

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AT 31 MARCH 2024 WITH
AUDITOR'S REVIEW REPORT**

Convenience Translation of the Auditor’s Review Report Originally Issued in Turkish

Independent Auditors’ Report on Review of Unconsolidated Interim Financial Information

To the General Assembly of Türk Ekonomi Bankası Anonim Şirketi

Introduction

We have reviewed the unconsolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) at March 31, 2024 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim unconsolidated financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

As explained in Section Five Part II.7.d and IV.5.a the accompanying unconsolidated financial statements as of March 31, 2024, include a free provision at an amount of TL 850,000 thousands of which TL 2,050,000 thousands was provided in prior years and TL 1,200,000 thousands was reversed in the current period by the Bank management which does not meet the recognition criteria of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of Türk Ekonomi Bankası A.Ş. at March 31, 2024 and the results of its operations and its unconsolidated cash flows for the three-month-period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2023 and 31 March 2023 prepared in accordance with BRSA Accounting and Financial Reporting Legislation were audited and reviewed by another auditor who expressed a qualified opinion in the report of the relevant audit firm issued on 31 January 2024 due to the effect of the free provision amounting to TL 2,050,000 thousands of which TL 400,000 thousands was provided in prior years and TL 1,650,000 thousands was provided in the current period by the Bank management and unqualified conclusion in the report of relevant audit firm issued on 3 May 2023 respectively.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatma Ebru Yücel
Partner

25 April 2024
İstanbul, Turkey

**Convenience Translation of
Publicly Announced Unconsolidated Interim Financial Statements and Review 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 THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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

- General Information about the Bank
- Unconsolidated 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 Notes on Unconsolidated Interim Financial Statements
- Review Report
- Interim Activity Report

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

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

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

Name-Surname/Title : Ashlhan Kaya / External Reporting Senior Manager
Telephone Number : (0216) 635 24 51
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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

SECTION ONE

GENERAL INFORMATION

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

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

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

As of 31 March 2024 and 31 December 2023, the shareholders’ structure and their respective ownerships are summarized as follows:

Name of Shareholders	31 March 2024		31 December 2023	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	2,204,390	100.00	2,204,390	100.00

As of 31 March 2024, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

IV. Information on the Bank's Qualified Shareholders

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

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

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

The Bank's operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 March 2024, the Bank has 441 local branches and 4 foreign branches (31 December 2023: 440 local branches, 4 foreign branches). As of 31 March 2024, the number of employees of the Bank is 8,305 (31 December 2023: 8,333).

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
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- III. Statement of Profit or Loss
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- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

BALANCE SHEET FOR THE INTERIM PERIOD AS OF 31 MARCH 2024

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Section 5 Note	Reviewed Current Period 31.03.2024			Audited Prior Period 31.12.2023		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		59,871,986	71,087,325	130,959,311	62,556,957	74,152,574	136,709,531
1.1 Cash and Cash Equivalents		49,435,485	65,725,971	115,161,456	54,430,193	69,429,745	123,859,938
1.1.1 Cash and Balances with Central Bank	(I-1)	27,329,174	59,048,222	86,377,396	40,590,024	63,894,514	104,484,538
1.1.2 Banks	(I-4)	4,049,551	6,725,922	10,775,473	1,607,670	5,586,915	7,194,585
1.1.3 Money Market Placement		18,070,539	-	18,070,539	12,243,739	-	12,243,739
1.1.4 Expected Loss Provisions (-)		13,779	48,173	61,952	11,240	51,684	62,924
1.2 Financial Assets at Fair Value Through Profit or Loss		1,791,948	825,899	2,617,847	352,244	660,327	1,012,571
1.2.1 Government Debt Securities	(I-2)	1,682,692	452,853	2,135,545	242,988	345,477	588,465
1.2.2 Equity Securities		109,256	195,141	304,397	109,256	164,734	273,990
1.2.3 Other Financial Assets		-	177,905	177,905	-	150,116	150,116
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	5,317,242	2,969,416	8,286,658	5,103,118	2,722,321	7,825,439
1.3.1 Government Debt Securities		5,234,907	2,969,416	8,204,323	5,020,783	2,722,321	7,743,104
1.3.2 Equity Securities		82,335	-	82,335	82,335	-	82,335
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		3,327,311	1,566,039	4,893,350	2,671,402	1,340,181	4,011,583
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	3,327,311	1,367,414	4,694,725	1,935,635	1,037,427	2,973,062
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	-	198,625	198,625	735,767	302,754	1,038,521
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		222,120,771	80,691,186	302,811,957	180,572,861	71,874,109	252,446,970
2.1 Loans	(I-6)	178,689,189	69,560,051	248,249,240	150,617,852	59,267,626	209,885,478
2.2 Lease Receivables	(I-11)	-	-	-	-	-	-
2.3 Factoring Receivables	(I-11)	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(I-7)	48,409,794	13,212,243	61,622,037	34,609,839	14,681,619	49,291,458
2.4.1 Government Debt Securities		48,409,794	13,212,243	61,622,037	34,609,839	14,681,619	49,291,458
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		4,978,212	2,081,108	7,059,320	4,654,830	2,075,136	6,729,966
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-14)	75,194	-	75,194	82,060	-	82,060
3.1 Held for Sale Purpose		75,194	-	75,194	82,060	-	82,060
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		279,026	-	279,026	279,026	-	279,026
4.1 Associates (Net)	(I-8)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(I-9)	279,021	-	279,021	279,021	-	279,021
4.2.1 Unconsolidated Financial Subsidiaries		278,971	-	278,971	278,971	-	278,971
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
4.3 Joint Ventures (Net)	(I-10)	5	-	5	5	-	5
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
V. TANGIBLE ASSETS (Net)		1,992,194	-	1,992,194	1,933,104	-	1,933,104
VI. INTANGIBLE ASSETS (Net)		1,303,122	-	1,303,122	1,269,693	-	1,269,693
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		881,998	-	881,998	848,569	-	848,569
VII. INVESTMENT PROPERTIES (Net)	(I-13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		398,378	-	398,378	220,897	-	220,897
IX. DEFERRED TAX ASSET		3,421,020	-	3,421,020	2,410,400	-	2,410,400
X. OTHER ASSETS (Net)		12,299,923	676,134	12,976,057	10,973,389	593,949	11,567,338
TOTAL ASSETS		301,761,614	152,454,645	454,216,259	260,298,387	146,620,632	406,919,019

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

BALANCE SHEET FOR THE INTERIM PERIOD AS OF 31 MARCH 2024

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES		Section 5 Note	Reviewed Current Period 31.03.2024			Audited Prior Period 31.12.2023		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(II-1)	195,210,370	116,517,624	311,727,994	185,454,941	99,290,895	284,745,836
II.	FUNDS BORROWED	(II-3)	289,856	19,942,402	20,232,258	112,235	19,827,362	19,939,597
III.	MONEY MARKET FUNDS		-	26,314,760	26,314,760	-	28,109,842	28,109,842
IV.	SECURITIES ISSUED (Net)	(II-3)	-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		2,197,739	1,311,924	3,509,663	1,834,898	800,400	2,635,298
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,129,966	1,257,055	3,387,021	1,752,443	800,400	2,552,843
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	67,773	54,869	122,642	82,455	-	82,455
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(II-5)	1,091,978	25,323	1,117,301	965,961	25,188	991,149
X.	PROVISIONS	(II-7)	4,821,428	1,024,525	5,845,953	5,580,312	781,515	6,361,827
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		3,191,296	120,389	3,311,685	2,777,948	108,441	2,886,389
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		1,630,132	904,136	2,534,268	2,802,364	673,074	3,475,438
XI.	CURRENT TAX LIABILITY	(II-8)	2,783,028	1	2,783,029	1,282,111	3	1,282,114
XII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS		-	26,109,188	26,109,188	-	11,637,967	11,637,967
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	26,109,188	26,109,188	-	11,637,967	11,637,967
XV.	OTHER LIABILITIES	(II-4)	16,731,795	3,167,404	19,899,199	13,722,859	2,447,840	16,170,699
XVI.	SHAREHOLDERS' EQUITY	(II-9)	36,618,018	58,896	36,676,914	34,911,647	133,043	35,044,690
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		389,769	-	389,769	389,769	-	389,769
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		387,204	-	387,204	387,204	-	387,204
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit or Loss		(339,289)	-	(339,289)	(344,917)	-	(344,917)
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit or Loss		(158,128)	58,896	(99,232)	(26,971)	133,043	106,072
16.5	Profit Reserves		31,516,711	-	31,516,711	20,962,728	-	20,962,728
16.5.1	Legal Reserves		836,739	-	836,739	718,690	-	718,690
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		27,583,518	-	27,583,518	15,627,134	-	15,627,134
16.5.4	Other Profit Reserves		3,096,454	-	3,096,454	4,616,904	-	4,616,904
16.6	Profit or Loss		3,004,565	-	3,004,565	11,726,648	-	11,726,648
16.6.1	Prior Periods' Profit / Loss		-	-	-	-	-	-
16.6.2	Current Periods' Profit / Loss		3,004,565	-	3,004,565	11,726,648	-	11,726,648
TOTAL LIABILITIES			259,744,212	194,472,047	454,216,259	243,864,964	163,054,055	406,919,019

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

OFF-BALANCE SHEET ITEMS FOR THE INTERIM PERIOD AS OF 31 MARCH 2024

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

II. OFF-BALANCE SHEET ITEMS

	Section 5 Note	Reviewed Current Period 31.03.2024			Audited Prior Period 31.12.2023		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET LIABILITIES (I+II+III)		301,541,598	404,597,703	706,139,301	219,914,666	342,246,423	562,161,089
I. GUARANTEES AND WARRANTIES	(III-1)	24,378,221	69,030,799	93,409,020	19,654,698	62,281,912	81,936,610
1.1 Letters of Guarantee		15,018,984	33,024,697	48,043,681	13,366,519	31,813,601	45,180,120
1.1.1 Guarantees Subject to State Tender Law		106,970	224,378	331,348	104,520	205,134	309,654
1.1.2 Guarantees Given for Foreign Trade Operations		874,646	1,375,903	2,250,549	862,611	1,207,038	2,069,649
1.1.3 Other Letters of Guarantee		14,037,368	31,424,416	45,461,784	12,399,388	30,401,429	42,800,817
1.2 Bank Acceptances		-	68,398	68,398	-	70,513	70,513
1.2.1 Import Letter of Acceptance		-	68,398	68,398	-	70,513	70,513
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		9,500	28,086,562	28,096,062	-	22,935,305	22,935,305
1.3.1 Documentary Letters of Credit		-	6,214,416	6,214,416	-	5,661,471	5,661,471
1.3.2 Other Letters of Credit		9,500	21,872,146	21,881,646	-	17,273,834	17,273,834
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		5,482,516	7,851,142	13,333,658	3,246,496	7,446,704	10,693,200
1.9 Other Collaterals		3,867,221	-	3,867,221	3,041,683	15,789	3,057,472
II. COMMITMENTS	(III-1)	107,586,130	23,881,033	131,467,163	72,370,428	9,642,055	82,012,483
2.1 Irrevocable Commitments		106,198,770	23,881,033	130,079,803	71,516,146	9,642,055	81,158,201
2.1.1 Asset Purchase Commitments		1,548,802	22,876,504	24,425,306	1,651,971	8,591,528	10,243,499
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		16,345,311	155	16,345,466	13,465,372	111,782	13,577,154
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		6,178,116	-	6,178,116	4,044,146	-	4,044,146
2.1.8 Tax and Fund Liabilities from Export Commitments		402,419	-	402,419	302,721	-	302,721
2.1.9 Commitments for Credit Card Limits		81,720,839	-	81,720,839	52,048,755	-	52,048,755
2.1.10 Commitments for Credit Cards and Banking Services Promotions		3,283	-	3,283	3,181	-	3,181
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		-	1,004,374	1,004,374	-	938,745	938,745
2.2 Revocable Commitments		1,387,360	-	1,387,360	854,282	-	854,282
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		1,387,360	-	1,387,360	854,282	-	854,282
III. DERIVATIVE FINANCIAL INSTRUMENTS		169,577,247	311,685,871	481,263,118	127,889,540	270,322,456	398,211,996
3.1 Derivative Financial Instruments for Hedging Purposes		1,500,000	13,905,756	15,405,756	1,665,300	24,498,209	26,163,509
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		1,500,000	13,905,756	15,405,756	1,665,300	24,498,209	26,163,509
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		168,077,247	297,780,115	465,857,362	126,224,240	245,824,247	372,048,487
3.2.1 Forward Foreign Currency Buy/Sell Transactions		36,032,525	42,114,624	78,147,149	14,836,229	21,682,347	36,518,576
3.2.1.1 Forward Foreign Currency Transactions-Buy		18,111,578	21,078,662	39,190,240	13,697,429	5,264,009	18,961,438
3.2.1.2 Forward Foreign Currency Transactions-Sell		17,920,947	21,035,962	38,956,909	1,138,800	16,418,338	17,557,138
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		107,461,636	173,905,757	281,367,393	86,388,981	131,816,100	218,205,081
3.2.2.1 Foreign Currency Swap-Buy		4,935,888	84,275,448	89,211,336	869,068	59,729,356	60,598,424
3.2.2.2 Foreign Currency Swap-Sell		51,734,936	43,629,603	95,364,539	32,587,503	33,978,278	66,565,781
3.2.2.3 Interest Rate Swaps-buy		25,395,406	23,000,353	48,395,759	26,466,205	19,054,233	45,520,438
3.2.2.4 Interest Rate Swaps-Sell		25,395,406	23,000,353	48,395,759	26,466,205	19,054,233	45,520,438
3.2.3 Foreign Currency, Interest Rate and Securities Options		22,207,631	76,494,421	98,702,052	24,999,030	88,493,331	113,492,361
3.2.3.1 Foreign Currency Options-Buy		12,817,667	30,426,573	43,244,240	13,714,144	37,016,644	50,730,788
3.2.3.2 Foreign Currency Options-Sell		9,389,964	33,722,828	43,112,792	11,284,886	40,045,729	51,330,615
3.2.3.3 Interest Rate Options-Buy		-	6,172,510	6,172,510	-	5,715,479	5,715,479
3.2.3.4 Interest Rate Options-Sell		-	6,172,510	6,172,510	-	5,715,479	5,715,479
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		2,375,455	2,073,529	4,448,984	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		2,375,455	-	2,375,455	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	2,073,529	2,073,529	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	3,191,784	3,191,784	-	3,832,469	3,832,469
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		352,842,122	157,750,208	510,592,330	303,612,583	145,764,338	449,376,921
IV. ITEMS HELD IN CUSTODY		88,895,874	29,110,454	118,006,328	70,628,072	27,007,273	97,635,345
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		15,949,926	27,134,508	43,084,434	13,670,212	25,264,456	38,934,668
4.3 Cheques Received for Collection		56,569,520	589,910	57,159,430	44,899,493	256,367	45,155,860
4.4 Commercial Notes Received for Collection		1,887,505	70,301	1,957,806	1,259,605	130,698	1,390,303
4.5 Other assets Received for Collection		125	1,315,735	1,315,860	125	1,355,752	1,355,877
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		14,488,798	-	14,488,798	10,798,637	-	10,798,637
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		261,645,363	128,366,101	390,011,464	231,628,157	118,400,989	350,029,146
5.1 Marketable Securities		883,874	1,219,658	2,103,532	537,996	1,056,614	1,594,610
5.2 Guarantee Notes		85,045,748	89,047,330	174,093,078	77,513,244	83,066,063	160,579,307
5.3 Commodity		790,147	288,328	1,078,475	664,315	604,663	1,268,978
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		126,828,430	29,480,447	156,308,877	114,279,639	27,356,588	141,636,227
5.6 Other Pledged Items		48,097,164	8,330,338	56,427,502	38,632,963	6,317,061	44,950,024
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		2,300,885	273,653	2,574,538	1,356,354	356,076	1,712,430
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		654,383,720	562,347,911	1,216,731,631	523,527,249	488,010,761	1,011,538,010

