,190,707
9 Secured Funding	-	-	11,458	-
10 Other Cash Outflows	1,540,455	2,290,197	1,540,455	2,290,197
11 Outflows Related to Derivative Exposures and	1,540,455	2,290,197	1,540,455	2,290,197
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	32,014,818	10,476,671	2,646,516	1,098,773
<b>16 Total Cash Outflows</b>			<b>20,480,105</b>	<b>11,733,867</b>
<b>Cash Inflows</b>				
17 Secured Liabilities	-	-	-	-
18 Unsecured Liabilities	12,640,333	5,416,414	9,256,464	4,759,747
19 Other Cash Inflows	1,691,512	8,203,937	1,691,512	8,203,938
<b>20 Total Cash Inflows</b>	<b>14,331,845</b>	<b>13,620,351</b>	<b>10,947,976</b>	<b>12,963,685</b>
			<b>Values to Which the Upper Limit is Applied</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>21,836,422</b>	<b>13,917,929</b>
<b>22 Total Net Cash Outflows</b>			<b>9,532,129</b>	<b>2,933,467</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>229.08</b>	<b>474.45</b>

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

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

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

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

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



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### VII. Explanations Related to Consolidated Liquidity Risk 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 2020	191.54%	351.74%
November 2020	219.37%	487.73%
December 2020	256.32%	519.02%
	Prior Period	
	TL+FC	FC
October 2019	166.14%	452.52%
November 2019	319.48%	566.39%
December 2019	176.08%	373.90%

#### 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 (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(2)</sup>	5,499,169	11,452,134	-	-	-	-	(3,316)	16,947,987
Banks <sup>(3)</sup>	2,443,461	4,240,643	-	-	-	-	(10,656)	6,673,448
Financial Assets at Fair Value Through Profit and Loss	-	215,364	12,605	676,294	448,032	95,521	183,076	1,630,892
Money Market Placements	-	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income	10,881	118,185	61,238	2,461,895	4,936,116	1,064,082	-	8,652,397
Loans <sup>(4)</sup>	-	10,173,769	6,679,434	25,275,844	33,695,287	3,435,619	(545,889)	78,714,064
Financial Assets Measured at Amortized Cost <sup>(5)</sup>	-	606,251	511,946	980,114	10,083,934	340,696	(2,818)	12,520,123
Other Assets <sup>(6)</sup>	-	2,608,271	1,759,909	879,145	743,686	299,267	5,120,131	11,410,409
<b>Total Assets</b>	<b>7,953,511</b>	<b>35,595,503</b>	<b>9,025,132</b>	<b>30,273,292</b>	<b>49,907,055</b>	<b>5,235,185</b>	<b>4,740,089</b>	<b>142,729,767</b>
<b>Liabilities</b>								
Bank Deposits	43,796	7,424,601	-	-	-	-	-	7,468,397
Other Deposits	32,703,847	47,468,264	5,865,710	235,318	367	-	-	86,273,506
Funds Provided from Other Financial Institutions	-	1,810,147	754,088	9,229,636	117,413	4,194,951	-	16,106,235
Money Market Borrowings	-	6,734,127	-	-	-	-	-	6,734,127
Securities Issued	-	2,160,640	-	2,649,997	-	-	-	4,810,637
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	11,423	5,048,034	788,655	646,869	1,644,121	517,508	12,680,255	21,336,865
<b>Total Liabilities</b>	<b>32,759,066</b>	<b>70,645,813</b>	<b>7,408,453</b>	<b>12,761,820</b>	<b>1,761,901</b>	<b>4,712,459</b>	<b>12,680,255</b>	<b>142,729,767</b>
<b>Liquidity Gap</b>	<b>(24,805,555)</b>	<b>(35,050,310)</b>	<b>1,616,679</b>	<b>17,511,472</b>	<b>48,145,154</b>	<b>522,726</b>	<b>(7,940,166)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>223,288</b>	<b>(240,996)</b>	<b>117,535</b>	<b>126,240</b>	<b>(3,144)</b>	<b>-</b>	<b>222,923</b>
Financial Derivative Assets	-	18,691,080	19,520,863	9,383,245	11,983,043	4,199,690	-	63,777,921
Financial Derivative Liabilities	-	18,467,792	19,761,859	9,265,710	11,856,803	4,202,834	-	63,554,998
Non-Cash Loans	6,917,238	1,354,463	2,719,244	6,823,344	6,430,957	-	-	24,245,246
<b>Prior Period</b>								
Total Assets	5,515,639	34,182,163	6,637,624	13,281,044	37,193,771	5,767,493	6,636,699	109,214,433
Total Liabilities	16,794,047	59,807,324	6,517,914	8,903,793	2,793,702	3,642,509	10,755,144	109,214,433
<b>Liquidity Gap</b>	<b>(11,278,408)</b>	<b>(25,625,161)</b>	<b>119,710</b>	<b>4,377,251</b>	<b>34,400,069</b>	<b>2,124,984</b>	<b>(4,118,445)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>217,295</b>	<b>(20,526)</b>	<b>21,127</b>	<b>62,051</b>	<b>1,665</b>	<b>-</b>	<b>281,612</b>
Financial Derivative Assets	-	18,322,414	6,162,762	13,378,270	15,125,169	3,374,022	-	56,362,637
Financial Derivative Liabilities	-	18,105,119	6,183,288	13,357,143	15,063,118	3,372,357	-	56,081,025
Non-Cash Loans	6,077,407	942,642	2,658,433	5,667,723	7,028,565	-	-	22,374,770

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

(2) Cash and cash equivalents (Cash in Vault, Foreign Currency, Cash, Money in Transit, Cheques Purchased) and the Central Bank of Turkey includes expected credit loss amounting to TL 3,316.

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

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

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

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

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### VII. Explanations Related to Consolidated Liquidity Risk 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 2020</b>								
Money Market Borrowings	-	6,754,268	-	-	-	-	(20,141)	6,734,127
Other Deposit	32,703,847	47,586,464	5,941,850	241,975	367	-	(200,997)	86,273,506
Bank Deposit	43,796	7,433,248	-	-	-	-	(8,647)	7,468,397
Funds Provided from Other Financial Institutions	-	1,904,275	766,691	9,969,331	1,129,862	5,581,278	(3,245,202)	16,106,235
Money Market Borrowings	-	-	4,413,557	739,050	-	-	(341,970)	4,810,637
<b>Total</b>	<b>32,747,643</b>	<b>63,678,255</b>	<b>11,122,098</b>	<b>10,950,356</b>	<b>1,130,229</b>	<b>5,581,278</b>	<b>(3,816,957)</b>	<b>121,392,902</b>
<b>31 December 2019</b>								
Money Market Borrowings	-	1,650,743	-	-	-	-	(276)	1,650,467
Other Deposit	16,748,379	49,588,088	4,856,525	702,372	8,133	-	(111,957)	71,791,540
Bank Deposit	23,739	362,650	-	-	-	-	(77)	386,312
Funds Provided from Other Financial Institutions	-	1,769,795	974,013	7,799,301	1,197,495	4,214,894	(2,570,299)	13,385,199
Money Market Borrowings	-	1,732,211	659,336	-	-	-	(57,670)	2,333,877
<b>Total</b>	<b>16,772,118</b>	<b>55,103,487</b>	<b>6,489,874</b>	<b>8,501,673</b>	<b>1,205,628</b>	<b>4,214,894</b>	<b>(2,740,279)</b>	<b>89,547,395</b>

#### Analysis of contractual expiry by maturity of the Group’s derivative financial instruments:

	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Total
<b>31 December 2020</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	1,047,907	4,338,325	-	-	863,835	6,250,067
Cash Flow Hedge	710,591	34,994	1,708,688	3,238,883	-	5,693,156
<b>Trading Transactions</b>						
Foreign Exchange Forward						
Contracts-Sell	3,000,033	2,271,615	2,318,963	553,143	-	8,143,754
Currency Swaps-Sell	10,028,698	13,815,112	2,175,927	3,527,930	3,329,046	32,876,713
Interest Rate Swaps-Sell	-	-	-	-	-	-
Foreign Currency Futures-Sell	-	209,828	380,096	-	-	589,924
Foreign Currency Options-Sell	981,308	566,084	288,360	185,653	-	2,021,405
<b>Total</b>	<b>15,768,537</b>	<b>21,235,958</b>	<b>6,872,034</b>	<b>7,505,609</b>	<b>4,192,881</b>	<b>55,575,019</b>
<b>31 December 2019</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	935,776	-	804,408	-	1,740,184
Cash Flow Hedge	617,006	335,892	4,195,289	6,305,070	107,140	11,560,397
<b>Trading Transactions</b>						
Foreign Exchange Forward						
Contracts-Sell	1,738,432	1,661,071	1,479,351	466,529	-	5,345,383
Currency Swaps-Sell	13,932,004	2,992,549	5,848,387	6,105,848	2,806,467	31,685,255
Interest Rate Swaps-Sell	26,051	14,667	105,270	142,349	9,818	298,155
Foreign Currency Futures-Sell	-	-	-	35,164	-	35,164
Foreign Currency Options-Sell	1,709,590	1,694,963	743,905	62,871	-	4,211,329
<b>Total</b>	<b>18,023,083</b>	<b>7,634,918</b>	<b>12,372,202</b>	<b>13,922,239</b>	<b>2,923,425</b>	<b>54,875,867</b>

Cash disposal of derivative instruments is shown in the table above.

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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### VIII. Explanations Related to Consolidated Leverage Ratio

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

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

- 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(*)	140,377,909	106,140,378
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	492,002	560,417
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	900,450	3,323
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	46,027,051	46,736,319
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	(1,943,151)	(1,383,371)
<b>7 Total risk amount</b>	<b>185,854,261</b>	<b>152,057,066</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 quarterly 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)	137,340,711	104,904,660
2 (Assets Deducted from Core Capital)	(683,621)	(586,136)
3 Total Risk Amount for Assets on the Balance Sheet	136,657,090	104,318,524
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Credit Derivatives	1,777,668	438,483
5 Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	492,002	560,417
6 Total Risk Amount of Derivative Financial Instruments and Credit Derivatives	2,269,670	998,900
<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)	900,450	3,323
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	900,450	3,323
<b>Off-Balance Sheet Transactions</b>		
10 Gross Nominal Amount of the Off-balance Sheet Transactions	46,027,051	46,736,319
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-balance Sheet Transactions	46,027,051	46,736,319
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	11,397,559	10,392,276
14 Total Risk Amount	185,854,261	152,057,066
<b>Leverage Ratio</b>		
15 Leverage Ratio	6.13%	6.83%

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

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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### IX. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

The table below shows the book value and the fair value of financial assets and liabilities that are not shown at the fair value of the Group’s financial statements.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>115,227,255</b>	<b>87,320,686</b>	<b>114,925,298</b>	<b>89,071,351</b>
Receivables from Money Market	6,180,447	840,275	6,180,447	840,275
Banks	6,673,448	8,566,245	6,673,448	8,566,245
Financial Assets at Fair Value Through Other Comprehensive Income	8,652,397	5,541,371	8,652,397	5,541,371
Financial Assets measured at amortized cost	12,520,123	4,905,514	12,544,293	5,032,899
Loans (**)	81,200,840	67,467,281	80,874,713	69,090,561
<b>Financial Liabilities</b>	<b>124,022,089</b>	<b>92,731,107</b>	<b>124,273,815</b>	<b>92,897,754</b>
Bank Deposit	7,468,397	386,312	7,468,397	386,312
Other Deposit	86,273,506	71,791,540	86,423,699	71,886,844
Funds Borrowed from Other Financial Institutions(*)	22,840,362	15,035,666	22,941,895	15,107,009
Marketable Securities Issued	4,810,637	2,333,877	4,810,637	2,333,877
Sundry Creditors	2,629,187	3,183,712	2,629,187	3,183,712

(\*) Funds provided under repo transactions and subordinated loans are included in funds borrowed 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.

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### IX. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (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 2020	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>10,066,166</b>	<b>3,008,598</b>	<b>58,652</b>	<b>13,133,416</b>
Financial assets at Fair value through profit and loss	1,447,816	1,887,914	47,771	3,383,501
<i>Public sector debt securities</i>	1,447,816	-	-	1,447,816
<i>Financial assets at Fair value through profit or loss</i>	-	1,752,609	-	1,752,609
<i>Other Financial assets at Fair value through profit or loss</i>	-	135,305	47,771	183,076
Derivative financial assets for hedging purposes	-	1,097,518	-	1,097,518
Financial Assets at Fair Value Through Other Comprehensive Income	8,618,350	23,166	10,881	8,652,397
<i>Public sector debt securities</i>	8,618,350	23,166	-	8,641,516
<i>Other Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	-	10,881	10,881
<b>Financial Liabilities</b>	-	<b>3,343,179</b>	-	<b>3,343,179</b>
Derivative financial liabilities at Fair value through profit or loss	-	2,260,343	-	2,260,343
Derivative financial liabilities for hedging purposes	-	1,082,836	-	1,082,836
<b>31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>6,683,191</b>	<b>2,016,319</b>	<b>48,834</b>	<b>8,748,344</b>
Financial assets at fair value through profit and loss	1,170,398	1,754,129	40,939	2,965,466
<i>Public sector debt securities</i>	1,167,994	-	-	1,167,994
<i>Financial assets at Fair value through profit or loss</i>	-	1,670,042	-	1,670,042
<i>Other Financial assets at Fair value through profit or loss</i>	2,404	84,087	40,939	127,430
Derivative financial assets for hedging purposes	-	241,507	-	241,507
Financial Assets at Fair Value Through Other Comprehensive Income	5,512,793	20,683	7,895	5,541,371
<i>Public sector debt securities</i>	5,512,793	20,683	-	5,533,476
<i>Other Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	-	7,895	7,895
<b>Financial Liabilities</b>	-	<b>3,511,558</b>	-	<b>3,511,558</b>
Derivative financial liabilities at Fair value through profit or loss	-	1,586,584	-	1,586,584
Derivative financial liabilities for hedging purposes	-	1,924,974	-	1,924,974

There is no transition between the levels in the current year.

