

Emlak Katılım  
2021  
Annual Report

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**Emlak Katılım**

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Contact

**We are Turkey's leading, young and innovative participation bank. We rise with a new understanding on our deep-rooted history. We develop sustainable and accessible financing models for all, within the economic cycle from producers to consumers, for strategic sectors, especially the construction sector, that have a high contribution to economic growth and employment.**

**Participation in our financing models, which consider social, ecological and economic criteria in the country's development, increases day by day. Our rapid but healthy growth continues.**



# *Participation in a safe future*

**Nearly 6.7 million houses** in Turkey are vulnerable to earthquakes, and 1.5 million of them urgently need renovation. We are one of the institutions that empower the urban transformation with the Ministry of Environment, Urbanization and Climate Change, to which we are affiliated. We maintain our efforts to secure our future through **the urban transformation financing package.**

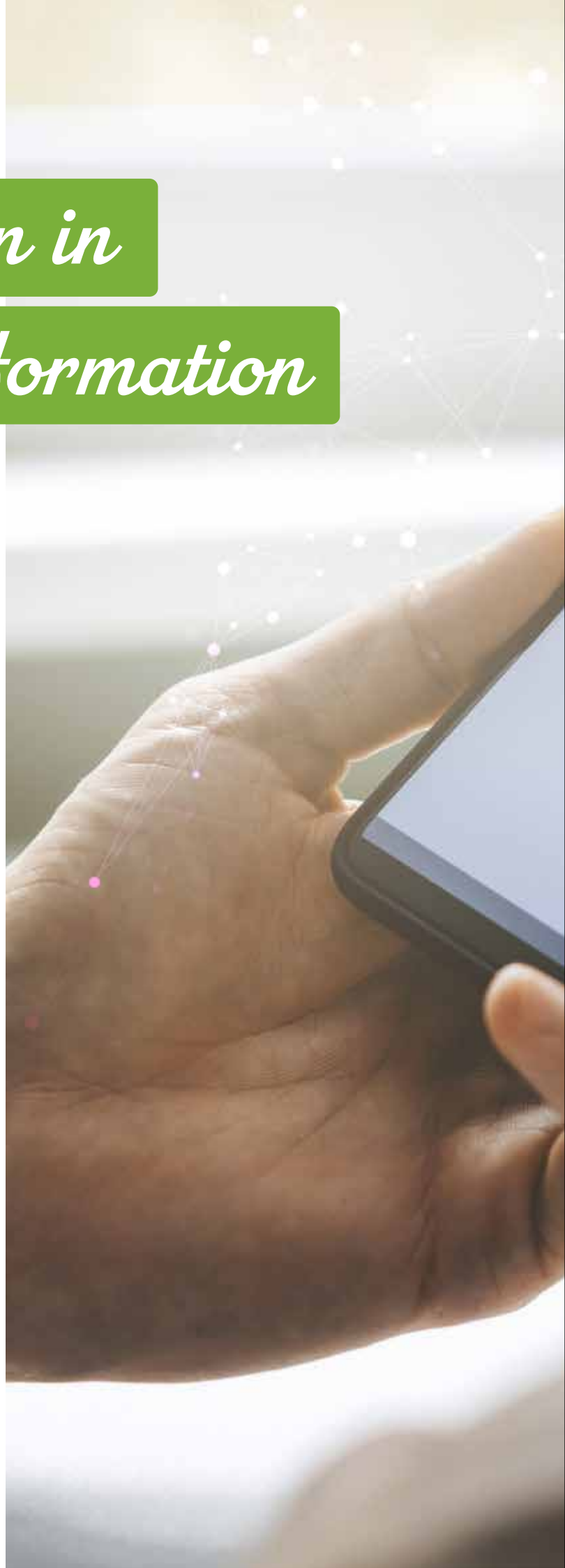






# *Participation in digital transformation*

CepPOS is one of the innovative solutions that we have developed as a result of our digitalization efforts. In the IDC Finance Technology Awards 2021, organized by the international research company International Data Corporation (IDC), **we crowned our “CepPOS” product with the award we received in the Digital Channels category.**







# *Participation*

# *in a sustainable future*

We added a new model to the innovative Sukuk models that we launched in accordance with the principles of participation finance. We issued Turkey's first Green Sukuk based on labor-capital partnership. **With the issuance of green Sukuk, we contributed to the reduction of carbon emissions.**

Average Annually Reduced  
Carbon Emissions

**2,000** Tons CO<sub>2</sub>





Our issuance  
was deemed worthy of  
the best Sukuk issuances  
of the year in the  
world, at the  
IFN Awards 2021.





# *Participation in dreams with advantages*

Emlak Katılım aims to become a market maker bank in the real estate industry and promote further development of the sector. At Emlak Katılım, we offer Joint House Financing, Financing for a New Home, House Financing in the Homeland and other solutions that can stimulate the industry and make it easier for those who want to own a home.







# *Participation in success and advancement*

Our Bank achieved many successes in a short time by drawing strength from its deep-rooted history and has left behind its third year of operation. We reached **70 branches** to strengthen our relationship with our customers. We achieved a significant growth compared to the previous year and increased our funds collected to **TL 27 billion with an increase of 129%.**

Active growth in 2021

## **90%**



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EmlakKatılım

# *Financial solutions to support the real sector*

As Turkey's leading and innovative participation bank, we aim to contribute to the country's economy by supporting the real sector.

## **Vision, Mission and Corporate Values**

### **Our Vision**

To become Turkey's leading and innovative participation bank.

### **Our Mission**

With the strength we derive from our deep-rooted history, to contribute to Turkey's economy by providing financial solutions in line with the principles of participation banking to support the real sector, real estate sector being one of the major focus areas.



## Corporate Values



### **TRUST:**

We establish responsive business relationship based on trust with our clients, stakeholders and employees.



### **ACCOUNTABILITY:**

We try to do our best and hold ourselves responsible to fulfil our commitments.



### **RESPECT:**

We consider the respect to our clients, employees, stakeholders and to environment as our base and unchanging priority.



### **INNOVATIVENESS:**

With our innovative products and services, we become a solution partner to satisfy today's and future financial needs of the real sector.

## Message from the Chairman

**Emlak Katılım, driven by its historic brand power and new strategies shaped around its mission, moves forward with innovative, high potential initiatives that contribute to the banking industry.**

The global economy and the Turkish economy, hit by the pandemic during the last two years, displayed a strong recovery at the end of 2021. Turkey's economy recorded historic growth figures, driven by higher exports and increased manufacturing activity.

Turkey posted more than 20 percent economic growth as a result of the base effect in the Q2 of the year while expanding at a 7.4 percent pace in the Q3. With the driving force of growth, exports broke many records during the year. In 2021, Turkey's total exports climbed to over USD 225.4 billion, up 32.9 percent compared to the previous year.

In the last quarter of the year, Turkey's economy switched to a new growth strategy. This new economic expansion model aims to support investments with low-interest rates, make growth and employment sustainable, ensure competitive foreign exchange rates, and boost exports with higher investment spending.

New instruments aimed at shoring up the value of the Turkish lira, such as foreign exchange-indexed deposit accounts, were introduced in late 2021. On 20 December 2021, President Recep Tayyip Erdoğan also announced targeted economic measures designed to protect citizens from fluctuations in foreign exchange rates. Along with the banking industry, participation finance sector have joined this system upon completion of necessary preparations on the infrastructure side. As a participation bank, Emlak Katılım is also committed to contributing to efforts to ensure Turkey's financial stability.

Emlak Katılım, driven by its historic brand power and new strategies shaped around its mission, moves forward with innovative, high potential initiatives that contribute to the banking industry. We support the development of both the sector and Turkey's economy with our innovative financing models for the real estate industry, as well as new products and services aligned with the principles and spirit of participation financing. We embrace the principle of growth adopted by our country and based on economic investment, production, employment, and exports. We aim to achieve enduring success by employing sustainable long-term solutions.

Under the leadership of President Recep Tayyip Erdoğan, Turkey was one of the first countries to sign the Paris Agreement – a major step toward protecting the future of our country and the future generations. As part of this historic measure to fight against climate change, we have a crucial task at hand. Eco-friendly/sustainable financing instruments need to be developed and significant incentives should be introduced for the industry to combat the disruptive impact of natural disasters – such as fire, flood and drought – on economies and financial markets. Therefore, as Emlak Katılım, we developed a green Sukuk structure, which not only serves the above-mentioned purpose, but also is based on a partnership principle. This sukuk structure is an exemplary model as it is the first of its kind and also matches the spirit of participating financing system. We also take steps to contribute to sustainability by accessing fund resources through green Sukuk issuances. We are committed to and prioritize initiatives that focus on the environment, in line with our strategic priorities.

I would like to take this opportunity to thank President Recep Tayyip Erdoğan as well as Nureddin Nebati, the Minister of Treasury and Finance, Murat Kurum, the Minister of Environment, Urbanization and Climate Change, and the entire Emlak Katılım family and our stakeholders for their ongoing support for our efforts. I wish the best for our country and our Bank.

Respectfully yours,

**Prof. Dr. Mehmet Emin BİRPINAR**  
Chairman of the Board of Directors



*We light the way for the  
future through past experiences*



## Message from the General Manager

# 28.1

## TL Billion

Emlak Katılım 2021 year-end cash and non-cash credit risk

In 2021, the Turkish economy had a dynamic year, even in the long shadow of the pandemic. A robust recovery in tourism, record-breaking export figures, and the strong performance of the manufacturing industry ushered in vibrant economic growth while reducing the country's current account deficit.

As Emlak Katılım, we maintained our path of consistent growth in 2021, too. Since Emlak Katılım's foundation, we have strived to deliver the best possible services to our customers by expanding our branch network, embracing digitalization, and developing innovative products. Over the years, Emlak Katılım has increased its branch locations from 11 in 2019 to 50 in 2020, and 70 in 2021, with the addition of 20 more branches during this reporting year. We expanded our workforce from 382 employees in 2019 year-end to 1107 in 2021 year-end, boosting employment opportunities in the country. When we compare our 2021 year-end financial data to the same period of the previous year, our funds collected increased by 129% to TL 27 billion, while the funds extended increased by 61% to TL 21.9 billion. As of year-end 2021, our Bank reached an asset size of TL 38.7 billion with an increase of 90%. Additionally, non-cash loans climbed to TL 6.2 billion. To date, Emlak Katılım has provided the construction and real estate sector with some TL 7 billion in funding. Our credit risk, including cash and non-cash loans, rose to TL 28.1 billion in 2021, up from TL 16.8 billion in 2020. Emlak Katılım aims to maintain this high pace of expansion by further growing its branch network and workforce to optimal levels. In addition, we are working

to make our services available throughout Turkey by enhancing our digital banking channels.

Emlak Katılım has also introduced new products and services that are unique and first of their kind in the sector. Since April 2020, we have adopted Sukuk models – the first-ever instruments of this type in Turkey and worldwide – to contribute to the sustainable growth of the participation banking sector. In addition to issuing Turkey's first ever mudarabah pools linked wakalah Sukuk in 2020, Emlak Katılım issued the country's first Sukuk based on labor-capital partnership through the Special Fund Account Pool with the Partnership-Based Sukuk Issuance in 2021.

During the year, Emlak Katılım prioritized initiatives with an environmental focus, and through partnerships, funded eco-friendly investment projects with innovative solutions. We took steps to contribute to sustainability efforts by issuing green Sukuk and financing green projects. We have made an annual contribution of approximately 2,000 tons in carbon emission reduction by issuing Turkey's first partnership-based green Sukuk. This innovative instrument was developed under our sustainability drive. As a part of Emlak Katılım's sustainable financing efforts, we mediated Turkey's first ever green Sukuk Al-Istisna issuance. Funds provided via this issuance will be used by Turkey Wealth Fund Istanbul Finance Centre (TWF IFC), which is responsible for the facility management in IFC project, for the green buildings within this major development project.

Our leasing agreements for Rooftop Solar Power Plants (Roof SPPs) provide our customers who want to invest in renewable energy 100 percent leasing finance with affordable terms for installation of individual home roof SPPs.

At Emlak Katılım, we plan to finance more sustainable projects that make a positive impact on the environment and combat climate change.



*We work for the  
development of Turkey*

# *Sustainable and innovative financing models*

As Emlak Katılım, we will further develop and expand sustainable, innovative financing models by focusing on digital channels.

## Message from the General Manager

**We started to acquire new customers via digital platforms we developed as part of our digital transformation.**

While reaching out to its customers at their location through its growing branch network, Emlak Katılım is focusing more on new digital business models and de-emphasizing traditional branch-based products and channels. We are increasing our product diversity and developing products to be offered to customers via digital channels. In addition to efforts to be physically present in almost every part of Turkey, we also started to acquire new customers via digital platforms as part of our digital transformation. Any prospective customer can apply via our Internet and mobile banking platforms and open an account with Emlak Katılım through video calls or by sending required documents through a courier. This way, we aim to boost our market share by making our diversified range of products available to an even larger population via both physical branches and digital channels.

CepPOS is one of the innovative solutions that we have developed as a result of our digitalization efforts. CepPos allows businesses to quickly collect payments with credit cards and debit cards

through a mobile application on smartphones, eliminating the need for a dedicated Pos device. The FAST and KOLAS payment services in our digital channels enable our customers to perform quick and free money transfers around the clock without an IBAN.

As Turkey is susceptible to earthquakes, the urgent transformation of buildings at risk of collapsing in an earthquake event is needed without delay. For this purpose, Emlak Katılım has developed 4 urban transformation financing solutions – Reinforcing, One-to-One Onsite Transformation (With No Precedent Value Increase in Permitted Building Area), Onsite Transformation (With Precedent Value Increase in Permitted Building Area), and Area Transformation – to provide maximum support in this critical area. In addition, we are regularly adding new products to our portfolio designed to ensure that property transfer transactions can be completed without any issues and to make life easier for property buyers. Secure Deed Account, one of our new products, enables property transfer transactions to be completed easily and trouble-free. Being a first of its kind, this system helps buyers and sellers perform their property transactions in an easy and secure way.



Building Completion Insurance, another product aimed at preventing potential losses that early-stage property buyers may incur, is designed to promote secure and sustainable growth of the construction industry. This product provides insurance coverage for payments made by buyers in prepaid building or urban transformation projects.

House Financing in the Homeland, a product for Turkish citizens living abroad, is a loan product with advantageous terms for our citizens living overseas who want to own a home in Turkey.

At Emlak Katılım, we offer further solutions that can stimulate the construction industry and make it easier for buyers to own a home. Joint House Financing makes it possible for more than one person to purchase and co-own residential housing. Meanwhile, Financing for a New Home enables customers to buy their new home without having to wait to sell their old home. In summary, Emlak Katılım aims to become a market maker bank in the construction industry and promote further development of the sector.

Electronic Product Certificate (ELÜS) is a product designed to support manufacturing, import substitution industries, commerce and export operations. We also want to support the agriculture industry by meeting the financing needs of producers that grow storable agricultural products. Thanks to Business Financing Based on Producer Receipt, traders and unregistered farmers can easily obtain business financing from Emlak Katılım by submitting their producer receipts without needing to submit invoices.

As part of the Vegetables and Fruit Cold Chain Support Program signed with KOSGEB (Small and Medium Enterprises Development Organization of Turkey) in October, Emlak Katılım supports SMEs with the financing of cold storage warehouses and cooling units of refrigerated trucks to prevent wastage of vegetables and fruit during the entire process, from harvest to consumption. This way, we aim to support the cold chain and prevent potential economic losses.

Thanks to our murabaha method and full delivery insurance, we provide coverage for all risks associated with a product's journey from producer to buyer. This guarantees payment for sellers and delivery for buyers, facilitating secure trade between parties.

At Emlak Katılım, we offer our exporting customers a way to collect their receivables in advance with Forward Export Financing. We also offer a commission-free financing solution with which customers can collect their receivables before maturity date regardless of company limits or without providing any deposits with Surety Export Financing. Additionally, Emlak Katılım establishes business relations with leading foreign banks to support its customers with various products and services, such as letters of credit, external guarantees, and money transfers in foreign currencies. We work with well-known foreign banks throughout the world that deliver money transfer services in major foreign currencies, such as EUR, USD, and GBP. With a network of correspondent banks consisting of 250 banking institutions, Emlak Katılım offers foreign trade financing and low-fee money transfers in foreign currencies to its customer base.