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2024

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

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS	Section 5 Note	Reviewed	Reviewed
		Current Period 01.01-31.03.2024	Prior Period 01.01-31.03.2023
I. INTEREST INCOME	(IV-1)	23,314,774	9,457,113
1.1 Interest Income on Loans		17,408,034	5,981,011
1.2 Interest Income on Reserve Requirements		697,955	10,453
1.3 Interest Income on Banks		738,835	96,371
1.4 Interest Income on Money Market Transactions		1,242,485	94,299
1.5 Interest Income on Securities Portfolio		3,125,065	3,256,613
1.5.1 Financial Assets at Fair Value Through Profit or Loss		112,234	80,830
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		478,165	234,386
1.5.3 Financial Assets Measured at Amortized Cost		2,534,666	2,941,397
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		102,400	18,366
II. INTEREST EXPENSES (-)	(IV-2)	16,977,548	5,428,545
2.1 Interest Expense on Deposits		15,088,126	4,877,854
2.2 Interest Expense on Funds Borrowed		1,095,770	415,133
2.3 Interest Expense on Money Market Transactions		354,571	59,963
2.4 Interest Expense on Securities Issued		-	-
2.5 Interest Expense on Leases		89,991	62,239
2.6 Other Interest Expenses		349,090	13,356
III. NET INTEREST INCOME /EXPENSE (I - II)		6,337,226	4,028,568
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		1,924,633	749,280
4.1 Fees and Commissions Received		3,890,950	1,345,087
4.1.1 Non-cash Loans		309,510	212,564
4.1.2 Other	(IV-9)	3,581,440	1,132,523
4.2 Fees and Commissions Paid (-)		1,966,317	595,807
4.2.1 Non-cash Loans		2,685	2,084
4.2.2 Other	(IV-9)	1,963,632	593,723
V. DIVIDEND INCOME		759	13,343
VI. TRADING PROFIT / LOSS (Net)	(IV-3)	(718,178)	2,387,849
6.1 Securities Trading Gains / Losses		67,463	1,216,308
6.2 Gains / Losses on Derivative Financial Instruments		(1,998,122)	(24,752)
6.3 Foreign Exchange Gains / Losses		1,212,481	1,196,293
VII. OTHER OPERATING INCOME	(IV-4)	134,425	117,295
VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII)		7,678,865	7,296,335
IX. EXPECTED CREDIT LOSS (-)	(IV-5)	488,431	191,726
X. OTHER PROVISION EXPENSES (-)	(IV-5)	(1,249,209)	1,185
XI. PERSONNEL EXPENSES (-)		2,860,780	1,427,446
XII. OTHER OPERATING EXPENSES (-)	(IV-6)	2,181,160	1,470,969
XIII. NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)		3,397,703	4,205,009
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI. INCOME/LOSS ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		3,397,703	4,205,009
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (-)	(IV-7)	393,138	884,682
18.1 Current Tax Provision		1,318,183	536,265
18.2 Deferred Tax Expense Effect (+)		1,155,269	893,618
18.3 Deferred Tax Income Effect (-)		(2,080,314)	(545,201)
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		3,004,565	3,320,327
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses from Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	(IV-7)	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET INCOME/LOSS (XIX+XXIV)	(IV-8)	3,004,565	3,320,327
Earnings/Loss per Share		1.3630	1.5062

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY – 31 MARCH 2024

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed Current Period 01.01-31.03.2024	Reviewed Prior Period 01.01-31.03.2023
I. CURRENT PERIOD PROFIT/LOSS	3,004,565	3,320,327
II. OTHER COMPREHENSIVE INCOME	(199,676)	(226,712)
2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss	5,628	5,488
2.1.1 Increases/Decreases on Revaluation of Property, Plant and Equipment	-	-
2.1.2 Increases/Decreases on Revaluation of Intangible Assets	-	-
2.1.3 Gains/Losses on Remeasurement of Defined Benefit Plans	8,040	7,317
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	-	-
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	(2,412)	(1,829)
2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss	(205,304)	(232,200)
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	(95,050)	(284,539)
2.2.3 Income/Loss Related to Cash Flow Hedges	(198,241)	(25,061)
2.2.4 Income/Loss Related to Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	-	-
2.2.6 Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	87,987	77,400
III. TOTAL COMPREHENSIVE INCOME (I+II)	2,804,889	3,093,615

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2024

(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 and Expense Not to be Reclassified through Profit or Loss			Accumulated Other Comprehensive Income and Expense to be Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit/(Loss)	Current Period Profit or Loss	Total Equity
Reviewed	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6				
I. Prior Period– 01.01-31.03.2023														
II. Prior Period End Balance	2,204,390	2,565	-	387,204	56,230	(469,889)	12,711	-	691,251	282,444	10,983,662	11,190,604	-	25,341,172
III. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	2,565	-	387,204	56,230	(469,889)	12,711	-	691,251	282,444	10,983,662	11,190,604	-	25,341,172
IV. Total Comprehensive Income	-	-	-	-	-	5,488	-	-	(213,405)	(18,795)	-	-	3,320,327	3,093,615
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	92,478	-	-	-	-	-	(92,478)	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	10,071,544	(11,190,604)	-	(1,119,060)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(1,119,060)	-	(1,119,060)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	10,071,544	(10,071,544)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 31.03.2023 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,204	148,708	(464,401)	12,711	-	477,846	263,649	20,962,728	-	3,320,327	27,315,727
I. Current Period – 01.01-31.03.2024														
II. Prior Period End Balance	2,204,390	2,565	-	387,204	148,708	(536,751)	43,126	-	(111,300)	217,372	20,962,728	11,726,648	-	35,044,690
III. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	2,565	-	387,204	148,708	(536,751)	43,126	-	(111,300)	217,372	20,962,728	11,726,648	-	35,044,690
IV. Total Comprehensive Income	-	-	-	-	-	5,628	-	-	(66,535)	(138,769)	-	-	3,004,565	2,804,889
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	-	-	-	-	-	-	-	-	-	-	10,553,983	(11,726,648)	-	(1,172,665)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(1,172,665)	-	(1,172,665)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	10,553,983	(10,553,983)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 31.03.2024 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,204	148,708	(531,123)	43,126	-	(177,835)	78,603	31,516,711	-	3,004,565	36,676,914

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

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

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

4. Foreign currency translation differences.

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2024

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

VI. STATEMENT OF CASH FLOWS

	Section 5 Note	Reviewed Current Period 01.01-31.03.2024	Reviewed Prior Period 01.01-31.03.2023
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Banking Operatins Assets and Liabilities		2,154,924	1,893,353
1.1.1 Interest Received		19,745,287	7,137,466
1.1.2 Interest Paid		(14,882,420)	(5,186,597)
1.1.3 Dividend Received		759	389
1.1.4 Fees and Commissions Received		3,656,795	1,412,894
1.1.5 Other Income		1,414,369	2,529,896
1.1.6 Collections from Previously Written Off Loans		445,505	318,940
1.1.7 Payments to Personnel and Service Suppliers		(2,766,342)	(1,408,417)
1.1.8 Taxes Paid		-	(8,609)
1.1.9 Others		(5,459,029)	(2,902,609)
1.2 Changes in Banking Operatins Assets and Liabilities		(27,708,937)	(11,914,106)
1.2.1 Net Decrease in Financial Asset at Fair Value through Profit or Loss		(1,573,539)	1,643,264
1.2.2 Net (Increase) in Due from Banks		(164,355)	(40,879)
1.2.3 Net (Increase) in Loans		(31,588,605)	(3,465,286)
1.2.4 Net (Increase) in Other Assets		(12,911,459)	(6,355,570)
1.2.5 Net Increase / (Decrease) in Bank Deposits		(1,223,534)	1,183,102
1.2.6 Net Increase in Other Deposits		16,793,448	(5,006,385)
1.2.7 Net Increase / (Decrease) in Financial Liabilities at Fair Value through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in Funds Borrowed		157,706	(921,206)
1.2.9 Net Increase / (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities		2,801,401	1,048,854
I. Net Cash Flow Provided from Banking Operations		(25,554,013)	(10,020,753)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow Provided from Investing Activities		(9,682,566)	47,097
2.1 Purchase of Entities Under Common Control, Associates and Subsidiaries (Joint Vent.)		-	(162,985)
2.2 Sale of Entities Under Common Control, Associates and Subsidiaries (Joint Vent.)		-	-
2.3 Purchase of Tangible Assets		(20,804)	(20,837)
2.4 Sale of Tangible Assets		993	2,513
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		-	(3,708,442)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		10,000	2,878,986
2.7 Purchase of Financial Assets Measured at Amortized Cost		(12,284,269)	(1,839,500)
2.8 Sale of Financial Assets Measured at Amortized Cost		2,708,681	2,967,371
2.9 Other		(97,167)	(70,009)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		12,774,027	(118,995)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		12,949,440	-
3.2 Cash Outflow from Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments For Leases		(175,413)	(118,995)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		1,797,950	387,407
V. Net Increase in Cash and Cash Equivalents		(20,664,602)	(9,705,244)
VI. Cash and Cash Equivalents at Beginning of the Period		96,413,803	42,026,935
VII. Cash and Cash Equivalents at End of the Period		75,749,201	32,321,691

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

SECTION THREE ACCOUNTING PRINCIPLES

I. Explanations on Basis of Presentation

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

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

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

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

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

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

The amendments to TAS/TFRS, effective from 1 January 2024, do not have a significant impact on the Bank's accounting policies, financial position and performance. The amendments to TAS and TFRS, which have been published but not yet entered into force as of the finalization date of the financial statements, will not have a significant impact on the Bank's accounting policies, financial position and performance.

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

In addition, TAS 29 requires all entities reporting in the currency of a hyperinflationary economy to adopt this Standard from the same date. Therefore, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 at the same time with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority to ensure consistency in practice across the country. POA, on 23 November 2023, published an announcement regarding that companies that apply Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises (FRS for LME) should present their financial statements for the annual reporting period ending on or after 31 December 2023 in accordance with the relevant accounting principles in "Turkish Accounting Standard 29 Financial Reporting in Economies with High Inflation" and "FRS for LME Chapter 25 Financial Reporting in Economies with High Inflation", adjusted for the effect of inflation. However, institutions or organizations authorized to regulate and supervise their own fields may determine transition dates different from those foreseen above for the implementation of the provisions in TAS 29 or FRS for LME. Based on this announcement, BRSA, in accordance with its decision dated 12 December 2023 and numbered 10744, has decided that the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TAS 29. In accordance with the BRSA's decision dated January 11, 2024 and numbered 10825, it was decided that banks and financial leasing, factoring, financing, savings financing and asset management companies will switch to inflation accounting as of January 1, 2025. In this scope, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated 31 March 2024.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

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

As a component of risk management strategy of the Bank, risk bearing short 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 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”.

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

Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet through their contractual amounts. Derivative transactions are measured at fair value after initial recognition. Derivative financial instruments are initially recognized at fair value and attributable transaction costs are recognized in profit or loss on the date they are incurred. In the periods following the recording of derivative transactions, the part of derivative financial assets at fair value through profit or loss or the part of derivative financial liabilities at fair value through profit or loss are shown in the balance sheet, depending on whether the fair value is positive or negative. Differences in fair value as a result of the valuation are reflected in the profit or loss statement from derivative financial transactions.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

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

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

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

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

Explanations on derivatives for hedging purposes

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

The Bank applies fair value hedge and cash flow hedge accounting. In cash flow hedge accounting, the effective part of the fair value change of the hedging instrument is recognized in the “accumulated other comprehensive income or expense to be reclassified in profit or loss” account under equity, and the ineffective part is recognized in the statement of profit or loss. In periods when the cash flows related to the hedged item affect the profit or loss, the profit/loss of the related hedging instrument is also eliminated from the equity and reflected in the profit or loss statement. Hedge accounting is applied to prevent fluctuations that may arise in the income statement in the short term as a result of differences in the valuation methods of assets and liabilities in the balance sheet that are subject to interest rate risk and the derivative instruments that protect them from risk.

The Bank is also hedged from the cash flow risk arising from its financial debts with interest rate swaps and cross currency swaps.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

The Bank carries out effectiveness tests at the beginning of hedge accounting and in each reporting period, and if the effectiveness is within the range of 80%-125%, hedge accounting continues.

In cases where cash flow hedge accounting is terminated, the hedging instrument is sold, the hedge is discontinued, or the hedge is not continued due to ineffectiveness of the effectiveness test, the profit/loss recognized under equity within the scope of cash flow hedge accounting is retained under equity until the cash flows related to the hedged item are realized. It continues to remain in the "accumulated other comprehensive income and expense to be reclassified through profit or loss" account.

V. Explanations on Interest Income and Expense

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

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

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

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

VI. Explanations on Fees and Commission Income and Expenses

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

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

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

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 “Financial Assets 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/Loss

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

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

VII. Explanations on Financial Assets (continued)

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

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. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the “Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss”.

In addition, the Bank's securities portfolio includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and consumer price (“CPI”) indexed government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted by using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. As stated in the CPI-Indexed Bonds Investor's Guide of the Undersecretariat of Treasury, the reference indices used in calculating the actual coupon payment amounts of these securities are based on the CPI of two months ago. The Bank determines the estimated inflation rate in parallel with this. The estimated inflation rate, taking into account the Central Bank of the Republic of Türkiye and the Bank's expectations, is updated during the year when deemed necessary. In this context, as of 31 March 2024, the valuation of the mentioned assets was based on an annual inflation forecast of 39.7%. At the end of the year, the actual inflation rate is used.

Financial Assets Measured at Amortized Cost

Financial investments measured at amortized cost:

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

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

Loans:

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “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 are divided into “3 stage categories” depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

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

Stage 2:

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

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

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

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

Stage 3:

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

Expected Credit Loss Calculation

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

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

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

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

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

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

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

	2024				2025				2026				2027			
Period (*)	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
GDP	3.90	3.80	3.60	3.10	5.10	2.70	3.00	3.40	4.70	3.00	3.20	3.30	4.60	3.20	3.30	3.30

(*)It represents 3-month periods.

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

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

- 12-Month Probability of Default: as the estimated probability of default occurring within the next 12 months
- Lifetime Probability of Default: as the estimated probability of default occurring over the remaining life of the financial instrument

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

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

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

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

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

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

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

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 behavioral maturity for loans that do not have maturity information and revolving loans.

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

Quantitative assessments:

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

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

In addition, the Bank allocates overlay in addition to the Expected Credit Loss model provisions against potential credit risks that may arise in line with its macroeconomic expectations.

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.

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

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

Securities purchased under repurchase agreements (“reverse repo”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 31 March 2024, the Bank has TL 17,166,519 amount of reverse repo transaction (31 December 2023: 12,243,734).

As of 31 March 2024, the Bank does not have any marketable securities lending transaction (31 December 2023: None).

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

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

As of 31 March 2024, assets held for sale and discontinued operations of the Bank are TL 75,194 (31 December 2023: TL 82,060). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 2,839 (31 December 2023: TL 3,806) has been reserved as provision for impairment losses.

As of 31 March 2024, the Bank has no discontinued operations.

XII. Explanations on Goodwill and Other Intangible Assets

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

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

Within the framework of IFRS 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 of the Bank and the equity impact is shown under other shareholder’s equity section.

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

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the 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.

XIII. Explanations on Tangible 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 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 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.

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XIV. Explanations on Leasing Transactions(continued)

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

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

XV. Explanations on Provisions and Contingent Liabilities

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

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

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. According to the Turkish Accounting Standard on Employee Benefits No. 19, the total benefit is calculated for employees who have completed one year of employment and whose working period has expired due to retirement, or who are left voluntarily or dismissed.

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

Employees transferred to the Bank following the business combination defined in the Section One “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 March 2024, the Pension Fund has 857 employees and 2,066 pensioners (31 December 2023, 891 employees and 2,031 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.

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XVII. Explanations on Liabilities Regarding Employee Benefits (continued)

Immediately following the publication of the reasoned decision of the Constitutional Court regarding the annulment, the Grand National Assembly of Türkiye (“TBMM”) started to work on new legal regulations providing for the transfer of bank fund participants to SSI and the relevant articles of the Social Security Law regulating the principles regarding the transfer were adopted on 8 May 2008. and entered into force by being published in the Official Gazette No. 26870.

The application made by the main opposition party to the Constitutional Court on 19 June 2008, requesting the annulment and suspension of the enforcement of some articles of the New Law, including the transfer of funds to the Social Security Institution, was rejected by the decision taken at the meeting of the Constitutional Court on 30 March 2011, and the reasoned The decision was published in the Official Gazette dated 28 December 2011 and numbered 28156.

The cash value of the liability regarding the transferred persons as of the New Law transfer date; Using a technical interest rate of 9.8 percent, the insurance branches of the funds within the scope of the Law are determined by a commission consisting of SSI, The Ministry of Finance, Treasury Undersecretary, Undersecretariat of State Planning Organization, BRSA, Savings Deposit Insurance Fund (TMSF), bank and fund representatives. It was stated that if the income and expenses and the pensions and incomes paid by the funds were above the salaries and incomes within the framework of SSI regulations, the said differences would be calculated and the transfer would be completed by May 8, 2011.