### 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 overview of Risk Weighted Assets

##### 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 within the control 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 overview of Risk Weighted Assets

##### 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)	77,157,249	75,343,174	6,172,580
2 Of which Standardized Approach (SA)	77,157,249	75,343,174	6,172,580
3 Of which Internal Rating-based (IRB) Approach	-	-	-
4 Counterparty Credit Risk	2,116,406	1,203,770	169,312
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	2,116,406	1,203,770	169,312
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking accounts under market-based approach	-	-	-
8 Equity investments in funds – Look-through Approach	-	-	-
9 Equity investments in funds – Mandate-based Approach	-	-	-
10 Equity investments in funds – 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts.	-	-	-
13 Of which IRB Ratings-based Approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/Simplified Supervisory Formula Approach (SSFA)	-	-	-
16 Market Risk	2,435,660	1,637,917	194,853
17 Standardized Approach (SA)	2,435,660	1,637,917	194,853
18 Internal Model Approaches (IMM)	-	-	-
19 Operational Risk	9,894,462	8,663,988	791,557
20 Of which Basic Indicator Approach	9,894,462	8,663,988	791,557
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>91,603,777</b>	<b>86,848,849</b>	<b>7,328,302</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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

##### 2.3. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Current Period	Carrying values of items in accordance with TAS				
	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>					
Cash and balances at central bank	16,951,303	16,951,303	-	-	-
Banks	6,684,104	6,686,839	-	-	-
Receivables from money markets	6,180,886	2,501,076	3,679,810	-	-
Financial assets at fair value through profit or loss	1,630,892	183,074	-	1,447,817	-
Financial assets at fair value through other comprehensive income	8,652,397	8,654,367	-	-	-
Financial assets measured at amortized cost	12,522,941	12,522,941	-	-	-
Derivative financial assets at fair value through profit and loss	1,752,609	-	1,752,609	1,752,609	-
Derivative financial assets at fair value through other comprehensive income	1,097,518	-	1,097,518	1,097,518	-
Non-performing financial assets	-	-	-	-	-
Expected credit loss (-)	4,082,162	2,307,403	-	-	-
Loans and receivables	82,761,835	82,761,835	-	-	-
Factoring receivables	2,503,938	2,503,938	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	112,859	112,859	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	50	50	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Tangible assets (net)	846,067	808,043	-	-	38,025
Intangible assets (net)	572,547	-	-	-	572,547
Investment properties (net)	-	-	-	-	-
Tax assets	19,678	19,678	-	-	-
Deferred tax assets	651,589	651,589	-	-	-
Other assets	3,870,711	2,128,351	1,470,105	-	272,255
<b>Total assets</b>	<b>142,729,767</b>	<b>134,178,545</b>	<b>8,000,042</b>	<b>4,297,944</b>	<b>882,827</b>
<b>Liabilities</b>					
Deposits	93,741,903	-	-	-	-
Loans	11,911,284	-	-	-	-
Debt to money markets loans	6,734,127	-	6,734,127	-	-
Debt securities in issue	4,810,637	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative financial liabilities	3,343,179	-	1,604,879	-	-
Factoring debts	8,979	-	-	-	-
Lease Liabilities	604,874	-	-	-	-
Provisions	1,004,817	-	-	-	-
Tax liability	343,527	-	-	-	-
Deferred tax liability	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated debts	4,194,951	-	-	-	-
Other liability	4,341,816	-	2,462	-	-
Equity	11,689,673	-	-	-	-
<b>Total liabilities</b>	<b>142,729,767</b>	<b>-</b>	<b>8,341,468</b>	<b>-</b>	<b>-</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

#### 2.3. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

Prior Period	Carrying values of items in accordance with TAS				
	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>					
Cash and balances at central bank	11,955,971	11,955,971	-	-	-
Banks	8,576,054	8,577,508	-	-	-
Receivables from money markets	840,304	-	840,304	-	-
Financial assets at fair value through profit or loss	1,295,424	125,026	-	1,170,397	-
Financial assets at fair value through other comprehensive income	5,541,371	5,541,300	-	-	-
Financial assets measured at amortized cost	4,906,618	4,906,618	-	-	-
Derivative financial assets at fair value through profit and loss	1,670,042	-	1,670,042	1,670,042	-
Derivative financial assets at fair value through other comprehensive income	241,507	-	241,507	241,507	-
Non-performing financial assets	-	-	-	-	-
Expected Credit Loss (-)	3,688,684	2,352,545	-	-	-
Loans and receivables	69,059,806	69,059,806	-	-	-
Factoring receivables	2,083,258	2,083,259	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	131,362	131,362	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Tangible assets (net)	884,818	839,941	-	-	44,877
Intangible assets (net)	561,432	-	-	-	561,431
Investment properties (net)	-	-	-	-	-
Tax assets	14,810	14,810	-	-	-
Deferred tax assets	667,146	667,146	-	-	-
Other assets	4,473,189	2,585,297	1,889,567	531	-
<b>Total Assets</b>	<b>109,214,433</b>	<b>104,135,504</b>	<b>4,641,420</b>	<b>3,082,477</b>	<b>606,308</b>
<b>Liabilities</b>					
Deposits	72,177,852	-	-	-	-
Loans	10,194,696	-	-	-	-
Debt to money markets loans	1,650,467	-	1,650,467	-	-
Debt securities in issue	2,333,877	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative financial liabilities	3,511,558	-	2,571,144	-	-
Factoring debts	812	-	-	-	-
Lease Liabilities	657,657	-	-	-	-
Provisions	847,398	-	-	-	-
Tax liability	222,365	-	-	-	-
Deferred tax liability	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated debts	3,190,503	-	-	-	-
Other liability	4,517,340	-	730,162	-	-
Equity	9,909,908	-	-	-	-
<b>Prior Period</b>	<b>109,214,433</b>	<b>-</b>	<b>4,951,773</b>	<b>-</b>	<b>-</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

##### 2.4. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Current Period		Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>142,729,767</b>	<b>134,178,545</b>	<b>8,000,042</b>	<b>4,297,944</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	8,341,467	-	8,341,468	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>134,388,300</b>	<b>134,178,545</b>	<b>(341,426)</b>	<b>4,297,944</b>
4	Off-balance sheet amounts	48,123,065	18,120,887	678,183	-
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</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>-</b>	<b>152,299,432</b>	<b>336,757</b>	<b>4,297,944</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</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>109,214,433</b>	<b>104,135,504</b>	<b>4,641,420</b>	<b>3,082,477</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	4,951,773	-	4,951,773	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>104,262,660</b>	<b>104,135,504</b>	<b>(310,353)</b>	<b>3,082,477</b>
4	Off-balance sheet amounts	96,512,608	17,225,190	567,789	-
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</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>-</b>	<b>121,360,694</b>	<b>257,436</b>	<b>3,082,477</b>

##### 2.5. 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 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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

##### 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 present 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 is 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 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 risk appetite with 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		Allowances/ impairments	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	3,520,150	81,745,623	4,064,933	81,200,840
Debt Securities	-	21,164,457	2,818	21,161,639
Off-balance sheet exposures	-	44,269,635	311,330	43,958,305
<b>Total</b>	<b>3,520,150</b>	<b>147,179,715</b>	<b>4,379,081</b>	<b>146,320,784</b>

Prior Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowances/ Impairments	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	4,178,852	66,964,212	3,675,783	67,467,281
Debt Securities	-	10,440,094	1,104	10,438,990
Off-balance sheet exposures	-	42,657,485	243,480	42,414,005
<b>Total</b>	<b>4,178,852</b>	<b>120,061,791</b>	<b>3,920,367</b>	<b>120,320,276</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 2019</b>	<b>4,178,852</b>
2	Loans and debt securities that have defaulted since the last reporting period	1,460,100
3	Returned to non-defaulted status	-
4	Amounts written off(*)	(541,732)
5	Other changes (**)	(1,577,070)
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2020 (1+2-3-4+5)</b>	<b>3,520,150</b>

(\*) The Group wrote off TL 117,263 of its non-performing loans. Additionally, the portion of the Group's non-performing loan portfolio amounting to TL 424,469 for which a provision of TL 410,516 was provided, was sold in 2020 with a price of TL 35,759 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 2018</b>	<b>2,839,438</b>
2	Loans and debt securities that have defaulted since the last reporting period	3,077,505
3	Returned to non-defaulted status	-
4	Amounts written off(*)	(671,808)
5	Other changes (**)	(1,066,283)
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2019 (1+2-3-4+5)</b>	<b>4,178,852</b>

(\*) The Group wrote off TL 171,832 of its non-performing loans. Additionally, the portion of the Group's non-performing loan portfolio amounting to TL 499,598 for which a provision of TL 482,232 was provided, was sold in 2019 with a price of TL 26,748, 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 of assets

- 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 and regulatory 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. According to the BRSA decision dated 17 March 2020, following the number of overdue days valid in the definition of default was changed from 90 days to 180 days, expected credit losses are allocated considering the Stage 2 and Stage 3 provision ratios for risks within this range.

- 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 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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	16,531,288	24.40	3,056,724	21.35
Farming and Stockbreeding	16,229,235	23.95	3,055,176	21.34
Forestry	-	-	-	-
Fishery	302,053	0.45	1,548	0.01
Manufacturing	23,878,026	35.23	7,041,241	49.18
Mining and Quarrying	2,047,083	3.02	222,809	1.56
Production	21,575,159	31.83	6,786,670	47.40
Electricity, Gas and Water	255,784	0.38	31,762	0.22
Construction	1,115,441	1.65	61,756	0.43
Services	19,621,551	28.96	3,360,663	23.47
Wholesale and Retail Trade	5,707,923	8.43	555,967	3.88
Accommodation and Dining	3,355,043	4.95	792,491	5.53
Transportation and Telecom.	2,113,713	3.12	311,508	2.18
Financial Institutions	1,717,987	2.53	98,540	0.69
Real Estate and Rental Services	3,372,261	4.98	533,301	3.72
Self-Employment Services	2,745,172	4.05	1,037,743	7.25
Educational Services	313,979	0.46	17,315	0.12
Health and Social Services	295,473	0.44	13,798	0.10
Other	6,627,278	9.76	797,621	5.57
<b>Total</b>	<b>67,773,584</b>	<b>100.00</b>	<b>14,318,005</b>	<b>100.00</b>

	Prior Period			
	TL	(%)	FC	(%)
Agriculture	1,288,428	2.39	147,348	1.11
Farming and Stockbreeding	1,225,188	2.27	146,374	1.10
Forestry	-	-	-	-
Fishery	63,240	0.12	974	0.01
Manufacturing	15,598,012	28.95	6,793,853	50.85
Mining and Quarrying	1,255,496	2.33	227,125	1.70
Production	13,792,783	25.60	6,283,340	47.03
Electricity, Gas and Water	549,733	1.02	283,388	2.12
Construction	1,247,839	2.32	335,191	2.51
Services	13,567,730	25.18	5,738,551	42.95
Wholesale and Retail Trade	5,260,936	9.77	1,008,218	7.55
Accommodation and Dining	811,205	1.51	1,373,359	10.28
Transportation and Telecom.	2,129,291	3.95	336,643	2.52
Financial Institutions	2,092,780	3.88	1,516,889	11.35
Real Estate and Rental Services	1,115,571	2.07	1,402,519	10.50
Self-Employment Services	732,174	1.36	100,360	0.75
Educational Services	82,780	0.15	563	-
Health and Social Services	1,342,993	2.49	-	-
Other	22,181,133	41.16	345,357	2.58
<b>Total</b>	<b>53,883,142</b>	<b>100.00</b>	<b>13,360,300</b>	<b>100.00</b>

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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) Ageing analysis of accounting past-due exposures

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

(\*) According to the BRSA's decisions, dated 17 March 2020 and numbered 8948 and, dated 8 December 2020 and numbered 9312, to be effective from 17 March 2020 until 30 June 2021, total amount of loans with delays of 91 to 180 days which are continued to be classified as Stage 2 is TL 626,606 as of 31 December 2020.