The Direct Debiting System offers parent companies that work with vendors or distributors guarantee for their receivables. This platform also provides such vendors or distributors with various payment benefits.

In addition to all this, our leasing products and services also enable customers to acquire the machinery, equipment and other similar tools at advantageous rates.

Emlak Katılım has developed foreign exchange-indexed participation accounts under the new system announced by the Ministry of Treasury and Finance and the Central Bank of the Republic of Turkey. As a result, our customers are able to protect their savings without incurring losses from any volatility in foreign exchange rates and gold prices.

At Emlak Katılım, we plan to further develop and expand sustainable, innovative financing models by focusing on digital channels. We also aim to support the real estate sector, agriculture industry, export sector, import substitution industries and eco-friendly initiatives, while contributing to Turkey's overall employment and economic growth. We remain committed to creating value for our home country and stakeholders in a dedicated manner as we move forward into the future.

Yours sincerely,

**Nevzat BAYRAKTAR**  
General Manager

# *Bank of Turkey*

## *from 1926 to the present*

Real Estate and Orphans (Emlak ve Eytam) Bank was established in 1926 to support the construction initiatives of the people in Turkey and to protect the rights of orphans.

### Corporate Profile

#### Emlak Katılım in Brief

The Bank's roots reach back to Emlak ve Eytam Bankası, which was established in Ankara on 3 June 1926 at the instructions of President Mustafa Kemal Atatürk and which was set up to undertake the building of public works, to support construction enterprises, and to manage the rights and entitlements of orphans as well as to supply credit in order to achieve such aims. On 1 September 1946, the Bank was reconstituted as "Türkiye Emlak Kredi Bankası Anonim Ortaklığı." On 6 January 1988, Anadolu Bankası A.Ş. and Türkiye Emlak Kredi Bankası Anonim Ortaklığı were merged into a new bank operating under the name "Türkiye Emlak Bankası A.Ş."

#### Milestones

Denizcilik Bankası A.Ş. had transferred to Türkiye Emlak Bankası A.Ş. with all of its assets and liabilities on 29 November 1992 and maritime loans were also collected at this Parent Bank.

During the period in which it operated, in addition to its banking activities, Türkiye Emlak Bankası A.Ş. has become a serious brand in the construction of qualified housing projects in line with its establishment purpose and has produced important housing projects in many provinces of Turkey, especially in Istanbul, Ankara and İzmir. Istanbul-Ataköy, Ataşehir, Bahçeşehir, Mimaroba, Sinanoba, Ankara-Bilkent, Elvankent, Konutkent, İzmir-Gaziemir and Mavişehir projects are included in the Parent Bank's important projects.

The Bank entered into a restructuring process due to the Law on Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş. and Türkiye Emlak Bankası A.Ş. no. 4603, dated 21 November 2000, and the transition from the public law status to the status of private law was ensured.

On 6 July 2001, the Banking Regulation and Supervision Agency ordered that Türkiye Emlak Bankası A.Ş. be turned over to Türkiye Cumhuriyeti Ziraat Bankası A.Ş. along with all of its assets and liabilities. Pursuant to this order and as required by article 2 of Statute 4684 ("Law on amending some laws and statutory decrees") and of paragraph 3 of interim article 3 added to Statute 4603 ("Law on Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., and Türkiye Emlak Bankası A.Ş."), Türkiye Emlak Bankası A.Ş.'s license to accept deposits and operate as a bank was terminated as of 6 July 2001.

Under a protocol agreement that went into effect on 7 July 2001, all (the sole exception was the Bank's claims under loans concerning which legal action had been initiated before 7 July 2001.) of Türkiye Emlak Bankası A.Ş.'s assets— specifically "its banking services, its branches, its liabilities and commitments arising from banking services, and its banking-related property holdings—were turned over to the Ziraat and Halk banks. As of this date, the protocol also decided the termination of the Bank's operational and deposit-acceptance license.



On 14 September 2001, an extraordinary general meeting of the Bank was called, during which new boards of directors and statutory auditors were elected and a board of liquidators was formed. These bodies, whose members were all seconded Ziraat Bank personnel charged with the duty, initiated liquidation proceedings. Those proceedings– which involved repaying what the bank owed first to the Treasury and then, in order of priority, to other claimants and finally the resolution of all debt-related disputes– took sixteen years to complete. Pursuant to Statute 7020 (“An act restructuring a number of claims and amending a number of laws and one statutory decree”) and to a regulatory change in Statute 4603 (“An act concerning Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., and Türkiye Emlak Bankası A.Ş.”), the bank officially emerged from liquidation on 27 May 2017.

After emerging from the liquidation of the Bank, on 3 September 2018, another bank general meeting was called during which new articles of association were approved and the Bank’s status as a participation bank was formally declared. The Bank’s legal name (“Türkiye Emlak Katılım Bankası A.Ş.”) was registered on 10 September 2018.

On 27 February 2019 the Bank received its operating license and opened its main branch on 21 March 2019. The Bank was conducting its operations through 11 branches in 2019, 50 in 2020 and 70 in 2021.

**Extraordinary general meetings held during the reporting period, the date(s) thereof, the resolutions passed thereat, the actions taken pursuant thereto, and other pertinent information**

No extraordinary general meeting was held in 2021.

**Amendments in the articles of association during the reporting period and the reasons for them**

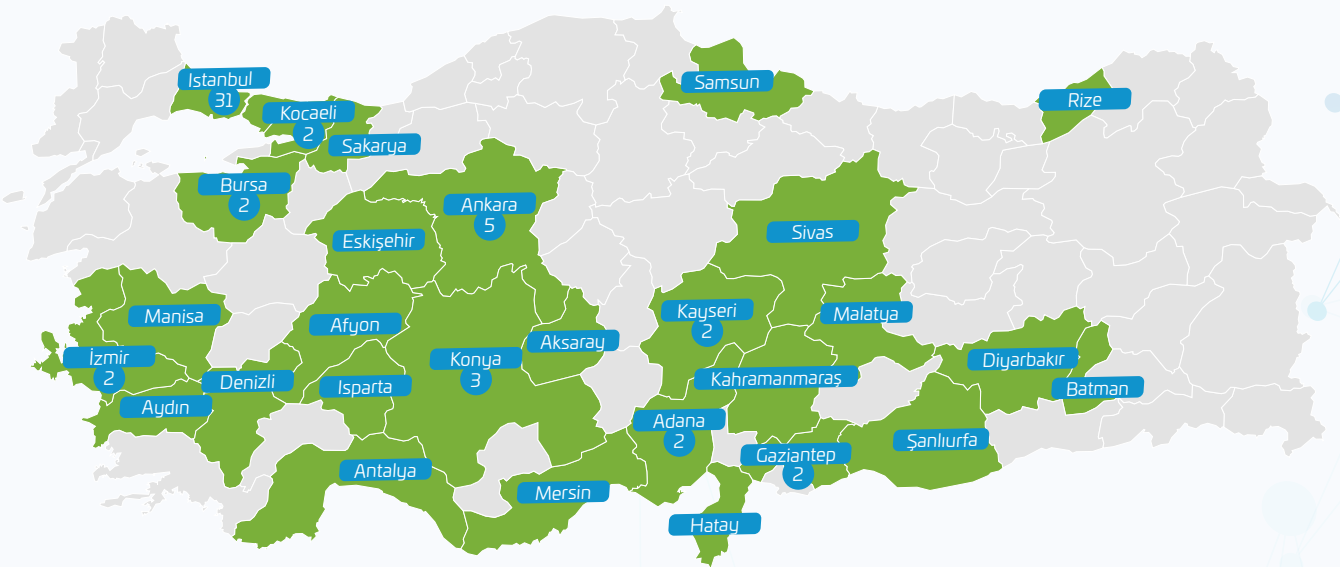
In 2021, no amendments were made in the articles of association.



# *Emlak Katılım has increased its branch locations to 70, with the addition of 20 more branches opened in 2021*

## Corporate Profile

### Our Branches



#### Istanbul Branches

Avcılar, Bağcılar, Güneşli, İstoc, Beşyüzler, Kavacık, Fatih, Laleli, Sultanhamam, Merter, Erenköy, Levent Sanayi, Maltepe, Pendik, Kaynarca, Maslak, Osmanbey, Mecidiyeköy, Ümraniye, İMES, Altunizade, Üsküdar, Sultanbeyli, Sultançiftliği, İkitelli, Metrokent, İkitelli Metro, Beykent, Sefaköy, Esenyurt, Head Office

#### Ankara Branches

Ankara, Kızılay, Sincan, OSTİM, Yıldız

#### İzmir Branches

İzmir, Gaziemir

#### Bursa Branches

Bursa, Yıldırım

#### Adana Branches

Adana, Küçüksaat

#### Gaziantep Branches

Gaziantep, Gaziantep OSB

#### Kayseri Branches

Kayseri, Kayseri OSB

#### Kocaeli Branches

Gebze, İzmit

#### Konya Branches

Büsan, Konya Kobisan, Konya

#### Branches in Other Provinces

Manisa, Rize, Adapazarı, Samsun, Sivas, Afyonkarahisar, Aksaray, Antalya, Antakya, Isparta, Kahramanmaraş, Malatya, Mersin, Şanlıurfa, Aydın, Eskişehir, Diğarbakır, Batman, Denizli

**Emlak Katılım's principal shareholder is the Ministry of Treasury and Finance.**



## Shareholding Structure

Emlak Katılım's principal shareholder is the Ministry of Treasury and Finance. 99.99% of the Bank's TL 1,026,915 (TL thousand) in capital is owned by the Treasury. A minority stake (worth TL 80.57) in the Bank is held by its predecessor Bank's employee pension fund (T. Emlak Bankası Emekli ve Yardım Sandığı Vakfı), which was renamed "T.C. Ziraat Bankası ve T. Halk Bankası

Emekli ve Yardım Sandığı Vakfı" after that the Bank's liquidation. Other minority stakes (worth a total of TL 3.38) belong to 33 private individuals.

TL 1,026,915 (TL thousand) of the Bank's capital of TL 1,026,915 (TL thousand) has been fully paid; TL 2.82 owed by 33 private individuals has not been paid. The Bank's TL

1,026,915 (TL thousand) paid-in capital is divided into 102,691,549,916 shares, each with a nominal value of TL 0.01. The Ministry of Treasury and Finance's stake is represented by the Ministry of Environment and Urbanization. Neither the Bank's chairman of the board nor its board members, member of audit committee, general manager, or assistant general managers are shareholders in the Bank.

## Agenda of the Ordinary General Assembly

Based on the decision taken by our Bank's Board of Directors on 14/02/2022, the Ordinary General Meeting for 2021 will be held on 21/03/2022 at 10:00 at the company's headquarters address of Barbaros Mahallesi, Begonya Sokak No: 9/A Ataşehir, Istanbul within the framework of the following agenda items.

### AGENDA OF THE ORDINARY GENERAL ASSEMBLY

1. Opening and election of a presiding committee.
2. Authorization of the presiding committee to sign the minutes on behalf of the shareholders.
3. Reading and discussion of the annual report for the reporting period of 2021 prepared by the Board of Directors.
4. Reading and discussion of the financial statements and the Independent Audit Report for 2021.
5. Discussion for releasing severally the Members of the Board from their activities for the year 2021.

6. Discussing the proposal of the Board of Directors on the use and distribution of the profit for the 2021 operating period, and taking a decision on the use and distribution of the profit.
7. Selection of the Independent Audit Company for the year 2022.
8. Election of the members of the Board of Directors, determination of their term of office and compensation to be made.
9. Taking a resolution about granting the necessary authorizations and permissions to the members of the Board of Directors about the issues listed in Articles 395 and 396 of the TCC.
10. Within the scope of the Regulation on the Procedures and Principles on the Acceptance and Withdrawal of the Deposits and Participation Funds, on the Overdue Deposits, Participation Funds, Trusts and Receivables, authorization of the Board of Directors to waive the dividend accrued in favor of Türkiye Emlak Katılım Bankası A.Ş. and to increase the amount of dividends to

- be distributed in favor of the fund owners, within the framework of the Regulation and other legislation
11. Within the scope of the Regulation on the Procedures and Principles on the Acceptance and Withdrawal of the Deposits and Participation Funds, on the Overdue Deposits, Participation Funds, Trusts and Receivables, authorization of the Board of Directors to undertake the losses in favor of the fund owners, within the framework of the Regulation and other legislation.
12. Within the scope of the Regulation on the Procedures and Principles on the Classification of Loans and Provisions to be set aside for these Loans, discussion of reflecting the portion of the provisions set aside by our Bank to the participation accounts, without prejudice to the provisions of the Turkish Commercial Code No. 6102.
13. Best wishes and closing.

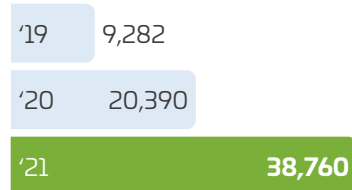
# *We grow steadily with solid financial indicators*

As of year-end 2021, Emlak Katılım reached an asset size of TL 38.8 billion with an increase of 90%.

## Key Financial Indicators

(TL million)	2021	2020	2019
Total Assets	38,760	20,390	9,282
Liquid Assets and Banks	7,768	3,177	946
Equity	1,728	1,539	1,169
Profit Share Income	2,329	1,000	430
Profit Share Expenses	1,797	628	212
Profit Before Taxation	188	104	46
Net Period Profit/Loss	143	81	45

### Total Assets (TL million)



**90%**  
Growth

Total assets size reached TL 38.8 billion as of year-end 2021.

### Liquid Assets and Banks (TL million)



**145%**  
Growth

Emlak Katılım increased its liquid assets by 76.9% to TL 7.8 billion.



#### Equity (TL million)

'19	1,169
'20	1,539
'21	1,728

**12%**  
Growth

Emlak Katılım assured all its stakeholders by increasing its equity to TL 1.7 billion in 2021.

#### Funds Collected (TL million)

'19	5,953
'20	11,677
'21	26,793

**129%**  
Growth

The size of the funds collected increased by 129% to TL 26.8 billion.

#### Funds Allocated (TL million)

'19	5,730
'20	13,599
'21	21,907

**61%**  
Growth

Emlak Katılım has increased the size of the funds allocated to TL 21.9 billion with a growth of 61%.



# *We support Turkey's locomotive sectors*

Emlak Katılım continues to support the construction, logistics, trade and service sectors, especially the real sector and industrial production.

## Activities in 2021

# 1,107

Number of employees of Emlak Katılım as of the end of 2021



The economic impacts of the pandemic, which affected the whole world socially in 2020, started to be felt in 2021. The problems experienced in the supply chain and the high inflation encountered globally have deeply affected many economies, including developed countries.

Despite all the economic problems in the world and in our country, our Bank has continued to grow. It maintained its growth by increasing the number of branches from 50 in 2020 to 70 in 2021. Emlak Katılım family continued to expand in 2021 at the same time. Compared to 2020, which closed with 814 employees, the number of employees reached 1107 in 2021, of which 497 (45%) were in headquarters and 610 (55%) in branches.

**In 2021, we put into service many projects and applications, including “Currency Protected TL Participation Accounts.”**



Emlak Katılım continues to support the leading sectors of our country such as construction, logistics, trade and service, especially the real sector and industrial production, with all its means. While the manufacturing sector ranks first in cash loans allocated in 2021 with 24%, it was followed by the wholesale and retail trade with 20% and the construction sector with 17%.

We significantly increased our financial realizations in 2021. We achieved 90% growth by increasing our asset size from TL 20.4 billion to TL 38.7 billion. We increased our collected funds by 129% from TL 11.7 billion to TL 26.8 billion. We achieved a growth of 61% in the allocated funds, increasing the volume from TL 13.6 billion in 2020 to TL 21.9 billion in 2021.

Turkish banking sector made a serious progress in 2020 despite the pandemic. Accordingly, the asset size of the sector, which was TL 4.49 trillion in 2019, grew by 36% and reached TL 6.10 trillion, achieving a remarkable development in a challenging 2020. Parallel to the asset size, 35% growth was recorded in the funds collected and loans allocated, achieving a performance close to the general acceleration of the sector. The 46% growth in the funds collected, especially in foreign currency deposits, can be explained as a result of the negative gains in real income with the aggressive exchange rate increases and low interest rates experienced during the year. In the year-end net profit, while the profit of the sector was TL 49 billion in 2019, it reached TL 58.5 billion in 2020 with an increase of 19%.