With the decision of the Council of Ministers published in the Official Gazette dated 9 April 2011 and numbered 27900, it was decided to extend the transfer process for 2 years. Within the framework of the postponement authority given to the Council of Ministers with the amendment in the first paragraph of the temporary article 20 of the Social Insurance and General Health Insurance Law No. 5510, published in the Official Gazette No. 28227 dated 8 March 2012, it was published in the Official Gazette No. 28987 dated 30 April 2014. The transfer process, which was postponed for another year by the Council of Ministers' Decision No. 2014/6042, was supposed to be completed by 8 May 2015 with this change. This time, 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 March 2024. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

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XVIII. Explanations on Taxation

Corporate Tax

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

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter, the amounts thus calculated and paid are offset from the final tax computed over the earnings of the year. With the Tax Procedure Law No. 7338 published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th period provisional tax return to be implemented in 2022 was abolished. In the new application, a total of 3 temporary tax returns will be submitted in quarterly periods for the first 9 months of the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are taken into account in the Tax Statement according to Article 22 of the Prevention of Double Taxation Treaty signed between Northern Cyprus and the Turkish Republic.

50% portion of the gains derived from the sale of immovable (from 5 December 2017) which have been acquired due to loans under follow up from the Bank and 75% portion of participation shares, founder's shares, dividend shares and pre-emption rights is tax exempt. 75% portion of the capital gains derived from the sale of equity investments are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for 5 years. In addition, within the scope of the "Law No. 7456 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375", the Corporate Tax exemption (Corporate Tax Law 5/1-e) on the sales gains of immovable properties held in assets for at least 2 years has been repealed. However, for the immovables acquired before the publication date of the Law (for the immovables in the assets of the institutions before 15 July 2023), the exemption rate will be applied as 25% for the gains obtained.

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

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

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VIII. Explanations on Taxation (continued)

Corporate Tax (continued)

Within the scope of repetitive article 298 of the Tax Procedure Law, it has been decided that the financial statements will be subject to inflation adjustment if the increase in the producer price index is more than 100% in the last 3 accounting periods, including the current period, and more than 10% in the current accounting period and as of 31 December 2021, these conditions have been fulfilled. However, with the Law No. 7352 on the "Amendment of the Tax Procedure Law and the Corporate Tax Law," published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, it has been enacted that the financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods including the provisional tax periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, the financial statements as at 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, the profit/loss differences arising from the inflation adjustment to be made will be shown in the prior years' profit/loss account, the prior year's profit determined in this way will not be subject to tax, and the loss of the prior year's loss will not be considered as loss. In addition, the "Law on Amendments to Certain Laws and Decree Laws" numbered 7491 was published in the Official Gazette dated December 28, 2023, and in Article 17 of this law; Profits resulting from inflation adjustments to be made by banks, companies within the scope of Law No. 6361, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in the 2024 and 2025 accounting periods (including provisional tax periods). and the loss is not taken into account in the corporate tax base. Issues regarding inflation adjustment are explained in the Tax Procedure Law Communiqué No. 555 and the Tax Procedure Law Circular No. 165.

On the other hand, with the Temporary Article 32 added to the Tax Procedure Law with the relevant articles of the Tax Procedure Law No. 7338 and the Law on Amending Certain Laws, taxpayers within the scope of the duplicate article 298/ç were allowed to revalue their real estate and depreciable economic assets recorded in their balance sheets. In addition, with the Communiqué Amending the Tax Procedure Law General Communiqué (line no. 537) with line no. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, additional explanations have been introduced in the procedures and principles regarding the revaluation of real estate and economic assets subject to depreciation for taxpayers who, despite keeping books on the balance sheet basis, have to use different accounting techniques in terms of their fields of activity. Accordingly, the Bank made a revaluation of the immovable in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax will be paid according to the new depreciation expenses found after revaluation of real estate and depreciable economic assets. However, in accordance with paragraph (A) of Article 298 of the TPL and Provisional Article 33, revaluation cannot be made within the scope of paragraph (Ç) of the same article in periods when inflation adjustment is required. In case of inflation adjustment in the period following the end of the revaluation period, inflation adjustment is applied based on the values found by taking into account the last values of the revalued depreciated economic assets.

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.

In the scope of TAS 12 Income Taxes standard, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. As of 31 March 2024, the deferred tax is calculated over 30% in accordance with the tax legislation in effect. According to the Provisional Article 33 of the Tax Procedural Law, in the financial statements dated 31 March 2024, the tax effects arising from inflation adjustment of corporate tax are included in the deferred tax calculation as of 31 March 2024.

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.

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XVIII. Explanations on Taxation (continued)

Deferred Tax Asset/Liability (continued)

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

Transfer Pricing

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

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

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

XIX. Additional Explanations on Borrowings

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

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

XX. Explanations on Issued Equity Securities

There is no share issued in 2024.

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.

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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. In addition to small businesses, Business Banking, Agricultural Banking and Women's Banking for agricultural producers and women boss segments; Financial problems faced by customers are solved on a larger scale, and information, training and network access support are provided on non-financial issues.

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 medium-sized enterprises, solutions were developed for jewelers, entrepreneurship segments and for SME Banking, Gold 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:

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	759	759
Profit Before Tax	956,217	1,350,176	62,241	1,029,069	3,397,703
Tax Provision (-)	-	-	-	393,138	393,138
Net Profit for the Period	956,217	1,350,176	62,241	635,931	3,004,565
Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	78,848,373	100,959,872	58,526,502	215,602,486	453,937,233
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	279,026	279,026
Total Assets	78,848,373	100,959,872	58,526,502	215,881,512	454,216,259
Segment Liabilities	217,940,524	63,557,312	24,308,249	111,733,260	417,539,345
Shareholders' Equity	-	-	-	36,676,914	36,676,914
Total Liabilities	217,940,524	63,557,312	24,308,249	148,410,174	454,216,259
Prior Period (31.03.2023)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	13,343	13,343
Profit Before Tax	(929,343)	1,119,397	173,986	3,840,969	4,205,009
Tax Provision (-)	-	-	-	884,682	884,682
Net Profit for the Period	(929,343)	1,119,397	173,986	2,956,287	3,320,327
Prior Period (31.12.2023)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	68,214,361	88,506,389	45,401,615	204,517,628	406,639,993
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	279,026	279,026
Total Assets	68,214,361	88,506,389	45,401,615	204,796,654	406,919,019
Segment Liabilities	192,800,817	65,240,726	22,216,126	91,616,660	371,874,329
Shareholders' Equity	-	-	-	35,044,690	35,044,690
Total Liabilities	192,800,817	65,240,726	22,216,126	126,661,350	406,919,019

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XXIV. Explanations on Other Matters

According to the decision taken at the Ordinary General Assembly Meeting of the Bank held on 27 March 2024, from TL 11,726,648, which constitutes the net balance sheet profit of 2023, as recommended by the Board of Directors, TL 1,172,665 to shareholders and 9.96 full TL to founders' redemption certificate holders after that the remaining balance is fully reserved as Extraordinary Reserves.

XXV. Reclassifications

None.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders' Equity

Equity amount and capital adequacy standard ratio has been calculated in accordance with the "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to these, the BRSA's regulations, dated 1 July 2021 and numbered 9645, dated 28 April 2022 and numbered 10188, dated 23 June 2022 and numbered 10248, dated 7 July 2022 and numbered 10265, dated 31 July 2023 and numbered 10630, dated 24 August 2023 and numbered 10655, dated 12 December 2023 and numbered 10747. According to the latest regulation changes;

In the calculation of the amount subject to credit risk, while calculating the revalued amounts in foreign currency, in accordance with the Board decision dated 12 December 2023 and numbered 10747, the Central Bank foreign exchange buying rates as of 26 June 2023 were used.

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

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

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

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

In accordance with the Board decision dated 12 December 2023 and numbered 10747, in case of the net valuation differences of the financial assets included in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of the decision date are negative, these differences have been calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756 and opportunity to not be taken into account in the amount of equity to be used for the capital adequacy ratio, it has been decided to continue to apply the existing provisions of the said Regulation for "Securities at Fair Value through Other Comprehensive Income" acquired after January 1, 2024.

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

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

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

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

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

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

The Bank’s current period equity amount calculated as of 31 March 2024 is TL 63,497,169 (31 December 2023: TL 46,702,047), and the capital adequacy standard ratio is 17.67% (31 December 2023: 16.82%). The Bank’s capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation. Credit risk “standard approach” for banking accounts, market risk “standard method” for trading accounts, counterparty credit risk “standard approach method” for derivatives and repo transactions, credit valuation adjustment capital load “standard method” for over-the-counter derivative transactions method and operational risk were calculated using the “basic indicator method”.

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

Information related to the Components of Shareholders’ Equity:

	Current Period 31.03.2024	Prior Period 31.12.2023
Common Equity Tier 1 Capital		
Paid-in capital to be entitled for compensation after all creditors	2,404,652	2,404,652
Share issued premiums	2,565	2,565
Reserves	31,316,483	20,756,668
Gains recognized in equity as per Turkish Accounting Standards (TAS)	221,362	177,939
Profit	3,004,565	11,726,648
Current Period’s Profit	3,004,565	11,726,648
Prior Years’ Profit	-	-
Bonus shares from associates, subsidiaries and joint ventures not accounted in current period’s profit	-	-
Common Equity Tier 1 Capital Before Deductions	36,949,627	35,068,472
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	-
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	29,661	245,320
Leasehold improvements on operational leases	66,806	71,433
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	835,297	798,777
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	-
Net amount of defined-benefit plan assets	-	-
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital in accordance with the second paragraph of the Provisional Article 2 of the Regulation on Banks' Equity)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank owns more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier 1 Capital	1,352,888	1,536,654
Total Common Equity Tier 1 Capital	35,596,739	33,531,818

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

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

	Current Period 31.03.2024	Prior Period 31.12.2023
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (In the scope of Provisional Article 4)	-	-
Additional Tier 1 Capital Before Deductions		
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment on its own Tier 1 Capital	-	-
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
Items to be deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital		
Total Additional Tier 1 Capital		
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	35,596,739	33,531,818
TIER 2 CAPITAL		
Debt instruments and related issuance premiums defined by the BRSA	23,979,773	10,096,945
Debt instruments and related issuance premiums defined by the BRSA (Provisional Article 4)	-	-
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	3,927,545	3,082,754
Tier 2 Capital Before Deductions	27,907,318	13,179,699
Deductions From Tier 2 Capital		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital (-)	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions from Tier 2 Capital		
Total Tier 2 Capital	27,907,318	13,179,699
Total Capital (The sum of Tier 1 and Tier 2 Capital)	63,504,057	46,711,517

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

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

	Current Period 31.03.2024	Prior Period 31.12.2023
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	290	330
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	6,598	9,140
Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	63,497,169	46,702,047
Total Risk Weighted Amounts	359,306,031	277,638,792
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	9.91	12.08
Tier 1 Capital Adequacy Ratio (%)	9.91	12.08
Capital Adequacy Ratio (%)	17.67	16.82
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2.50	2.50
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.00	0.00
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 (%)	1.40	3.57
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	481,410	423,280
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns more than 10% of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	3,421,020	2,410,400
Limits related to provisions considered in Tier Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	6,163,106	6,007,999
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3,927,545	3,082,754
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-

* The cyclical capital buffer rate is written as 0.00 due to the two digits being shown in the note, our rate is full digit 0.0001 (December 31, 2023: 0.0049).

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

Explanations on Reconciliation of Capital Items to Balance Sheet:

	Current Period	Prior Period
Total capital per balance sheet	36,676,914	35,044,690
Hedging funds (effective portion)	(78,603)	(217,372)
Deductions made under regulation	(1,330,852)	(1,299,164)
Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income	329,280	3,664
Common Equity Tier 1 Capital	35,596,739	33,531,818
Additional Tier 1 Capital	-	-
Tier 1 Capital	35,596,739	33,531,818
Expected loss provision (Stage 1 and 2)	3,927,545	3,082,754
Debt Instruments Defined by the BRSA	23,979,773	10,096,945
Deductions made under regulation	(6,888)	(9,470)
Total Equity	63,497,169	46,702,047

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

Information Related to Debt Instruments Included in Equity Calculation:

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

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS1895575071(**)	XS2023308278	XS1973559484	XS2744911830
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
Consideration in Equity Calculation				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at 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)	5,438.77	3,494.73	2,096.84	12,949.44
Par value of debt instrument (TL Currency in mil)	6,798.46	3,494.73	2,096.84	12,949.44
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	5.11.2018	22.07.2019	14.05.2019	17.01.2024
Perpetual or dated (Demand/Time)	Time	Time	Time	Time
Original maturity date	5.11.2028	23.07.2029	14.05.2029	17.01.2034
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	6.05.2024	22.07.2024	14.05.2024	17.01.2029
Subsequent call dates, if applicable	-	-	-	-
Interest / dividend payments				
Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed
Coupon rate and any related index	SOFR +7.32%	6mEuribor+7.10%	6mEuribor+7.10%	9.375%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
Convertibility of equity shares				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	-	-

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

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

Provided that the necessary permissions are obtained for the use of the early amortization option, (i) the subordinated bond (Tier 2 Capital) issued by our Bank on 5 November 2018, in the amount of 210 million dollars, with a maturity of 10 years and with an early amortization option on the interest payment dates starting from the end of the 5th year, on 6 May On 2024, (ii) 60 million euros of subordinated bonds (Tier 2 Capital) issued on 14 May 2019, with a maturity of 10 years and an early amortization option at the end of the 5th year, on 14 May 2024 and (iii) 100 bonds issued on 22 July 2019. Our Bank’s Board of Directors has decided to use the early amortization option of the subordinated bond (Tier 2 Capital) amounting to million Euros, with a maturity of 10 years and an early amortization option at the end of the 5th year, on 22 July 2024.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

II. Explanations Related to Currency Risk

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

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

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

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

As of 31 March 2024, the Bank’s balance sheet short position is TL 41,819,736 (31 December 2023: TL 16,277,619 short position) off-balance sheet long position is TL 40,596,435 (31 December 2023: TL 19,027,263 long position) and as a result net foreign currency short position is TL 1,223,301 (31 December 2023: net TL 2,749,644 long position).

The announced current foreign exchange buying rates of the Bank at 31 March 2024 and the previous five working days in full TL are as follows:

	25.03.2024	26.03.2024	27.03.2024	28.03.2024	29.03.2024	31.03.2024
USD	32.0033	32.0997	32.1447	32.192	32.3736	32.3736
EURO	34.6884	34.8185	34.7581	34.7834	34.9473	34.9473

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 March 2024 are as follows:

	Monthly Average Foreign Buying Rate
USD	31.9491
EURO	34.7104

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

II. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

Current Period	EURO	USD	Other FC	Total
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽¹⁾	22,857,173	30,730,108	5,449,892	59,037,173
Banks ⁽²⁾	1,080,129	612,805	4,995,864	6,688,798
Financial Assets at Fair Value Through Profit or Loss	94,951	730,948	-	825,899
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2,729,634	159,909	79,873	2,969,416
Loans ⁽³⁾	45,289,327	18,338,760	3,896,326	67,524,413
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost ⁽⁴⁾	5,166,048	8,043,670	-	13,209,718
Derivative Financial Assets for Hedging Purposes ⁽⁵⁾	103,005	95,620	-	198,625
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽⁶⁾	402,694	984,562	36,392	1,423,648
Total Assets	77,722,961	59,696,382	14,458,347	151,877,690
Liabilities				
Bank Deposits	28,456	-	1,941	30,397
Foreign Currency Deposits ⁽⁷⁾	37,641,870	50,127,936	28,717,421	116,487,227
Money Market Funds	11,191,867	15,122,893	-	26,314,760
Funds Provided from Other Financial Institutions	16,161,169	29,890,421	-	46,051,590
Securities Issued	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	54,869	-	54,869
Other Liabilities ⁽⁸⁾	3,327,216	1,239,235	192,132	4,758,583
Total Liabilities	68,350,578	96,435,354	28,911,494	193,697,426
Net Balance Sheet Position	9,372,383	(36,738,972)	(14,453,147)	(41,819,736)
Net Off-Balance Sheet Position⁽¹¹⁾	(8,781,611)	34,855,876	14,522,170	40,596,435
Financial Derivative Assets ⁽⁹⁾	47,270,776	97,319,998	20,388,266	164,979,040
Financial Derivative Liabilities ⁽⁹⁾	56,052,387	62,464,122	5,866,096	124,382,605
Non-Cash Loans ⁽¹⁰⁾	26,198,524	32,225,953	10,606,322	69,030,799
Prior Period				
Total Assets	82,528,413	51,827,262	11,741,676	146,097,351
Total Liabilities	68,052,675	76,317,547	18,004,748	162,374,970
Net Balance Sheet Position	14,475,738	(24,490,285)	(6,263,072)	(16,277,619)
Net Off-Balance Sheet Position	(14,152,998)	26,957,755	6,222,506	19,027,263
Financial Derivative Assets ⁽⁹⁾	41,407,709	69,038,258	10,300,564	120,746,531
Financial Derivative Liabilities ⁽⁹⁾	55,560,707	42,080,503	4,078,058	101,719,268
Non-Cash Loans ⁽¹⁰⁾	27,122,681	25,955,219	9,204,012	62,281,912

(1) Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye includes the balances of expected credit losses amounting to TL 11,049 (31 December 2023: TL 11,729). The item in question includes a precious metal account in the amount of 4,677,995 TL (31 December 2023: 4,180,416 TL).