31 December 2019	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	457,066	358,633	1,094,415	1,910,114
Consumer Loans	482,022	297,618	380,699	1,160,339
Credit Cards	96,362	103,803	73,313	273,478
<b>Toplam</b>	<b>1,035,450</b>	<b>760,054</b>	<b>1,548,427</b>	<b>3,343,931</b>

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

Not impaired loans:

Current Period	Gross Amount	Significant Increase in Credit Risk (Stage II)	Net Amount
Commercial Loans	1,585,123	(621,022)	964,101
Consumer Loans	154,605	(32,183)	122,422
Credit Cards	22,188	(1,735)	20,453
<b>Total</b>	<b>1,761,916</b>	<b>(654,940)</b>	<b>1,106,976</b>

Prior Period	Gross Amount	Significant Increase in Credit Risk (Stage II)	Net Amount
Commercial Loans	1,927,889	(393,754)	1,534,135
Consumer Loans	137,661	(14,402)	123,259
Credit Cards	61,116	(3,605)	57,511
<b>Total</b>	<b>2,126,666</b>	<b>(411,761)</b>	<b>1,714,905</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

Impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Default (Stage III)</b>	<b>Net Amount</b>
Commercial Loans	65,682	37,989	27,693
Consumer Loans	27,484	18,913	8,571
Credit Cards	5,953	4,519	1,434
<b>Total</b>	<b>99,119</b>	<b>61,421</b>	<b>37,698</b>

<b>Prior Period</b>	<b>Gross Amount</b>	<b>Default (Stage III)</b>	<b>Net Amount</b>
Commercial Loans	47,120	28,442	18,678
Consumer Loans	56,711	34,791	21,920
Credit Cards	11,972	9,355	2,617
<b>Total</b>	<b>115,803</b>	<b>72,588</b>	<b>43,215</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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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: carrying amount	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(*)	64,184,085	9,340,977	8,438,686	5,746,115	4,549,485	-	-
2 Debt Securities(*)	19,866,035	-	-	-	-	-	-
<b>3 Total</b>	<b>84,050,120</b>	<b>9,340,977</b>	<b>8,438,686</b>	<b>5,746,115</b>	<b>4,549,485</b>	-	-
4 Of which defaulted(*)	3,308,545	123,545	87,776	65,615	297	-	-

(\*) According to BRSA communiqué dated 23/03/2020 and numbered 24049440-045, 31/12/2019 exchange rates are used for credit risk calculations.

	Exposures unsecured: carrying amount	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	53,395,074	10,623,941	9,464,806	4,740,052	3,794,739	-	-
2 Debt Securities	10,440,094	-	-	-	-	-	-
<b>3 Total</b>	<b>63,835,168</b>	<b>10,623,941</b>	<b>9,464,806</b>	<b>4,740,052</b>	<b>3,794,739</b>	-	-
4 Of which defaulted	3,848,545	312,828	221,411	17,479	1,122	-	-

#### 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



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

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

b) 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 Capital Adequacy, and the country risk classification announced by The Organisation 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.

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

20% risk weight is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and a 50% risk weight is used for receivables with a maturity period of more than three 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 alphanumeric 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%

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 3. Consolidated Credit Risk Disclosures (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	35,101,663	-	37,188,639	-	460,144	1%
2	Exposures to regional governments or local authorities	1,196,851	3,910	1,195,677	1,851	598,769	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	6,929,130	2,113,171	6,814,490	1,689,485	2,362,807	28%
7	Exposures to corporates	33,011,949	17,725,095	31,160,953	9,418,754	39,898,295	98%
8	Retail exposures	33,199,900	15,383,637	30,755,418	2,836,385	25,191,510	75%
9	Exposures secured by residential property	4,654,019	334,268	4,654,018	127,135	1,673,404	35%
10	Exposures secured by commercial real estate	5,703,402	1,117,896	5,450,919	462,159	3,971,642	67%
11	Past-due loans	1,212,736	226,565	1,212,440	65,240	1,128,824	88%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
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 assets	3,717,515	2,723,763	3,717,505	2,889	1,704,597	46%
17	Investments in equities	167,257	-	167,257	-	167,257	100%
<b>18</b>	<b>Total</b>	<b>124,894,422</b>	<b>39,628,305</b>	<b>122,317,316</b>	<b>14,603,898</b>	<b>77,157,249</b>	<b>56%</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 3. Consolidated Credit Risk Disclosures (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	Asset classes	On-balance sheet amount	Off-balance sheet amount	
1	Exposures to central governments or central banks	20,818,042	-	22,845,527	445	4,686,792	21%
2	Exposures to regional governments or local authorities	1,247,638	4,566	1,242,201	2,087	622,151	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	10,662,379	2,235,018	10,564,521	1,718,566	4,337,822	35%
7	Exposures to corporates	23,537,290	18,703,110	22,291,247	11,499,331	32,758,317	97%
8	Retail exposures	29,676,329	15,428,657	27,423,695	3,014,692	22,820,285	75%
9	Exposures secured by residential property	5,473,079	374,142	5,473,079	146,463	1,966,840	35%
10	Exposures secured by commercial real estate	6,506,468	1,174,811	6,236,649	512,230	4,765,201	71%
11	Past-due loans	1,794,846	244,545	1,793,718	77,444	1,691,573	90%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
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 assets	4,256,650	4,450,531	4,256,647	2,649	1,561,273	37%
17	Investments in equities	132,920	-	132,920	-	132,920	100%
<b>18</b>	<b>Total</b>	<b>104,105,641</b>	<b>42,615,380</b>	<b>102,260,204</b>	<b>16,973,907</b>	<b>75,343,174</b>	<b>63%</b>

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

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

Current Period		0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
Asset Classes / Risk Weights												
1	Exposures to regional governments or local authorities	36,728,495	-	-	-	-	-	460,144	-	-	-	37,188,639
2	Exposures to regional governments or local authorities	-	-	-	-	1,197,519	-	9	-	-	-	1,197,528
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	6,348,462	-	2,124,798	-	30,714	1	-	-	8,503,975
7	Exposures to corporates	-	-	127,440	-	1,158,920	-	39,293,347	-	-	-	40,579,707
8	Retail exposures	-	-	1,121	-	6,904	33,583,778	-	-	-	-	33,591,803
9	Exposures secured by residential property	-	-	-	4,781,153	-	-	-	-	-	-	4,781,153
10	Exposures secured by commercial real estate	-	-	-	-	3,882,873	-	2,030,205	-	-	-	5,913,078
11	Past-due loans	-	-	-	-	408,750	-	757,892	111,038	-	-	1,277,680
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	167,257	-	-	-	167,257
17	Other assets	1,969,069	-	58,410	-	-	-	1,692,915	-	-	-	3,720,394
<b>18</b>	<b>Total</b>	<b>38,697,564</b>	<b>-</b>	<b>6,535,433</b>	<b>4,781,153</b>	<b>8,779,764</b>	<b>33,583,778</b>	<b>44,432,483</b>	<b>111,039</b>	<b>-</b>	<b>-</b>	<b>136,921,214</b>

(\*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

##### 3.3.3. Receivables by risk classes and risk weights (continued)

Prior Period	Asset Classes / Risk Weights	0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to regional governments or local authorities	18,159,180	-	-	-	-	-	4,686,792	-	-	-	22,845,972
2	Exposures to regional governments or local authorities	-	-	-	-	1,244,275	-	13	-	-	-	1,244,288
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	8,783,070	-	1,846,769	-	1,644,098	9,150	-	-	12,283,087
7	Exposures to corporates	-	-	786,893	-	805,495	-	32,198,190	-	-	-	33,790,578
8	Retail exposures	-	-	5,753	-	21,615	30,410,771	248	-	-	-	30,438,387
9	Exposures secured by residential property	-	-	-	5,619,542	-	-	-	-	-	-	5,619,542
10	Exposures secured by commercial real estate	-	-	-	-	3,967,356	-	2,781,523	-	-	-	6,748,879
11	Past-due loans	-	-	-	-	601,830	-	1,026,680	242,652	-	-	1,871,162
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	132,920	-	-	-	132,920
17	Other assets	2,660,399	-	47,027	-	-	-	1,551,870	-	-	-	4,259,296
<b>18</b>	<b>Total</b>	<b>20,819,579</b>	<b>-</b>	<b>9,622,743</b>	<b>5,619,542</b>	<b>8,487,340</b>	<b>30,410,771</b>	<b>44,022,334</b>	<b>251,802</b>	<b>-</b>	<b>-</b>	<b>119,234,111</b>

(\*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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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 and 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 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 Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 Assets
Standardized Approach - CCR (For Derivatives)	1,452,674	498,722		1.4	1,923,504	1,229,934
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					1,047,631	420,982
<b>Total</b>						<b>1,650,916</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 Assets
Standardized Approach - CCR (For Derivatives)	424,504	567,790		1.4	978,777	807,495
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					20,589	3,653
<b>Total</b>						<b>811,148</b>

(\*) Effective Expected Positive Exposure

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 Assets
<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	1,923,504	465,490
<b>Total subject to the CVA capital charge</b>	<b>1,923,504</b>	<b>465,490</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	978,777	392,622
<b>Total subject to the CVA capital charge</b>	<b>978,777</b>	<b>392,622</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 CCR exposures by regulatory portfolio and risk weights

Current Period Risk Weight/ Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims from central governments and central banks	529,441	-	-	-	-	-	-	-	-	529,441
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	254,344	-	1,137,118	-	-	-	-	1,391,462
Corporates	-	-	6,359	-	17,753	-	1,006,996	-	-	1,031,108
Retail portfolios	-	-	-	-	-	19,124	-	-	-	19,124
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>529,441</b>	<b>-</b>	<b>260,703</b>	<b>-</b>	<b>1,154,871</b>	<b>19,124</b>	<b>1,006,996</b>	<b>-</b>	<b>-</b>	<b>2,971,135</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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 CCR exposures by regulatory portfolio and risk weights (continued)

Prior Period Risk Weight/ Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims from central governments and central banks	13,012	-	-	-	-	-	-	-	-	13,012
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	9,946	-	297,308	-	46,481	-	-	353,735
Corporates	-	-	131	-	15,706	-	574,234	-	-	590,071
Retail portfolios	-	-	-	-	-	42,548	-	-	-	42,548
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13,012</b>	<b>-</b>	<b>10,077</b>	<b>-</b>	<b>313,014</b>	<b>42,548</b>	<b>620,715</b>	<b>-</b>	<b>-</b>	<b>999,366</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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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

	Collateral used in derivative transactions				Collateral used in other transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Current Period</b>						
Cash – domestic currency	-	1,220	-	-	-	-
Cash – other currencies	-	3,711	-	-	-	-
Domestic sovereign debt	-	1,055	-	-	-	-
Other sovereign debt	-	21,906	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>27,892</b>	-	-	-	-

	Collateral used in derivative transactions				Collateral used in other transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Prior Period</b>						
Cash – domestic currency	-	298	-	-	-	-
Cash – other currencies	-	12,916	-	-	-	-
Domestic sovereign debt	-	74	-	-	-	-
Other sovereign debt	-	229	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>13,517</b>	-	-	-	-

##### 4.6. Credit derivatives exposures

	Current Period		Prior Period	
	Protection bought	Protection sold	Protection bought	Protection sold
<b>Nominal</b>				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
<b>Total Nationals</b>	-	-	-	-
<b>Fair Values</b>				
Positive fair value (asset)	-	-	-	-
Negative fair value (liability)	-	-	-	-

##### 4.7. Exposures to central counterparties

None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 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 securitisation 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. The notes to be presented on annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of market risk by the Group.

##### 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 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.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

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, VAR (value at risk) 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)	1,561,156
2 Equity risk (general and specific)	-
3 Foreign exchange risk	232,944
4 Commodity risk	588,523
Options	
5 Simplified approach	-
6 Delta-plus method	53,037
7 Scenario approach	-
8 Securitization	-
<b>9 Total</b>	<b>2,435,660</b>

Prior Period	Risk Weighted Amounts
Outright products	
1 Interest rate risk (general and specific)	1,437,126
2 Equity risk (general and specific))	-
3 Foreign exchange risk	71,084
4 Commodity risk	107,119
Options	
5 Simplified approach	-
6 Delta-plus method	22,588
7 Scenario approach	-
8 Securitization	-
<b>9 Total</b>	<b>1,637,917</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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

- a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed monthly.
- b) In case of Basic Indicator Approach the following:

	31.12.2017	31.12.2018	31.12.2019	Total/Positive Year	Rate (%)	Total
Gross Income	4,275,468	5,363,915	6,191,758	5,277,046	15	791,557
Operational Risk Capital Requirement (Total*12,5)						9,894,462

	31.12.2016	31.12.2017	31.12.2018	Total/Positive Year	Rate (%)	Total
Gross Income	4,222,997	4,275,468	5,363,915	4,620,793	15	693,119
Operational Risk Capital Requirement (Total*12,5)						8,663,988

- 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, and the risk management structure of the Bank and local regulations. These regulations aim to prevent taking excessive risks and evaluate actual contributions to 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### SECTION FIVE

#### EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

#### I. Explanations and Disclosures Related to the Consolidated Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	382,963	1,948,389	410,345	2,031,625
Balances with the Central Bank of Turkey	3,048,958	11,382,722	305,709	8,942,832
Other	-	188,271	-	265,460
<b>Total</b>	<b>3,431,921</b>	<b>13,519,382</b>	<b>716,054</b>	<b>11,239,917</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2,979,546	-	297,130	-
Unrestricted Time Deposit	-	4,626,036	-	3,932,318
Restricted Time Deposit	69,412	6,756,686	8,579	5,010,514
<b>Total</b>	<b>3,048,958</b>	<b>11,382,722</b>	<b>305,709</b>	<b>8,942,832</b>

Foreign currency unrestricted deposit amounting to TL 4,626,036 (31 December 2019: TL 3,932,318), foreign currency restricted deposit amounting to TL 6,756,686 (31 December 2019: TL 5,010,514), unrestricted deposit balance amounting to TL 2,979,546 (31 December 2019: TL 297,130), and restricted deposit amounting to TL 69,412 (31 December 2019: TL 8,579 ) comprises of reserve deposits. As of 31 December 2020, the Turkish lira required reserve ratios are determined to be within the range of 1%-6% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2019: 1%-2%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 5%-22% (31 December 2019: 5%-21%).