When the sector in participation banking is analyzed, it is observed that it performed better than the banking sector. The asset size of participation banks in 2020 reached TL 437 billion, growing by 53% compared to the previous year and once again showed the public's trust in participation banks in crisis times. In the funds collected, while TL 215 billion of funds were collected in 2019, it reached TL 321 billion with a 49% growth in 2020, a growth more than the overall sector. Looking at the sector in general, the increase in foreign currency deposits has also been observed in participation banks. With 76% growth in 2020, TL 219 billion foreign currency resource was observed in participation bank accounts.

2021 was also a year we implemented many projects and services. Foremost among them are the “Foreign Currency Protected TL Participation Accounts” announced by our President in the last days of the year and aimed to convert the foreign currency savings in the accounts into TL. With the product, which aims to protect the value of TL against the increase in foreign currency accounts, the aim was that savings transferred to TL time deposit/participation accounts shall not lose value against foreign currency. Another important development is our “ELÜS Secured Business Financing,” “Tarsim” and “Business Financing Based on Producer Receipt” products offered for the agricultural sector. State premium support can be obtained with Tarsim Insurances, which cover damages or losses that may occur in effective agricultural lands due to natural disasters and other possible risks. It is a financing provided by putting lien on the relevant commercial notes in order to meet the business capital needs of the producer or merchant customers who have Electronic Product Certificates. Funds are made available to producers through the murabaha method by securing the Electronic Product Certificates issued by the licensed warehouses in return for agricultural products they entrust licensed warehouses. Thanks to the business financing based on the Producer Receipt, buyer traders and unregistered farmers are provided with the opportunity to use business financing with the producer receipts they issue. With our Forward and Surety Export Financing products, our exporters are supported and their receivables are secured.

# *Participation banking sector grows successfully*

The asset size of the participation banking sector has grown by 60% as of year-end 2021, exceeding TL 700 billion.

## Activities in 2021

### **Information Related to New Services and Activities Concerning Research and Development Activities**

In keeping with the mission to support the country's construction industry that it inherited from its predecessors, Türkiye Emlak Katılım Bankası has formulated strategies capable of contributing to its sustainable growth by supporting manufacturing projects, especially projects that will lead to the domestic production of goods that replace imports. These strategies also focus on developing centralized and traceable digitalization and fintech-based processes. New product and service infrastructure and feasibility studies continued in light of these strategies.

Since the day that it commenced operation, Emlak Katılım has continued to develop both basic and advanced banking products and services in line with its customers' needs. In this context, products such as Remote Customer Acquisition, E-Participation Account, Secure Deed Account, Silver Participation Account, Real Person Commercial Current Account, as well as our service, which enables our customers, who make their payments through the Continuous

Cheque Printing Program intensively by cheque, to easily issue a large number of cheques in a collective, fast, error-free and regular manner through the continuous cheque printing program were put into service.

In addition to basic banking operations and services, during 2021 we also continued working on the development of new products compatible with our avowed mission. The works for the products to be offered to the construction and real estate industries continued, and the Building Completion Insurance product, which aimed to prevent the possible damages that may occur due to the incomplete construction and to guarantee the payments of the property buyers, was completed. Infrastructure service has been put into service for the FX Platform for our corporate customers who want to get advantageous exchange rates.

In addition, Housing Financing in the Homeland, Joint Housing Financing, Financing for a New House and Urban Transformation Financing products were completed. With the Urban Transformation Financing, it is aimed to meet the urban transformation financing needs of the flat owners, to protect the rights and interests of the parties, to rebuild/strengthen the building and to complete it safely.



In addition to the products to be offered to the construction and real estate industries, our works for products and services continue in other areas in which our Bank serves. Emlak Katılım supports sustainable life with products for the environment such as Rooftop Solar Power Plant and Solar Roof Cooperation with Smart Energy Environmentally Friendly Financing.

The infrastructure work of DBS with Contribution, a sub-product of DBS, which offers the main company the opportunity to increase its sales volume and the dealer to purchase goods in installments at cash price, continues. In addition, with Moneygram, our customers will be able to send and withdraw money to 200 countries of the world from Emlak Katılım branches within 10 minutes.

### **Summary Financial Information for the Fiscal Year**

#### **Information on investments made in 2021**

During 2021, Emlak Katılım undertook investments on infrastructure, corporate architecture, digital and banking services in order to continue its activities. In this context; investments were made for the installation of CMDB infrastructure inventory estimate tool, preparation of API banking infrastructure, installation of the monitoring tool for performance and usability of applications, TFS upgrade study to carry out application development workflow over TFS, implementation of project-based job procurement process from outside the corporation, the partial transition to TAM ATMs as part of the Public Joint ATM project, the infrastructure integration of nearly 40 billing institutions, digital customer acquisition, mobile pos/virtual pos, performance management, Supplier Financing System, and commissioning of FAST-KOLAS and EMLAKFX systems.

#### **Whether prior period targets were achieved or not, whether General Assembly resolutions were fulfilled and in the event the targets were not achieved and the resolutions were not fulfilled, information and assessments regarding the reasons**

Emlak Katılım achieved all of the 2021 strategic targets which it had set for itself. When we compare our 2021 year-end financial data to the same period of the previous year, our funds collected increased by 129% to TL 27 billion, while the funds extended increased by 61% to TL 21.9 billion. As of year-end 2021, our Bank reached an asset size of TL 38.7 billion with an increase of 90%. Additionally, non-cash loans climbed to TL 6.2 billion. To date, Emlak Katılım has provided the construction and real estate sector with some TL 7 Billion in funding. Our credit risk, including cash and non-cash loans, rose to TL 28.1 billion in 2021, up from TL 16.8 billion in 2020. Emlak Katılım reorganized its personnel and paygrade structures; new employees were taken on and departmental structures were created as needed. Newly-hired personnel were given orientation training, and 2021 internal-customer and employee satisfaction surveys were carried out.

Türkiye Emlak Katılım Bankası A.Ş.'s 2020 general assembly was held on 22.03.2021 at the company's headquarters. All items on the meeting's agenda were unanimously approved by those attending the meeting and all resolutions which were passed were carried out.

#### **Information on the sector of activity and position within this sector, characteristics of the production units of the company, general explanations on sales quantities and prices, sales terms and changes to these terms during the reporting year, productivity rates and the grounds for major differences thereof in comparison with prior years**

Turkish banking sector increased its asset size by around 50% in 2021, despite the problems experienced both across the world and in the country's economy, exceeding the level of TL 9 Trillion. Especially in the second half of the year, the serial interest rate cuts implemented by the CBRT put pressure on the TL and the exchange rates moved upwards. The difficulties experienced in the world in the supply chain and energy sector, including the developed countries, triggered inflation and put pressure on the economies. In the increasingly inflationist environment, investors turned to alternative tools and there has been a serious inflow of resources into crypto assets.

The participation banking sector, on the other hand, had a more positive year compared to the banking sector. The asset size of the sector has grown by 60%, exceeding TL 700 billion. Owing to their inherent nature, participation banks finance real-sector endeavors and the returns they pay are not subject to changes in interest or dividend rates. This increases the Banks' appeal and makes them especially successful during times of crisis.

2021 was an extremely productive year for our Bank. With the 90% growth in asset size, the limit of TL 38 billion was exceeded. We continued to expand our branch network by increasing the number of branches to 70. Under the concept of sustainability, which is gaining more and more importance day by day, work on establishing a committee has started.

# *Our technological infrastructure investments continue*

Emlak Katılım continued its investments on infrastructure, corporate architecture, digital and banking services in 2021.

## Activities in 2021

**During 2021, Emlak Katılım undertook investments on infrastructure, corporate architecture, digital and banking services in order to continue its activities.**

### **Information Technologies and Information Security**

During 2021, Emlak Katılım undertook investments on infrastructure, corporate architecture, digital and banking services in order to continue its activities. In this context; investments were made for the installation of CMDB infrastructure inventory estimate tool, preparation of API banking infrastructure, installation of the monitoring tool for performance and usability of applications, TFS upgrade study to carry out application development workflow over TFS, implementation of project-based job procurement process from outside the corporation, the partial transition to TAM ATMs as part of the Public Joint ATM project, the infrastructure integration of nearly 40 billing institutions, digital customer acquisition, mobile pos/virtual pos, performance management, Supplier Financing System, and commissioning of FAST-KOLAS and EMLAKFX systems. Within the scope of application development and maintenance, 11,358 man/day effort was spent. In addition, process, compliance, product renewal, security tests and awareness activities were carried out. Studies for improvement of the log management architectural infrastructure and data leakage prevention system infrastructure, BRSA penetration testing, testing of cyber intelligence applications, SWIFT CSP compliance, white list implementation, BRSA new

regulation compliance, web content filtering and SFTP product renewal, and awareness-raising activities were completed. IT process improvement activities and IT risk assessment work were carried out.

### **Legal Counseling and Follow-up Department**

Legal Counseling Unit operating under the Legal Counseling and Follow-up Department is in charge of scrutinizing and expressing opinions on legal issues submitted by Head Office Units, Branches and other units, drafting the legal texts of the Bank, examining non-standard letters of guarantee given at home and abroad and contracts to which the Bank is a party, and carrying out the general assembly processes of the Bank. The Legal Counseling Unit meticulously provided the necessary support to the Bank's units in all legal matters submitted to it in 2021.

The Legal Follow-up Unit operating under the Legal Counseling and Follow-up Department undertakes the collection of our Bank's receivables and the defense of our Bank in legal disputes to which it is a party.

In 2021, an effort was made to ensure the collection of receivables by force by using legal remedies effectively, and legal disputes in favor and against our Bank were meticulously followed.

## Human Resources and Strategy

### Strategic Planning Department

Strategy Monitoring and Reporting, Strategy and Corporate Performance, Strategic Research and Program Management services are available in the Strategic Planning Department, which is under the roof of Assistant General Manager of Strategy and Human Resources. The main duties and responsibilities of the department are to determine the medium and long-term strategies of the Bank in line with the macroeconomic outlook, current banking trends, global and local developments and competitive conditions within the framework of Emlak Katılım's mission and vision, to create strategic targets at the unit level in coordination with the relevant business units by operating the strategic management process and to follow and report the implementation of the basic strategies in the entire corporation.

In 2021, efforts were made to disseminate strategic awareness, plan and retain strategic priorities, activate the Corporate Performance System, and to inform the Senior Management by examining the internal/external factors in matters concerning the corporation and making analyses/research that will affect the level of product, service and profitability. Analysis studies were conducted and presented for the branches and locations to be opened in 2022. Monitoring and reporting of the necessary steps for the implementation of strategic priorities throughout the organization were ensured. Necessary updates regarding the segmentation structure and segment criteria of the corporation were provided to be made within the framework of market conditions. Employee satisfaction and internal customer satisfaction surveys were conducted in order to make improvements/regulations on matters such as communication between employees, unity and solidarity, and employee satisfaction, and to offer a better working area.

### Plans for 2022

In line with our 4 main themes in the 2022 Strategic Plan, namely Sustainable Growth, Innovative Products and Digitalization, Leading in Supporting Environmental Projects, Being a Market Maker with Financial Solutions for the Real Estate Sector, global trends and developments will be followed throughout the year and projects to bring good practices to our Bank will be prepared in order to increase profitability with basic banking practices. In order to ensure corporate sustainability by using resources effectively and efficiently, the execution of processes for tangible and intangible capital resources, technological developments and digitalization will be geared up, and development studies to ensure financial and environmental sustainability will be organized. Advertising and promotion activities will be carried out to strengthen the corporate brand image. In line with the aim

of increasing the market share with the digital innovative financial solutions developed, the best examples of digital banking will be analyzed and examined taking into account legislative regulations, and the relevant structures will be coordinated to implement them in accordance with our Bank's concept. In order to increase the green portfolio by developing sustainable financial models, corporate collaborations will be encouraged for the development of capital markets products and other financial products. Efforts will be made on customized financing products for the high-tech and environmentalist sub-industries that produce goods and services for the sector, in order to support the development of the sector by providing financial solutions for the real estate sector. Efforts on improvement areas aimed at increasing employee and internal customer satisfaction will be followed.





# *Effective and widespread social media efforts*

While providing access to 110 million users in the year through sharing on social media accounts, Emlak Katılım received 25 million interactions and 19,783 mentions.

## Activities in 2021

### **Corporate Communications Department**

The Corporate Communications Department has effectively conducted promotional and advertising communications for products and services in 2021. While organizing digital advertising campaigns for products and services such as CepPOS, Urban Transformation, and Being a Customer via Video Calls within the framework of promotion and advertising activities, it actively used the press and social media to inform about other products and services. About thirty bulletins were delivered to the press in the year, and 4,254 news coverage was achieved in the printed, visual and online media. While providing access to 110 million users in the year through sharing on corporate social media accounts, the Bank received 25 million interactions and 19,783 mentions.

It coordinated organizations to announce collaborations with stakeholders in the year, maintained sponsorship activities, and carried out the planning of projects that would increase the Bank's reputation such as corporate social responsibility activities.

Although the scope of the internal communication activities of the Corporate Communications Department narrowed due to the pandemic in recent years, the efforts on the employer brand Under the Same Roof continued more actively in 2021.

Intending to focus on more promotion and advertising communication activities in 2022, the Corporate Communications Department plans to conduct digital advertising campaigns specific to products and services, along with an image-oriented advertising campaign. It will continue to extensively maintain the communication, both internal and external, and to manage the Bank's corporate reputation.

**In 2022, the Corporate Communications Department plans to conduct digital advertising campaigns specific to products and services, along with an image-oriented advertising campaign.**

## Finance

### Purchasing Department

Purchasing Department implemented cost-reducing measures with the support of its employees specialized in the field of purchasing and continued its activities to use current purchasing methods and to simplify business processes through digital transformation.

In the activities carried out, the aim is to maintain the competitiveness of our Bank, to reduce product and purchasing costs, to achieve the best quality and delivery performance in products and services purchased, and to ensure their continuity.

While all projects, development studies and reports are being performed, paying attention not to disrupt our current works, our activities have been carried out with the utmost care in order to provide the right product on time and at the best price while meeting the needs of our Bank. In this context, based on the requests from the units, preparation (examination of technical specifications, determination of companies to be invited to tender, making necessary investigations of companies), analysis (feasibility reports, expense reports, etc.), market research (references, etc.), signature (executing and following the signature processes within the limits of the committee), paperwork processes and classification procedures of 337 tenders were completed.

Tenders carried out are evaluated as follows:

- 323 tenders within normal processes,
- 12 tenders within support services,
- 13 tenders within external services.

While Emlak Katılım continued its efforts for a sustainable world, it implemented the Zero Waste System at all service points.

### Administrative Affairs Department

#### - Security Services

It provides installation, monitoring and follow-up services for physical security, camera, card access, and alarm systems of the Head Office, Additional Service Building, call center and all branches.

#### - Cleaning and Catering Services

It provides cleaning and catering services to the Head Office, Additional Service Building and all branches.

#### - Employee Shuttle Services

Shuttle service to 345 people was provided with a total of 32 shuttles, of which 19 shuttles in the Head Office building and 13 shuttles in the Ümraniye Additional Service Building.

#### - Zero Waste Project Services

Zero Waste System has been implemented in the Head Office, Additional Service Building and all our branches, Basic Level Certification applications were made, and the certification processes of 65 branches in total were completed.

#### - Document Management Services

Document Management Services were provided to the Head Office, Ümraniye Additional Service Building, Ankara Additional Service Building and 70 Branches.

In 2021, a total of 37,537 official letters were processed over KEP (Registered Electronic Mail).

#### - Fleet Management Services

In 2021, our Bank's personnel were provided with transportation services through 181 vehicles.

#### - General Administrative Services

Disinfection, masks, accommodation, organization, stationery, heating, lighting, water and business card services were provided to the Head Office, Additional service buildings and all branches.

#### - Warehouse Management Services

Warehouse Management Services are provided to 6 different units, being 5 units in the Head Office and Ümraniye Additional Service Building, and General Administrative Services.

### Construction-Real Estate Department

Real Estate Service carries out the selection, rental and contracting processes of the Head Office building, Additional Service Buildings and Bank branches to be opened throughout Turkey according to the required expertise reports.

Construction Service completes the general construction works of the Head Office building, Additional Service Buildings and Bank branches to be opened throughout Turkey and ensures that they are ready for operation.