(2) The banks include TL 37,124 of expected credit loss provisions (31 December 2023: TL 39,955).

(3) Foreign currency indexed loans amounting to TL 42,945 (31 December 2023: TL 47,557) are included in the loan portfolio. Also, it includes TL 2,078,583 (31 December 2023: TL 2,071,833) amounting to expected credit loss.

(4) Financial assets at amortized cost includes expected credit loss amounting to TL 2,525 (31 December 2023: TL 3,303).

(5) There is no (31 December 2023: None) income accruals from derivative financial instruments are deducted from derivative financial assets held for risk management.

(6) TL 616,925 (31 December 2023: TL 574,412) income accruals from derivative financial instruments are deducted from other assets.

(7) Precious metal accounts amounting to TL 14,709,353 (31 December 2023: TL 12,519,232) are included in the foreign currency deposits.

(8) TL 715,725 (31 December 2023: TL 546,042) expense accruals from derivative financial instruments are deducted from other liabilities.

(9) Forward asset and marketable securities purchase-sale commitments of TL 11,744,514 (31 December 2023: TL 4,655,233) are added to derivative financial assets and TL 11,131,990 (31 December 2023: TL 3,766,883) has been added to derivative financial assets.

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

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

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

III. Explanations Related to Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Current Period							
Assets							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽²⁾	-	-	-	-	-	86,360,569	86,360,569
Banks ⁽³⁾	6,174,436	-	-	-	-	4,556,400	10,730,836
Financial Assets at Fair Value Through Profit or Loss	9,830	456,035	42,560	1,360,226	266,894	482,302	2,617,847
Money Market Placements ⁽⁴⁾	18,070,539	-	-	-	-	(488)	18,070,051
Financial Assets at Fair Value Through Other Comprehensive Income	1,086,637	548,456	2,862,598	3,706,632	-	82,335	8,286,658
Loans ⁽⁵⁾	41,618,152	26,695,912	101,732,476	74,598,493	1,116,647	(4,560,166)	241,201,514
Financial Assets Measured at Amortized Cost ⁽⁶⁾	50,178	3,946,695	28,078,888	11,504,709	18,041,567	(11,594)	61,610,443
Other Assets	200,617	105,560	514,284	1,360,731	274,001	22,883,148	25,338,341
Total Assets	67,210,389	31,752,658	133,230,806	92,530,791	19,699,109	109,792,506	454,216,259
Liabilities							
Bank Deposits	2,679,888	-	-	-	-	447,488	3,127,376
Other Deposits	135,301,143	30,096,500	17,329,434	7,032	-	125,866,509	308,600,618
Money Market Funds	19,517,457	6,797,303	-	-	-	-	26,314,760
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial	1,126,013	23,585,029	7,523,882	907,601	13,198,921	-	46,341,446
Other Liabilities	6,898	43,885	300,400	1,490,484	210,122	67,780,270	69,832,059
Total Liabilities	158,631,399	60,522,717	25,153,716	2,405,117	13,409,043	194,094,267	454,216,259
Balance Sheet Long Position	-	-	108,077,090	90,125,674	6,290,066	-	204,492,830
Balance Sheet Short Position	(91,421,010)	(28,770,059)	-	-	-	(84,301,761)	(204,492,830)
Off-Balance Sheet Long Position	1,145,601	-	-	3,365,770	-	-	4,511,371
Off-Balance Sheet Short Position	-	(203,020)	(4,084,767)	-	(367,000)	-	(4,654,787)
Total Position	(90,275,409)	(28,973,079)	103,992,323	93,491,444	5,923,066	(84,301,761)	(143,416)

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

⁽²⁾ Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye's outstanding loss provisions in the amount of TL 16,827.

⁽³⁾ Banks include balance of expected loss provisions amounting to TL 44,637.

⁽⁴⁾ Money Market Placement include balance of expected loss provisions amounting to TL 488.

⁽⁵⁾ The revolving loans amounting to TL 27,993,090 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 7,047,726.

⁽⁶⁾ Financial assets at amortized cost include balance of expected loss provisions of TL 11,594.

Other assets line in the non-interest-bearing column includes tangible assets amounting to TL 1,992,194, intangible assets amounting to TL 1,303,122, assets held for sale amounting to TL 75,194, subsidiaries amounting to TL 279,021 and jointly controlled entities amounting to TL 5 and other liabilities line includes shareholders' equity amounting to TL 36,676,914.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

III. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Prior Period							
Assets							
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽²⁾	17,283,685	-	-	-	-	87,184,067	104,467,752
Banks ⁽³⁾	3,896,162	-	-	-	-	3,253,083	7,149,245
Financial Assets at Fair Value Through Profit or Loss	7,375	4,538	134,884	293,162	148,506	424,106	1,012,571
Money Market Placements ⁽⁴⁾	12,243,739	-	-	-	-	(798)	12,242,941
Financial Assets at Fair Value Through Other Comprehensive Income	2,936,500	539,223	800,806	3,466,575	-	82,335	7,825,439
Loans ⁽⁵⁾	36,498,266	33,858,878	83,178,669	53,049,601	1,118,859	(4,537,671)	203,166,602
Financial Assets Measured at Amortized Cost ⁽⁶⁾	6,603,672	12,999,218	7,003,976	12,130,606	10,553,986	(11,090)	49,280,368
Other Assets	95,871	766,283	478,556	967,730	248,749	19,216,912	21,774,101
Total Assets	79,565,270	48,168,140	91,596,891	69,907,674	12,070,100	105,610,944	406,919,019
Liabilities							
Bank Deposits	2,248,143	-	-	-	-	329,106	2,577,249
Other Deposits	136,883,142	25,173,681	14,920,246	54,965	-	105,136,553	282,168,587
Money Market Funds	21,312,539	6,797,303	-	-	-	-	28,109,842
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial	4,180,414	11,488,641	8,813,053	7,095,456	-	-	31,577,564
Other Liabilities	12,777	72,552	202,499	900,067	155,868	61,142,014	62,485,777
Total Liabilities	164,637,015	43,532,177	23,935,798	8,050,488	155,868	166,607,673	406,919,019
Balance Sheet Long Position	-	4,635,963	67,661,093	61,857,186	11,914,232	-	146,068,474
Balance Sheet Short Position	(85,071,745)	-	-	-	-	(60,996,729)	(146,068,474)
Off-Balance Sheet Long Position	1,617,985	563,163	137,881	-	-	-	2,319,029
Off-Balance Sheet Short Position	-	-	-	(1,903,500)	-	-	(1,903,500)
Total Position	(83,453,760)	5,199,126	67,798,974	59,953,686	11,914,232	(60,996,729)	415,529

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

⁽²⁾ Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye's outstanding loss provisions in the amount of TL 16,786.

⁽³⁾ Banks include balance of expected loss provisions amounting to TL 45,340.

⁽⁴⁾ Money Market Placement includes balance of expected loss provisions amounting to TL 798.

⁽⁵⁾ The revolving loans amounting to TL 22,812,905 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 6,718,876.

⁽⁶⁾ Financial assets at amortized cost include balance of expected loss provisions of TL 11,090.

Other assets line in the non-interest bearing column includes tangible assets amounting to TL 1,933,104, intangible assets amounting to TL 1,269,693, assets held for sale amounting to TL 82,060, subsidiaries amounting to TL 279,021 and jointly controlled entities amounting to TL 5 and other liabilities line includes shareholders' equity amounting to TL 35,044,690.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

III. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO	USD	YEN	TL
	%	%	%	%
Current Period				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye	-	-	-	-
Banks	-	-	-	52.50
Financial Assets at Fair Value Through Profit or Loss	4.81	3.07	-	14.73
Money Market Placements	-	-	-	53.02
Financial Assets at Fair Value Through Other Comprehensive Income	2.71	4.40	-	38.27
Loans	7.08	8.21	5.73	46.21
Financial Assets Measured at Amortized Cost	3.25	5.26	-	24.53
Liabilities				
Bank Deposits	-	-	-	21.81
Other Deposits	1.35	1.50	-	44.65
Money Market Funds	5.04	5.50	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	8.42	9.76	-	45.20
	EURO	USD	YEN	TL
	%	%	%	%
Prior Period				
Assets				
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye	-	-	-	42.10
Banks	-	-	-	42.70
Financial Assets at Fair Value Through Profit or Loss	3.90	2.94	-	21.24
Money Market Placements	-	-	-	43.64
Financial Assets at Fair Value Through Other Comprehensive Income	2.69	4.40	-	41.23
Loans	7.13	8.85	5.73	41.37
Financial Assets Measured at Amortized Cost	3.14	5.18	-	28.17
Liabilities				
Bank Deposits	3.30	-	-	28.14
Other Deposits	3.08	3.21	-	37.94
Money Market Funds	4.78	7.00	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	8.47	9.50	-	42.14

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

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

The Bank has no shares traded on Borsa Istanbul.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

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

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

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

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

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

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

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

- d) Information on liquidity management based on currency which constituting at least five percent 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.

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

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) Explanations on the usage of the stress test:

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

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

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

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

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

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

Liquidity Coverage Ratio:

Current Period – 31 March 2024	Rate of Percentage to Be Taken into Account not Implemented Total Value (*)		Rate of Percentage to Be Taken into Account Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
1 High Quality Liquid Assets			113,785,228	60,051,122
Cash Outflows				
2 Real person and retail deposits	208,900,742	70,132,172	18,111,136	7,013,217
3 Stable deposits	55,578,775	-	2,778,939	-
4 Less stable deposits	153,321,967	70,132,172	15,332,197	7,013,217
5 Unsecured debts other than real person and retail deposits	82,631,748	35,700,135	46,956,540	16,365,939
6 Operational deposits	3,099,579	276,281	774,895	69,070
7 Non-operational deposits	67,647,024	33,639,626	35,818,692	14,665,987
8 Other unsecured funding	11,885,145	1,784,228	10,362,953	1,630,882
9 Secured funding	-	-	-	-
10 Other cash outflows	2,218,383	5,511,318	2,218,383	5,511,318
11 Outflows related to derivative exposures	2,218,383	5,511,318	2,218,383	5,511,318
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	168,434,200	56,307,986	13,376,242	6,524,714
16 Total Cash Outflows			80,662,301	35,415,188
Cash Inflows				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	36,350,122	15,719,324	22,949,646	11,495,664
19 Other Cash Inflows	-	9,834,931	-	9,834,931
20 Total Cash Inflows	36,350,122	25,554,255	22,949,646	21,330,595
			Upper Limit Applied Values	
21 Total High Quality Liquid Assets Inventory			113,785,228	60,051,122
22 Total Net Cash Outflows			57,712,655	14,084,594
23 Liquidity Coverage Ratio (%)			197.16	426.36

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

Prior Period – 31 December 2023	Rate of Percentage to Be Taken into Account not Implemented Total Value (*)		Rate of Percentage to Be Taken into Account Implemented Total Value (*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
1 High Quality Liquid Assets			110,341,265	53,236,655
Cash Outflows				
2 Real person and retail deposits	195,799,316	66,529,998	17,442,172	6,653,000
3 Stable deposits	42,755,195	-	2,137,760	-
4 Less stable deposits	153,044,121	66,529,998	15,304,412	6,653,000
5 Unsecured debts other than real person and retail deposits	79,490,394	35,310,873	47,538,486	18,260,651
6 Operational deposits	2,910,749	291,039	727,687	72,760
7 Non-operational deposits	62,122,689	29,525,658	33,890,011	12,850,233
8 Other unsecured funding	14,456,956	5,494,176	12,920,788	5,337,658
9 Secured funding	-	-	-	-
10 Other cash outflows	1,780,968	5,898,993	1,780,968	5,898,993
11 Outflows related to derivative exposures	1,780,968	5,898,993	1,780,968	5,898,993
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14 Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet obligations	130,905,699	52,408,416	11,154,973	6,097,801
16 Total Cash Outflows			77,916,599	36,910,445
Cash Inflows				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	41,718,293	13,365,580	32,207,211	11,277,871
19 Other Cash Inflows	1,802	14,137,293	1,802	14,137,293
20 Total Cash Inflows	41,720,095	27,502,873	32,209,013	25,415,164
			Upper Limit Applied Values	
21 Total High Quality Liquid Assets Inventory			110,341,265	53,236,655
22 Total Net Cash Outflows			45,707,586	11,495,282
23 Liquidity Coverage Ratio (%)			241.41	463.12

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

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

V. 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 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. 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	180.33%	204.31%	203.65%	280.77%
Week	31.03.2024	31.03.2024	12.11.2023	24.12.2023
Highest	214.09%	723.92%	289.21%	691.74%
Week	21.01.2024	11.02.2024	08.10.2023	19.11.2023

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed ⁽¹⁾	Total
Assets								
Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye ⁽²⁾	26,280,968	60,096,428	-	-	-	-	(16,827)	86,360,569
Banks ⁽³⁾	7,159,723	3,615,750	-	-	-	-	(44,637)	10,730,836
Financial Assets at Fair Value Through Profit and Loss	-	9,829	-	42,558	1,816,263	266,895	482,302	2,617,847
Money Market Placements ⁽⁴⁾	-	18,070,539	-	-	-	-	(488)	18,070,051
Financial Assets at Fair Value Through Other Comprehensive Income	82,335	79,720	-	-	7,773,604	350,999	-	8,286,658
Loans Given ⁽⁵⁾	-	39,534,373	26,784,918	102,347,937	75,977,805	1,116,647	(4,560,166)	241,201,514
Financial Assets Measured at Amortized Cost ⁽⁶⁾	-	-	1,359,596	10,671,069	19,746,541	29,844,831	(11,594)	61,610,443
Other Assets	-	4,779,960	1,066,675	1,186,132	1,957,858	274,001	16,073,715	25,338,341
Total Assets	33,523,026	126,186,599	29,211,189	114,247,696	107,272,071	31,853,373	11,922,305	454,216,259
Liabilities								
Bank Deposits	447,488	2,679,888	-	-	-	-	-	3,127,376
Other Deposit	125,866,509	135,301,143	30,096,500	17,329,434	7,032	-	-	308,600,618
Funds Provided from Other Financial Institutions	-	1,109,482	3,049,472	15,059,542	8,176,176	18,946,774	-	46,341,446
Money Market Funds	-	19,517,457	6,797,303	-	-	-	-	26,314,760
Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities	-	22,877,732	270,412	879,809	2,788,255	492,984	42,522,867	69,832,059
Total Liabilities	126,313,997	181,485,702	40,213,687	33,268,785	10,971,463	19,439,758	42,522,867	454,216,259
Liquidity Gap	(92,790,971)	(55,299,103)	(11,002,498)	80,978,911	96,300,608	12,413,615	(30,600,562)	-
Net Off-Balance Sheet Position	-	(1,711,684)	(1,313,287)	253,116	(51,803)	-	-	(2,823,658)
Financial Derivative Assets	-	57,782,679	76,062,006	54,625,349	38,261,506	12,488,190	-	239,219,730
Financial Derivative Liabilities	-	59,494,363	77,375,293	54,372,233	38,313,309	12,488,190	-	242,043,388
Non-Cash Loans	17,577,990	6,514,075	10,735,598	36,923,696	21,657,661	-	-	93,409,020
Prior Period								
Total Assets	37,758,216	125,775,929	37,592,841	89,504,936	83,691,711	23,354,201	9,241,185	406,919,019
Total Liabilities	105,465,659	178,641,564	33,828,050	32,632,864	9,180,722	5,763,643	41,406,517	406,919,019
Liquidity Gap	(67,707,443)	(52,865,635)	3,764,791	56,872,072	74,510,989	17,590,558	(32,165,332)	-
Net Off-Balance Sheet Position	-	(947,460)	(802,540)	1,485,484	(574,582)	-	-	(839,098)
Financial Derivative Assets	-	43,490,520	52,123,934	54,483,720	37,117,365	11,470,910	-	198,686,449
Financial Derivative Liabilities	-	44,437,980	52,926,474	52,998,236	37,691,947	11,470,910	-	199,525,547
Non-Cash Loans	16,929,591	6,595,718	12,268,123	25,401,747	20,741,431	-	-	81,936,610

(1) Active accounts with fixed assets, associates and subsidiaries, fixed assets, prepaid expenses and non-performing loans, which are required for the continuation of banking activities and which do not have the chance to convert to cash in a short time, are recorded here. The expected loss provisions are also shown here.