##### 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 2019: None).

a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2019: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 1,447,816 (31 December 2019: 1,167,994 TL).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	392,758	56,660	144,959	9,474
Swap Transactions	1,091,529	165,479	1,302,918	179,827
Futures Transactions	-	-	-	-
Options	36,244	9,939	25,918	6,946
Other	-	-	-	-
<b>Total</b>	<b>1,520,531</b>	<b>232,078</b>	<b>1,473,795</b>	<b>196,247</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	1,917,454	801,216	1,031,578	185,445
Foreign Banks	56,939	3,908,495	55,635	7,303,396
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>1,974,393</b>	<b>4,709,711</b>	<b>1,087,213</b>	<b>7,488,841</b>

#### b) Information on foreign banks account:

	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
	Current Period	Current Period	Prior Period	Prior Period
EU Countries	1,732,218	-	5,954,481	-
USA and Canada	1,518,644	-	211,172	-
OECD Countries(*)	135,873	-	739,820	-
Off-Shore Banking Regions	556,267	-	446,599	-
Other	22,432	-	6,959	-
<b>Total</b>	<b>3,965,434</b>	<b>-</b>	<b>7,359,031</b>	<b>-</b>

#### 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	876,626	272,329	333,201	-
Other	-	-	-	-
<b>Total</b>	<b>876,626</b>	<b>272,329</b>	<b>333,201</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	869,642	2,567,087	77,088	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>869,642</b>	<b>2,567,087</b>	<b>77,088</b>	<b>-</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 4,066,713 (31 December 2019: TL 5,131,082).

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

	Current Period	Prior Period
Debt Securities	8,641,516	5,533,476
Quoted on a Stock Exchange	8,618,350	5,512,862
Unquoted	23,166	20,614
Equity Securities	10,881	7,895
Quoted on a Stock Exchange	-	-
Unquoted	10,881	7,895
Impairment Provision (-)	-	-
<b>Total</b>	<b>8,652,397</b>	<b>5,541,371</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 6. Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Loans Granted to Shareholders	-	438,193	1,596	182,856
Corporate Shareholders	-	438,193	1,596	182,856
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	153,482	-	139,703	-
<b>Total</b>	<b>153,482</b>	<b>438,193</b>	<b>141,299</b>	<b>182,856</b>

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

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

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
		Loans Under Close Monitoring		Loans Under Close Monitoring
12 Month Expected Credit Loss	393,446	-	394,194	-
Significant increase in Credit Risk	-	1,360,252	-	894,153
<b>Total</b>	<b>393,446</b>	<b>1,360,252</b>	<b>394,194</b>	<b>894,153</b>

c) Distribution of cash loans by maturity structure:

	Loans Under Close Monitoring		
	Standard Loans	Loans not subject to	
		Restructuring	Restructured
Short-term loans	35,530,948	1,564,549	152,657
Medium and long-term loans	35,776,660	4,625,880	1,609,259
<b>Total</b>	<b>71,307,608</b>	<b>6,190,429</b>	<b>1,761,916</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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:

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

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

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>567,813</b>	<b>15,880,140</b>	<b>16,447,953</b>
Housing Loans	3,287	5,334,276	5,337,563
Vehicle Loans	18,385	422,741	441,126
General Purpose Loans	546,141	10,123,123	10,669,264
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>		<b>18,308</b>	<b>18,308</b>
Housing Loans	-	18,308	18,308
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>		<b>27,949</b>	<b>27,949</b>
Housing Loans	-	6,031	6,031
Vehicle Loans	-	3,655	3,655
General Purpose Loans	-	18,263	18,263
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3,135,899</b>	<b>54,120</b>	<b>3,190,019</b>
With Instalments	1,012,747	54,120	1,066,867
Without Instalments	2,123,152	-	2,123,152
<b>Individual Credit Cards-FC</b>	<b>11,775</b>		<b>11,775</b>
With Instalments	-	-	-
Without Instalments	11,775	-	11,775
<b>Personnel Loans-TL</b>	<b>13,520</b>	<b>89,484</b>	<b>103,004</b>
Housing Loans	-	517	517
Vehicle Loans	-	-	-
General Purpose Loans	13,520	88,967	102,487
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>31,920</b>		<b>31,920</b>
With Instalments	10,293	-	10,293
Without Instalments	21,627	-	21,627
<b>Personnel Credit Cards-FC</b>	<b>393</b>		<b>393</b>
With Instalments	-	-	-
Without Instalments	393	-	393
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>608,567</b>		<b>608,567</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>4</b>		<b>4</b>
<b>Total</b>	<b>4,369,891</b>	<b>16,070,001</b>	<b>20,439,892</b>

(\*) Overdraft accounts include personnel loans amounting to TL 4,386.

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

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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>2,173,068</b>	<b>8,946,399</b>	<b>11,119,467</b>
Business Loans	257	163,797	164,054
Vehicle Loans	61,037	1,257,926	1,318,963
General Purpose Loans	<b>2,111,774</b>	<b>7,524,676</b>	<b>9,636,450</b>
Other	-	-	-
<b>Commercial Loans with Instalment - Indexed to FC</b>	<b>-</b>	<b>148,076</b>	<b>148,076</b>
Business Loans	-	6,192	6,192
Vehicle Loans	-	23,201	23,201
General Purpose Loans	-	118,683	118,683
Other	-	-	-
<b>Commercial Loans with Instalment - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,660,003</b>	<b>917</b>	<b>1,660,920</b>
With Instalments	601,673	917	602,590
Without Instalments	1,058,330	-	1,058,330
<b>Corporate Credit Cards-FC</b>	<b>1,560</b>	<b>-</b>	<b>1,560</b>
With Instalments	-	-	-
Without Instalments	1,560	-	1,560
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>741,420</b>	<b>-</b>	<b>741,420</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,576,051</b>	<b>9,095,392</b>	<b>13,671,443</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>1,006,177</b>	<b>9,781,970</b>	<b>10,788,147</b>
Business Loans	1,000	170,690	171,690
Vehicle Loans	26,836	682,638	709,474
General Purpose Loans	978,341	8,928,642	9,906,983
Other	-	-	-
<b>Commercial Loans with Instalment - Indexed to FC</b>	<b>-</b>	<b>331,604</b>	<b>331,604</b>
Business Loans	-	5,899	5,899
Vehicle Loans	-	83,943	83,943
General Purpose Loans	-	241,762	241,762
Other	-	-	-
<b>Commercial Loans with Instalment - FC</b>	<b>478</b>	<b>-</b>	<b>478</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	478	-	478
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,504,191</b>	<b>-</b>	<b>1,504,191</b>
With Instalments	385,150	-	385,150
Without Instalments	1,119,041	-	1,119,041
<b>Corporate Credit Cards-FC</b>	<b>2,439</b>	<b>-</b>	<b>2,439</b>
With Instalments	-	-	-
Without Instalments	2,439	-	2,439
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>849,525</b>	<b>-</b>	<b>849,525</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,362,810</b>	<b>10,113,574</b>	<b>13,476,384</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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	2,048,390	2,096,489
Private	77,211,563	62,816,411
<b>Total</b>	<b>79,259,953</b>	<b>64,912,900</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	78,767,136	64,365,150
Foreign Loans	492,817	547,750
<b>Total</b>	<b>79,259,953</b>	<b>64,912,900</b>

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

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

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	104,606	349,033
Loans and Receivables with Doubtful Collectability	198,193	572,537
Uncollectible Loans and Receivables	1,991,274	1,430,975
<b>Total</b>	<b>2,294,073</b>	<b>2,352,545</b>

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

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

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period</b>			
Gross Amounts before Provisions	22,018	24,809	52,292
Restructured Loans	22,018	24,809	52,292
<b>Prior Period</b>			
Gross Amounts before Provisions	55,867	41,008	18,928
Restructured Loans	55,867	41,008	18,928

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

Prior Period	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Prior Period End Balance</b>	<b>624,321</b>	<b>1,168,994</b>	<b>2,353,591</b>
Additions (+)	962,916	94,269	394,387
Transfers from Other Categories of Loans under Follow-up (+)	-	1,173,957	1,705,142
Transfers to Other Categories of Loans under Follow-up (-)	1,173,957	1,705,142	-
Collections (-)	245,121	412,866	916,644
Write-offs (-)	4	691	96,801
Sold Portfolio (-) (*)	3	4,792	419,674
Corporate and Commercial Loans	-	4,572	171,810
Retail Loans	2	-	137,865
Credit Cards	1	220	109,999
Other	-	-	-
<b>Current Period End Balance</b>	<b>168,152</b>	<b>313,729</b>	<b>3,020,001</b>
Provision (-)	104,606	198,193	1,991,274
<b>Net Balances on Balance Sheet</b>	<b>63,546</b>	<b>115,536</b>	<b>1,028,727</b>

(\*) Past due receivables amounting to TL 424,469 for which TL 410,516 of provision had been allocated, is sold for TL 35,759 during 2020. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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):

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

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>31 December 2020</b>			
Current Period End Balance	13,274	82,483	206,622
Provision (-)	7,729	57,368	158,053
<b>Net Balance on Balance Sheet</b>	<b>5,545</b>	<b>25,115</b>	<b>48,569</b>
<b>31 December 2019</b>			
Prior Period End Balance	40,984	76,556	153,192
Provision (-)	22,125	42,944	121,969
<b>Net Balance on Balance Sheet</b>	<b>18,859</b>	<b>33,612</b>	<b>31,223</b>

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

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	168,152	313,729	3,020,000
Provision (-)	104,606	198,193	1,991,274
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>63,546</b>	<b>115,536</b>	<b>1,028,727</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<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)	624,321	1,168,994	2,353,591
Specific Provision (-)	349,033	572,537	1,430,975
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>275,288</b>	<b>596,457</b>	<b>922,616</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

j.5) Information on interest accruals, discounts and valuation differences calculated for nonperforming loans and their provisions:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period(Net)</b>	<b>2,233</b>	<b>10,665</b>	<b>357,174</b>
Interest Accruals, Discounts and Valuation Differences	18,675	40,732	637,700
Provision Amount (-)	16,442	30,067	280,526
<b>Prior Period (Net)</b>	<b>18,822</b>	<b>77,767</b>	<b>229,640</b>
Interest Accruals, Discounts and Valuation Differences	76,914	175,092	394,218
Provision Amount (-)	58,092	97,325	164,578

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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) Outline of the liquidation policy for losses and other receivables:

Loans and other receivables, which are deemed not possible to be collected according to the "Regulation on Classification of Loans and Provisions and Provisions for Reserves" published in the Official Gazette dated 22 June 2016 and numbered 29750, are fulfilled by the requirements of the Tax Procedure Law in line with the decision taken by the Bank's senior management classified as a loan as a loss.

l) Disclosures regarding the unregistered policy:

The Fifth Group - Loans classified as Loss Loans, with at least one reporting period in this group, and the lifetime expected credit loss due to the default of the debtor constitutes the Bank's credits to be deducted. Deregistration is an accounting practice and does not result in the right to waive. Loans deducted from the record do not affect the legal follow-up of the Bank. Indicators are utilized regarding the absence of reasonable expectations regarding the recovery of loans. The deregistration is examined on an incident basis with predefined criteria and the following deregistration indicators 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 evaluating that the entire loan is not capable of recovering 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.

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

Within the scope of TFRS 9, the deducted amount during the period is TL 97,496 (31 December 2019: TL 171,832) and its effect on NPL ratio is 0.12% (31 December 2019: 0.23%) . The follow-up conversion rate, after deductions, is 4.22% (31 December 2019 5.99% ) in the current period frozen loan figures, while the calculated rate including the loans deducted during the year is 4.34% (31 December 2019: 6.22%) .

m) Other explanations and disclosures:

Current Period	Commercial	Consumer	Credit Cards	Other	Total
Standard Loans	49,845,436	16,922,139	4,540,033	-	71,307,608
Close Monitoring Loans	4,204,131	3,070,285	677,929	-	7,952,345
Loans Under Follow-Up	3,096,177	315,522	90,183	-	3,501,882
<b>Total</b>	<b>57,145,744</b>	<b>20,307,946</b>	<b>5,308,145</b>	<b>-</b>	<b>82,761,835</b>
12 month expected credit loss (Stage I)(-)	176,623	162,525	54,298	-	393,446
Significant increase in credit risk (Stage II)(-)	1,033,284	263,142	63,826	-	1,360,252
Default (Stage III)(-)	1,996,399	228,731	68,943	-	2,294,073
<b>Total</b>	<b>3,206,306</b>	<b>654,398</b>	<b>187,067</b>	<b>-</b>	<b>4,047,771</b>
<b>Net credit balance on balance sheet</b>	<b>53,939,438</b>	<b>19,653,548</b>	<b>5,121,078</b>	<b>-</b>	<b>78,714,064</b>

Prior Period	Commercial	Consumer	Credit Cards	Other	Total
Standard Loans	37,427,979	14,593,587	4,026,952	-	56,048,518
Close Monitoring Loans	5,538,399	2,612,198	713,785	-	8,864,382
Loans Under Follow-Up	3,617,237	398,230	131,439	-	4,146,906
<b>Total</b>	<b>46,583,615</b>	<b>17,604,015</b>	<b>4,872,176</b>	<b>-</b>	<b>69,059,806</b>
12 month expected credit loss (Stage I)(-)	192,135	144,831	57,228	-	394,194
Significant increase in credit risk (Stage II)(-)	686,025	161,159	46,969	-	894,153
Default (Stage III)(-)	2,009,282	250,895	92,368	-	2,352,545
<b>Total</b>	<b>2,887,442</b>	<b>556,885</b>	<b>196,565</b>	<b>-</b>	<b>3,640,892</b>
<b>Net credit balance on balance sheet</b>	<b>43,696,173</b>	<b>17,047,130</b>	<b>4,675,611</b>	<b>-</b>	<b>65,418,914</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

m) Other explanations and disclosures: (continued)