# Increased efficiency and productivity with systematized processes

It manages the maintenance and management contracts for all of the architectural construction, electrical, mechanical materials and equipment, furniture furnishings of our branches operating in Turkey, and the troubleshooting procedures of the contractors and manufacturers for defective products.

## Activities in 2021

It carries out the determination of the contractor companies with the architectural concept-consulting service, creating technical specifications by determining work descriptions and executing contracts, and preparing and approving provisional admission progress payments and final admission progress payments.

It manages the maintenance and management contracts for all of the architectural construction, electrical, mechanical materials and equipment, furniture furnishings of our branches operating in Turkey, and the troubleshooting procedures of the contractors and manufacturers for defective products.

It determines and orders spare parts, emergency failure response, equipment, hand tools, machine tools required for maintenance and repair in all systems of the Head Office and Additional Service buildings and manages the stock control by following the usage of the equipment according to the most undamaged and long usage specifications.

Our total number of branches constructed in 2019-2020 is 50

Our total number of branches constructed in 2021 is 21\*

The number of our branches under construction in 2022 is 5

We have 1 branch in the project phase in 2022.

## Budget & Financial Reporting Department

The budget approved by the Board of Directors was followed, the budget for 2022 was prepared through simultaneous work with the units, and the financial status updates of the monthly profit-loss status of the branches were carried out. These processes were systematized and thus contributed to increasing efficiency and effectiveness.

Administrative reports required by the executive management were made available to those concerned via the screens designed in the business intelligence tool. Reports were prepared in the periods needed by the units, and analyzes and comments were made on these reports.

The forms to be sent periodically to official institutions and organizations, especially to the Banking Regulation and Supervision Agency, Central Bank of the Republic of Turkey, Savings Deposit Insurance Fund, Participation Banks Association of Turkey, Revenue Administration, Ministry of Treasury and Finance, and the information and documents requested by said institutions and organizations were sent to their addressees within the expected time limits.

## 21 Branches

Our total number of branches constructed in 2021

\*One of our branches, the construction of which was completed in 2021, started its operations in 2022.



Within the scope of the communiqué on the financial statements to be disclosed to the public by banks and the explanations and footnotes related to them, the independent and consolidated financial statements prepared in quarterly and annual periods after the necessary controls and analyzes and the audit reports containing the explanations and footnotes related to these were prepared and presented to the relevant institutions and the public.

### **Financial Affairs and Control Department**

Financial Affairs and Control Department carries out its functions through the Profit Distribution and Financial Transactions Service, the Financial Control Service and the Treasury Control Service. Each unit contributes significantly to the corporate development of Emlak Katılım by constantly improving its own processes and control points.

Profit Distribution and Financial Transactions Service continues to direct the funds collected under the Participation Funds by the idle fund status of the pools, to establish a pool system in accordance with the legislation to distribute profits accurately, reliably and quickly, to manage the participation pools, and to track and report their income and expenses, as well as to make their systematic developments.

In 2021, new Special Fund Pools (SFP) were established for partnership-based Sukuk and fund lending transactions. Dividend calculations, rediscounts and profit distributions in SFP started to be done manually. Analysis studies required for said transactions to be done by the system are made. In 2022, it is planned to complete the software and testing operations, and to carry out all processes related to SFPs systematically.

Financial Control Service supported the establishment and development of a solid accounting infrastructure in order to prepare the Bank's internal and external reports on time, with accurate and reliable data, and also carried out effective financial and accounting controls.

Within the framework of relevant legislation and communiqués, in order to accurately record all transactions in the accounting, errors in the uniform chart of accounts were immediately detected and corrected through daily, weekly and monthly periodic controls.

Systemic improvements were made in order not to repeat the detected errors. In 2022, it is planned to add new control points to our existing control points and to support systemic improvements.

In the Treasury Control Service, control approvals were given to ensure that all transactions made by the Treasury were carried out within the framework of the Bank's policies, procedures and limits.

Effective monitoring of the Bank's foreign currency and precious metals status, and controls for the market compliance of Sukuk, foreign exchange, derivative and precious metal profits, and exchange rates are carried out.

CBRT exchange rates, valuation rates, swap points and deposit rates are monitored and controlled.

Margin calls from our correspondent banks due to derivative transactions are examined, and margin call sending and withdrawal transactions are carried out.

In 2021, the monthly profit and loss report of foreign exchange and precious metal transactions carried out at our Bank was prepared and sent to the executive management.

In 2021, Swap RR (Market Exchange Rate Compliance) Control was started to be done. In addition, it is planned to establish new control points in 2022 and to ensure systemic developments.

### **Accounting and Tax Department**

Accounting and Tax Department consists of Tax and Legal Obligations, Accounting, Expenses, and Payments Services. Within its activities of 2021;

An accounting recording system was established within the framework of legal regulations in line with the policies and strategies determined by our Bank, and with this recording system, a successful performance was shown in preparing audit and examination, reporting and analysis studies.

The processes related to tax declarations and notifications and the ratification and approval of legal books were carried out in a timely and accurate manner in line with legal regulations.

Tax provision is the sum of current tax provision and deferred tax income/expense. Deferred tax assets or liabilities are determined by considering the corporate tax rate of the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts calculated as per tax laws, according to the balance sheet method. Monthly, quarterly and annual tax provisions were successfully calculated and period closings were made on time.

In line with TAS 19 "Employee Benefits" standard, provision is recorded by estimating the present value of the future probable obligation regarding severance pay. The resulting actuarial losses and gains are accounted for under equity.

The expense documents issued by the suppliers on behalf of our Bank due to the goods and services purchased in line with the Bank's activities and within the framework of the determined budget were recorded timely and accurately, and the payments were made on time.

Changes made in the legislation were followed daily, and thus necessary notifications on the changes were made within the Bank and timely actions were taken.

In the recording process of fixed assets, improvements were made in our processes thanks to the systematic developments made on the invoice screens, and such systematic developments will continue in the new period.

# *Efficient fund management that exemplifies best practices*

Emlak Katılım operates in all relevant markets in order to manage all its funds and minimize the risk of efficiency and price.

## Activities in 2021

### Treasury and International Banking

#### ***Treasury-Asset-Liability and Capital Markets Department***

Our Bank's Assets and Liabilities management is provided through the best practices both at home and abroad, taking into account the BRSA's Guide on Liquidity Management. While managing liquidity, the management of all funds of our Bank operates in all relevant markets in order to minimize the risk of efficiency and price. In 2021, the ratios of all our assets in our Bank's assets and liabilities were tried to be managed in parallel with the ratios and proportions regarding similar assets of Participation, Deposit and Public banks. Our Bank has used all funding channels through Borsa Istanbul BAP (BIST Debt Securities Market), Interbank Money Markets, CBRT and Capital Markets. In 2022, it is planned to ensure the development of our Bank's liquidity management in line with current conditions, to diversify the types of transactions in the CBRT-Interbank Markets and the relevant markets in Borsa Istanbul, and to increase its efficiency and volume.

In the capital markets, the activity of our Bank stands out, especially in securities. In addition to the increase in the security assets in our Bank's assets, risk and return conditions were diversified. Accordingly, 32% of our TL Sukuk consists of floating (CPI-indexed) Sukuk, while the

remaining TL and FC Sukuk consist of fixed income securities. Our Bank has also increased its effectiveness in secondary markets in 2021. Indeed, in 2021, our transaction volumes reached 3.99 billion in TL, 328 million in USD and 5 million in EUR, and our second-hand Sukuk transaction net profitability for 2021 reached TL 2.34 million. These operations include the transactions of the partnership-based Sukuk, which are the first in our sector, green Sukuk, and the Sukuk that our Bank mediates in the issuance. In order to increase our efficiency in the capital markets, in addition to the buy and sale of all stocks that comply with the Participation Index criteria published by Borsa Istanbul, the buy and sale of all mutual funds complying with the principles of Participation Banking, regardless of institution, has initiated. Besides, the Weekly Capital Markets Bulletin has started to be published in order to provide information on all instruments on which investors can safely evaluate their savings and compare their performances in the investment instruments market complying with the principles of participation finance. In 2022, efforts are planned to ensure that our Bank's instruments traded within the capital markets (shares, Sukuk, mutual funds, etc.) will be traded in all digital ADC channels. In addition, the aim is to increase the entire volume and profitability

**In 2021, our transaction volumes reached 3.99 billion in TL, 328 million in USD and 5 million in EUR, and our second-hand Sukuk transaction net profitability for 2021 reached TL 2.34 million.**

of our Bank in domestic and international secondary markets, to improve the content quality of our Capital Markets Bulletin, to include product structures including current technologies and trends in bank activities, and to increase the support of all activities carried out in the name of sustainability within the scope of both capital markets and fund lending.

### **Treasury-Foreign Exchange and Precious Metals Department**

Foreign Exchange and Precious Metals Department provides foreign currency and precious metal purchase and sale services to Emlak Katilim customers through various channels, carries out spot forward currency and precious metals purchase and sale transactions in international markets, performs marketing and sales activities related to treasury products and services, and takes charge in the development of treasury products.

Increasing the volume and profitability of foreign exchange buying/selling and precious metal buying/selling transactions constitutes the main strategy of the Department.

The Treasury – Foreign Exchange and Precious Metals Department continues its activities with two services under the roof of the department, namely the Treasury Marketing Service and Trading Service.

Our Trading service contributes to the profitability of the Bank by performing foreign exchange and precious metal purchase and sale transactions in domestic and international markets.

Treasury Marketing Service provides communication and coordination on behalf of the Treasury with branches and customers regarding customers' foreign exchange and precious metal purchase/sale transactions, and carries out sales and marketing activities.

In 2021, our foreign exchange and precious metals trading platform EmlakFX was made available to our customers. Our EmlakFX platform is offered to banks as well as hundreds of customers. Apart from EmlakFX, more advantageous exchange rates are provided for customers in mobile/internet branch channels with the Special Currency application in our mobile/internet branch channels. Our Department also provides pricing and transactions via telephone to our customers who carry out high-amount transactions.

In 2021, a transaction volume of USD 4.2 billion was realized in the interbank markets and a transaction volume of TL 27.5 billion with our customers. As part of transaction volumes realized with our customers in various channels and in the interbank markets, a total profit of TL 47,555,023 was made in 2021 from all foreign exchange and precious metal purchase/sale transactions under the top control of our Department, with a profit of TL 44,800,547 from customer transactions and TL 2,754,476 from interbank market transactions not related to customer transactions.

In 2022, we have various targets regarding customer transactions and interbank market transactions.

It is aimed that our EmlakFX platform can be used more widely, and we continue to work on the preparation of different versions of EmlakFX (web-based, mobile application) in line with this target.

It is targeted that our customers carry out their foreign exchange and precious metal trading activities in the relevant channels at competitive rates 24 hours a day, 5 days a week.

At interbank markets, the aim is to be the party that gives prices rather than the party that takes prices in the spot currency and precious metal area, and to become a market maker. In line with this target, the aim is to provide exchange rate flow as a market maker and pricing to banks in domestic and foreign markets through various channels.

Importance is placed on increasing our transactions at Borsa Istanbul Precious Metals Markets and having more influence in the market.

The aim is to reach higher volumes in meeting the TL banknote (effective) demands of foreign markets, which we have been carrying out since the establishment of our Bank.

Regarding our sales and marketing activities, the aim is to establish a technical infrastructure on CRM and customer behavior models, for the transaction activities of our customers.





# The volume of Sukuk transactions increased

The volume of domestic sukuk issuances in 2021 increased by 170% year-on-year and amounted to TL 12.9 billion.

## Activities in 2021

**We established correspondent relations with some 250 banks by the end of 2021.**

### *Financial Institutions Department*

Financial Institutions Department, as part of its efforts to expand its foreign correspondent bank network in 2021, established correspondent relations with some 250 banks by the end of 2021. Transactions such as letter of credit transactions, external guarantee transactions, foreign trade transactions against documents, foreign currency payments increased in parallel with the growing number of branches and were directed to the related correspondent banks, and efforts to increase the support and solutions provided to our customers in the field of foreign trade, both in import and export, continued.

In addition to customer-oriented correspondent bank relations, credit relations were established to meet our Bank's own needs with correspondent banks and non-bank financial institutions to perform asset-liability management, funding, foreign exchange and precious metal purchase/sale transactions as part of the Treasury Management (Fund Management) business line, and the opportunities provided by correspondent banks in this area were expanded. In 2022, our efforts will be continued to expand the correspondent bank network in order to contribute both to the solutions to be offered to customers in foreign trade and to our Bank's own funding and transaction diversity.

### *Investment Banking Department*

The operating period of 2021 was left behind as a very busy and successful year for the Investment Banking Department, in parallel with the growth of our Bank and its increased branch network. The volume of domestic Sukuk issuances of our Bank in 2021 increased by 170% year-on-year and amounted to approximately TL 12.9 billion. All of the issuances were carried out by our Bank without using of any intermediary institution, resulting in significant cost savings. In addition, our Bank contributed to the growth and development of the sector by expanding its product range in participation-based capital markets with the new Sukuk models it launched. Within its activities of 2021;

- Our Bank issued Turkey's first Sukuk issuance 'Based on Labor-Capital Partnership through the Special Fund Pool' in March 2021. The raised fund by the issuance of Sukuk based on partnership was utilized in the Special Fund Pool (SFP) Participation Account. With this Sukuk type, our Bank revived the Special Fund Pool Participation Accounts, which is an important fund collection tool of participation banks, in the sector after about 16 years.
- Within the scope of our Bank's sustainable finance activities, the first efforts were started in 2021. In this regard, our Bank's Sustainable Finance, Green and

Social Sukuk Guide was prepared based on the generally accepted standards in international capital markets. Then, in November, Turkey's first green Sukuk based on labor-capital partnership through SFP was issued. The fund collected from the green Sukuk issuance was used to finance the projects in the SFP that contribute positively to climate change and the environment. In this context, a second party opinion was obtained from an independent appraisal company regarding the quantitative impacts of the green projects in the pool. Accordingly, approximately two thousand tons was contributed to the annual net carbon emission reduction by financing projects that were the subject of green Sukuk and served the sustainable development goals of the United Nations (UN). Our aforementioned issuance was deemed worthy of the best Sukuk issuance of the year in the world on a sectoral basis at the IFN Awards 2021, organized by Islamic Finance News, one of the leading publications of Islamic finance markets.

- By transferring our know-how and experience in participation finance capital markets to corporate companies in various sectors, we designed Sukuk structures in accordance with the principles of interest-free finance for these companies and mediated corporate Sukuk transactions worth approximately TL 1.6 Billion. One of our aforementioned intermediation transactions was the issuance of Turkey's first Green Sukuk Al-Istisna, amounting to TL 600 million and with a maturity of 2 years, by Turkey Wealth Fund İstanbul Finance Centre, which managed the İstanbul Finance Center Project, which is planned to contribute to the target of transforming İstanbul into a global financial center, on 24 December 2021.
- Within the scope of our Investor Relations activities, all legal notifications and reporting of our Bank and asset leasing companies were carried out

smoothly through platforms such as the Public Disclosure Platform, e-Company, TCMA, etc. Besides, meetings with credit rating agencies, preparation of annual reports, and general assembly processes of asset leasing companies were carried out successfully by our department.

Our targets for 2022 include continuing to support the development of participation finance capital markets by developing innovative and sustainable Sukuk models in participation-based capital markets, maintaining the intermediation of companies' corporate Sukuk transactions, providing general custodian services to collective investment institutions, and providing long-term funds from international financial institutions in order to support the sustainable growth of our Bank.

The organizational structure of the

### Credits

Credits, Assistant General Manager consists of Corporate-Commercial Loans, SME Loans, Retail Loans and Credit Risk Monitoring and Collections Departments.

Credits department ensures that the lending process is carried out in accordance with the legal framework, internal legislation and lending policy of our Bank. Credit allocation process, financial analysis process and intelligence process are managed by the departments. Evaluation of loan offers is carried out according to the segmentation type.

The Retail Loans Department takes part in the real person loan evaluation process.

Loan offers between TL 0-125 Mio with a customer segment of micro and small enterprises are evaluated by the SME Loans Department, and loan offers over TL 125 Mio with a customer segment of commercial and corporate are evaluated by the Corporate and Commercial Department.

In 2021, the number of customers

receiving loans increased by 107% and the loan amount increased by 70% compared to the previous year.