(2) Cash Balances (Cash, Effective Deposit, Money in Transit, Cheques Purchased) and the Central Bank of Türkiye includes expected loss provisions amounting of TL 16,827.

(3) Banks include TL balance of expected loss provisions amounting to TL 44,637.

(4) Money Market Placement includes expected loss provisions balance amounting to TL 488.

(5) The revolving loans amounting to TL 27,993,090 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 7,047,726.

(6) Financial assets at amortized cost includes expected credit loss amounting to TL 11,594.

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

Net Stable Funding Rate:

Current Period	Based on the remaining maturity, the amount to which the consideration rate has not been applied				Total amount with consideration rate applied
	Demand (*)	Term Shorter Than 6 Months	6 Months and Longer than 6 Months and Shorter than 1 Year Term	1 Year and Longer Than 1 Year Term	
Current Stable Fund					
Capital Items	-	-	-	63,174,777	63,174,777
Tier 1 Capital and Tier 2 Capital	-	-	-	63,174,777	63,174,777
Other Capital Items	-	-	-	-	-
Individuals and retail customer deposits/participation funds	80,820,327	142,090,154	-	6,389	203,400,422
Stable deposit/participation fund	11,686,713	43,817,311	-	747	52,729,533
Low stability deposit/participation fund	69,133,614	98,272,843	-	5,642	150,670,889
Debts to other individuals	51,407,211	64,714,424	-	-	32,357,212
Operational deposit/participation fund	-	4,285,097	-	-	2,142,548
Other debts	51,407,211	60,429,327	-	-	30,214,664
Liabilities equivalent to interdependent assets					
Other liabilities	22,767,937	-	11,879,743	5,290,868	11,230,739
Derivative liabilities				-	
Other Capital Items and liabilities not listed above	22,767,937	-	11,879,743	5,290,868	11,230,739
Current Stable Fund					310,163,150
Required Stable Fund					
High-quality liquid assets					1,948,349
Operational deposits/participation funds deposited with credit institutions or financial institutions	-	-	-	-	-
Performing Receivables	-	31,156,104	138,154,977	106,292,316	162,477,316
Receivables from credit institutions or financial institutions, the collateral of which is a high-quality liquid asset	-	17,100,000	-	-	1,710,000
Receivables from credit institutions or financial institutions that are unsecured or whose collateral is not a high-quality liquid asset	-	14,056,104	4,070,738	785,337	4,929,121
Receivables from corporate customers, organizations, individuals and retail customers, central governments, central banks and public institutions other than credit institutions or financial institutions	-	-	134,084,239	103,191,301	154,333,005
<i>Receivables subject to a risk weighting of 35% or less</i>	-	-	-	2,108,602	1,370,591
Receivables collateralized by a residential real estate mortgage	-	-	-	2,315,678	1,505,190
<i>Receivables subject to a risk weighting of 35% or less</i>	-	-	-	2,315,678	1,505,190
Stock exchange-traded stocks and debt instruments that do not qualify as high-quality liquid assets	-	-	-	-	-
Assets equivalent to interdependent liabilities					
Other assets	20,835,217	863,368	16,090,917	8,233,781	45,985,256
Physically delivered commodities, including gold	219,736				186,775
Initial collateral of derivative contracts or guarantee fund given to the central counterparty				33,774	28,708
Derivative assets				698,402	698,402
The amount of derivative liabilities before deduction of the exchange collateral				131,192	131,192
Other assets not listed above	20,615,481	-	16,090,917	8,233,781	44,940,179
Off-balance sheet liabilities				199,365,658	9,968,283
Stable Fund Required					220,379,204
Net Stable Funding Rate (%)					140.74

(*) The items reported in the Demand column do not have a specific maturity. These include, but are not limited to, capital items that do not have a specific maturity, demand deposits, short positions, positions with uncertain futures, stocks that are not high-quality liquid assets, and physically delivered commodities.

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

Net Stable Funding Rate: (continued)

Prior Period	Based on the remaining maturity, the amount to which the consideration rate has not been applied				Total amount with consideration rate applied
	Demand (*)	Term Shorter Than 6 Months	6 Months and Longer than 6 Months and Shorter than 1 Year Term	1 Year and Longer Than 1 Year Term	
Current Stable Fund					
Capital Items	-	-	-	46,707,852	46,707,852
Tier 1 Capital and Tier 2 Capital	-	-	-	46,707,852	46,707,852
Other Capital Items	-	-	-	-	-
Individuals and retail customer deposits/participation funds	66,345,406	132,733,949	-	53,318	181,439,651
Stable deposit/participation fund	9,874,380	34,529,978	-	555	42,184,667
Low stability deposit/participation fund	56,471,026	98,203,971	-	52,763	139,254,984
Debts to other individuals	47,388,376	65,133,802	-	-	32,566,901
Operational deposit/participation fund	-	2,927,972	-	-	1,463,986
Other debts	47,388,376	62,205,830	-	-	31,102,915
Liabilities equivalent to interdependent assets					
Other liabilities	19,746,667	-	19,509,558	808,993	10,563,772
Derivative liabilities			-		
Other Capital Items and liabilities not listed above	19,746,667	-	19,509,558	808,993	10,563,772
Current Stable Fund					271,278,176
Required Stable Fund					
High-quality liquid assets					2,315,190
Operational deposits/participation funds deposited with credit institutions or financial institutions	-	-	-	-	-
Performing Receivables	-	20,087,806	126,786,439	85,930,314	138,993,831
Receivables from credit institutions or financial institutions, the collateral of which is a high-quality liquid asset	-	12,200,000	-	-	1,220,000
Receivables from credit institutions or financial institutions that are unsecured or whose collateral is not a high-quality liquid asset	-	7,887,806	3,064,307	5,267,601	7,982,925
Receivables from corporate customers, organizations, individuals and retail customers, central governments, central banks and public institutions other than credit institutions or financial institutions	-	-	123,722,132	79,023,737	128,725,571
<i>Receivables subject to a risk weighting of 35% or less</i>	-	-	-	1,528,359	993,433
Receivables collateralized by a residential real estate mortgage	-	-	-	1,638,976	1,065,335
<i>Receivables subject to a risk weighting of 35% or less</i>	-	-	-	1,638,976	1,065,335
Stock exchange-traded stocks and debt instruments that do not qualify as high-quality liquid assets	-	-	-	-	-
Assets equivalent to interdependent liabilities					
Other assets	18,576,525	670,420	-	-	19,164,773
Physically delivered commodities, including gold	524,666				445,966
Initial collateral of derivative contracts or guarantee fund given to the central counterparty				23,149	19,677
Derivative assets				567,231	567,231
The amount of derivative liabilities before deduction of the exchange collateral				80,040	80,040
Other assets not listed above	18,051,859	-	-	-	18,051,859
Off-balance sheet liabilities				153,236,487	7,661,824
Stable Fund Required					168,135,618
Net Stable Funding Rate (%)					161.35

(*) The items reported in the Demand column do not have a specific maturity. These include, but are not limited to, capital items that do not have a specific maturity, demand deposits, short positions, positions with uncertain futures, stocks that are not high-quality liquid assets, and physically delivered commodities.

The net stable funding rate for the last three months, including the reporting period, is 146.44% (last quarter 2023: 166.82%).

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

Net Stable Funding Rate: (continued)

The Bank's Net Stable Funding Rate (NSFR) declined from 161.35% to 140.74% on a standalone basis in the December 2023-March 2024 period, but remained well above the regulatory requirements (100%). During the relevant period, the decrease in NSFR is mainly due to investments made in Turkish Lira-denominated medium- and long-term (4-10 years) securities issued by the Treasury of the Republic of Turkey, which are evaluated within the scope of the Established Securities regulation. In the relevant period, the growth of the loan portfolio and the partial increase in the average maturity of loans increased the required net stable fund balance. The total amount of deposits included in the current Stable Fund amount showed a more limited increase compared to the total loan amount. During the said period, subordinated borrowing increased the Current Stable Funding, but the increases in the securities and loan portfolios exceeded the total increase in the deposit and borrowing portfolios, resulting in a decrease in NSFR.

VI. Explanations Related to Leverage Ratio

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

The leverage ratio has decreased due to the increase in the size of assets.

- b) Leverage ratio:

		Current Period (*)	Prior Period (*)
Assets on the balance sheet			
1	Assets on the balance sheet (Excluding derivative financial instruments and loan derivatives, including collaterals)	426,531,591	386,479,339
2	(Assets deducted from core capital)	(1,296,511)	(1,200,116)
3	Total risk amount for assets on the balance sheet	425,235,080	385,279,223
Derivative financial instruments and credit derivatives			
4	Renewal cost of derivative financial instruments and loan derivatives	2,414,371	4,238,669
5	Potential credit risk amount of derivative financial instruments and loan derivatives	2,275,397	1,484,227
6	Total risk amount of derivative financial instruments and loan derivatives	4,689,768	5,722,896
Financing transactions with securities or goods warranties			
7	Risk amount of financial transactions with securities or goods warranties (Excluding those in the balance sheet)	4,806,036	4,581,750
8	Risk amount arising from intermediated transactions	-	-
9	Total risk amount of financing transactions with securities or goods warranties	4,806,036	4,581,750
Off-the-balance sheet transactions			
10	Gross nominal amount of the off-balance sheet transactions	208,943,676	158,382,111
11	(Adjustment amount arising from multiplying by the credit conversion rate)	-	-
12	Total risk amount for off-balance sheet transactions	208,943,676	158,382,111
Capital and total risk			
13	Tier 1 Capital	34,775,991	33,598,560
14	Total risk amount	643,674,560	553,965,980
Leverage ratio			
15	Leverage ratio	5.40%	6.07%

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

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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VII. Explanations Related to Risk Management

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

Overview of risk weighted amounts

	Risk Weighted Amounts		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk)	307,320,886	239,589,155	24,585,671
2 Of which Standardized approach (SA)	307,320,886	239,589,155	24,585,671
3 Of which Internal model (IRB) approach	-	-	-
4 Counterparty credit risk	6,882,743	7,031,153	550,619
5 Of which standardized approach for counterparty credit risk (SA-CCR)	6,882,743	7,031,153	550,619
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking accounts under market-based approach	-	-	-
8 Equity investment in funds - look-through approach	-	-	-
9 Equity investment in funds - mandate-based approach	-	-	-
10 Equity investment in funds - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 Of which irb ratings-based approach (RBA)	-	-	-
14 Of which irb supervisory formula approach (SFA)	-	-	-
15 Of which sa/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	6,761,040	8,105,978	540,883
17 Standardized approach (SA)	6,761,040	8,105,978	540,883
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	38,341,362	22,912,506	3,067,309
20 Of which Basic indicator approach	38,341,362	22,912,506	3,067,309
21 Of which Standard approach	-	-	-
22 Advanced measurement approach	-	-	-
23 Amounts below the thresholds for deduction (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	359,306,031	277,638,792	28,744,482

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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 Türkiye:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,351,642	9,719,227	1,034,157	11,238,000
Balances with the Central Bank of Türkiye	25,977,532	49,106,904	39,555,867	52,128,885
Other	-	222,091	-	527,629
Total	27,329,174	59,048,222	40,590,024	63,894,514

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	14,988,008	-	18,986,133	-
Unrestricted Time Deposit	-	21,030,280	17,283,685	28,228,037
Restricted Time Deposit	10,989,524	28,076,624	3,286,049	23,900,848
Total	25,977,532	49,106,904	39,555,867	52,128,885

As of 31 March 2024, the applicable rates for the reserve requirements established at the CBRT are between 0% and 25% (31 December 2023: between 0% and 30%) in Turkish Lira, and between 5% and 30% in foreign currency, depending on the maturity structure (31 December 2023: between 5% and 30%). The rate of Turkish currency held for foreign currency is 8%.

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 2023: None).
- a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2023: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 2,135,545 (31 December 2023: TL 588,465).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	1,682,692	452,853	242,988	345,477
Securities Representing Share in Capital	109,256	195,141	109,256	164,734
Other Financial Assets	-	177,905	-	150,116
Total	1,791,948	825,899	352,244	660,327

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	328,141	86,983	213,972	94,335
Swap Transactions	2,577,864	777,778	1,237,871	524,285
Futures Transactions	-	-	-	-
Options	421,306	502,653	483,792	418,807
Other	-	-	-	-
Total	3,327,311	1,367,414	1,935,635	1,037,427

4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	3,616,590	879	1,305,465	795
Foreign	432,961	6,725,043	302,205	5,586,120
Foreign Head Offices and Branches	-	-	-	-
Total	4,049,551	6,725,922	1,607,670	5,586,915

An expected loss provision of TL 44,637 (31 December 2023: TL 45,340) has been set aside for receivables from banks.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	4,708,952	-	3,751,191	-
Other	-	-	-	-
Total	4,708,952	-	3,751,191	-

- 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	467,229	2,889,545	996,753	2,649,642
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	467,229	2,889,545	996,753	2,649,642

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 220,932 (31 December 2023: TL 427,853).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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	8,204,323	7,743,104
Quoted on a Stock Exchange	8,124,451	7,670,426
Unquoted on a Stock Exchange	79,872	72,678
Equity Securities	82,335	82,335
Quoted on a Stock Exchange	-	-
Unquoted on a Stock Exchange	82,335	82,335
Impairment Provision (-)	-	-
Total	8,286,658	7,825,439

An expected loss provision of TL 1,581 (31 December 2023: TL 1,778) has been reserved for financial assets at fair value through other comprehensive income.

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	2,808,571	-	1,607,169
Corporate Shareholders	-	2,808,571	-	1,607,169
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	427,901	-	341,242	-
Total	427,901	2,808,571	341,242	1,607,169

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

Current Period:

Cash Loans	Standard Loans	Loans under Close Monitoring		
		Not Under the Scope of Restructuring	Loans with Revised Contract Terms	Loans Under Restructuring Refinancing
Non-Specialized Loans	228,280,059	16,368,207	94,161	1,019,253
Working Capital Loans	21,763,965	2,951,077	-	885,742
Export Loans	52,055,061	359,726	-	755
Import Loans	-	-	-	-
Loans Given to Financial Sector	7,700,721	-	-	-
Consumer Loans	34,075,675	5,507,779	23,001	74,152
Credit Cards	26,230,932	3,779,648	68,835	-
Other	86,453,705	3,769,977	2,325	58,604
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	228,280,059	16,368,207	94,161	1,019,253

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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)

b) Information on the Standard Loans and Loans under Close Monitoring and restructured loans under close monitoring: (continued)

Prior Period:

Cash Loans	Standard Loans	Loans under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-Specialized Loans	192,710,647	13,917,088	82,658	993,880
Working Capital Loans	18,799,021	3,316,949	-	843,000
Export Loans	45,631,545	189,599	-	772
Import Loans	-	-	-	-
Loans Given to Financial Sector	5,595,877	8,401	-	-
Consumer Loans	32,135,421	5,307,828	28,012	77,199
Credit Cards	21,143,243	2,896,900	51,297	-
Other	69,405,540	2,197,411	3,349	72,909
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	192,710,647	13,917,088	82,658	993,880

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	796,032	-	687,130	-
Significant increase in Credit Risk	-	4,494,493	-	4,465,775
Total	796,032	4,494,493	687,130	4,465,775

Aging analysis for loans under close monitoring

31 March 2024	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	135,691	24,843	56,128	216,662
Consumer Loans	1,226,579	244,746	516,667	1,987,992
Credit Cards	585,161	375,104	273,948	1,234,213
Total	1,947,431	644,693	846,743	3,438,867

31 December 2023	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	100,292	19,299	137,509	257,100
Consumer Loans	1,099,934	229,895	541,569	1,871,398
Credit Cards	370,971	268,744	218,052	857,767
Total	1,571,197	517,938	897,130	2,986,265

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(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)

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	11,900,755	25,024,456	36,925,211
Housing Loans	7,907	2,743,167	2,751,074
Vehicle Loans	393,905	1,011,832	1,405,737
General Purpose Loans	11,498,943	21,269,457	32,768,400
Other	-	-	-
Consumer Loans –Indexed to FC	-	6,471	6,471
Housing Loans	-	6,471	6,471
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	14,565	14,565
Housing Loans	-	2,164	2,164
Vehicle Loans	-	-	-
General Purpose Loans	-	12,401	12,401
Other	-	-	-
Individual Credit Cards-TL	24,500,282	47,739	24,548,021
With Instalments	8,682,241	47,739	8,729,980
Without Instalments	15,818,041	-	15,818,041
Individual Credit Cards-FC	76,372	-	76,372
With Instalments	-	-	-
Without Instalments	76,372	-	76,372
Personnel Loans-TL	149,251	131,778	281,029
Housing Loans	-	101	101
Vehicle Loans	-	-	-
General Purpose Loans	149,251	131,677	280,928
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	136,237	9	136,246
With Instalments	54,791	9	54,800
Without Instalments	81,446	-	81,446
Personnel Credit Cards-FC	1,337	-	1,337
With Instalments	-	-	-
Without Instalments	1,337	-	1,337
Overdraft Accounts-TL (Real Persons) (*)	2,453,331	-	2,453,331
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	39,217,565	25,225,018	64,442,583

(*) Overdraft accounts include personnel loans amounting to TL 9,289.