The following is a reclassification of provision for impairment on loans by stage;

#### Current Period

<b>Commercial</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non-performing loans (Stage 3)</b>	<b>Total</b>
31 December 2019	192,135	686,025	2,009,282	2,887,442
Transfers;				
- Stage 1 to Stage 2	(8,724)	49,433	-	40,709
- Stage 1 to Stage 3	(1,029)	-	34,371	33,342
- Stage 2 to Stage 3	-	(70,704)	259,761	189,057
- Stage 2 to Stage 1	2,529	(19,907)	-	(17,378)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	87,699	574,689	141,749	804,137
Collections	(110,444)	(285,376)	(189,132)	(584,952)
Sold Portfolio	-	-	(163,411)	(163,411)
Write-offs	-	-	(96,221)	(96,221)
Currency differences	14,457	99,124	-	113,581
<b>Total expected credit losses 31 December 2020</b>	<b>176,623</b>	<b>1,033,284</b>	<b>1,996,399</b>	<b>3,206,306</b>

#### Prior Period

<b>Commercial</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non-performing loans (Stage 3)</b>	<b>Total</b>
31 December 2018	218,413	634,220	760,528	1,613,161
Transfers;				
- Stage 1 to Stage 2	(19,564)	104,626	-	85,062
- Stage 1 to Stage 3	(5,387)	-	169,762	164,375
- Stage 2 to Stage 3	-	(82,960)	378,714	295,754
- Stage 2 to Stage 1	2,817	(17,869)	-	(15,052)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	117,210	243,941	1,388,936	1,750,087
Collections	(127,005)	(224,291)	(236,201)	(587,497)
Sold Portfolio	-	-	(282,227)	(282,227)
Write-offs	-	-	(171,832)	(171,832)
Currency differences	5,651	28,358	1,602	35,611
<b>Total expected credit losses 31 December 2019</b>	<b>192,135</b>	<b>686,025</b>	<b>2,009,282</b>	<b>2,887,442</b>



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

m) Other explanations and disclosures: (continued)

##### Current Period

Consumer	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2019	144,831	161,159	250,895	556,885
Transfers;				
- Stage 1 to Stage 2	(9,009)	69,594	-	60,585
- Stage 1 to Stage 3	(1,226)	-	27,155	25,929
- Stage 2 to Stage 3	-	(16,472)	65,561	49,089
- Stage 2 to Stage 1	4,209	(30,446)	-	(26,237)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	72,237	122,632	29,704	224,573
Collections	(48,517)	(43,325)	(18,399)	(110,241)
Sold Portfolio	-	-	(124,910)	(124,910)
Write-offs	-	-	(1,275)	(1,275)
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2020</b>	<b>162,525</b>	<b>263,142</b>	<b>228,731</b>	<b>654,398</b>

##### Prior Period

Consumer	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2018	85,416	149,047	769,345	1,003,808
Transfers;				
- Stage 1 to Stage 2	(7,719)	37,698	-	29,979
- Stage 1 to Stage 3	(2,701)	-	54,025	51,324
- Stage 2 to Stage 3	-	(13,970)	74,977	61,007
- Stage 2 to Stage 1	4,716	(28,485)	-	(23,769)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	91,331	52,767	(555,612)	(411,514)
Collections	(26,212)	(35,898)	(6,672)	(68,782)
Sold Portfolio	-	-	(85,168)	(85,168)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2019</b>	<b>144,831</b>	<b>161,159</b>	<b>250,895</b>	<b>556,885</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

m) Other explanations and disclosures: (continued)

#### Current Period

Credit Cards	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2019	57,228	46,969	92,368	196,565
Transfers;				
- Stage 1 to Stage 2	(5,373)	35,955	-	30,582
- Stage 1 to Stage 3	(1,144)	-	22,014	20,870
- Stage 2 to Stage 3	-	(5,174)	32,122	26,948
- Stage 2 to Stage 1	6,441	(16,903)	-	(10,462)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	4,183	14,254	22,475	40,912
Collections	(7,037)	(11,275)	-	(18,312)
Sold Portfolio	-	-	(100,036)	(100,036)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2020</b>	<b>54,298</b>	<b>63,826</b>	<b>68,943</b>	<b>187,067</b>

#### Prior Period

Credit Cards	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2018	51,561	52,947	128,307	232,815
Transfers;				
- Stage 1 to Stage 2	(5,389)	27,657	-	22,268
- Stage 1 to Stage 3	(2,850)	-	71,316	68,466
- Stage 2 to Stage 3	-	(7,962)	67,091	59,129
- Stage 2 to Stage 1	7,383	(17,452)	-	(10,069)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	13,240	3,035	(91,447)	(75,172)
Collections	(6,717)	(11,256)	-	(17,973)
Sold Portfolio	-	-	(82,899)	(82,899)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses 31 December 2019</b>	<b>57,228</b>	<b>46,969</b>	<b>92,368</b>	<b>196,565</b>

(\*) TL 424,469 of the Parent Bank's non-performing loan portfolio for which TL 410,516 of provision held were sold for TL 35,759 in 2020. After completing all necessary procedures, sales fees have been collected and the related non-performing loans excluded from the records. TL 96,221 of the Parent Bank's non-performing loans is written off.

(\*\*) TL 467,640 of the Parent Bank's non-performing loan portfolio for which TL 450,294 of provision held were sold for TL 26,363 in 2019. After completing all necessary procedures, sales fees have been collected and the related non-performing loans excluded from the records. TL 171,832 of the Parent Bank's non-performing loans is written off.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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)

m) Other explanations and disclosures: (continued)

The fair value of collaterals of non- performing loans, capped with the respective outstanding loan balance, at 31 December 2020 is TL 1,902,570 (31 December 2019: TL 2,272,171).

#### The fair value of the collateral of non-performing loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	1,459,066	1,595,390
Vehicle	118,677	161,143
Cash	878	1,068
Other(*)	323,949	514,570
<b>Total</b>	<b>1,902,570</b>	<b>2,272,171</b>

(\*) Other amount includes Treasury backed and Portfolio guaranteed CGF guarantee amounting to TL 323,949 (31 December 2019: TL 514,750).

As of 31 December 2020, the fair value of the collaterals of the customers' total principal risk related to the loans under close monitoring is TL 3,911,887 (31 December 2019: TL 3,406,585).

#### Fair value of the part of the collaterals of the closely monitored loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	3,263,239	2,741,280
Vehicle	282,443	304,501
Cash, Government Bonds	230,542	265,836
Other	135,663	94,968
<b>Total</b>	<b>3,911,887</b>	<b>3,406,585</b>

As of 31 December 2020 and 31 December 2019, the details of the commodities and real estates that the bank has acquired for disposal of credit receivables are as follows:

	Commercial	Consumer	Total
<b>31 December 2020</b>			
Residential, commercial or industrial property	108,709	4,150	112,859
Other	-	-	-
<b>Total</b>	<b>108,709</b>	<b>4,150</b>	<b>112,859</b>
<b>31 December 2019</b>			
Residential, commercial or industrial property	123,326	8,036	131,362
Other	-	-	-
<b>Total</b>	<b>123,326</b>	<b>8,036</b>	<b>131,362</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	2,971,137	1,153,219	1,194,716	405,580
<b>Total</b>	<b>2,971,137</b>	<b>1,153,219</b>	<b>1,194,716</b>	<b>405,580</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	6,698,645	1,171,868	1,978,084	-
Other	-	-	-	-
<b>Total</b>	<b>6,698,645</b>	<b>1,171,868</b>	<b>1,978,084</b>	<b>-</b>

Financial assets valued over their amortized cost classified as free warehouse TL 528,072 (31 December 2019: TL 1,328,238).

a.3) Information on held-to-maturity investments given as collateral or blocked:

	Current Period	Prior Period
Government Bonds	12,522,941	4,906,618
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>12,522,941</b>	<b>4,906,618</b>

a.4) Information on government debt securities measured at amortized cost:

	Current Period	Prior Period
Debt securities	12,522,941	4,906,618
Quoted on a Stock Exchange	12,522,941	4,906,618
Unquoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>12,522,941</b>	<b>4,906,618</b>

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

	Current Period	Prior Period
Beginning Balance	4,906,618	2,792,080
Foreign Currency Differences on Monetary Assets	377,092	-
Purchases during the Year (*)(**)	8,062,415	2,114,538
Disposals Through Sales and Redemptions	(823,184)	-
Impairment Provision (-)	-	-
<b>Closing Balance</b>	<b>12,522,941</b>	<b>4,906,618</b>

(\*) Includes rediscount amounts.

(\*\*) In the current period, the securities portfolio of the Chief Investment Office were transferred to the Asset-Liability Management and Treasury Group due to the change in the business model of the Parent Bank management. During this transition, securities held as Financial Assets at Fair Value through Other Comprehensive Income amounting to TL 291,603 were classified as Financial Assets Measured at Amortized Cost. After this reclassification, the valuation difference amounting to TL 20,141 has been reversed from equity.

#### 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 2019: None).
- a.2) Information on the unconsolidated associates: None (31 December 2019: None).
- a.3) Information on the consolidated associates: None (31 December 2019: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2019: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2019: None).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

a) Information on shareholders’ equity of significant subsidiaries:

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	50,000	28,794	6,860
Reserves	100,454	47,846	6,674
Net income for the period and prior period income	40,455	104,065	20,849
Income/ Loss recognized under equity in accordance with TAS	-	-	(122)
Leasehold Improvements on Operational Leases (-)	186	303	58
Goodwill and intangible asset and the related deferred tax liability (-)	3,031	4,162	551
<b>Total Common Equity Tier 1 Capital</b>	<b>187,692</b>	<b>176,240</b>	<b>33,652</b>
General Provision	3,832	-	-
<b>Total Equity</b>	<b>191,524</b>	<b>176,240</b>	<b>33,652</b>

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

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non-consolidate and minimum capital requirements: None (31 December 2019: None).

c) Information on the unconsolidated subsidiaries: None (31 December 2019: None).

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

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

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

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss (*)	Fair Value
1	2,620,875	190,909	4,355	197,063	-	29,417	39,385	-
2	522,419	180,705	3,630	33,279	-	78,931	31,755	-
3	44,370	34,261	1,890	2,928	98	13,590	4,917	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2019.

d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	124,918	124,424
Movements during the Period	1,679	494
Purchases	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase / (Decrease)	1,679	494
Impairment Provisions	-	-
<b>Balance at the End of the Period</b>	<b>126,597</b>	<b>124,918</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 subsidiaries: (continued)

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies/TEB Faktoring A.Ş.	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	83,180	81,501
<b>Toplam</b>	<b>126,597</b>	<b>124,918</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 2019: None).

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

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

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

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

Entities under common control (joint ventures)	Share of the		Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
	Parent Bank (%)	Share of the Group (%)					
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	113,710	47,576	25,018	215,676	(193,028)

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

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

#### 11. Information on financial lease receivables (Net): None (31 December 2019: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	416,239	31,137	7,024	14,112
Cash Flow Hedge	650,142	-	219,494	877
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>1,066,381</b>	<b>31,137</b>	<b>226,518</b>	<b>14,989</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 18,266 (31 December 2019: TL 20,286) is recorded under equity as of 31 December 2020 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 13. Information on tangible assets:

	31 December 2019	Additions	Disposals	Other	31 December 2020
<b>Cost:</b>					
Real Estate	109,711	574	(1,206)	358	109,437
Right of Use	1,023,597	82,741	(86,381)	-	1,019,957
Furniture, Furnishings, Office Machines and Other Securities	892,816	126,072	(14,094)	-	1,004,794
<b>Total Cost</b>	<b>2,026,124</b>	<b>209,387</b>	<b>(101,681)</b>	<b>358</b>	<b>2,134,188</b>
	31 December 2019	Period Charge	Disposals	Other	31 December 2020
<b>Accumulated Depreciation:</b>					
Real Estate	51,802	3,556	(417)	55	54,996
Right of Use Depreciation	481,778	148,762	(86,148)	-	544,392
Furniture, Furnishing and Office Machines and Other Securities	607,726	94,564	(13,557)	-	688,733
<b>Total Accumulated Depreciation</b>	<b>1,141,306</b>	<b>246,882</b>	<b>(100,122)</b>	<b>55</b>	<b>1,288,121</b>
<b>Net Book Value</b>	<b>884,818</b>				<b>846,067</b>

- 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 fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 2019	Additions	Disposals	Other	31 December 2020
<b>Cost:</b>					
Other intangible assets	486,748	89,035	(99)	-	575,684
<b>Total Cost</b>	<b>486,748</b>	<b>89,035</b>	<b>(99)</b>	<b>-</b>	<b>575,684</b>
	31 December 2019	Additions	Disposals	Other	31 December 2020
<b>Accumulated Depreciation:</b>					
Other intangible assets	346,440	77,833	(12)	-	424,261
<b>Total Accumulated Depreciation</b>	<b>346,440</b>	<b>77,833</b>	<b>(12)</b>	<b>-</b>	<b>424,261</b>
<b>Net Book Value</b>	<b>140,308</b>				<b>151,423</b>

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: None.
- i) Information on goodwill:

Following the publication of the BRSA's permission dated February 10, 2011 in the Official Gazette dated February 12, 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. Fortis Bank A.Ş. The difference between this value and the fair value of Fortis Bank A.Ş.'s identifiable net assets acquired is recognized as goodwill, considering the fair value of the equity shares subject to change as a result of the merger as of 14 February 2011. It has been recognized.