Credit Risk Monitoring and Collections Department carries out its activities with 3 separate services, namely credit risk monitoring, collections and intelligence services.

Credit risk monitoring and collection activities generally cover the activities of closely monitoring the loans, trying to identify the problems that may arise at the customers, informing the parties in the lending processes, and taking action for the liquidation of the credit risk before the problems reach more serious dimensions.

Credit Risk Monitoring and Collections Services Department, in order to monitor credit risk or assist in the management of credit risk, carries out activities to classify loans in relevant groups in accordance with the legislation, to monitor and report the credit portfolio, to carry out early warning activities, to conduct meetings with branches, customers and other banks within the scope of the management of problematic receivables, and to take necessary collection actions to liquidate the risk of our Bank.

Intelligence activities, on the other hand, include the activities of sharing the data from TBB-Risk Center and KKB about customers, letters of official institutions and organizations, written and visual media tools and institutions and public websites with the allocation teams as intelligence information, in the lending process.

As of the year-end 2021, the NPL ratio of deposit banks was 3.36%, and the ratio of participation banks was 3.02%, while our Bank's ratio was 0.11%, well below the sector average. Moreover, while the close monitoring rate of participation banks in the third quarter financial data of 2021 was 5.91%, our Bank's close monitoring rate was positively differentiated from the sector as 0.16%.

*(The NPL amount of TL 172.9 million taken over from the liquidated Emlak Bank is not included in the table.)*

# Investing in projects with domestic and national import substitution policies

Emlak Katılım aims to invest in domestic and national projects with an import substitution policy.

## Activities in 2021

### Sales and Marketing

#### **Project Finance and Monitoring Department**

Project Finance and Monitoring Department, which is part of the Sales and Marketing business group;

Operates in the areas of Profit/Loss Partnerships, Project Financing, Ongoing Construction Projects and sales of properties owned by our Bank.

In this context, end-to-end support, including new investment (greenfield), capacity increase investment (brownfield) and acquisition financing, is provided for our branches in the design of investment models, establishment of financing product maturity and guarantee structure, preparation of financing contracts and monitoring of projects.

In 2021, new business models (Reinforcing, Onsite Transformation, Onsite One-to-One Transformation and Area Transformation) for the financing of urban transformation were designed and implemented.

#### **Targets for 2022**

Sectoral business development and projects service under the Project Finance and Monitoring Department develops potential new business models in line with the strategic targets of our Bank.

Within the scope of the sustainability action plan, the aim is to organize support programs for startups to invest in new generation construction and real estate technology initiatives.

The aim is to evaluate the Profit-loss sharing (Müşârake) or labor-capital partnership (Mudâraabe) models for projects with domestic and national import substitution policy and to invest in this field.

#### **Product Development Department**

Product Development Department consists of 3 services: Commercial Finance and Cash Products Service, Fund Collection, Fund Extended Products and Services, and Insurance Management Service.

Product Development Department aims to develop new products and services to contribute to the Bank's profitability. It undertakes the processes of conducting market share research and competitive analysis for new products and services considered to be developed, deciding and starting the products/services design, determining whether there is a need for systemic (screen operation, guarantee structure, etc.) updates for the new products/services, preparing the administrative text showing the features and operations of the products/services, sending the prepared text to relevant departments for their opinion, making the necessary revisions in line with the received

**In 2021, new business models for the financing of urban transformation were designed and implemented.**



opinions, announcing the products/ services in our Bank with the approval of the upper authority and providing support to branches.

#### *Products Developed in 2021*

- Building Completion Insurance
- Silver Participation Account
- E-Participation Account
- House Financing in the Homeland
- Joint House Financing
- Financing for a New Home
- Environmentally Friendly Financing
- Renewable Energy Leasing Finance
- Emlak Katılım Mortgage Page
- Emlak Katılım Product Portal
- School Installment System
- MT-940 Electronic Statement Delivery
- Web Service Balance Monitoring
- Forward Export Financing
- Surety Export Financing
- Real Person Commercial Current Account
- Digital Transformation Package
- ELÜS Secured Business Financing
- Business Financing Based on Producer Receipt
- Continuous Cheque Printing
- Integration with Türkiye Sigorta
- PPS for Below 18 Years
- TARSİM

#### *Products Planned to be Developed and Products Underway in 2022*

- Money Gram
- Supplier Financing with Creditor Funds Transfer Feature
- Precious Metals Support
- KADSİS
- Online House Financing
- Online Shopping Financing
- Desteğim Card
- Financing at Dealer
- Digital Safe
- Generous Account
- House Financing As You Wish
- Hardworking Account
- Multi Account Single Screen
- Virtual Account
- Public Personnel Electronic Salary Payment System
- Due Date Tracking System
- Customs Duty Payment by SMS
- DBS with Contribution
- OTS Application from Internet/ Mobile Banking
- ELÜS- Trading Transfer
- Secure Payment System

- Nondirective Money Transfer
- Online Insurance Sales via Digital Channels
- Employer is Safe Insurance
- Indemnity Insurance
- Estate Common Area Insurance
- My Finance Is Safe Insurance

#### **Corporate and Commercial Banking Department**

Corporate and Commercial Banking Department served 62 Corporate and Commercial portfolios in 70 branches in 2021. Emlak Katılım completed the Corporate and Commercial Banking Sector 2021 operating period with a total of 3,900 customers, and the size of its funds collected reached TL 18.5 billion and the size of its funds allocated reached TL 20.8 billion.

Having a total of 3,900 customers in 2021, Corporate and Commercial Banking reached TL 18.5 billion deposit size, TL 17.3 billion cash lending, TL 3.5 billion non-cash credit volume - TL 182 million non-profit income.

In 2022, Corporate and Commercial Banking aims at:

- Making the project price system work in an authorized manner, with a price algorithm created specifically for the customer on the basis of efficiency,
- Making needs analyzes at the branches and supporting the field sales units with trainings,
- Making the products and services developed by the Sales Departments understandable and healthy operational for the field staff,
- Increasing sales opportunities by using remote sales channels effectively in reaching budget targets,
- Increasing the field activities of sales teams with applicable and understandable campaign designs, and
- Making accurate distributions and following up targets by making field analyzes in branch targeting processes.

#### **Retail and SME Banking Department**

Retail and SME Banking Department served a total of 246 competent personnel, with 116 portfolios in the retail segment and 130 portfolios in the SME segment, at 70 branches in 2021. Retail and SME Banking Segment completed the 2021 operating period with a total of 31,800 customers, and the size of its funds collected reached TL 8.1 billion and the size of its funds allocated reached TL 3.4 billion.

Retail and SME Banking reached a total of 31,800 customers in 2021 with a deposit size of TL 8.1 billion, cash lending of TL 3.4 billion, non-cash credit volume of TL 988 million and non-profit income of TL 83 million.

In 2022, Retail and SME Banking Department aims at:

- Making the project price system work in an authorized manner, with a price algorithm created specifically for the customer on the basis of efficiency,
- Making needs analyzes at the branches and supporting the field sales units with trainings,
- Making the products and services developed by the Sales Departments understandable and healthy operational for the field staff,
- Increasing sales opportunities by using remote sales channels effectively in reaching budget targets,
- Increasing the field activities of sales teams with applicable and understandable campaign designs, and
- Making accurate distributions and following up targets by making field analyzes in branch targeting processes.

# Successful increase in foreign trade and foreign exchange transfer transactions

The number of foreign trade and foreign exchange transfer transactions increased by 203% in 2021 year-on-year, exceeding the level of 60,000.

## Activities in 2021

### Operations

#### **Foreign Trade and Treasury Operations Department**

Foreign Trade and Treasury Operations Department mainly performs foreign trade transactions, as well as foreign exchange transfers, operations of treasury and capital market transactions, and operations of cash balance management.

The number of foreign trade and foreign exchange transfer transactions increased by 203% in 2021 year-on-year, exceeding the level of 60,000, and the transaction volumes exceeded USD 13.5 billion with an increase of 116%. In the same period, mutual fund trading operations were started and the CBRT FAST system was adopted, and the work required to secure Sukuk and ELÜS was completed.

#### **Credit Operations Department**

Credit Operations Department consists of three services in total: Retail and Corporate Credit Operations Service, Insurance and Guarantee Operations Service, and Real Estate Valuation Service.

#### **- Retail and Corporate Credit Operations Service**

Retail and Corporate Credit Operations Service performs fund lending transactions within the scope of Participation Banking principles and legislation. Within its activities of 2021:

In the first half of 2021, operations were carried out without interruption with the alternate working system through VPN connection during the pandemic.

As part of the Participation Banks Central Invoice Recording System (KBMFKS) project, the system integration to automatically query e-invoices in RA by saving them on the system in XML format has been provided.

With KGF transactions implemented within the scope of the economic stability package during the pandemic and appropriate loan rates, the Retail/Corporate Credit Operations business volume increased considerably, and the transactions were completed successfully.

**The number of foreign trade and foreign exchange transfer transactions increased by 203% in 2021 year-on-year.**



In Financial Leasing transactions, for the operation of the transaction in accordance with the legislation and regularly, a system work was carried out in order to first examine the products subject to transaction and ensure that they are recorded, and the measurement of the work done was provided.

A screen design for the contracts under the New Murabaha System implemented in our Bank was carried out and successfully taken into operation.

Procedures for expenses, invoice entry, expense payments, and reconciliation were carried out in order to provide Accounting Integrations in Financial Leasing transactions.

The work for the integration of documented/undocumented

financing carried out by the Ministry of Commerce into the relevant system was successfully completed.

In Multiple Incentive deductions, the Collective Comment Notification screen was developed instead of performing the transaction one by one, and it was successfully taken into operation.

Following the legislative implementations, the relevant screens were updated, the codes were added and successfully put into operation.

In order to respond quickly to the fund needs of the customers from Eximbank, work for the inquiry and follow-up screen, which will show the remaining limits of our Bank at Eximbank, continues. With this work, customer satisfaction will be realized positively as the customer will receive faster responses.

#### *- Insurance and Guarantee Operations Service*

Insurance and Guarantee Operations Service is the service responsible for the faultless execution of insurance and guarantee transactions carried out within the affiliated department in accordance with the legislation, our Bank's practice instructions, policies and principles, and for preparing operational strategies, business organizations and assignments, formation of policies, development of operational processes and systems, and adaptation of innovations in insurance and guarantee operations to our Bank. Within its activities of 2021:



# Digitalization of operational processes

Issuance of electronic letters of guarantee, electronic references and electronic letters of intent was made available for the Public and Private Sector.

## Activities in 2021

An e-letter of guarantee system was established, and thus it has been made possible to give an e-letter of guarantee to all private and public addressees in our country. By BOA Integration with the E-Guarantee Platform provided by the Credit Registration Bureau (KKB) and Electronic Public Procurement Platform (EKAP), electronic letters of guarantee, electronic references and electronic letters of intent can be issued for the Public and Private Sector.

By the Decision of the Credit Committee of our Bank, it was ensured that all guarantees required to be received from our borrowers in the Retail, Commercial, Corporate and SME segments are received correctly and completely within the framework of laws and regulations, and that the guarantee entry, exit and revision processes are carried out, and insurance policies are checked, entered and followed up with respect to the guarantees that are the subject of the insurance taken under the guarantee of our borrowers.

### - Real Estate Valuation Service

Real Estate Valuation Service: is responsible for having the valuation reports of the immovables subject to funding and/or guarantee prepared by authorized real estate valuation firms of CMB & BRSA, checking the said valuation reports according to our Bank's criteria, providing technical opinion on the requests for written consent from official institutions regarding the immovables under our mortgage, having the valuation studies of the immovables owned by our Bank and the rent determination studies of branches to be opened done and controlling them, and for transmitting the KFE (House Price Index) and TGFE (Price Index of Commercial Real Estate) data requested by the Central Bank to the relevant unit (Official Reporting Service).



### **Core Banking and Branches Operations Department**

Core Banking and Branches Operations Department: carries out the operations of Cheque/ Promissory Note Institution Collections, Official correspondence (Seizure and Court letters), approval operations of foreign account and foundation association account openings, and Branch operations coordination operations. Within its activities of 2021;

In cheque/promissory note collection operations, our Bank's cheques amounted to 23,448 with a 705% increase year-on-year and reached about TL 3 billion 82 million with an increase of 714% on volume basis. The collection of other Banks' cheques, on the other hand, amounted to 44,814 with an increase of 323%, and reached about TL 4 billion 41 million with an increase of 343% on volume basis.

In corporate collections, the number of corporations collected in 2021 reached 57 with an increase of 159%.

### **Digital Banking and Payment Systems Department**

Undoubtedly, the banking sector is one of the leading sectors where the rise in the speed of digitalization due to Covid-19 is felt the most. We implemented important projects by continuing our investments in 2021, in order to meet the changing and digital needs of our customers by using the new opportunities offered by technology at the highest level. These include remote identification and customer acquisition with video calls, money transfer with FAST, KOLAS, and digital channels function development (customs tax payment, silver participation account opening, currency protected TL account, e-government integration, direct debit system, mobile approval). The development work of the TAM Project, which will enable our customers to use more than 20 thousand public bank ATMs through our Bank's ATMs, was completed and the dissemination phase was started.

Emlak Katılım CepPOS, which enables our business customers to make collections with cards, was launched. In the IDC Finance Technology Awards 2021, organized by the international research company International Data Corporation (IDC), our 'CepPOS' product won an award in the Digital Channels category. Developed in cooperation with Halkbank, Emlak Katılım Paraf Card was developed and offered to our retail customers in three different card types.

## Board of Directors



**Prof. Dr. Mehmet Emin BİRPINAR**

**Chairman of the Board of Directors**

Mr. Birpinar graduated from İstanbul Yıldız Technical University Faculty of Engineering in 1988 and received his masters and doctoral degree at the same faculty. He further completed master's degree from Italian University in 1991 and Netherlands Delft Technology University in 1994 in Civil Engineering. He assumed the title of Professor in 2009 and he is currently a faculty member of Yıldız Technical University. Birpinar started to work as İstanbul Provincial Environment and Forestry Manager in 2003, as İstanbul Provincial Environment and Urbanization Manager in 2011 and was appointed as Deputy Secretary of Ministry of Environment and Urbanization in 2013. Prof. Birpinar was elected as the Office Director of Convention for the Protection of the Mediterranean Sea against Pollution, known as Barcelona Convention, for 2014-2015 period at the 18<sup>th</sup> Meeting of the Contracting Parties which took place in İstanbul in December 2013. He was appointed as Chief Negotiator on 9 April 2015 to represent Turkey at international climate change negotiations realized in accordance with the United Nations Framework Convention on Climate Change. Prof. Birpinar is a member of Water Engineering Research and Development Center (WERDEC), Association for International Water Engineering and Research (AR), The American Society of Civil Engineers (ASCE) and serves as a member of the Board of Directors of various nonprofit organizations. He has over a hundred articles and papers published in scientific journals, national or international congresses and he is a columnist in various newspapers. He is a member of the Board of Directors of Emlak Katılım since 3 September 2018.



**Abdullah Erdem CANTİMUR**

**Deputy Chairman of the Board of Directors**

Having graduated from Kütahya Administrative Sciences School Department of Business, Abdullah Erdem Cantimur completed his postgraduate education at the Department of Business. He worked as Independent Financial Advisor between January 1980 and November 2002. He served in Anadolu University Kütahya Administrative Sciences School between September 1982 and September 1986; served as Board Member in Chamber of Certified Public Accountants of Kütahya between April 1996 and November 2002; served as lecturer and taught Financial Statement Analysis, Taxes on Income, Computer and Computerized Accounting Applications at THK University Master in Business between January 2013 and April 2014 and at Dumlupınar University Simav Vocational School between September 2001 and October 2002. He served as member of parliament of Kütahya in 22<sup>nd</sup> period of Grand National Assembly of Turkey between November 2002 and July 2007. He also served as Deputy Chairman at Committee on Public Enterprises (KİT) of Halkbank, Ziraat Bank and İller Bank and spokesperson of Committee on Public Enterprises between the same period. He continues to work as sworn-certified public accountant since October 2007 and as independent auditor since May 2013. Having been appointed as Deputy Finance Minister between May 2012 and September 2015, Abdullah Erdem Cantimur served as the Chairman of the Board of Karadeniz Bakır İşl. A.Ş. in liquidation between August 2014 and June 2016, as Board Member of Emlak Bank in liquidation between April 2016 and September 2018 and Board Member of Türkiye Emlak Bankası between September 2018 and August 2019. He has been serving as the Member and Deputy Chairman of the Board of Directors of Türkiye Emlak Katılım Bankası since 3 September 2018.