(**) Loans granted via branches abroad.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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)

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

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	8,681,383	26,373,938	35,055,321
Housing Loans	2,514	2,839,333	2,841,847
Vehicle Loans	508,394	959,933	1,468,327
General Purpose Loans	8,170,475	22,574,672	30,745,147
Other	-	-	-
Consumer Loans –Indexed to FC	-	6,330	6,330
Housing Loans	-	6,330	6,330
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	14,982	14,982
Housing Loans	-	2,543	2,543
Vehicle Loans	-	-	-
General Purpose Loans	-	12,439	12,439
Other	-	-	-
Individual Credit Cards-TL	19,129,345	41,355	19,170,700
With Instalments	7,138,988	41,355	7,180,343
Without Instalments	11,990,357	-	11,990,357
Individual Credit Cards-FC	60,541	-	60,541
With Instalments	-	-	-
Without Instalments	60,541	-	60,541
Personnel Loans-TL	87,228	135,071	222,299
Housing Loans	-	143	143
Vehicle Loans	-	-	-
General Purpose Loans	87,228	134,928	222,156
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	108,846	16	108,862
With Instalments	45,205	16	45,221
Without Instalments	63,641	-	63,641
Personnel Credit Cards-FC	917	-	917
With Instalments	-	-	-
Without Instalments	917	-	917
Overdraft Accounts-TL (Real Persons) (*)	2,249,528	-	2,249,528
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	30,317,788	26,571,692	56,889,480

(*) Overdraft accounts include personnel loans amounting to TL 9,164.

(**) Loans granted via branches abroad.

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(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)

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

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Loans with Instalment – TL	7,124,633	25,867,456	32,992,089
Business Loans	1,303	71,468	72,771
Vehicle Loans	562,504	5,598,359	6,160,863
General Purpose Loans	6,560,826	20,197,629	26,758,455
Other	-	-	-
Commercial Loans with Instalment - Indexed to FC	-	7,043	7,043
Business Loans	-	3,699	3,699
Vehicle Loans	-	-	-
General Purpose Loans	-	3,344	3,344
Other	-	-	-
Commercial Loans with Instalment – FC	1,612	-	1,612
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	1,612	-	1,612
Other	-	-	-
Corporate Credit Cards-TL	5,284,024	16,178	5,300,202
With Instalments	1,160,541	16,178	1,176,719
Without Instalments	4,123,483	-	4,123,483
Corporate Credit Cards-FC	17,237	-	17,237
With Instalments	-	-	-
Without Instalments	17,237	-	17,237
Overdraft Accounts-TL (Legal Entities)	1,155,056	-	1,155,056
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	13,582,562	25,890,677	39,473,239
Prior Period	Short-Term	Medium and Long-Term	Total
Commercial loans with instalment – TL	6,285,919	16,466,506	22,752,425
Business Loans	-	74,389	74,389
Vehicle Loans	457,510	3,219,119	3,676,629
General Purpose Loans	5,828,409	13,172,998	19,001,407
Other	-	-	-
Commercial loans with instalment - Indexed to FC	-	9,576	9,576
Business Loans	-	3,387	3,387
Vehicle Loans	-	-	-
General Purpose Loans	-	6,189	6,189
Other	-	-	-
Commercial loans with instalment – FC	566	-	566
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	566	-	566
Other	-	-	-
Corporate Credit Cards-TL	4,714,470	24,480	4,738,950
With Instalments	1,169,402	24,480	1,193,882
Without Instalments	3,545,068	-	3,545,068
Corporate Credit Cards-FC	11,470	-	11,470
With Instalments	-	-	-
Without Instalments	11,470	-	11,470
Overdraft Accounts-TL (Legal Entities)	941,417	-	941,417
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	11,953,842	16,500,562	28,454,404

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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)

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	244,725,072	206,871,036
Foreign Loans	1,036,608	833,237
Total	245,761,680	207,704,273

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans to Subsidiaries and Associates	16	277,413
Indirect Loans to Subsidiaries and Associates	-	-
Total	16	277,413

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

	Current Period	Prior Period
Loans with Limited Collectability	521,210	332,737
Loans with Doubtful Collectability	524,092	289,351
Uncollectible Loans	711,899	943,883
Total	1,757,201	1,565,971

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

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectable Loans
Current Period			
Gross Amounts before Provisions	94,694	39,910	24,523
Restructured Loans	94,694	39,910	24,523
Prior Period			
Gross Amounts before Provisions	61,062	36,088	27,630
Restructured Loans	61,062	36,088	27,630

h.2) Movement of non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectable Loans
Prior Period End Balance	495,870	435,385	1,249,950
Additions during the Period (+)	804,262	3,471	17,807
Transfers from other accounts of Non-performing (+)	-	452,263	92,183
Transfers to other accounts of Non-performing (-)	452,263	92,183	-
Collections during the Period (-)	137,696	73,094	194,565
Write-Offs (-)	-	-	17,022
Sold (-) (*)	24	146	98,129
Corporate and Commercial Loans	3	83	10,323
Retail Loans	-	27	70,878
Credit Cards	21	36	16,928
Other	(249)	(30)	1,770
Current Period End Balance	709,900	725,666	1,051,994
Provision (-)	521,210	524,092	711,899
Net Balances on Balance Sheet	188,690	201,574	340,095

(*) The portion of the Bank's non-performing receivables portfolio amounting to TL 98,299 with a provision of TL 91,461 was sold for TL 40,150 in 2024 and the sale proceeds were collected after the completion of the necessary procedures and the related non-performing receivables were derecognised.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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)

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

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

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectable Loans and Receivables
31 March 2024			
Period End Balance	47,824	6,413	69,400
Provision Amount (-)	45,624	2,934	53,289
Net Balance on Balance Sheet	2,200	3,479	16,111
31 December 2023			
Period End Balance	95,542	6,216	75,789
Provision Amount (-)	78,190	2,508	56,563
Net Balance on Balance Sheet	17,352	3,708	19,226

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

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectable Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	709,900	725,666	1,051,994
Provision Amount (-)	521,210	524,092	711,899
Loans to Real Persons and Legal Entities (Net)	188,690	201,574	340,095
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	495,870	435,385	1,249,950
Provision Amount (-)	332,737	289,351	943,883
Loans to Real Persons and Legal Entities (Net)	163,133	146,034	306,067
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectable Loans
Current Period (Net)	1,605	1,226	-
Interest Accruals, Rediscounts and Valuation Differences	99,039	102,083	333,364
Provision Amount (-)	97,434	100,857	333,364
Prior Period (Net)	1,901	1,011	187
Interest Accruals, Rediscounts and Valuation Differences	58,525	57,600	352,139
Provision Amount (-)	56,624	56,589	351,952

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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)

i) Explanations on write-off policy:

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

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

- Financial indicators: Financial indicators that show that the entire loan does not have the ability to recover, or that the monetary cost to be incurred due to lawsuits/prosecution to be filed is higher than the collection to be made, are evaluated.

- Long-term follow-up: Those who do not have a reasonable expectation of collection are evaluated for the recovery of the loans whose follow-up process continues for a long time,

The following applications regarding the loans which is under follow-up and written-off cannot be different form registered loans.

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

The amount written-off by the Parent Bank within the scope of TFRS 9 during the financial period is TL 17,022 (31 December 2023: TL 99,443) and its effect on NPL ratio is 0.01% (31 December 2023: 0.05%). The follow-up conversion rate is 1.00% (31 December 2023: 1.04%) with the current period non-performing loans after write-offs, while the calculated rate including the loans written-off during the year is 1.01% (31 December 2023: 1.09%).

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

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	15,513,689	13,212,243	14,269,209	14,639,935
Total	15,513,689	13,212,243	14,269,209	14,639,935

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	29,754,699	-	17,933,295	-
Other	-	-	-	-
Total	29,754,699	-	17,933,295	-

Unrestricted financial assets measured at amortized cost are TL 3,141,406 (31 December 2023: TL 2,449,019).

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

	Current Period	Prior Period
Government Bonds	61,622,037	49,291,458
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	61,622,037	49,291,458

An expected loss provision of TL 11,594 (31 December 2023: TL 11,090) is reserved for government debt securities classified in amortized cost portfolio.

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

	Current Period	Prior Period
Debt securities	61,622,037	49,291,458
Quoted on a Stock Exchange	61,622,037	49,291,458
Unquoted on a Stock Exchange	-	-
Impairment Provision (-)	-	-
Total	61,622,037	49,291,458

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

	Current Period	Prior Period
Balance at the Beginning of the Period	49,291,458	40,455,936
Foreign Currency Differences on Monetary Assets	1,167,585	5,539,588
Purchases During the Year	12,284,269	15,451,927
Disposals Through Sales and Redemptions	(2,708,681)	(9,541,486)
Impairment Provision (-)	-	-
Valuation Effect(*)	1,587,406	(2,614,507)
Closing Balance	61,622,037	49,291,458

(*) Includes rediscount amounts too.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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 2023: None).
- a.2) Information on the unconsolidated associates: None (31 December 2023: None).
- a.3) Information on the consolidated associates: None (31 December 2023: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2023: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2023: 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.	TEB Finansman A.Ş.
Paid-in capital to be entitled for compensation after all creditors	50,000	28,794	30,000	71,626
Reserves	772,369	33,843	5,088	674,138
Net income for the period and prior period income	90,603	888,691	189,394	50,281
Income/ Loss recognized under equity in accordance with TAS	-	-	(72)	-
Leasehold improvements on operational leases (-)	5,871	501	2,316	638
Goodwill and intangible asset and the related deferred tax liability (-)	15,740	15,012	3,245	4,666
Total Common Equity Tier 1 Capital	891,361	935,815	218,849	790,741
Provisions	33,201	-	-	4,484
Equity	924,562	935,815	218,849	795,225

- 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 2023: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2023: None).
- d) Information on the consolidated subsidiaries:

- d.1) Information on the consolidated subsidiaries:

Title	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
4 TEB Finansman A.Ş.	İstanbul/Turkey	100.00	-

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit/Loss (*)	Fair Value
1	13,703,001	912,972	20,157	886,368	-	90,603	69,213	-
2	1,860,224	951,328	13,555	253,563	-	136,091	77,837	-
3	304,286	224,410	8,396	6,327	20	58,711	14,872	-
4	3,128,075	796,045	5,399	327,110	-	50,709	44,288	-

(*) Amounts adjusted according to the BRSA's financial statements prepared for consolidation as of 31 March 2024. Within the framework of BRSA regulations, it includes values as of 31 March 2024, which have not been subjected to inflation accounting.

(**) These are the amounts adjusted according to the financial statements prepared by the BRSA for consolidation as of 31 March 2023, which have not been subjected to inflation accounting.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

d.2) Information on consolidated financial subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	278,971	115,986
Movements during the Period	-	162,985
Purchases (*)	-	162,985
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase/(Decrease)	-	-
Provisions for Impairment	-	-
Balance at the end of the period	278,971	278,971
Capital commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) As of 4 November 2022, for the acquisition of 61,300,800 shares of BNP Paribas Personal Finance S.A. from a total of 71,626,000 registered shares in the capital of TEB Finansman A.Ş. and (ii) of 10,325,200 shares owned by TEB Holding A.Ş. by Türk Ekonomi Bankası A.Ş.; Share Transfer Agreement has been signed between BNP Paribas Personal Finance S.A., TEB Holding A.Ş. and Türk Ekonomi Bankası A.Ş. It was announced with the material event statement made on 16 January 2023 that the Banking Regulation and Supervision Agency and the Competition Authority's applications/information were made and the necessary approvals were received regarding the share transfer that the mentioned transaction was within the scope of intra-group restructuring. In this context, the acquisition of all (100%) shares of TEB Finansman A.Ş. by Türk Ekonomi Bankası A.Ş. and the share transfer transaction was carried out on 23 January 2023 and Türk Ekonomi Bankası A.Ş. became the sole shareholder of TEB Finansman A.Ş.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	43,417	43,417
Leasing Companies	-	-
Finance Companies	162,985	162,985
Other Financial Subsidiaries	72,569	72,569
Total	278,971	278,971

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2023: 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 Bank (%)	Share of the Group (%)
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (*)	0.1	33.3

Total Assets	Total Fixed Assets	Interest Income	Securities Income	Current Period P&L	Prior Period Profit/Loss	Fair Value
468,747	229,366	-	-	5,774	(35,463)	-

(*) As of 31 March 2024 and 31 March 2023, these are the amounts adjusted according to the financial statements prepared by the BRSA for consolidation that have not been subjected to inflation accounting.

b) The method used in accounting for joint ventures (joint ventures) in the unconsolidated financial statements of the parent bank due to the reasons why the unconsolidated joint venture (joint venture) is not consolidated:

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

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

11. **Information on financial lease receivables (Net):** None (31 December 2023: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	198,625	735,767	302,754
Foreign Net Investment Hedge	-	-	-	-
Total	-	198,625	735,767	302,754

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 50,640 (31 December 2023: TL 39,591) is recorded under equity as of 31 March 2024 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

13. **Information on investment properties:** None (31 December 2023: None).