- j) Beginning and ending balance of the goodwill and movements on goodwill in the current period:

	Current Period	Prior Period
Beginning balance	421,124	421,124
Foreign currency differences	-	-
Acquisitions	-	-
<b>End Balance</b>	<b>421,124</b>	<b>421,124</b>

15. Information on investment property: None (31 December 2019: None).



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 2020, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 651,589 (31 December 2019: TL 667,146). 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 January 1</b>	<b>667,146</b>	<b>208,699</b>
TFRS 16 transition	-	24,083
Deferred Tax Income / (Expense)	115,800	177,232
Deferred Tax Accounted for Under Equity	(131,357)	256,389
Merger Effect	-	743
<b>Deferred Tax Asset</b>	<b>651,589</b>	<b>667,146</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 charge of TL 115,800 is stated under the tax provision in the income statement (31 December 2019: TL 177,232 deferred tax expense). 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	26,926	(44,443)
Cash Flow Hedge	(169,324)	302,891
Actuarial Profit or Loss	11,041	(2,059)
<b>Total</b>	<b>(131,357)</b>	<b>256,389</b>

#### 17. Information on assets for sale fixed and discontinued operations:

	Current Period	Prior Period
Beginning of Period Cost	131,362	109,104
Beginning of Period Accumulated Depreciation (-)	-	-
<b>Net Book Value</b>	<b>131,362</b>	<b>109,104</b>
Opening Balance	131,362	109,104
Acquired	137,125	149,647
Disposed (-)	160,897	122,922
Impairment (-)	(5,269)	4,467
Depreciation Value (-)	-	-
End of Period Cost	112,859	131,362
End of Period Accumulated Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>112,859</b>	<b>131,362</b>

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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(*)	1,548,931	955,007	1,207,988	873,720
Mid and Long Term	-	-	1,550	-
Stage 1 Provision (-)	1,861	115	1,334	146
Stage 2 Provision (-)	1,856	-	1,959	-
Stage 3 Provision (-)	11,293	2,037	25,315	6,137
<b>Total</b>	<b>1,533,921</b>	<b>952,855</b>	<b>1,180,930</b>	<b>867,437</b>

(\*)Includes factoring receivables which is impaired amounting to TL 18,268 (31 December 2019: TL 31,946).

##### b) Other explanations and disclosures:

Current Period	Commercial	Consumer	Total
Standard Loans	2,327,472	-	2,327,472
Close Monitoring Loans	158,198	-	158,198
Loans Under Follow-Up	18,268	-	18,268
<b>Total</b>	<b>2,503,938</b>	<b>-</b>	<b>2,503,938</b>
12 month expected credit loss (Stage I)(-)	1,976	-	1,976
Significant increase in credit risk (Stage II)(-)	1,856	-	1,856
Default (Stage III)(-)	13,330	-	13,330
<b>Total allowance for impairment</b>	<b>17,162</b>	<b>-</b>	<b>17,162</b>
<b>Net credit balance on balance sheet</b>	<b>2,486,776</b>	<b>-</b>	<b>2,486,776</b>

##### c) Aging analysis of accounting past-due exposures:

31 December 2020	1-30 Days	31-60 Days	61-90 Days	Total
Commercial Loans	358	1,782	2,085	4,225
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
<b>Total</b>	<b>358</b>	<b>1,782</b>	<b>2,085</b>	<b>4,225</b>

#### 19. Information on other asset

Other Assets item of the balance sheet amounting to TL 3,870,711 (31 December 2019: TL 4,473,189) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

##### a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month - 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	3,343,473	-	13,247,327	9,248,027	174,061	15,303	31,868	-	26,060,059
Foreign Currency Deposits	18,424,730	-	7,600,065	11,882,963	97,381	92,277	52,616	-	38,150,032
Residents in Turkey	17,200,394	-	7,316,504	11,506,796	67,244	42,090	36,070	-	36,169,098
Residents Abroad	1,224,336	-	283,561	376,167	30,137	50,187	16,546	-	1,980,934
Public Sector Deposits	431,997	-	59,843	136,651	8,020	0	0	-	636,511
Commercial Deposits	4,489,927	-	3,928,324	5,879,776	158,781	1,448	13,824	-	14,472,080
Other Institutions Deposits	206,580	-	145,091	539,426	61,442	63	168	-	952,770
Precious Metals Deposits	5,807,140	-	31,022	94,004	15,788	50,503	3,597	-	6,002,054
Bank Deposits	43,796	-	7,424,601	-	-	-	-	-	7,468,397
Central Bank of Turkey	31	-	-	-	-	-	-	-	31
Domestic Banks	8	-	-	-	-	-	-	-	8
Foreign Banks	43,757	-	7,424,601	-	-	-	-	-	7,468,358
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>32,747,643</b>	<b>-</b>	<b>32,436,273</b>	<b>27,780,847</b>	<b>515,473</b>	<b>159,594</b>	<b>102,073</b>	<b>-</b>	<b>93,741,903</b>

##### a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month - 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	2,913,675	-	11,685,382	8,760,022	198,974	159,316	142,791	-	23,860,160
Foreign Currency Deposits	8,678,150	-	9,179,868	16,994,157	220,469	75,587	91,126	-	35,239,357
Residents in Turkey	8,114,695	-	8,724,284	16,524,666	196,404	32,768	74,233	-	33,667,050
Residents Abroad	563,455	-	455,584	469,491	24,065	42,819	16,893	-	1,572,307
Public Sector Deposits	424,598	-	73,628	50,872	7,475	-	-	-	556,573
Commercial Deposits	3,312,492	-	3,919,789	1,904,438	101,496	3,210	55,398	-	9,296,823
Other Institutions Deposits	143,878	-	65,741	266,882	12,458	91	554	-	489,604
Precious Metals Deposits	1,275,586	-	90,788	700,588	38,080	142,511	101,470	-	2,349,023
Bank Deposits	23,739	-	362,573	-	-	-	-	-	386,312
Central Bank of Turkey	25	-	-	-	-	-	-	-	25
Domestic Banks	16	-	-	-	-	-	-	-	16
Foreign Banks	23,698	-	358,772	-	-	-	-	-	382,470
Special Financial Institutions	-	-	3,801	-	-	-	-	-	3,801
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16,772,118</b>	<b>-</b>	<b>25,377,769</b>	<b>28,676,959</b>	<b>578,952</b>	<b>380,715</b>	<b>391,339</b>	<b>-</b>	<b>72,177,852</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	14,783,424	14,607,157	10,931,481	8,731,764
Foreign Currency Saving Deposits	7,067,339	6,075,469	14,081,460	12,928,549
Other Deposits in the Form of Saving Deposits	2,567,019	781,197	2,854,708	1,320,538
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>24,417,782</b>	<b>21,463,823</b>	<b>27,867,649</b>	<b>22,980,851</b>

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

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

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

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

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

	Current Period	Prior Period
Foreign Branches' Deposits and Other Accounts	639,161	615,203
Deposits of Controlling Shareholders and Their Close Families	1,130,777	3,823,134
Deposits of Chairman and Members of the Board of Directors and Their Close Families	66,845	68,002
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	71,044	6,778	97,772	25,075
Swap Transactions	1,977,574	179,821	1,362,074	71,890
Futures Transactions	-	-	-	-
Options	18,600	6,526	26,488	3,285
Other	-	-	-	-
<b>Total</b>	<b>2,067,218</b>	<b>193,125</b>	<b>1,486,334</b>	<b>100,250</b>

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

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	1,338,253	34,399	633,010	169,116
From Foreign Banks, Institutions and Funds	224,638	10,313,994	434,408	8,958,162
<b>Total</b>	<b>1,562,891</b>	<b>10,348,393</b>	<b>1,067,418</b>	<b>9,127,278</b>

As of 31 December 2020, the Group has borrowings from its related parties amounting to TL 5,013,477 (31 December 2019: TL 4,774,508).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,562,891	5,872,731	1,057,415	5,593,155
Medium and long-term	-	4,475,662	10,003	3,534,123
<b>Total</b>	<b>1,562,891</b>	<b>10,348,393</b>	<b>1,067,418</b>	<b>9,127,278</b>

c) Additional explanations regarding the areas where the Parent Bank's obligations are concentrated:

The Parent Bank diversifies its funding sources with customer deposits, loans from abroad, securities issued and borrowings from money markets. Deposits are the most important source of funding of the Parent Bank and do not present any risk concentration with its stable structure spread over a wide base. Loans received mainly consist of funds obtained from various foreign financial institutions with different features and maturity-interest structure. There is no risk concentration in the bank's funding sources.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

d) Explanations on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	4,766,623	-	2,333,877	-
Treasury Bills	44,014	-	-	-
<b>Total</b>	<b>4,810,637</b>	<b>-</b>	<b>2,333,877</b>	<b>-</b>

#### 4. Funds provided through repurchase transactions:

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>4,016,659</b>	<b>2,717,468</b>	<b>1,323,300</b>	<b>327,167</b>
Financial Institutions and Organizations	3,830,785	2,717,468	1,323,300	327,167
Other Institutions and Organizations	185,874	-	-	-
Individuals	-	-	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Total</b>	<b>4,016,659</b>	<b>2,717,468</b>	<b>1,323,300</b>	<b>327,167</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 external funding payables amounting to TL 1,699,019 (31 December 2019: TL 1,293,901) do not exceed 10% of the total balance sheet.

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

With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Tangible Fixed Assets” as an asset (tenure) and under “Liabilities from Leasing” as a liability. Parent Bank has as of 31 December 2020, TL 604,874 (31 December 2019: TL 657,657) 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	84,098	-	-	-
Cash Flow Hedge	983,837	14,901	1,917,707	7,267
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>1,067,935</b>	<b>14,901</b>	<b>1,917,707</b>	<b>7,267</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.

As of 31 December 2020, there are accumulated valuation differences of TL 18,266 (31 December 2019: TL 20,286) under equity as of 31 December 2020. This amount is spread over the remaining terms of the hedged items by the Parent Bank and transferred to the income statement.

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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:

- a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2019: None).
- b) The specific provisions provided for unidentified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	58,241	55,551
Stage 2	165,265	145,818
Stage 3	87,824	42,111
<b>Total</b>	<b>311,330</b>	<b>243,480</b>

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

As of 31 December 2020, the Parent Bank received TL 15,249 (31 December 2019: TL 14,195) allowance, TL 297,059 (31 December 2019: TL 200,712) and TL 185,723 (31 December 2019: TL 148,441) related to the premiums to be paid to bank personnel, and TL 37,100 (31 December 2019: TL 32,100) reflected the provision of other personnel expenses the “Provisions of 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 2020	31 December 2019
Discount Rate (%)	14.50	12.51
Expected Inflation Rate (%)	10.03	6.59
Salary Increase Rate above Inflation Rate (%)	1.00	1.00

#### Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	200,712	179,934
Service cost	19,392	19,523
Interest cost	24,358	29,231
Settlement cost	2,742	9,413
Actuarial loss / (gain)	65,687	1,054
Benefits paid	(15,831)	(38,443)
<b>Total</b>	<b>297,060</b>	<b>200,712</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, 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 2020 and 31 December 2019. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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) Pension Rights: (continued)

Within the frame of the assumptions determined;

	31 December 2020	31 December 2019
<b>Period Based Pension and Health Obligations:</b>		
Net Present Value of Transferrable Retirement Liabilities	(1,081,794)	(919,469)
Net Present Value of Transferrable Retirement and Health Contributions	371,589	355,986
General Administration Expenses	(10,818)	(9,195)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(721,023)	(572,678)
Fair Value of Plan Assets (2)	2,998,581	2,646,999
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,277,558	2,074,321
Non-Transferable Benefits (4)	(624,502)	(404,727)
Asset Surplus over Total Benefits ((3)-(4))	1,653,056	1,669,594

As of 31 December 2020 and 31 December 2019, the distribution of the fair value of the total assets of the Pension Fund is as follows:

	31 December 2020	31 December 2019
Bank placements	2,804,241	1,119,326
Government bonds and treasury bills, fund and rediscount interest income	119,573	114,378
Tangible assets	-	1,278,238
Other	74,767	135,057
<b>Toplam</b>	<b>2,998,581</b>	<b>2,646,999</b>

Actuarial assumptions used in the calculation of liabilities excluding the period-based liabilities according to TAS 19 are as follows :

	31 December 2020	31 December 2019
Discount Rate	14.50%	12.51%
Expected Inflation Rate	10.03%	6.59%

As of 31 December 2020, health inflation is assumed to be above than 20% (31 December 2019: 20%). It is assumed that general wage increase and SSI ceiling increase rates will be the same as inflation. CSO 2001 (31 December 2019: CSO 2001) Female / Male mortality table was used to represent the expected mortality rates both before and after retirement.

d) Information on other provisions

	Current Period	Prior Period
Provision for Non-cash Loans	311,330	243,480
Provision for Legal Cases	93,625	52,635
Provision for Promotions of Credit Cards and Banking Services	11,935	12,936
Other	52,796	142,899
<b>Total</b>	<b>469,686</b>	<b>451,950</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### I. 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;

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2019	55,551	145,818	42,111	243,480
Transfers;	-	-	-	-
- Stage 1 to Stage 2	(3,464)	22,238	-	18,774
- Stage 1 to Stage 3	(78)	-	1,489	1,411
- Stage 2 to Stage 3	-	(12,704)	85,543	72,839
- Stage 2 to Stage 1	3,162	(9,071)	-	(5,909)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	15,206	(213)	(35,539)	(20,546)
Collections	(17,063)	(21,075)	(5,780)	(43,918)
Currency differences	4,927	40,272	-	45,199
<b>Total expected credit losses 31 December 2020</b>	<b>58,241</b>	<b>165,265</b>	<b>87,824</b>	<b>311,330</b>

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2018	50,741	104,222	47,696	202,659
Transfers;	-	-	-	-
- Stage 1 to Stage 2	(3,253)	30,060	-	26,807
- Stage 1 to Stage 3	(282)	-	6,045	5,763
- Stage 2 to Stage 3	-	(3,768)	31,155	27,387
- Stage 2 to Stage 1	2,084	(6,592)	-	(4,508)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	28,313	34,932	(27,256)	35,989
Collections	(23,649)	(19,738)	(15,529)	(58,916)
Currency differences	1,597	6,702	-	8,299
<b>Total expected credit losses 31 December 2019</b>	<b>55,551</b>	<b>145,818</b>	<b>42,111</b>	<b>243,480</b>

#### 9. Explanations on taxes payable:

##### a) Information on tax provision:

As of 31 December 2020, the Group’s corporate tax provision is TL 171,984 (31 December 2019: TL 32,155). As of 31 December 2020, the Group’s debt on total taxes and premiums is TL 343,527. (31 December 2019: TL 222,365)

##### b) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	171,984	32,155
Taxation on Securities	45,038	70,139
Property Tax	1,223	2,569
Banking Insurance Transaction Tax (BITT)	53,917	61,088
Foreign Exchange Transaction Tax	4,556	2,430
Value Added Tax Payable	6,695	5,310
Other (*)	32,586	26,299
<b>Total</b>	<b>315,999</b>	<b>199,990</b>

(\*) Others include income taxes deducted from wages amounting to TL 25,404 (31 December 2019: TL 20,576) and stamp taxes payable amounting to TL 1,784 (31 December 2019: TL 1,535).