**Nevzat BAYRAKTAR**

**Member of the Board of Directors / CEO**

Nevzat Bayraktar graduated from Business Administration Department at Faculty of Economics and Administrative Sciences in Eskişehir Anadolu University in 1993. He studied English in Leeds Metropolitan University, England in 1993-1994. He started his professional career in Foreign Transactions Department at Esbank in 1995. He carried on with his business life in Albaraka Türk, first as Assistant Specialist in Projects and Marketing Department in 1996, then Second Manager in Main Branch as of 2003 until he was appointed as the Manager of the Main Branch in 2010. Mr. Bayraktar was assigned as the Assistant General Manager responsible of Corporate, Commercial and Retail Sales, Regional Offices and Branches as of January 2017.

Bayraktar also holds Certified Public Accountant and Independent Auditor certificates.

He was acts as the General Manager and Member of the Board of Directors of Emlak Katılım since 11 February 2020.



**Mehmet Ali KAHRAMAN**

**Member of the Board of Directors**

Graduated from METU Department of Urban and Regional Planning, Mr. Kahraman completed his graduate studies on planning in METU. He started his career as a Specialist at TOKİ (Housing Development Administration) in 1997 and promoted to President's Advisor and Head of Strategy Development Department. He acted as Deputy Secretary of Ministry of Environment and Urbanization and Spatial Planning General Manager between 2011 and 2014. Mr. Kahraman served as a Member of the Board of Directors of TOBAŞ A.Ş. between 2009 and 2011, Member of the Board of Directors of Emlak Konut GYO A.Ş. between 2011 and 2015 and Member of Industrial Zones Coordination Board and Cultural Assets Preservation Board between 2011 and 2014. Mr. Kahraman was the Secretary of the Minister and worked as a half-time faculty member at Çankaya University between 2014 and 2018. He currently acts as General Manager of Ministry of Environment and Urbanization Preservation of Natural Resources. Mr. Kahraman serves as a member of the Board of Directors of Emlak Katılım since 23 November 2020.





**Mehmet Nuri YAZICI**

**Member of the Board of Directors**

Mr. Yazıcı, who has graduated from Economics and Commercial Sciences Academy at Istanbul University in 1974, started his Professional career at D.B. Deniz Nakliyat T.A.Ş. in 1978. Mr. Yazıcı served as a manager in Atlas General Partnership between 1986-1990, and worked in Turkish Republic Ministry of Foreign Affairs Consulate General of Brussels between 1990-1991. He acted as Managing Partner in Denizatı Turizm İşletmeciliği Ltd. Şti. during 1991-1994 period, after which he joined Istanbul Metropolitan Municipality and worked as Member of the Municipal Council and Advisor to the Chairman between 1994-2009. He took up responsibilities of Member of the Board of Directors at Yazıcılar A.Ş. between 2009-2013 and Member of the Board of Directors at Türk Havayolları A.O. between 2013-2015. Mr. Yazıcı is a Member of the Board of Directors of Emlak Katılım since 19 June 2019.



**Prof. Dr. Murat BALCI**

**Member of the Board of Directors**

Graduated from Marmara University Faculty of Law in 2002, Mr. Balci received his master's degree on Public Law from Marmara University Institute of Social Sciences in 2004 and doctoral degree from the same institute in 2009. He was a faculty member of Doğu University Faculty of Law between 2009 and 2013. He became an Associate Professor in 2014 and he is a faculty member of Fatih Sultan Mehmet Foundation University Faculty of Law since 2014. He is an independent attorney-at-law at his own practice, Batu Hukuk Avukatlık-Danışmanlık since 2004. In 2021, he completed his thesis on "A Comparative Analysis of Istanbul Finance Center with London and Frankfurt Financial Centers" and received his master's degree from Istanbul Commerce University International Banking and Finance Master's Program. His publications in the field of banking law include "Banking Law and Related Legislation with Reasons and Case Laws," "Commentary on the Capital Market Law," and "Fundamentals and Theories of Banking" in the field of Banking Law. He received the title of Professor in 2019. He serves as a member of the Board of Directors of Emlak Katılım since 3 September 2018.



**Mustafa GÜLEN**

**Member of the Board of Directors**

Graduated from Istanbul Technical University Department of Management Engineering, Mustafa Gülen started to work at Kuveyt Türk Evkaf ve Finans Kurumu in 1994. He continued to work as Chief at the Financial Analysis and Intelligence Department in 1999. He served at Türkiye Finans Katılım Bankası between 2000-2005; as Assistant Manager at the Financial Analysis and Intelligence Department, between 2005-2009; as Founding Manager at Individual Evaluation and Allocation Department, between 2009-2012; as Manager at the Credit Monitoring and Collections Department, and between 2012-2013; as Manager at the Collections Department. Having offered Corporate Governance and Financial Consultancy services since 2013, Mr. Gülen has been serving as Board Member at Türkiye Emlak Katılım Bankası since 26 June 2020.

## Executive Management



**Nevzat BAYRAKTAR**

**Member of the Board of Directors / CEO**

Nevzat Bayraktar graduated from Business Administration Department at Faculty of Economics and Administrative Sciences in Eskişehir Anadolu University in 1993. He studied English in Leeds Metropolitan University, England in 1993-1994. He started his professional career in Foreign Transactions Department at Esbank in 1995. He carried on with his business life in Albaraka Türk, first as Assistant Specialist in Projects and Marketing Department in 1996, then Second Manager in Main Branch as of 2003 until he was appointed as the Manager of the Main Branch in 2010. Mr. Bayraktar was assigned as the Assistant General Manager responsible of Corporate, Commercial and Retail Sales, Regional Offices and Branches as of January 2017. Bayraktar also holds Certified Public Accountant and Independent Auditor certificates. He serves as the General Manager of Emlak Katılım since 11.02.2020.



**Nihat BULUT**

**Assistant General Manager**

Nihat Bulut graduated from Faculty of Economics and Administrative Sciences (English) at Marmara University in 1996. He started to work as Assistant Specialist in Projects and Marketing Department at Albaraka Türk Katılım Bank in 1998, served as Assistant Manager in Corporate Banking and Commercial Loans Department between 2006-2013, took over manager positions in different operational units in the same company between 2013 and 2017, and finally acted as Manager of the Corporate Credits Department starting February 2017. Mr. Bulut has been serving as the Assistant General Manager in charge of Credits at Emlak Katılım since 02.03.2020.



**Yusuf OKUR**

**Assistant General Manager**

Mr. Okur graduated from Boğaziçi University Faculty of Economics and Administrative Sciences in 1997 and started his professional career at Assistant Specialist position in Albaraka Türk Katılım Bank at the same year. As of 2000, Mr. Okur worked in Kadıköy Branch at positions of Chief, Second Manager and Assistant Manager. He continued to serve as the Branch Manager of the Merter, Kavacık and Sultanbeyli branches as of 2005, after which he transferred to the General Directorate of the same bank as Department Manager starting at January 2017. Yusuf Okur continued his career as Retail and Private Banking Sales Manager until 29 February 2020. Mr. Okur has been serving as the Assistant General Manager in charge of Operations at Emlak Katılım since 2 March 2020.



**Uğur KARA**

**Assistant General Manager**

Graduated from Business Administration Department of Faculty of Economics and Administrative Sciences at Pamukkale University, Uğur Kara completed his master's degree in Department of Labor Economics and Industrial Relations at Marmara University. Mr. Kara started his Professional career at İSTAÇ A.Ş. in 2003, and acted as Human Resources Manager at the same company between 2012 and 2018. After serving as the General Manager of İSPARK A.Ş. starting 2018, he currently acts as the Assistant General Manager in charge of Human Resources at Emlak Katılım since 14 October 2019.

## Executives of the Internal Systems



**Abdulkadir CEBECİ**

**Head of Internal Audit Department**

Mr. Cebeci graduated from Marmara University Department of Business Administration Management at Faculty of Economics and Administrative Sciences in 2004, Mr. Cebeci completed his master's degree in Financial Economics Department at Istanbul Bilgi University. Owning International Internal Auditor and SMMM Certificates, Mr. Cebeci embarked upon his banking career at Kuveyt Türk Katılım Bank as an assistant internal auditor in 2005, from 2006 until 2018 took over several responsibilities at Türkiye Finans Katılım Bank Department of Inspection Board, respectively as assistant inspector, inspector, senior inspector and audit supervisor. In 2018, Abdulkadir Cebeci assumed responsibility as the Vice President of Inspection Board at Emlak Katılım and acts as the President of the Inspection Board since 11 November 2019.



**Erhan ŞANLI**

**Head of Risk Management**

Having graduated from Boğaziçi University Mathematics Department in 2005, he completed his master's degree in Data Engineering at Marmara University in 2021. Mr. Şanlı started working at Albaraka Türk Katılım Bankası in 2006 and served as Credit Allocation Manager during 2006-2018 and Credit Risk Monitoring Manager during 2018-2021. At Albaraka Türk, he took part in the Main Banking Transformation Project between 2013-2015 and in the Digital Albaraka Projects between 2017-2018. He also took part in many independent projects, including TÜBİTAK projects. Mr. Şanlı has been serving as the Head of Risk Management in Emlak Katılım as of January 2021.



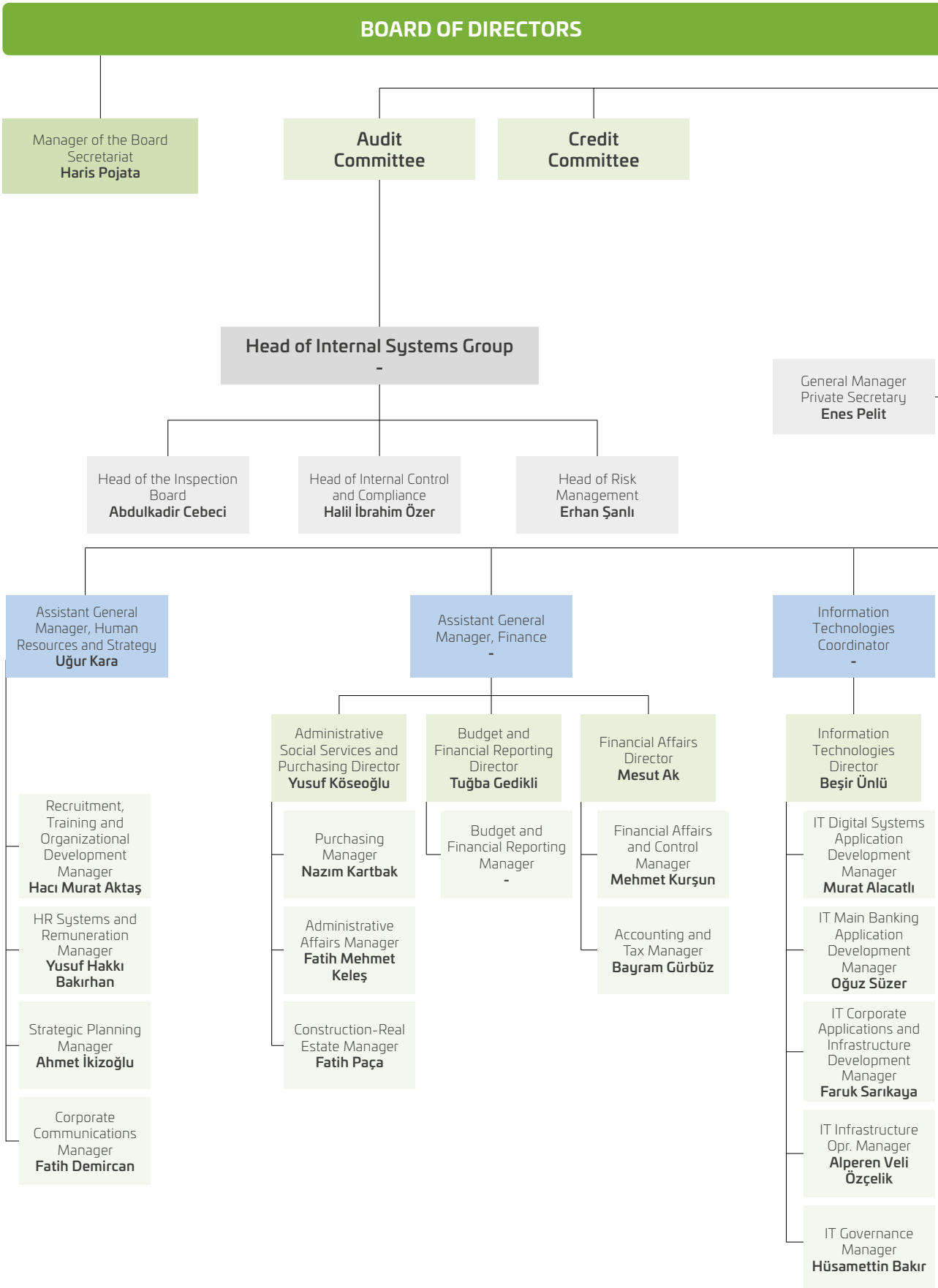
**Halil İbrahim ÖZER**

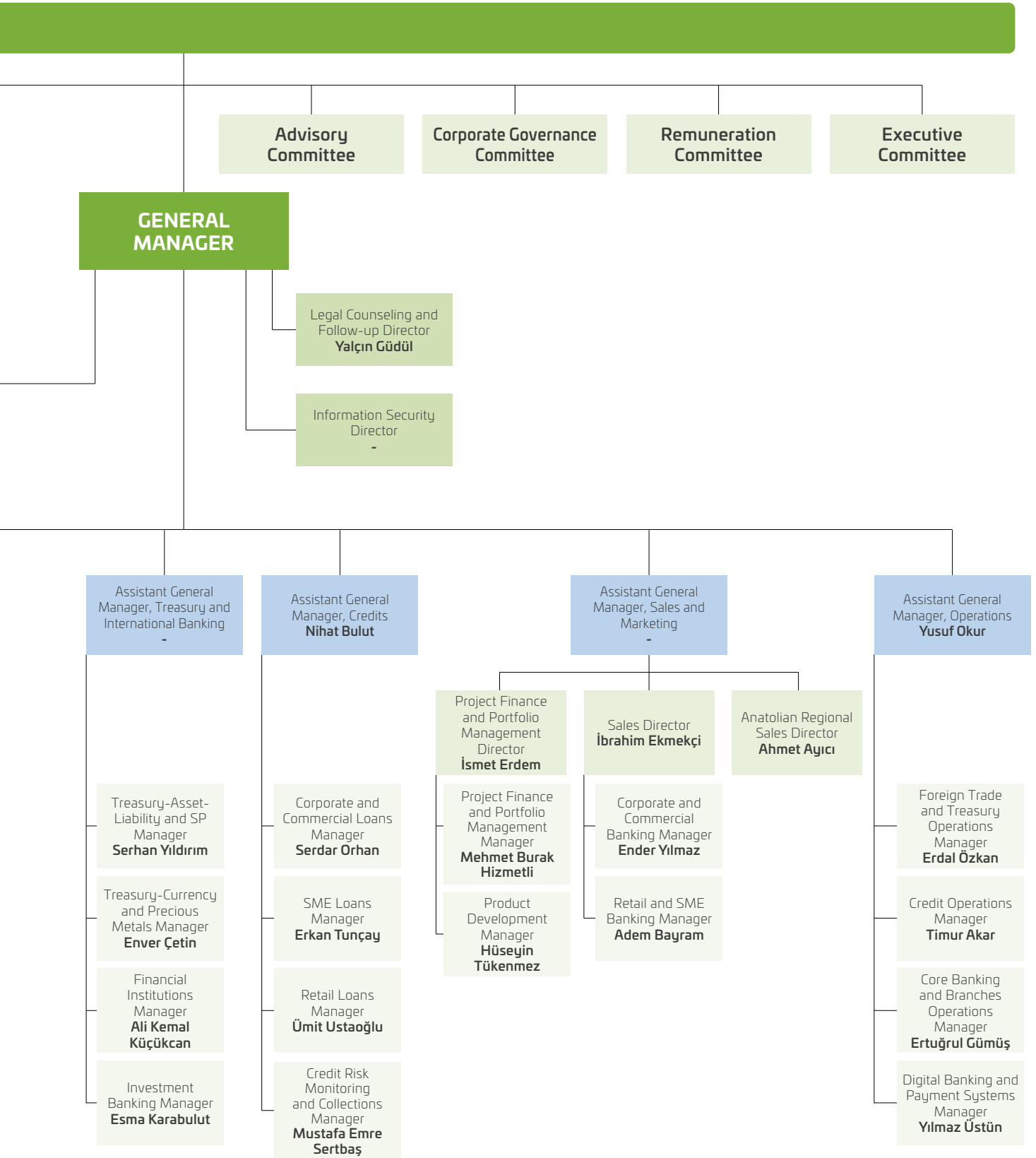
**Head of Internal Control and Compliance**

Mr. ÖZER has a Bachelor's degree from Istanbul University Faculty of Business Administration (English) and Anadolu University Faculty of Economics Department of Finance, and a Master's degree from Maltepe University. He started his banking career in 2006 at T. Garanti Bankası A.Ş. as MT. Between 2008-2016, he served as the Chairman of the Board of Inspectors at Şekerbank T.A.Ş., Bank Pozitif Kredi ve Kalkınma Bankası A.Ş., Albaraka Türk Katılım Bankası A.Ş. Mr. ÖZER worked in various branches of Albaraka Türk Katılım Bankası A.Ş. between 2016-2021, and became Branch Manager in 2019. He holds Certified Public Accountant (SMMM), SPL 3, Interest-Free Banking Principles and Standards Compliance and Audit, BES and SEGEM certificates. Mr. ÖZER has been serving as the Head of Internal Control and Compliance at Türkiye Emlak Katılım Bankası A.Ş. as of 04.03.2021.