14. **Information on assets held for sale and discontinued operations:**

	Current Period	Prior Period
Beginning of Period Cost	82,060	100,370
Beginning of Period Accumulated Depreciation (-)	-	-
Net Book Value	82,060	100,370
Opening Balance	82,060	100,370
Acquired	2,428	49,380
Disposed (-)	10,261	67,042
Impairment (-)	(967)	648
Depreciation Value (-)	-	-
Period End Cost	75,194	82,060
Period End Accumulated Depreciation (-)	-	-
Closing Net Book Value	75,194	82,060

As of 31 March 2024, the Bank has no non-current assets related to discontinued operations (31 December 2023: None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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 Months-1 Year	1 Year and Over	Acc. Deposits	Total
Saving Deposits	13,479,730	-	29,561,919	57,882,612	5,688,121	21,325,328	3,652,382	-	131,590,092
Foreign Currency Deposits	77,890,530	-	11,294,554	12,386,190	48,329	55,612	102,659	-	101,777,874
Residents in Turkey	74,116,648	-	10,501,097	11,875,787	25,601	52,233	97,698	-	96,669,064
Residents Abroad	3,773,882	-	793,457	510,403	22,728	3,379	4,961	-	5,108,810
Public Sector Deposits	1,876,280	-	65,884	187,141	602,634	-	-	-	2,731,939
Commercial Deposits	16,560,936	-	10,120,228	22,050,054	2,787,338	2,264,336	1,521,785	-	55,304,677
Other Institutions Deposits	1,493,935	-	198,200	778,992	15,264	7	285	-	2,486,683
Precious Metals Deposits	14,565,098	-	21,945	86,808	10,296	24,856	350	-	14,709,353
Bank Deposits	447,488	-	2,679,888	-	-	-	-	-	3,127,376
Central Bank of Türkiye	29,982	-	-	-	-	-	-	-	29,982
Domestic Banks	4	-	-	-	-	-	-	-	4
Foreign Banks	417,502	-	2,679,888	-	-	-	-	-	3,097,390
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	126,313,997	-	53,942,618	93,371,797	9,151,982	23,670,139	5,277,461	-	311,727,994

Currency-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the current accounting period reported. As of 31 March 2024, TL deposit amount includes TL 41,777,729 (31 December 2023: TL 44,388,822) deposits within this scope.

a.2) Prior Period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Acc. Deposits	Total
Saving Deposits	11,434,614	-	30,955,848	65,389,026	2,876,936	9,874,584	3,204,116	-	123,735,124
Foreign Currency Deposits	62,450,456	-	11,279,340	12,705,976	231,984	50,731	47,189	-	86,765,676
Residents in Turkey	59,084,682	-	10,540,158	12,196,472	211,226	47,602	42,603	-	82,122,743
Residents Abroad	3,365,774	-	739,182	509,504	20,758	3,129	4,586	-	4,642,933
Public Sector Deposits	1,838,949	-	14,044	205,711	1,547,150	-	-	-	3,605,854
Commercial Deposits	16,022,870	-	12,734,684	20,143,834	1,154,047	1,998,176	1,399,329	-	53,452,940
Other Institutions Deposits	1,007,541	-	183,111	833,605	65,215	11	278	-	2,089,761
Precious Metals Deposits	12,382,123	-	20,326	85,192	10,527	20,771	293	-	12,519,232
Bank Deposits	329,106	-	2,248,143	-	-	-	-	-	2,577,249
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	5	-	-	-	-	-	-	-	5
Foreign Banks	329,101	-	2,248,143	-	-	-	-	-	2,577,244
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	105,465,659	-	57,435,496	99,363,344	5,885,859	11,944,273	4,651,205	-	284,745,836

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 Deposit	Under the Guarantee of Insurance (**)		Exceeding the Insurance Limit (**)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	61,667,770	49,743,453	67,944,385	72,203,333
Foreign Currency Saving Deposits	27,788,568	18,884,543	31,490,916	26,773,509
Other Deposits in the Form of Saving Deposits	6,584,717	4,671,518	5,801,788	6,054,464
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	96,041,055	73,299,514	105,237,089	105,031,306

(*) Pursuant to the "Regulation Amending the Regulation on the Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 27 August 2022 and numbered 31936, all deposits and participation funds, excluding those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions, started to be insured. In this context, commercial deposits covered by the insurance amount to TL 11,114,521 (31 December 2023: TL 8,720,452) and the relevant amount is not included in the note.

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

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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	2,121,637	2,040,846
Deposits of Controlling Shareholders and Their Close Families	3,683,843	3,159,145
Deposits of Chairman and Members of the Board of Directors and Their Close Families	177,236	186,514
Deposits Obtained Through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Offshore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	370,686	33,699	344,298	14,767
Swap Transactions	1,400,508	737,711	1,020,999	347,925
Futures Transactions	-	-	-	-
Options	358,772	485,645	387,146	437,708
Other	-	-	-	-
Total	2,129,966	1,257,055	1,752,443	800,400

3. Information on funds borrowed and debt securities issued:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Türkiye	-	-	-	-
From Domestic Banks and Institutions	289,856	11,045	112,235	12,801
From Foreign Banks, Institutions and Funds	-	19,931,357	-	19,814,561
Total	289,856	19,942,402	112,235	19,827,362

As of 31 March 2024, the Bank has no loans from the risk group it is included in (31 December 2023: None).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	189,055	953,868	112,235	1,824,002
Medium and Long-Term	100,801	18,988,534	-	18,003,360
Total	289,856	19,942,402	112,235	19,827,362

c) Information on debt securities issued: None. (31 December 2023: None)

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

Other external funding payables amounting to TL 19,899,199 (31 December 2023: TL 16,170,699) do not exceed 10% of the total balance sheet.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

5. Explanations on financial lease obligations (Net):

With the “IFRS 16 Leases” standard which became effective as of 1 January 2020, the difference between the operating lease and financial lease have been removed and the lease transactions are started to be recognized under “Tangible Fixed Asset” as an asset (tenure) and under “Liabilities from Leasing” as a liability. As of 31 March 2024, the Bank has leasing liability amounting to TL 1,117,301 (31 December 2023: TL 991,149).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	67,773	54,869	82,455	-
Hedging the Risk of Net Investments Abroad	-	-	-	-
Total	67,773	54,869	82,455	-

In case the fair value hedge accounting is terminated, any adjustment made to the book value of the hedged financial instrument determined by using the effective interest method within the scope of fair value hedge accounting is amortized through profit or loss until the maturity of the financial instrument.

As of 31 March 2024, there are accumulated valuation differences of TL 50,640 (31 December 2023: TL 39,591) under equity. Regarding the cash flow hedging transactions terminated by the Bank, this amount is spread over the remaining terms of the hedged items by the Bank and transferred to the income statement.

7. Information on provisions:

- 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 2023: None).
- The specific provisions provided for unindemnified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	210,363	167,442
Stage 2	586,453	611,469
Stage 3	435,434	131,680
Total	1,232,250	910,591

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

As of 31 March 2024, TL 140,576 (31 December 2023: TL 46,844) unused vacation provision, TL 1,433,431 (31 December 2023: TL 1,410,470) employment termination benefit provision, TL 1,736,109 (31 December 2023: TL 1,427,188) bonus provision and TL 1,569 (31 December 2023: TL 1,887) other expense provision are presented under “Provision of Employee Rights” in financial statements.

- Information on other provisions:

	Current Period	Prior Period
Provision for Non-Cash Loans	1,232,250	910,591
Provision for Legal Cases	238,784	227,121
Provision for Promotions of Credit Cards and Banking Services	18,431	16,718
Other	1,044,803	2,321,008
Total	2,534,268	3,475,438

(*) As of 31 March 2024, it includes a free provision of TL 850,000 (December 31, 2023: TL 2,050,000).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

8. Information on taxes payable:

a) Information on tax provision:

As of 31 March 2024, the Bank's corporate tax liability is TL 1,561,718 (December 31, 2023: TL 250,538). As of 31 March 2024, the Bank's total debt for taxes and premiums is TL 2,783,029 (December 31, 2023: TL 1,282,114).

b) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	1,561,718	250,538
Taxation on Securities	223,959	194,666
Property Tax	7,062	5,891
Banking Insurance Transaction Tax (BITT)	490,040	433,185
Foreign Exchange Transaction Tax	37,211	8,508
Value Added Tax Payable	18,726	60,258
Other (*)	119,458	112,821
Total	2,458,174	1,065,867

(*) Others include income taxes deducted from wages amounting to TL 103,668 (31 December 2023: TL 99,174) and stamp taxes payable amounting to TL 8,577 (31 December 2023: TL 5,757).

c) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	227,324	153,650
Social Security Premiums-Employer	81,380	52,207
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	5,845	3,761
Unemployment Insurance-Employer	10,306	6,629
Other	-	-
Total	324,855	216,247

d) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 31 March 2024 (31 December 2023: None).

9. Information on shareholders' equity:

a) Presentation of paid-in capital:

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

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

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

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

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

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

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

9. Information on shareholders’ equity: (continued)

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

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

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(148,569)	(29,266)	(81,628)	(29,672)
Foreign Exchange Difference	-	-	-	-
Total	(148,569)	(29,266)	(81,628)	(29,672)

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Limits	81,720,839	52,048,755
Asset Purchase Commitments	24,425,306	10,243,499
Loan Granting Commitments	16,345,466	13,577,154
Commitments for Cheque Payments	6,178,116	4,044,146
Tax and Fund Liabilities from Export Commitments	402,419	302,721
Commitments for Credit Cards and Banking Services Promotions	3,283	3,181
Other Revocable Commitments	1,387,360	854,282
Other Irrevocable Commitments	1,004,374	938,745
Total	131,467,163	82,012,483

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

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

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

	Current Period	Prior Period
Letters of credit	28,096,062	22,935,305
Bank acceptances	68,398	70,513
Other guarantees	13,333,658	10,693,200
Other contingencies	3,867,221	3,057,472
Total	45,365,339	36,756,490

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

	Current Period	Prior Period
Guarantee letters	32,536,052	28,949,303
Advance guarantee letters	6,926,679	8,472,141
Guarantee letters given for customs	1,431,467	1,321,518
Temporary guarantee letters	713,009	659,207
Other guarantee letters	6,436,474	5,777,951
Total	48,043,681	45,180,120

c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	6,277,206	5,609,748
With Maturity of One Year or Less Than One Year	230,456	821,496
With Maturity of More Than One Year	6,046,750	4,788,252
Other Non-Cash Loans	87,131,814	76,326,862
Total	93,409,020	81,936,610

For non-cash loans amounting to TL 866,281 (31 December 2023: TL 250,521) that are not compensated and not cashed in off-balance sheet accounts, a third stage provision for expected loss of TL 435,434 (31 December 2023: TL 131,680) has been set aside. In addition, TL 210,363 (31 December 2023: TL 167,442) Stage 1, TL 586,453 (31 December 2023: TL 611,469) Stage 2 TFRS 9 expected loss provision has been made.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

IV. Explanations and Disclosures Related to the Statement of Income

1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-Term Loans	10,112,929	901,630	3,037,067	343,537
Medium and Long-Term Loans	5,918,936	376,340	2,328,919	200,328
Interest on Loans Under Follow-Up	86,443	11,756	65,781	5,379
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	16,118,308	1,289,726	5,431,767	549,244

(*) Includes fees and commissions obtained from cash loans amounting to TL 289,322 (31 March 2023: TL 224,918).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Türkiye	491,434	-	-	5,145
Domestic Banks	166,600	7	43,237	419
Foreign Banks	28,069	52,725	21,063	26,507
Branches and Head Office Abroad	-	-	-	-
Total	686,103	52,732	64,300	32,071

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	98,744	13,490	75,290	5,540
Financial Assets at Fair Value Through Other Comprehensive Income	457,939	20,226	205,157	29,229
Financial Assets Measured at Amortized Cost	2,383,726	150,940	2,837,261	104,136
Total	2,940,409	184,656	3,117,708	138,905

As stated in Note VII of Section Three, the Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include CPI-indexed bonds. These securities are valued and accounted for using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these securities are created according to the CPI of two months ago. The bank determines the estimated inflation rate in parallel with this. The estimated inflation rate used is updated during the year when deemed necessary. In this context, as of 31 March 2024, the valuation of the mentioned assets was made according to an annual inflation forecast of 39.7%. In case the CPI forecast increases or decreases by 5%, the profit for the period before tax as of 31 March 2024 will increase by approximately 215 million TL (full TL) or decrease by the same amount.

d) Interest income on subsidiaries and associates:

	Current Period	Prior Period
Interest Received from Subsidiaries and Associates	7,605	23,368

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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 Expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of the Republic of Türkiye	-	-	-	-
Domestic Banks	16,709	366	22,336	1,202
Foreign Banks	776	1,077,919	-	391,595
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	17,485	1,078,285	22,336	392,797

(*) It also includes fees and commission expenses related to borrowings, amounting to TL 41,277 (31 March 2023: TL 10,124).

b) Information on interest expense on associates and subsidiaries:

	Current Period	Prior Period
Interest Expenses to Associates and Subsidiaries	9,360	8,441

c) Information on interest expenses on securities issued: None.

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

Account Name	Current Period Demand Deposits	Time Deposits					Acc. Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	-	153,274	-	-	-	-	-	153,274
Saving Deposits	-	3,073,005	5,798,070	439,131	1,792,420	269,771	-	11,372,397
Public Sector Deposits	-	7,185	24,492	82,608	-	-	-	114,285
Commercial Deposits	-	987,761	1,831,534	203,662	173,563	90,359	-	3,286,879
Other Deposits	-	7,687	80,673	8,665	-	14	-	97,039
7 Day Call Accounts	-	-	-	-	-	-	-	-
Total	-	4,228,912	7,734,769	734,066	1,965,983	360,144	-	15,023,874
FC								
Foreign Currency Deposits	-	4,697	56,805	452	265	1,948	-	64,167
Bank Deposits	-	85	-	-	-	-	-	85
7 Day Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	4,782	56,805	452	265	1,948	-	64,252
Grand Total	-	4,233,694	7,791,574	734,518	1,966,248	362,092	-	15,088,126

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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 Expenses (continued)

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

Prior Period Account Name	Demand Deposits	Time Deposit					Acc. Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	-	19,044	-	-	-	-	-	19,044
Saving Deposits	-	691,515	2,673,300	86,865	1,110	78,086	-	3,530,876
Public Sector Deposits	-	3,305	48,548	-	-	-	-	51,853
Commercial Deposits	-	291,170	639,256	66,289	5,913	125,022	-	1,127,650
Other Deposits	-	2,484	21,871	5,712	1	298	-	30,366
7 Day Call Accounts	-	-	-	-	-	-	-	-
Total	-	1,007,518	3,382,975	158,866	7,024	203,406	-	4,759,789
FC								
Foreign Currency Deposits	-	1,089	107,877	7,036	330	153	-	116,485
Bank Deposits	-	149	-	-	-	-	-	149
7 Day Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	1,286	145	-	-	-	1,431
Total	-	1,238	109,163	7,181	330	153	-	118,065
Grand Total	-	1,008,756	3,492,138	166,047	7,354	203,559	-	4,877,854

3. Information on trading profit/loss:

	Current Period	Prior Period
Profit	124,587,138	66,297,564
Profit on Capital Market Operations	210,035	1,450,077
Profit on Derivative Financial Instruments ⁽¹⁾	18,997,264	43,629,149
Foreign Exchange Profit	105,379,839	21,218,338
Loss (-)	125,305,316	63,909,715
Losses on Capital Market Operations	142,572	233,769
Losses on Derivative Financial Instruments ⁽¹⁾	20,995,386	43,653,901
Foreign Exchange Losses	104,167,358	20,022,045

(1) Includes exchange rate fluctuations of hedging transactions net profit of TL 148,287 (31 March 2023: TL 93,674 loss), derivative financial instruments exchange rate changes in loss accounts amounting to TL 471,215 (31 March 2023: TL 412,906 loss) net exchange loss.

4. Information on other operating income:

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

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

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

	Current Period	Prior Period
Expected Credit Losses	488,431	191,726
12-Month Expected Credit Losses (Stage 1)	136,338	10,975
Significant Increase in Credit Risk (Stage 2)	(193,328)	139,372
Credit-Impaired (Stage 3)	545,421	41,379
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	(1,249,209)	1,185
Total	(760,778)	192,911

(*) As of 31 March 2024, it includes the reversal of free provision amounting to TL 1,200,000 (31 March 2023: None)

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

6. Information on other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits ⁽¹⁾	94,438	19,029
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	175,437	110,544
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Depreciation Expenses of Intangible Assets	62,385	38,783
Impairment for Investments Accounted with Equity Method	-	-
Impairment Expenses of Assets to be Disposed	(967)	(181)
Depreciation Expenses of Assets to be Disposed	-	-
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	1,318,098	1,007,601
Leasing Expenses on TFRS 16 Exceptions	34,439	18,378
Maintenance and Repair Expenses	41,829	19,599
Advertisement Expenses	63,625	6,194
Other Expenses	1,178,205	963,430
Loss on Sales of Assets	18	425
Other ⁽²⁾	626,189	313,797
Total	2,275,598	1,489,998

⁽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 216,636 (31 March 2023: TL 143,138) and other taxes and fees paid-in the amount of TL 282,168 (31 March 2023: TL 120,643).

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

- As of 31 March 2024, the current tax expense from continued operations is TL 1,318,183 (31 March 2023: TL 536,265 expense) and net deferred tax income is TL 925,045 (31 March 2023: TL 348,417 income) and there is no current and deferred tax income/expense from discontinued operations (31 March 2023: None).
- Deferred tax income on temporary differences resulted from continued operations is TL 925,045 (31 March 2023: TL 348,417 net deferred tax expense).