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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	11,813	9,572
Social Security Premiums-Employer	13,052	10,641
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	997	809
Unemployment Insurance-Employer	1,666	1,347
Other	-	6
<b>Total</b>	<b>27,528</b>	<b>22,375</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 2020 (31 December 2019: None).

**10. Information on fixed assets payables related to activities held and discounted for sale :** None (31 December 2019: 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 USD210 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 6 months Libor + 7.32% after the first early redemption date. The “T2 capital” was provided by BNP Paribas Fortis SA / NV.

The Parent Bank, aligned its Board of Directors’ decision dated 8 May 2012, had issued a debt instrument as T2 Capital Subordinated debt instrument with a value of USD 65 million on 14 May 2012 and the debt instrument was redeemed on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA). On 14 May 2019, the Parent Bank issued a subordinated debt securities with amount of 60 million EURO with the final maturity of 10 years, with no call till the 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 six months Euribor + 7.10% annually. The “T2 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 securities with amount of 100 million EURO, with the final maturity of 10 years, with no call till 5<sup>th</sup> 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 six months Euribor + 7.10% annually. The “T2 capital” was provided by BNP Paribas Fortis SA / NV.

The Parent Bank issued subordinated debt instrument, which has early redemption right in 27 June 2023, with the final maturity of 10 years in the amount of EUR125 million in 27 June 2018. The interest rate of the issuance is 6 month Euribor + 5.10% per annum. The “T2 capital” was provided by BNP Paribas Fortis SA / NV.

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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 the Additional Capital Calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instrument to be Included in the Contribution Capital Calculation	-	4,194,951	-	3,190,503
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	4,194,951	-	3,190,503
<b>Total</b>	-	<b>4,194,951</b>	-	<b>3,190,503</b>

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	4,194,951	-	3,190,503
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>4,194,951</b>	-	<b>3,190,503</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 bank if so amount of registered share capital ceiling:

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

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

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

##### g) Information on preferred shares: None.

##### h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(149,198)	61,169	(3,538)	20,895
Foreign Exchange Difference	(122)	-	-	-
<b>Total</b>	<b>(149,320)</b>	<b>61,169</b>	<b>(3,538)</b>	<b>20,895</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

13. **Information on minority interest:** As of 31 December 2020, part of the group equity that belongs to minority shares is TL 15,507 (31 December 2019: TL 9,406).
14. **Information on factoring liabilities:** As of 31 December 2020, group has factoring debt of TL 8,979 (31 December 2019: TL 812).

### 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	8,978,512	8,506,931
Loan Granting Commitments	5,736,570	5,234,372
Payment Commitment for Cheques	1,741,408	1,769,641
Asset Purchase and Sale Commitments	3,031,018	3,684,822
Time Deposits Purchase and Sale Commitments	94,524	759,924
Tax and Fund Liabilities from Export Commitments	47,494	71,566
Commitments for Promotions Related with Credit Cards and Banking Activities	5,767	4,975
Other Irrevocable Commitments	389,096	252,593
<b>Total</b>	<b>20,024,389</b>	<b>20,284,824</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	5,025,525	2,623,851
Bank Acceptances	16,573	12,915
Other Commitments	3,976,672	5,031,959
Other Contingencies	1,043,082	1,153,720
<b>Total</b>	<b>10,061,852</b>	<b>8,822,445</b>

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

	Current Period	Prior Period
Guarantee Letters	9,864,566	9,855,883
Advance Guarantee Letters	2,244,080	1,481,220
Guarantee Letters Given for Customs	481,964	429,999
Temporary Guarantee Letters	332,396	286,101
Other Guarantee Letters	1,260,388	1,499,122
<b>Total</b>	<b>14,183,394</b>	<b>13,552,325</b>

- b) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Achieving Cash Loans	1,262,302	1,499,838
With Maturity of One Year or Less Than One Year	94,973	130,687
With Maturity of More Than One Year	1,167,329	1,369,151
Other Non-Cash Loans	22,982,944	20,874,932
<b>Total</b>	<b>24,245,246</b>	<b>22,374,770</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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	20,404	0.28	22,980	0.14	33,515	0.37	30,972	0.23
Farming and raising livestock	18,338	0.25	22,980	0.14	20,044	0.22	30,972	0.23
Forestry	-	-	-	-	-	-	-	-
Fishery	2,066	0.03	-	-	13,471	0.15	-	-
Manufacturing	2,294,148	30.67	5,969,293	35.62	2,361,726	25.87	6,761,713	51.05
Mining and Quarry	106,832	1.43	295,929	1.77	123,105	1.35	672,430	5.08
Production	2,109,458	28.20	5,560,042	33.17	2,159,522	23.65	5,914,253	44.65
Electricity, Gas and Water	77,858	1.04	113,322	0.68	79,099	0.87	175,030	1.32
Construction	1,322,830	17.68	3,711,776	22.14	1,548,096	16.96	2,273,895	17.17
Services	3,605,121	48.19	5,095,080	30.38	5,132,770	56.22	4,116,286	31.08
Wholesale and Retail Trade	1,585,385	21.19	2,108,405	12.58	1,257,201	13.77	1,112,311	8.40
Hotel and Restaurant Services	121,734	1.63	105,933	0.63	133,984	1.47	71,748	0.54
Transportation and Communication	416,936	5.57	511,955	3.05	450,731	4.94	446,030	3.37
Financial Institutions	463,495	6.20	713,275	4.25	979,561	10.73	1,495,269	11.29
Real Estate and Renting	929,698	12.43	1,410,419	8.41	2,197,820	24.07	953,721	7.20
Self-employment Services	73,121	0.98	243,457	1.45	96,719	1.06	35,562	0.27
Education Services	5,517	0.07	336	-	6,349	0.07	178	-
Health and Social Services	9,235	0.12	1,300	0.01	10,405	0.11	1,467	0.01
Other	238,145	3.18	1,965,469	11.72	53,696	0.58	62,101	0.47
<b>Total</b>	<b>7,480,648</b>	<b>100.00</b>	<b>16,764,598</b>	<b>100.00</b>	<b>9,129,803</b>	<b>100.00</b>	<b>13,244,967</b>	<b>100.00</b>

##### c.3) Information on Stage 1 and Stage 2 non-cash loans:

Current Period	Stage I		Stage II	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	5,498,751	7,423,249	552,798	708,596
Bank acceptances	-	16,573	-	-
Letters of credit	-	4,893,122	-	132,403
Endorsements	-	-	-	-
Underwriting commitments.	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,393,047	3,439,901	36,052	150,754
<b>Total</b>	<b>6,891,798</b>	<b>15,772,845</b>	<b>588,850</b>	<b>991,753</b>

The Group provided a reserve for TL 263,951 (31 December 2019: TL 286,647) of non-cash loans not indemnified which equals to amounting to TL 87,824 (31 December 2019: TL 42,111).

Prior Period	Stage I		Stage II	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	5,763,173	6,558,086	717,216	513,850
Bank acceptances	-	12,695	-	220
Letters of credit	260	2,479,195	-	144,396
Endorsements	-	-	-	-
Underwriting commitments.	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	2,600,335	3,358,168	48,819	178,357
<b>Total</b>	<b>8,363,768</b>	<b>12,408,144</b>	<b>766,035</b>	<b>836,823</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):	80,856,033	78,045,061	-	-
Forward transactions	16,798,167	10,742,282	-	-
Swap transactions	58,803,224	58,730,372	-	-
Futures transactions	1,133,911	71,526	-	-
Option transactions	4,120,731	8,500,881	-	-
Interest related derivative transactions (II):	19,509,018	8,401,316	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	19,509,018	8,401,316	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	2,960,427	43,150	-	-
<b>A. Total trading derivative transactions (I+II+III+IV)</b>	<b>103,325,478</b>	<b>86,489,527</b>	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	6,250,067	1,740,184
Cash flow hedges	-	-	17,757,374	24,213,951
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	<b>24,007,441</b>	<b>25,954,135</b>
<b>Total Derivative Transactions (A+B)</b>	<b>103,325,478</b>	<b>86,489,527</b>	<b>24,007,441</b>	<b>25,954,135</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 by the Parent Bank.

#### i) Derivative instruments for fair value hedging purposes:

In 2020, the Parent Bank applied fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loans and marketable securities. As of 31 December 2020, the nominal value of the derivative instruments for risk management purposes is TL 6,250,067 and the net fair value is TL 363,278.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	6,250,067	447,376	84,098	1,740,184	21,136	-
Interest Rate Swaps	-	-	-	-	-	-
<b>Total</b>	<b>6,250,067</b>	<b>447,376</b>	<b>84,098</b>	<b>1,740,184</b>	<b>21,136</b>	<b>-</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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: (continued)

ii) Derivative instruments for cash flow hedge purposes:

The Parent Bank has applied cash flow hedge accounting by matching its swap portfolio with total notional amounting to TL 17,757,374 (31 December 2019: TL 24,213,951) and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. Effective portion of TL 283,380 (31 December 2019: TL 1,112,750 credit) credit accounted for under equity is presented after deducting its deferred tax effect of TL 56,676 (31 December 2019: TL 226,000 debit) debit in the financial statements. In 2020, ineffective portion of TL 18,266 (31 December 2019: TL 20,286) income is accounted for under income statement.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	4,852,334	615,008	471,891	7,611,850	218,639	875,965
Interest Rate Swaps	12,905,040	35,134	526,847	16,602,101	1,732	1,049,009
<b>Total</b>	<b>17,757,374</b>	<b>650,142</b>	<b>998,738</b>	<b>24,213,951</b>	<b>220,371</b>	<b>1,924,974</b>

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 venturers 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 2020, there are no contingent assets that need to be explained (31 December 2019: 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 93,625 for various lawsuits filed by various individuals and institutions with high probability of occurrence and cash outflow. This amount is presented under index “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 contingencies and commitments.

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 31 December 2020, the total nominal value and number of certificates are TL 4,218,738 and 4,218,738 (31 December 2019: TL 7,318,390 and 7,318,390) and the total fair value is TL 4,310,479 (31 December 2019: TL 4,864,848).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 2020, TEB’s ratings were as follows:

#### **Moody’s Investor Services:**

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Deposits	B2
Short Term FC Deposits	NP
Long Term TL Deposits	B1
Short Term TL Deposits	NP
Outlook	Negative

#### **Fitch Ratings:**

##### *Foreign Currency*

Long-term	B+
Short-term	B
Outlook	Negative

##### *Turkish Lira*

Long-term	BB-
Short-term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Financial Strength	b+

(\*) 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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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	3,378,061	221,584	4,632,277	356,415
Medium and Long Term Loans	4,697,498	242,614	5,137,129	269,578
Interest on Loans under Follow-Up	142,039	-	229,865	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>8,217,598</b>	<b>464,198</b>	<b>9,999,271</b>	<b>625,993</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 153,388 (31 December 2019: TL 225,870)

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	22,728
Domestic Banks	161,918	496	143,925	3,097
Foreign Banks	3,470	7,890	15,024	51,081
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>165,388</b>	<b>8,386</b>	<b>158,949</b>	<b>76,906</b>

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Valued at Fair Value Through Profit or Loss	135,137	43,247	159,911	27,970
Financial Assets at Fair Value Through Other Comprehensive Income	708,398	91,874	282,917	48,203
Financial Assets at Amortized Cost	1,078,923	90,253	571,203	41,639
<b>Total</b>	<b>1,922,458</b>	<b>225,374</b>	<b>1,014,031</b>	<b>117,812</b>

d) Information on interest income on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

#### 2. Explanations on Interest Expense

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	81,025	4,145	81,387	16,117
Foreign Banks	50,835	455,495	70,102	459,674
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>131,860</b>	<b>459,640</b>	<b>151,489</b>	<b>475,791</b>

(\*) Includes fees and commission expenses related to cash loans amounting to TL 10,870 (31 December 2019: TL 23,055).

b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.



# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

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

c) Information on interest expense on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	454,149	-	514,885	-
<b>Total</b>	<b>454,149</b>	<b>-</b>	<b>514,885</b>	<b>-</b>

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

Current Period:		Time Deposits						Accumulated Deposits	Total
Account Name	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	-	178,541	-	-	-	-	-	178,541	
Saving Deposits	-	1,219,565	862,589	14,228	4,701	14,788	-	2,115,871	
Public Sector Deposits	-	2,002	17,514	768	-	-	-	20,284	
Commercial Deposits	-	457,318	599,495	20,442	210	4,987	-	1,082,452	
Other Deposits	-	11,147	141,728	4,119	7	36	-	157,037	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>1,868,573</b>	<b>1,621,326</b>	<b>39,557</b>	<b>4,918</b>	<b>19,811</b>	<b>-</b>	<b>3,554,185</b>	
<b>FC</b>									
Foreign Currency Deposits	9	19,810	103,064	1,179	510	987	-	125,559	
Bank Deposits	-	285	-	-	-	5	-	290	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	238	2,432	470	2,249	1,569	-	6,958	
<b>Total</b>	<b>9</b>	<b>20,333</b>	<b>105,496</b>	<b>1,649</b>	<b>2,759</b>	<b>2,561</b>	<b>-</b>	<b>132,807</b>	
<b>Grand Total</b>	<b>9</b>	<b>1,888,906</b>	<b>1,726,822</b>	<b>41,206</b>	<b>7,677</b>	<b>22,372</b>	<b>-</b>	<b>3,686,992</b>	
Prior Period:		Time Deposits						Accumulated Deposits	Total
Account Name	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	-	39,449	-	-	-	-	-	39,449	
Saving Deposits	9	1,595,995	1,948,510	137,972	45,953	35,407	-	3,763,846	
Public Sector Deposits	-	4,463	6,465	2,174	-	-	-	13,102	
Commercial Deposits	235	463,361	530,438	54,558	31,676	46,726	-	1,126,994	
Other Deposits	-	7,238	158,706	14,990	73,986	4,870	-	259,790	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>244</b>	<b>2,110,506</b>	<b>2,644,119</b>	<b>209,694</b>	<b>151,615</b>	<b>87,003</b>	<b>-</b>	<b>5,203,181</b>	
<b>FC</b>									
Foreign Currency Deposits	-	95,599	304,254	5,303	4,492	3,929	-	413,577	
Bank Deposits	-	8,327	-	-	-	-	-	8,327	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	1	682	12,328	1,108	3,037	1,128	-	18,284	
<b>Total</b>	<b>1</b>	<b>104,608</b>	<b>316,582</b>	<b>6,411</b>	<b>7,529</b>	<b>5,057</b>	<b>-</b>	<b>440,188</b>	
<b>Grand Total</b>	<b>245</b>	<b>2,215,114</b>	<b>2,960,701</b>	<b>216,105</b>	<b>159,144</b>	<b>92,060</b>	<b>-</b>	<b>5,643,369</b>	

#### 3. Information on dividend income:

	Current Period	Prior Period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	3,557	1,326
Other	-	-
<b>Total</b>	<b>3,557</b>	<b>1,326</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 4. Information on trading gain/loss (Net):

	Current Period	Prior Period
<b>Gains</b>	<b>61,968,025</b>	<b>34,035,854</b>
Gains on capital market operations	295,308	449,304
Gains on derivative financial instruments <sup>(1)</sup>	15,988,223	14,066,366
Foreign exchange gains	45,684,494	19,520,184
<b>Losses (-)</b>	<b>63,704,662</b>	<b>35,045,971</b>
Losses on capital market operations	347,791	323,954
Losses on derivative financial instruments <sup>(1)</sup>	17,047,618	14,978,565
Foreign exchange losses	46,309,253	19,743,452

(1) Includes exchange rate fluctuations of hedging transactions net profit of TL 801,149 (31 December 2019: TL 142,065 profit), derivative financial instruments exchange rate changes in profit / loss accounts amounting to TL 235,299 (31 December 2019: TL 343,138) net exchange income.

#### 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.

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

##### a) Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	752,055	1,407,353
12-Month Expected Credit Losses (Stage 1)	(14,561)	41,424
Significant Increase in Credit Risk (Stage 2)	346,048	65,672
Credit-Impaired (Stage 3)	420,568	1,300,257
Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Others <sup>(1)</sup>	(22,683)	89,173
<b>Total</b>	<b>729,372</b>	<b>1,496,526</b>

(1) Includes the remaining provision amounting to TL 53,259 (31 December 2019: TL 19,708).

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

	Current Period	Prior Period
Reserve for employee termination benefits <sup>(1)</sup>	30,661	19,725
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	943	-
Depreciation expenses of fixed assets	246,882	228,698
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Depreciation expenses of intangible assets	77,833	72,141
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	(5,269)	4,467
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	1,125,161	1,093,597
Rent expenses related to TFRS16 Exceptions <sup>(2)</sup>	36,525	55,262
Maintenance expenses	37,604	38,525
Advertisement expenses	59,954	68,282
Other expenses	991,078	931,528
Loss on sales of assets	6,581	10,778
Other <sup>(3)</sup>	458,443	355,443
<b>Total</b>	<b>1,941,235</b>	<b>1,784,849</b>

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

(2) Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 191,325 (31 December 2019: TL 142,295) and other taxes and fees paid in the amount of TL 179,916 (31 December 2019: TL 149,358).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 8. Information of the profit/loss on continued and discontinued operations before tax:

- a) The portion of the profit before tax amounting to TL 6,253,166 (31 December 2019: TL 5,564,713) consists of net interest income, while TL 1,331,799 (31 December 2019: TL 1,582,629) consists of net fee and commission income; total operating expenses amount to TL 3,574,990 (31 December 2019: TL 3,282,841).
- b) Explanations on discontinued operations profit loss: None.

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

- a) As of 31 December 2020, the current tax expense is TL 523,814 (31 December 2019: TL 541,836) Deferred tax income is TL 115,800 (31 December 2019: TL 177,232), and there is no current and deferred tax income/expense from discontinued operations. (31 December 2019: None).
- b) Deferred tax income on temporary differences resulted from continued operations is TL 115,800 (31 December 2019: TL 177,232).
- c) Tax reconciliation:

	Current Period	Prior Period
<b>Profit Before Taxes</b>	<b>1,676,920</b>	<b>1,491,793</b>
<b>Additions</b>	<b>182,091</b>	<b>164,948</b>
Nonallowable Expenses	52,398	97,622
The Effect of Different Tax Rates	86,615	33,200
Other	43,078	34,126
<b>Deductions</b>	<b>(3,834)</b>	<b>(974)</b>
Dividend Income	(3,834)	(974)
<b>Taxable Profit/Loss</b>	<b>1,855,177</b>	<b>1,655,767</b>
Corporation Tax Rate	22%	22%
<b>Calculated Tax</b>	<b>408,139</b>	<b>364,269</b>
Prior Year Tax Correction	(125)	335
<b>Tax Charge</b>	<b>408,014</b>	<b>364,604</b>

#### 10. Information on net profit/loss on continued and discontinued operations before tax:

Net profit of the Group from the activities carried out as of 31 December 2020 TL 1,268,906 (31 December 2019: TL 1,127,189), as of 31 December 2020 there is no net profit from discontinued operations (31 December 2019: 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 2019: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2019: None).
- c) Profit/loss attributable to minority interest:

	Current Period	Prior Period
Minority interest profit/loss	6,151	2,223

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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

#### 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	196,519	219,332
Other	22,452	33,889
<b>Total</b>	<b>218,971</b>	<b>253,221</b>

	Current Period	Prior Period
<b>Other Fees and Commissions Received</b>		
Credit Card Fee and Commissions	798,924	1,313,155
Insurance Commissions	262,964	185,916
Brokerage Commissions	170,741	60,045
Funds Management Fees	85,505	53,785
Early Closing Commissions	76,263	62,993
General Limit Revision Commissions	49,332	45,680
Transfer Commissions	48,859	39,659
Settlement Expense Provision, Eft, Swift, Agency Commissions	35,178	48,769
Periodic Service Commission	28,225	166,434
Consultancy Commission	9,535	7,685
Other	131,948	201,128
<b>Total</b>	<b>1,697,474</b>	<b>2,185,249</b>

<b>Other Fees and Commissions Given</b>		
Credit Cards Commissions and Fees	418,324	701,669
Commissions and Fees Paid to Correspondent Banks	62,254	58,762
Settlement Expense Provision, Eft, Swift, Agency Commissions	33,471	25,813
Other	104,669	95,761
<b>Total</b>	<b>618,718</b>	<b>882,005</b>

### 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 132,450 (31 December 2019: TL 201,511 increased) and change effect to deferred tax is TL 27,057 (31 December 2019: TL 44,328 ).

- 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. The related amount in 2020 decreased by TL 829,371 (31 December 2019: TL 1,463,374 decreased) and the effect of this change to deferred tax is TL 169,324 (31 December 2019: TL 302,891).

- c) Explanations on profit distribution:

It has been resolved in the Ordinary General Assembly dated 26 March 2019 of the Parent Bank, TL 1,070,354 that constitutes the 2019 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 53,518 as Legal Reserves, TL 9,394 as special reserves, TL 0.87 (full TL) as profit distributed to the holders of the founder jouissance certificates.

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

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 in the Statement of Cash Flows and the change in the exchange rate on cash and cash equivalents:

“Other items” amounting to TL 2,439,324 (31 December 2019: TL 2,324,255) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

The “net increase in other liabilities” item in the “change in assets and liabilities subject to banking activities” amounting to TL 1,012,184 (31 December 2019: TL 1,457,315 increased) consists of various liabilities, other foreign sources and changes in money markets. “Net decrease in other assets” item amounting to TL 1,111,815 (31 December 2019: TL 251,877 increased) consists of changes in blocked reserve requirements, miscellaneous receivables and other assets.

“Other” item amounting to TL 89,347 (31 December 2019: TL 101,287) in “Net cash provided from investment activities” consists of cash outflows for intangible assets received in the current period.

The effect of 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 the beginning and end of the period and as TL 1,432,624 for the year 2020 (31 December 2019: TL 475,011 ). It has been realized.

#### 2. Cash and cash equivalents at 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>6,936,878</b>	<b>8,834,731</b>
Cash in TL/Foreign Currency	2,441,970	2,006,466
Central Bank – Unrestricted amount	4,229,448	6,721,963
Other	265,460	106,302
<b>Cash equivalents</b>	<b>9,415,576</b>	<b>4,225,423</b>
Banks	8,575,535	3,943,831
Money market placements	840,041	281,592
<b>Total cash and cash equivalents</b>	<b>16,352,454</b>	<b>13,060,154</b>

<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>10,125,205</b>	<b>6,936,878</b>
Cash in TL/Foreign Currency	2,331,352	2,441,970
Central Bank – Unrestricted amount	7,605,582	4,229,448
Other	188,271	265,460
<b>Cash equivalents</b>	<b>12,777,282</b>	<b>9,415,576</b>
Banks	6,599,282	8,575,535
Money market placements	6,178,000	840,041
<b>Total cash and cash equivalents</b>	<b>22,902,487</b>	<b>16,352,454</b>

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(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 2019.

##### a) Current Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of Period	-	-	19,196	182,856	393,152	101,145
Balance at End of Period	-	-	161,422	438,193	810,094	89,477
Interest and Commission Income	-	4	7,596	2,125	16,452	629

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

##### b) Prior Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of period	-	-	75,725	260,569	423,513	20,136
Balance at End of Period	-	-	19,196	182,856	393,152	101,145
Interest and Commission Income	-	-	29,774	2,541	12,627	1,140

Direct and indirect shareholders of the Group balance above includes TL 17,600 and other entities included in the risk group balance above includes TL 63,260 placement in “Banks”.

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

Related parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Balance at Beginning of Period	-	-	3,313,150	1,497,789	648,747	42
Balance at End of Period	1	-	5,596,710	3,313,150	1,281,302	648,747
Interest on Deposits	-	-	162,488	90,121	39,047	92,318

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

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Financial Assets at Fair Value Through Profit or Loss					
Beginning of Period	-	-	29,930,097	28,512,967	913,846	1,210,586
End of Period	-	-	18,396,561	29,930,097	284,453	913,846
Total Profit/Loss	-	-	(1,106,802)	1,403,566	(23,948)	(14,335)
Hedging Transactions Purposes						
Beginning of Period	-	-	17,648,505	17,581,390	-	-
End of Period	-	-	10,139,721	17,648,505	-	-
Total Profit/Loss	-	-	949,648	(1,209,539)	-	-

d) As of 31 December 2020, the total amount of remuneration and fees provided for the senior management of the Group is TL 62,363 (31 December 2019: TL 55,385).

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

### VIII. Explanations on the Parent Bank’s Domestic, Abroad, Off-Shore Branches or Subsidiaries, and Agencies Abroad

#### 1. Explanations on the Parent Bank’s domestic branches, agencies and branches abroad and off-shore branches:

	Numbers	Employees			
Domestic branches	451	8,778			
Rep-offices abroad	-			Country	
Branches abroad	4	72	Cyprus	Total Assets	Capital
				1,198,195	20,000
Off-shore branches	-		-		-

#### 2. Explanations on Branch and Agency Openings or Closings of the Parent Bank:

In the year 2020, the Parent Bank closed 16 branches, there are no branches opened during the year.

### IX. Explanations on Significant Events and Matters Arising Subsequent to Balance Sheet Date

None.

## 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 audit report dated 5 February 2021 is presented preceding the consolidated financial statements.

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

None.

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