## Organizational Chart





## Information on Activities of Committees

### Credit Committee

Member	Position	Committee Position
Prof. Dr. Murat Balcı	Member of the Board of Directors	Committee Chairman
Mustafa Gülen	Member of the Board of Directors	Committee Member
Nevzat Bayraktar	Member of the Board of Directors/CEO	Committee Member
Prof. Dr. Mehmet Emin Birpınar	Chairman of the Board of Directors	Committee Member (Substitute)
Mehmet Ali Kahraman	Member of the Board of Directors	Committee Member (Substitute)

The committee is responsible for finalizing the credit decisions using the authority of the Board of Directors on extending credits within the framework of methods and principles specified by the Banking Regulation and Supervision Agency and limitations delegated to them.

The Credit Committee convened 41 times in 2021.

### Audit Committee

Member	Position	Committee Position
Abdullah Erdem Cantimur	Deputy Chairman of the Board of Directors	Committee Chairman
Mehmet Nuri Yazıcı	Member of the Board of Directors	Committee Member

Audit Committee, on behalf of the Board of Directors, is commissioned and responsible for overseeing the effectiveness and adequacy of the Bank's internal systems, operation of those systems along with accounting and reporting systems in line with the regulations specified by the Banking Law and integrity of the information generated; regularly monitoring the activities of companies selected by the Board of Directors which provide independent audit, rating, valuation and support services; and coordinating consolidated internal audit services for subsidiaries subject to consolidation based on regulations specified by the Banking Law.

The Audit Committee convened 15 times in 2021.

### Remuneration Committee

Member	Position	Committee Position
Mehmet Nuri Yazıcı	Member of the Board of Directors	Committee Chairman
Abdullah Erdem Cantimur	Deputy Chairman of the Board of Directors	Committee Member
Nevzat Bayraktar	Member of the Board of Directors/CEO	Committee Member

Responsible for establishing a remuneration policy to prevent extensive risk taking, supporting an effective risk management in line with the scope of the Bank's operations, structure, strategy, long term goals and risk management structure; reporting on these to the Board of Directors; determining its advices considering long term targets; providing a balanced allocation and ensuring a reward system.

The Remuneration Committee convened once in 2021.

### Executive Committee

Member	Position	Committee Position
Prof. Dr. Mehmet Emin Birpınar	Chairman of the Board of Directors	Committee Chairman
Prof. Dr. Murat Balcı	Member of the Board of Directors	Committee Member
Nevzat Bayraktar	Member of the Board of Directors/CEO	Committee Member

The Executive Committee is responsible for providing suggestions for general topics such as the Bank's strategy, business plans, policies and practice directions, preparing reports, making announcements and supporting other units of the Bank on specified areas.

The Executive Committee convened 21 times in 2021.



## Corporate Governance Committee

Member	Position	Committee Position
Abdullah Erdem Cantimur	Deputy Chairman of the Board of Directors	Committee Chairman
Prof. Dr. Murat Balcı	Member of the Board of Directors	Committee Member
Mustafa Gülen	Member of the Board of Directors	Committee Member
Mehmet Ali Kahraman	Member of the Board of Directors	Committee Member

In accordance with the "Communique on Corporate Governance Principles for Banks" issued by Banking Regulation and Supervision Agency, the Committee's responsibilities include monitoring the Bank's compliance with the corporate governance principles, making improvements in this area and providing suggestions to the Board of Directors.

The Corporate Governance Committee convened once in 2021.

## Advisory Committee and Their CVs

As per the Communiqué on Compliance with Interest-Free Banking Principles and Standards, our Bank has established an advisory committee within its body to ensure compliance of its activities with interest-free banking principles and standards. The advisory committee operates under the board of directors.

The Advisory Committee reviews the Bank's internal regulations within the framework of compliance with the principles and standards of interest-free finance and conveys its opinions to the Head Office. Relevant rule sets are specified by making binding decisions for the interest-free finance system. It acts as the decision-making body on sensitive and important issues of participation banking.

Member	Position	Committee Position
Prof. Dr. Hamdi Döndüren	Consultant	Committee Chairman
Prof. Dr. Servet Bayındır	Consultant	Committee Member
Prof. Dr. Mehmet Saraç	Consultant	Committee Member
Prof. Dr. Şevket Topal	Consultant	Committee Member

### Prof. Dr. Hamdi DÖNDÜREN

Hamdi Döndüren graduated from Istanbul Higher Islamic Institute in 1970 and the Faculty of Law at Istanbul University in 1971. He became a lecturer in Islamic Law, the Fiqh Method and the Turkish Civil Law at the Konya Higher Islamic Institute in 1975. In 1978, he transferred to the Bursa Higher Islamic Institute. He completed his doctorate at the Faculty of Theology at Ankara University in 1983 with his thesis "Profit Margins in Purchase and Sale in Islamic law" and became assistant professor at the Faculty of Theology at Uludağ University in 1983. He served as the member of the Advisory Board at Türkiye Finans Katılım Bankası A.Ş. between 2014-2020, at Vakıf Katılım Bankası A.Ş. between 2016-2019 and at

Ziraat Katılım Bankası A.Ş. between 2015-2020. He currently serves as lecturer at the Department of Islamic Economics and Finance at Konya Karatay University.

### Prof. Dr. Servet BAYINDIR

Servet Bayındır graduated from Istanbul Imam Hatip High School in 1988, from Marmara University Faculty of Theology in 1993, and from Anadolu University Faculty of Economics in 2005. He completed his Master's Degree (1995) with his thesis titled "Evaluation of Private Finance Institutions in Terms of Islamic Law" and his PhD with his thesis "The Place of Interest-Free Banking Transactions in Islamic Law" (2004). He studied Arabic at the University of Jordan for eight months with a MEB scholarship (2002-2003). With the scholarship

of the Central Bank of Malaysia, he completed his second master's degree with the Certificate of Islamic Finance (CIFP) program at INCEIF institute in Malaysia (2008-2010). He received the title of Associate Professor in 2008 and Professor in 2014 with his studies in Islamic Economics and Finance. He was awarded TKBB Honorable Mention in the First Degree in the Project Contest on Innovations and Expansions Brought to the Finance Sector by Participation Banking (March 2009). Servet Bayındır, who worked as a teacher at the Ministry of Education between 1995-2001, is a lecturer in Islamic Law and Islamic Economics and Finance at Istanbul University Faculty of Theology and has books and articles on Islamic Finance and Islamic Banking.

## Information on Activities of Committees

### Prof. Dr. Mehmet SARAÇ

Mehmet Saraç graduated from Istanbul University, Faculty of Business Administration in 1990. He completed his master's program at the same Faculty at the Accounting Department in 1992 and received a master's degree in Accounting and Taxation from The George Washington University in 1997. He acquired his PhD in Finance from Boğaziçi University in 2004. He served as research assistant at the same university between 1998-2006. Between 2007-2014, he served as lecturer first at Sakarya University and then received the Associate Professor title and served as Founder and Chairman of the Department of Islamic Economics and Finance. He continued his studies as visiting professor at Istanbul Commerce University between 2010-2012 and at Istanbul Şehir University between 2014-2015. He moved to Istanbul University in 2014, and was among the founders of the Islamic Economics and Finance department and research center at this university. Between 2016-2019, he served as the Director of the Center for Islamic Economics and Finance at Istanbul University. He also served as member of advisory board at Independent Industrialists' and Businessmen's Association (MÜSİAD) between 2015-2018. He continues his studies as Prof. Dr. at Istanbul University since 2017 and as a member of the Advisory Board at the Research Center for Islamic Economics (IKAM) since 2016.

### Prof. Dr. Şevket TOPAL

Şevket Topal was born on 20 June 1967 in Giresun/Görele. He graduated from Eynesil Imam Hatip High School in 1987 and completed his university education at Marmara University Faculty of Theology in 1992. He graduated from Atatürk University Vocational School of Justice in 2016 and is still attending his education at Istanbul University AUZEM / Faculty of Economics since 2020. He completed his master's degree in 1995 and PhD in

2000 at Ondokuz Mayıs University, Institute of Social Sciences. He started his career as a teacher in Samsun-Havza between 1992-1993. Between 1993 and 2007, he worked as a research assistant at Yüzüncü Yıl University, Faculty of Theology, Department of Islamic Law. He worked as Assistant Professor in 2007-2009, Associate Professor in 2009-2014 and Prof. Dr. in 2014 at Rize University Faculty of Theology. He has an advanced level of English and Arabic. He has many articles or books published in his field. He also served as a Member of the University Administrative Board and Senate, the Founding Director of RTEU Vocational School of Justice between 2012-2014 and the Founding Dean of RTUE Faculty of Law between 2016-2020, and still continues his duty as the Dean of RTEU, Faculty of Theology.

### Emlak Katılım Interest Free Banking Advisory Committee Evaluations

The Advisory Committee has prepared the following report within the scope of its powers and duties:

In the relevant period, studies were carried out to examine the contracts on which the Bank's transactions and practices are based within the framework of Participation Finance Principles and Rules. The examination was carried out in order to form an opinion on whether the Bank complied with the Communiqué on Compliance with Interest-Free Banking Principles and Standards and the decisions of our Committee.

The Bank's Executive Management is responsible for carrying out the activities of the financial institution as per the Communiqué on Compliance with Interest-Free Banking Principles and Standards and the decisions of our Committee. The responsibility of our Committee is to form and report an independent opinion within the framework of the examination of the Bank's activities.

The examination was performed in the form of checking the relevant documents and procedures on the basis of the types of transactions carried out by the Bank.

The examination was planned and performed to obtain all necessary information and explanations to get sufficient evidence to provide reasonable assurance that the Bank did not violate the Communiqué on Compliance with Interest-Free Banking Principles and Standards and the decisions of our Committee.

According to our thoughts and evaluations:

- a) Contracts, transactions and relations to which the Bank is a party in the period until 31.12.2021 comply with the Communiqué on Compliance with Interest-Free Banking Principles and Standards and the decisions of our Committee.
- b) Dividend allocation and loss reflection practices on participation accounts comply with the principles approved by our Committee in line with the Communiqué on Compliance with Interest-Free Banking Principles and Standards.
- c) In the meeting held between our Committee and the Audit Committee, an agreement was reached on the relevant issues regarding the reports prepared on interest-free banking activities and the actions taken for the determinations included in the reports.
- d) It was observed that the revenues obtained from inappropriate ways and/or sources according to the Communiqué on Compliance with Interest-Free Banking Principles and Standards, were saved/spent in accordance with the decisions of our Committee.
- e) It was observed that Compliance and Internal Audit activities were carried out at the point of implementation of the decisions made.
- f) It was seen that educational and training trainings/seminars were organized for the personnel in order to establish and develop the interest-free banking culture within the Corporation.

## Human Resources Practices

### Human Resources Operations

The Bank's aim is to develop human resources practices and extend them throughout the company in line with Emlak Katılım's strategic objectives. Our primary goal was the continuous development of innovative human resources processes, systems and approaches designed in this context, in line with the needs of Emlak Katılım.

In 2021, efforts continued intensively for the Recruitment, Career Management, Training and Development, Performance - Talent Management, Organizational Development, Remuneration and HR Systems, Personnel Benefits and Employee Relations, during the growth process of our Bank.

### Recruitment and Career Management Operations

Human Resources policies and employee data integrated into our banking system were transferred to the mobile platform through the application "Mobile HR" in line with our digitalization objectives. Other employee data that can be integrated with Mobile HR will also continue to be transferred within this scope in 2022.

As part of the My Career Talks Under the Same Roof implemented, we conduct online one-on-one meetings with the employees, listen to their expectations, solve their problems, and offer career suggestions and advice. In 2021, many employees participated in My Career Talks Under the Same Roof.

Within the scope of career mobility, we train our own employees for the positions of Assistant Portfolio Specialist and Operations Officer that our branches need, with the Sales School and Operations School projects. We plan to offer new career opportunities to all our employees with the ongoing career map and career matrix studies, which are expected to be completed in 2022.

All our evaluation processes for candidates are carried out on our Bank's career website, [www.kariyer.emlakkatilim.com.tr](http://www.kariyer.emlakkatilim.com.tr). In the candidate evaluation processes, different online evaluation applications are made on the basis of the position and business group required by our Bank. The scope of the competency inventory, general aptitude test, foreign language test, IT assessment tests and field knowledge exam applications were expanded, and the evaluation tools used were increased according to our needs.

Our career site [www.kariyer.emlakkatilim.com.tr](http://www.kariyer.emlakkatilim.com.tr) was started to be transformed for content and design in line with our employer branding strategies, and is planned to be opened to all candidates in early 2022 with its new face and name.

In Emlak Katılım Agenda, which is an in-house intranet page, the HR Agenda page has been created with the aim of effectively sharing human resources policies and information with employees, and is planned to open access to all our employees in early 2022.

Within the framework of the policy of appointing a director primarily from internal staff, a total of 17 employees were promoted (14 as Branch Managers and 3 as Unit Managers).

During the April and October promotion periods across the corporation, 177 employees were promoted.

A total of 373 new jobs were created throughout the corporation. Of these, 203 were employed in the Branch staff, 101 in the Head Office staff, and 69 in the Information Technologies staff.

As part of our "Young Katılım Fresh Graduate Program," which we started to support youth employment and to train young, dynamic staff who have adopted the corporate culture of Emlak Katılım and would carry our Bank forward, 1018 employee candidates were evaluated, and 85 of them were employed. In addition, 245 employee candidates were evaluated as part of our "Young Katılım Part-Time Program" that we conduct specifically for students. The employment processes of eligible students will be completed in early 2022. Within the scope of the Young Katılım project in 2022, career days and various collaborations with universities are being planned.

Under the Internship Mobilization project carried out under the coordination of the Human Resources Office of the Presidency of the Republic of Turkey, a total of 20 students completed their internships at our Corporation.

An employer-brand project that was initiated at Emlak Katılım was completed with the selection of the slogan "Under The Same Roof" for use by the Bank.

A project was initiated in 2020 in order to make full use of the human resources modules built into the BOA Banking Platform that is in use at Emlak Katılım. The modules' screens are gradually being made operational at this time.

In 2021 Emlak Katılım will be undertaking various projects aimed at improving its HR system and processes so as to make them more quantifiable and digitalized and more focused on talent-development.

## Human Resources Practices

### Organizational Development

In line with the Bank's objectives and changing needs, revisions were made in the organizational charts, and necessary revisions were made by reviewing the process flows / task assignments.

Improvements were made in the Document Management System infrastructure and it was allowed to report the Confidentiality Levels of the documents. The Bank's Policies, Instructions, Processes and Forms were reviewed. In 2022, it is planned to organize internal trainings for the relevant units in order to use the Document Management System more actively and to accelerate the standardization studies.

The results of the SLA measurements, which measure the work being done through the Main Banking Application (BOA), provided input to the Performance evaluation system. In addition, SLA measurements will be evaluated also for the digitalization and standardization of business processes in 2022.