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

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 March 2023: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 March 2023: None).
- Profit/loss attributable to minority interest: None (31 March 2023: None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Card fee and commissions	2,675,833	666,394
Insurance commissions	244,763	143,264
Transfer commissions	140,328	72,562
Fund management commissions	137,806	42,839
General limit revision commissions	95,530	35,075
Settlement expense provision, eft, swift, agency commissions	45,801	38,716
Early closing commissions	6,630	15,640
Other	234,749	118,033
Total	3,581,440	1,132,523
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	1,663,023	439,367
Commission and fees paid to correspondent banks	47,534	33,997
Settlement expense provision, eft, swift, agency commissions	33,003	16,504
Other	220,072	103,855
Total	1,963,632	593,723

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

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

Balance sheet items of previous periods are presented as of 31 December 2023 and income/expense items of previous periods are presented as of 31 March 2023.

a) Current Period:

Risk Group Involving the Bank	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 the Period	277,413	12,477	109,615	1,607,169	1,028,497	188,732
Balance at End of the Period	16	14,612	33,031	2,808,571	959,762	162,440
Interest and Commission Income	7,605	52	11	1	31,913	104

Direct and indirect shareholders of the Bank balance above include TL 33,031 and other entities included in the risk group balance above includes TL 50,030 placement in “Banks”.

b) Prior Period:

Risk Group Involving the Bank	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 the Period	437,163	2,934	257,375	1,118,603	1,213,006	93,918
Balance at End of the Period	277,413	12,477	109,615	1,607,169	1,028,497	188,732
Interest and Commission Income	23,368	14	-	450	32,004	101

Direct and indirect shareholders of the Bank balance above include TL 109,615 and other entities included in the risk group balance above includes TL 128,181 placement in “Banks”.

c) c.1) Information on deposits belonging to the risk group of the Bank:

Risk Group Involving the Bank	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 the Period	178,635	41,131	5,808,611	5,686,882	2,519,918	1,332,483
Balance at End of the Period	185,603	178,635	5,820,417	5,808,611	2,952,694	2,519,918
Deposit Interest Expense	9,360	8,441	73,226	147,216	65,892	28,112

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

Risk Group Involving the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value						
Through Profit and Loss						
Beginning of the Period	-	-	93,842,978	58,227,206	4,740,236	2,322,171
End of the Period	-	-	97,818,636	93,842,978	2,376,437	4,740,236
Total Profit/Loss	-	-	58,724	7,704	(75,850)	(3,347)
Hedging Transactions purposes						
Beginning of the Period	-	-	21,460,631	16,690,868	-	-
End of the Period	-	-	13,905,756	21,460,631	-	-
Total Profit/Loss	-	-	56,919	54,489	-	-

d) As of 31 March 2024, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 75,187 (31 March 2023: TL 28,544).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

VI. Explanations and Disclosures Related to Subsequent Events

- Fitch Ratings, the international credit rating agency, upgraded the Bank's financial capacity rating from "b-" to "b" on 8 April 2024.

SECTION SIX

INDEPENDENT AUDITOR'S REVIEW REPORT

I. Explanations on the Independent Auditor's Review Report

The unconsolidated financial statements of the Bank were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the auditor's interim review report dated 25 April 2024 is presented preceding the financial statements.

II. Other Notes and Explanations Prepared by the Independent Auditors

None.

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NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

SECTION SEVEN (*)

INFORMATION ON INTERIM ACTIVITY REPORT

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

Chairman of Board of Director’s Message

Dear stakeholders,

The global economy made a good start to 2024. Despite the tight monetary policies of developed countries’ central banks and current geopolitical risks, global manufacturing and services activity was strong in the first quarter. In its Global Economic Outlook (WEO) Report, the International Monetary Fund (IMF) forecasted moderate inflation and stable growth for 2024. IMF’S growth expectation for 2024 is 3.2%.

The US Federal Reserve (FED) kept its policy rate unchanged at 5.5% at its March meeting. FED also updated its macroeconomic expectations. Accordingly, the US economy is expected to grow by 2.1% in 2024, 2% in 2025 and 2.0% in 2026. FED’s year-end policy rate expectations for 2024 and 2025 were announced as 4.6% and 3.9%, respectively.

European Central Bank (ECB) kept its policy rate (refinancing rate) at 4.5% at its March meeting. ECB revised its inflation forecasts downwards for the next two years, anticipating that inflation will decline with a lower contribution from energy prices. The inflation forecast for 2024 is 2.3% and for 2025 is 2%.

Turkey’s foreign trade deficit started to improve significantly in the first quarter of 2024. According to data from the Ministry of Trade, exports increased by 3.6% y/y in the January-March period, while imports decreased by 12.6%. In the first three months, foreign trade deficit was USD 20.5 billion. In the same period last year, foreign trade deficit was USD 34.8 billion.

As of February, industrial production increased by 3.2% m/m and 11.5% y/y. Base effect was the main reason behind the high increase. In the same period last year, production had contracted sharply due to the earthquake disaster. IMF forecasts Turkey’s GDP growth at 3.1% in 2024, while the World Bank forecasts 3% growth.

Consumer inflation, 64.8% y/y in December 2023, reached 68.5% y/y in March 2024 due to the minimum wage hike in the first quarter of 2024 and TRY depreciation. Services inflation was 96.5% y/y, while food inflation was 70.4% in March. Energy group inflation (37.3%) had downward effect on headline inflation.

The Central Bank of the Republic of Turkey (CBRT) raised the policy rate by 500 basis points at its March meeting. Having started to raise interest rates since June 2023, CBRT raised the policy rate from 8.5% to 50%. CBRT emphasized that monetary tightening steps will continue until the inflation outlook and expectations improve.

As of February 2024, current account balance posted an annual deficit of USD 31.8 billion. Net gold imports and net energy imports amounted USD 19 billion and USD48.8 billion, respectively. The current account balance excluding gold and energy posted a surplus of USD 35.9 billion. Gold imports contracted by 18% y/y, energy imports decreased by 31% y/y, and the current account balance excluding gold and energy contracted by 27% y/y. The improvement in the current account balance is expected to continue in 2024.

The impact of tighter financial conditions on global economic activity and the effectiveness of monetary and fiscal policies in Turkey will continue to be determinants of growth.

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

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

Kind Regards,

Dr. Akın AKBAYGİL

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

CEO's Message

Türk Ekonomi Bankası (TEB) has announced its Q1 2024 financial results. As of 31 March 2024, TEB's total assets stood at TL 454 billion and its net profit at TL 3 billion 5 million. Loans, the most important indicator of TEB's support for its customers and the national economy, made up 54.7% of the bank's total assets during the first quarter. Giving the same priority to risk management and asset quality as it always does, TEB's total lendings in the first quarter of the year amounted to TL 248.2 billion while its total deposits reached TL 311.7 billion. With the bank continuing to enjoy solid growth thanks to a strong capital structure and by ensuring the sustainable continuity of its profitability, TEB's shareholders' equity as of the first quarter was TL 36.7 billion while at 17,67%, its capital adequacy ratio was significantly above the targeted 12%.

TEB actively supports the sustainable growth of its country. As a "Good and Exemplary Bank" TEB undertakes initiatives that generate positive outcomes for the economy, the environment, and society at large. TEB launched a new ad campaign in the first quarter of 2024 to increase public awareness about sustainability. The campaign detailed the bank's projects and the tangible ways in which it creates a better future. Through its "TEB Impact, Good Today, Better Tomorrow" campaign, TEB highlights how supporting good deeds today creates a brighter future for everyone. The campaign spotlighted the TEB Impact initiative as a force for positive change. The bank always works with its stakeholders to build a better future for society by continuously promoting sustainability awareness.

Aiming to be the financial services provider that people recommend the most, TEB strives to continuously improve the customer experience. In the first quarter of the year, TEB listened to 62 thousand customers and regularly measured customer satisfaction across all channels. In line with the feedback, TEB implemented solutions that differentiate it in the sector to provide a better customer experience. In the first quarter of the year, TEB conducted customer satisfaction surveys of 62,000 customers across all channels. Based on the feedback, TEB implemented solutions that differentiate it in the sector, enhancing the customer experience. TEB is committed to continuously improving the customer experience at its branches, call center, CEPTETEB mobile banking, and internet branch.

TEB provides motor vehicle financing product and service solutions for both individuals and businesses. The bank's ability to serve this market is further strengthened and solidified by the presence of TEB Finansman AŞ in the TEB Group. TEB streamlined vehicle-financing application processes in the first quarter of 2024. Customers can now pre-apply for car loans in just three easy steps through the bank's teb.com.tr website. Customers select the make and model of the vehicle they want to buy, choose an authorized dealership, indicate how much they want to borrow and on what terms, and provide a few personal information items. They then go to the dealership where they finalize loan formalities.

With CEPTETEB Mobile Application and Internet Branch, TEB continues to meet the daily banking needs of its customers 24/7 without interruption. In the first quarter of the year, fast, easy and new features for financial needs such as "Creating a policy by receiving a Motor Insurance Policy offer" and "Sending money to people selected from the phone book without entering account/IBAN information with Kolay Address" were launched on CEPTETEB Mobile."

Committed to providing its business customers with the best digital banking experience, TEB continues to expand the menu options of its CEPTETEB İŞTE platform. In the first quarter of 2024, the capabilities of the bank's Harman credit card designed to address farmers' unique financing needs were enhanced with the inclusion of credit-use and detailed credit-monitoring menus. Other new features that were rolled out include displaying CEPTETEB İŞTE transfer limits, accessing all digital statements from a single screen, and changing statement preferences.

TEB launched its CEPTETEB İŞTE New Corporate Internet Banking Project to enhance the digital banking experience and expand service offerings for its corporate online banking customers. The project's newly-improved and enhanced "Accounts" and "Credit Cards" menus are already being used by customers.

Through the TEB Women's Banking initiative, TEB contributes to sustainable economic growth by empowering female business owners and entrepreneurs to play more active and bigger roles in business and in the formal economy. Continuing to offer TurWIB II loans to female business owners, TEB has been prioritizing supplying them to people in regions affected by last year's devastating earthquakes. Total lendings to female business owners were up by 20% year-on-year and amounted to TL 7.5 billion in the first quarter of 2024.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

CEO’s Message (continued)

TEB maintains its focus on initiatives that promote financial literacy in its ongoing efforts to support Turkey’s sustainable growth and development. TEB Family Academy fosters the growth of a base of informed consumers through educational programs that empower individuals to understand their rights and responsibilities and to make choices and decisions that are financially, environmentally, and legally sound. During the first quarter of 2024, financial literacy training was provided to close to 3,000 people employed by about 10 organizations across four sectors through TEB Family Academy. The academy also began providing “Environmental Law Literacy” and “Climate Literacy” trainings prepared in cooperation with UNICEF resources.

TEB remains dedicated to supporting entrepreneurs and strengthening the entrepreneurial ecosystem by continuously expanding its Startup Business Banking initiatives with new additions. The Turcorn 100 Program, launched by the Ministry of Industry and Technology’s General Directorate of National Technologies to support the rapid scaling and global market entry of technology startups that have successfully completed their early stages and have high growth potential, has announced 15 companies as candidates for inclusion in the program. As the first and only Turcorn banking partner, TEB has begun providing startup business banking services to these candidates.

As a member of BNP Paribas’ powerful global network of correspondent banks, TEB has access to a wide range of resources with which to supply Turkey’s import raw materials and machinery importers with a host of favorably-termed and cost-effective financing options. TEB also continues to stand by the country’s exporters as well. During the first quarter of 2024, TEB provided them with access to TL 1.7 billion worth of CBRT sourced credit.

TEB Private Banking was named “Best Private Bank in Turkey” in the most recent round of World Finance Banking Awards. By securing this award for the sixth consecutive year, TEB Private Banking has further strengthened its stature as Turkish private banking sector leader and added new luster to its international reputation for exceptional and consistent performance.

TEB’s Customer Interaction Center and Non-Branch Sales Channel received the “Best Technology - Technological Innovation” accolade at 6th CX Awards.

TEB E-Invoice Credit, a credit product that saves customers time and facilitates their access to financing through end-to-end automation, received a Gold Stevie award in the “Product Innovation for Business” category. The product was also the winning contender in the “Best Innovation” category at the Global Business Excellence Awards.

Kind Regards,

Ümit LEBLEBİCİ

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

I. Interim Annual Report Containing the Evaluations of the Chairman of the Board of Directors and the General Manager of the Bank on the Interim Activities (continued)

B. Share Capital and Shareholding Structure

As of 31 March 2024;

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

C. Management and Corporate Governance Practises

The Chairman and the Members of Board of Directors

Name	Title
Dr. Akın Akbaygil	Chairman of the Board of Directors
François Andre Jesualdo Benaroya	Deputy Chairman of the Board of Directors
Patrick Philippe Poupon	Member of the Board of Directors and Chairman of the Audit Committee
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee
Yavuz Canevi	Member of the Board of Directors
Hans Wilfried J. Broucke	Member of the Board of Directors
Özden Odabaşı	Member of the Board of Directors
Jean-Charles Joseph Gabriel Aranda	Member of the Board of Directors
Ayşe Meral Çimenbiçer	Member of the Board of Directors, Member of Audit Committee
Metin Toğay	Member of the Board of Directors
Didier Albert N. Van Hecke	Member of the Board of Directors, Member of Audit Committee
Ümit Leblebici	Chief Executive Officer and the Executive Member

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

As of 31 March 2024, the Board of Directors have accepted 55 resolutions and Audit Committee 13 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

Executive Management

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

Name	Title
Ümit Leblebici	Chief Executive Officer and the Executive Member
Gökhan Mendi	Senior Assistant General Manager, Retail and Private Banking
Ali İhsan Arıdaşır	Assistant General Manager Responsible for SME Loans
Melis Coşan Baban	Head of Legal Affairs, Secretary of the Board of Directors
Ali Gökhan Cengiz	Assistant General Manager, SME Banking
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Tolga Güler	Assistant General Manager, Financial Affairs Group
Osman Durmuş	Assistant General Manager Responsible for Retail and Business Loans
Orhan Hatipoğlu	Assistant General Manager, Banking Operations and Support Services
Çiğdem Ünsal	Assistant General Manager, Human Resources
Tolga Gürdem	Assistant General Manager, Treasury & ALM
Göker Orhan	Assistant General Manager, Financial Markets
Gökhan Özdiil	Assistant General Manager, Corporate Loans
Ömer Abidin Yenidoğan	Assistant General Manager, Corporate and Corporate Investment Banking Group
Nimet Elif Kocaayan	Chief Risk Officer
Hasan Onar	Head of Internal Audit
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

I. Interim Annual Report Containing the Evaluations of the Chairman of the Board of Directors and the General Manager of the Bank on the Interim Activities (continued)

D. Significant Events and Transactions in the Current Period

Amendments to Main Contract in 1 January – 31 March 2024:

There have been no changes to the main contract during the period of 1 January – 31 March 2024.

Significant Events and Transaction in the Current Period:

Following the receipt of the necessary permissions from the Banking Regulation and Supervision Agency and the Capital Markets Board; USD 400 million of subordinated bonds (contribution capital) with a fixed rate, 10-year maturity and twice annual interest payment, with a coupon rate of 9.375%, with a redemption date of January 17, 2034 and an early redemption option on January 17, 2029, were issued abroad. The issuance process was completed on 17 January 2024 following the receipt of the Certificate of Issuance from the CMB.

Summary of Financial Information:

(million TL)	31 March 2024 Unconsolidated Financial Statements	31 December 2023 Unconsolidated Financial Statements
Loans, Net	241,202	203,166
Loans	245,762	207,704
Non-Performing Loans	2,488	2,181
Provision for Expected Losses	(7,048)	(6,719)
Total Assets	454,216	406,919
Deposits	311,728	284,746
Shareholder's Equity	36,677	35,045
Net Profit (Prior Period 31 March 2023)	3,005	3,320

Summary of Financial Ratios:

	31 March 2024 Unconsolidated Financial Statements	31 December 2023 Unconsolidated Financial Statements
Loans / Total Assets	53.10%	49.93%
Deposits / Total Assets	68.63%	69.98%
Return on Equity (Prior Period 31 March 2023)	33.92%	51.26%
NPL Ratio	1.00%	1.04%
Capital Adequacy Ratio	17.67%	16.82%
Coverage Ratio	70.63%	71.80%

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

I. Interim Annual Report Containing the Evaluations of the Chairman of the Board of Directors and the General Manager of the Bank on the Interim Activities (continued)

E. Credit Ratings Assigned by Rating Agencies and Information on Their Contents^(*)

In terms of the ratings given by the institutions rating banks in Turkey, our Bank continues to be one of the banks with the highest rating. As of 31 March 2024, TEB’s ratings were as follows:

Moody’s Investor Services:

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Bank Deposits	B2
Short-term FC Bank Deposits	NP
Long Term LC Bank Deposits	B1
Short-term LC Bank Deposits	NP
Outlook	Positive

Fitch Ratings:

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

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

F. Donations

The Bank has donated TL 1,565,907 with 59 items to the several agencies and institutions during the period of 1 January 2024 – 31 March 2024.