Norm Staffing operations were performed based on the Workload Analysis Study and presented to the information of those concerned via the Main Banking Application (BOA).

1122 suggestions were evaluated and 19 merit awards were given within the body of the Suggestions Committee in 2021, through the "Idea Box" platform, which was created to evaluate and implement all suggestions from our employees.

A comprehensive and detailed job description study has been initiated for all positions within our organizational structure. The study is planned to be completed in 2022.

### Performance and Talent Management

Work on the development of a performance management system that was initiated at the beginning of 2020 was completed as of year-end. The result of this project, in whose competency-analysis processes employees were actively involved, was the creation of an "Emlak Katılım Competency Model" consisting of 9 core competencies under three separate headings: "Basic," "Interaction," and "Leadership."

The Emlak Katılım Performance Management System is a twin-pillared (competency-based and goal-based) system, a fundamental element of which is the use of feedback to keep the system effective, productive, and dynamic. Our instant feedback system was designed and put into use, and the necessary training and awareness studies were carried out and implemented. As of the year-end 2021, feedback was provided to all our employees on this system.

To support the system's goal-based pillar, which is another element of the Performance Management System, work has begun on Individual Goal-Setting processes which are compatible with the Bank's strategic objectives and which will enable and encourage each employee to play an effective and productive role in their fulfillment. Individual Goal-Setting practices were conducted with each department manager working at the Head Office. Based on the results of these inventories, a SMART (Specific, Measurable, Achievable, Relevant, Time-Bound) goals-achievement scorecard has been created for each employee.

Goal-setting practices have also been carried out for operational personnel working in the Bank's branches. In the practices conducted through the relevant units for Branch Operations Employees,

3-individual scorecards were created for each branch operations staff and addressed to title-positions. Joint efforts were made with our relevant units to set targets for our Sales staff in our branches.

A draft set of "Shared Corporate Goals" based on the Bank's strategic objectives were also created for personnel to support organizational development and to contribute to the goals of the Bank as a whole by encouraging employees to think beyond their individual department's goals. The goals have been addressed to personnel in suitable positions cluster around five themes: Vocational Education, Personal Development, Quality Management, Digital Transformation, and Communication-Interaction.

Both Competency and Target Evaluation screens in the Main Banking Application (BOA) system were analyzed. All these screens met the requirements of the Emlak Katılım Performance Evaluation system and, after the analysis and software studies were completed, they were restructured and put live to be used in the evaluations. In addition, new screens required for our Emlak Katılım Instant Feedback system were designed and put live. Again, new screens necessary for monitoring the individual targets and their realizations of our Operations-Counter employees, who were created in the context of operational excellence, were designed and put live.

As of the end of 2021, a Performance Evaluation was carried out for all our employees in our corporation, using the system and infrastructure that was created.

In the conduct of all performance and talent management operations, participation banking-industry analyses and benchmarks were made. These operations were conducted only by Bank's own resources and personnel.



The results of the Emlak Katilim Performance System, the infrastructure of which was created and implemented in 2021, were analyzed objectively in 2022, and the data will be used as input for our employees' other human resources practices such as talent management, training-development needs analysis, career and remuneration management.

### Training and Development

As part of Emlak Katilim Academy activities, the training programs needed according to our Bank's vision, strategies, participation banking principles and today's business requirements were planned and implemented with dynamic and digital solutions.

"Orientation Guidance Counselor" support was provided to our 403 colleagues who had just joined us, starting from the first day, for their rapid adaptation to our Bank. Their adaptation to our Bank was accelerated with theoretical and applied orientation trainings.

All employees whose position changed or who are to be promoted were ensured to receive the trainings designed for them through digital platforms.

The "Operations School" was implemented together with all its modules. Through the trainings given at the school, the awareness of our colleagues working in our teller/operation staff about the legal processes and our Bank's practices was increased, thereby reducing operational risks and contributing to efficiency.

With the "Sales School," the development of sales competencies was supported by focusing on the credit information and sales skills of our sales employees. Our 37 employees who successfully completed the School, which was managed with mixed methods, were awarded their certificates.

With the "Management School," 25 new branch managers were provided with theoretical and practical information about their

new duties, thus contributing to their managerial skills. "Learning From Experience" sessions helped to discover risks and opportunities beforehand.

In the "Leadership School," 51 Directors and Managers were invited to the "Holistic Leadership" program, aiming to refresh their knowledge about leadership methods and practices and to foster a shared leadership culture for our Bank.

Periodic training needs of 810 employees were met with trainings on 55 subjects determined within the scope of Corporate Performance Trainings. The sales force of our sales employees were supported with the "Treasury Products," "Financial Analysis" and "Foreign Trade" Trainings.

As part of Career Starting Trainings, a total of 150 hours of training in 2 modules was provided for our newly recruited assistant inspectors and assistant controllers.

Through E-Academy, employees are given unrestricted access to a host of digital-content resources dealing with such matters as banking, personal development, leadership, competencies, sales, legal framework, and so on. 15 training videos were prepared to compensate for various trainings that could not be done due to the pandemic. With digital development journeys, our employees were enabled to plan their development according to their own learning speed and methods.

Through the "Nice Talk" webinars, the subjects of nutrition, addictions and digital addiction in the pandemic were presented to the employees.

During the year, 19,810 hours of virtual classroom training was provided in 508 groups on 116 different topics. At the same time, 6,600 hours of face-to-face training was provided on 36 different subjects, continuing the real classroom training practice on subjects where interaction had a high added value.

Average training time per employee within the year amounted to 50 hours. 40% of all training was provided by the Bank's own personnel.

14% of the trainings were performed face-to-face, 44% with virtual classroom methods, and 42% with asynchronous training methods.

Our training processes and contents will continue to be updated in 2022, according to the training needs analysis data we did and based on the digital transformations taking place in the sector.

In addition, the data in the Emlak Katilim Performance System outputs will be evaluated in the training plans.

### Personnel Benefits and Employee Relations

Based on our employer brand "Under the Same Roof" aimed at emphasizing unity, we organized various competitions, events and activities in order to create a strong bond by increasing internal communication and interaction among all our employees.

Our Employee Relations Portal Page that our employees can easily access was created, and on these pages, we shared our happiest moments, celebrations, advertisements, a reading corner, interviews with our talented or skilled friends, corporate discount deals special for Emlak Katilim employees, and especially the news of our activities and events.

We celebrated the special days of all our employees such as birthdays, wedding anniversaries, anniversaries of employment, and shared the joy of being under the same roof with "welcome aboard" gift sets for our new colleagues, birth gift packages for our employees who had a new child, and surprise gifts for some special days.

We welcomed our joys as well as our sorrows, achievements to be proud of, innovative practices made us look to the future with hope, in short, everything about life, and we tried to make all our employees feel that they are a valuable member of this family.

## Human Resources Practices

### Remuneration

Emlak Katılım Remuneration System was designed with the aim of gaining new employee candidates with the required quality and quantity, strengthening employee loyalty, directing to the corporate targets by keeping the motivation high, and sharing the success with the employees. In 2021, the remuneration system was updated by considering the sector data and internal balance. In this regard, consultancy service was received to analyze market remuneration and social rights data, and preparations were made for the updates to be made in 2022, accordingly.

Emlak Katılım remuneration structure includes remuneration package consisting of base salary, bonus, foreign language allowance, clothing, food and transportation aid, employer group pension system to encourage employees to save, health and life insurances and other social benefits.

In the present digital age, work to bring digital solutions to improve remuneration and benefits processes was done.

### Summary

- Recruitment and Career Management Operations
  - The number of personnel employed within Emlak Katılım is 1,107 as of the end of 2021.
  - 30,000 Candidate applications received.
  - Onsite interviews conducted in 12 cities.
  - 2,500 prospective employees interviewed.
  - 4825 online evaluation tools (competency inventory, field knowledge, foreign language exam, etc.) were used for 1,300 candidates.
  - 373 New hires.
  - 85 Fresh graduates started to work as part of the Young Katılım project.
  - 17 Employees were appointed as Unit Manager/Branch Manager.
  - 177 Employees were promoted.

- Training and Development
  - 50 hours Total training time per person
  - Training on 141 Different Subjects
  - 21 Hours Average Asynchronous Training per Person
  - 40% of Training Provided by Emlak Katılım Personnel
  - 508 Group Virtual Classroom Training
  - 19,810 Hours Virtual Classroom Training
- Organizational Development
  - 23 Organizational Chart Revision
  - Evaluation of 1122 Suggestions sent through Idea Box
  - Examination of 502 Workflows under SLA Study
  - Conducting Norm Staffing based on Workload Analysis
  - 1166 Internal Legislation Documents Updated
  - 9600 Screens Reviewed
  - 436 Requests were Answered via Emlak Katılım Request Call Screens

## Information on Transactions Carried out with Risk Group Emlak Katılım Involved

The amount of transactions made by the risk group that Emlak Katılım Bankası A.Ş. involved in 2021 and the explanations on this issue are included in the footnote number VII of the fifth part of the financial report in the independent audit report dated 31 December 2021.

## Summary of the Board of Directors Report Presented to the General Assembly

According to the final results after the 2020 US presidential elections, which led to many events, Joe Biden was sworn in as president in January 2021. Although the US-China trade wars, which peaked during the Trump period, softened a bit with Biden's presidency, cold winds continued to blow between the two countries. Another important event of 2021 for the United States and the world was the withdrawal of the United States from Afghanistan, which it occupied after the September 11 attacks. The USA, which left the governance to the Taliban, led to instability in the country and the region. Also, relations between Turkey and Gulf countries entered the normalization process in this period.

The economic impacts of the Covid-19 outbreak, whose social effects we experienced in 2020, started to be felt more deeply in 2021. Disruptions in the supply chain and the price of oil exceeding 80 USD per barrel triggered global inflation upwards. Inflation reached the highest level of the last 30 years at 7% in the USA, 5.3% in Germany, and 5% in the Euro Zone, and led many states, including developed countries, to take measures against inflation.

The countries spent the last year with inflation and energy supply problems and with fluctuating growth rates. While the USA grew by 2.3% on an annual basis in the third quarter of 2021, Japan followed a fluctuating course and shrank by -0.9% in the third quarter. China, which was considered to be the source of the pandemic and spent the year 2020 in the shadow of the trade wars with America, grew by 4.9% in the same period, becoming the country that grew the most among developed countries. In Germany, the locomotive country in Europe, the 16-year term of Merkel came to an end. She made her country the strongest member of the continent by overcoming major crises such as Brexit, coronavirus and the

2008 financial crisis with the least damage. However, immigration problems at the Belarus-EU border and military activity on the Russia-Ukraine border are among the most important issues in the region.

Turkey posted more than 20% economic growth as a result of the base effect in Q2 of 2021 while expanding at a 74% pace in Q3. As the main driver of growth, exports broke many records during the year. In 2021, Turkey's total exports climbed to over USD 225.4 billion, up 32.9% year-on-year.

In Q4, Turkey's economy switched to a new growth strategy. This new economic expansion model aims to support investments with low-interest rates, make growth and employment sustainable, ensure competitive foreign exchange rates, and boost exports with higher investment spending. Especially since the second quarter of the year, the policy rate, which decreased to 14% with successive reductions, came to an important point in terms of investment. While the sudden and continuous increases in the exchange rate put a serious pressure on inflation, it reached the highest level after 20 years with the inflation announced as 36% in 2021. Factors such as tensions on the Russia-Ukraine border and high domestic demand pushed our country risk score (CDS) above 560, while the USDTRY parity broke the historical record during the year and exceeded the 18 band. The volatility in the exchange rate due to the negative perception triggered in the markets, the dollarization in the deposit and participation accounts were balanced in a short time with the Currency Protected Account application issued by the Ministry of Treasury and Finance and the Central Bank, and the USDTRY parity reached the 13 band at year-end.

At Emlak Katılım, we sustained our path of stable growth in 2021 despite the impact of the pandemic in the markets. Since our founding,

we have strived to deliver the best possible services to our customers by expanding our branch network, embracing digitalization, and developing innovative products. We increased the number of our branches, which was 50 at the end of 2020, to 70 branches in 2021. When we compare our 2021 year-end financial data to the same period of the previous year, our funds collected increased by 129% to TL 27 billion, while the funds extended increased by 61% to TL 21.9 billion. As of year-end 2021, our Bank reached an asset size of TL 38.7 billion with an increase of 90%. Additionally, non-cash loans climbed to TL 6.2 billion. To date, Emlak Katılım has provided the construction and real estate sector with some TL 7 billion in funding. Our credit risk, including cash and non-cash loans, rose to TL 28.1 billion in 2021, up from TL 16.8 billion in 2020.

Emlak Katılım has also introduced new products and services that are unique and first of their kind in the sector. Since April 2020, we have adopted Sukuk (lease certificate) models – the first-ever instruments of this type in Turkey and worldwide – to contribute to the sustainable growth of the participation banking sector. In addition to issuing Turkey's first-ever pooled funds-indexed Sukuk in 2020, Emlak Katılım issued the country's first Sukuk based on labor-capital partnership through the Special Fund Account Pool with the Partnership-Based Sukuk Issuance in 2021.

During the year, Emlak Katılım prioritized initiatives with an environmental focus, and through partnerships, funded eco-friendly investment projects with innovative solutions. We took steps to contribute to sustainability efforts by issuing green Sukuk and financing green projects. We have made an annual contribution of approximately 2,000 tons in carbon emission reduction by issuing Turkey's first partnership-based green Sukuk. This innovative instrument was developed under our sustainability drive. As a part of

## Summary of the Board of Directors Report Presented to the General Assembly

Emlak Katılım's sustainable financing efforts, we mediated Turkey's first ever green Sukuk Al-Istisna issuance. Funds provided via this issuance will be used by TWF IFC, which is responsible for the facility management in IFC project, for the green buildings within this major development project.

In these times when digitalization is increasing rapidly, we continue to expand our product range with such products. In addition to efforts to be physically present in almost every part of Turkey, we also started to acquire new customers via digital platforms as part of our digital transformation. Any prospective customer can apply via our Internet and mobile banking platforms and open an account with Emlak Katılım through video calls or by sending required documents through a courier.

With the CepPos product developed by focusing on digitalization, we allowed businesses to quickly collect payments with all credit cards and debit cards through a mobile application on smartphones, eliminating the need for a dedicated POS device. The FAST and KOLAS payment services we implement in our digital channels enable our customers to perform quick and free money transfers around the clock without an IBAN.

As Turkey is susceptible to earthquakes, the urgent transformation of buildings at risk of collapsing in an earthquake event is needed without delay. For this purpose, Emlak Katılım developed 4 urban transformation financing solutions – Reinforcing, One-to-One Onsite Transformation (With No Precedent Value Increase in Permitted Building Area), Onsite Transformation (With Precedent Value Increase in Permitted Building Area), and Area Transformation – to provide maximum support in this critical area. In addition, we are regularly adding new products to our portfolio designed to ensure that property transfer transactions can

be completed without any issues and to make life easier for property buyers. Secure Deed Account, one of our new products, enables property transfer transactions to be completed easily and trouble-free. As a first of its kind, this system helps buyers and sellers perform their property transactions in a simple and secure way.

Building Completion Insurance, another product aimed at preventing potential losses that early-stage property buyers may incur, is designed to promote secure and sustainable growth of the construction industry. This product provides insurance coverage for payments made by buyers in prepaid building or urban transformation projects. Electronic Product Certificate (ELÜS) is a product designed to support manufacturing, import substitution industries, commerce and export operations. We also want to support the agriculture industry by meeting the financing needs of producers that grow storable agricultural products. Thanks to Business Financing Based on Producer Receipt, traders and unregistered farmers can easily obtain business financing from Emlak Katılım by submitting their producer receipts without needing to submit invoices.

Thanks to our murabaha method and Full Delivery Insurance, Emlak Katılım provides coverage for all risks associated with a product's journey, from producer to buyer. This guarantees payment for sellers and delivery for buyers, facilitating secure trade between parties.

As part of the Vegetables and Fruit Cold Chain Support Program signed with KOSGEB in October, Emlak Katılım supports SMEs with the financing of cold storage warehouses and cooling units of refrigerated trucks to prevent wastage of vegetables and fruit during the entire process, from harvest to consumption. This way, it is aimed to support the cold chain and prevent potential economic losses.

Emlak Katılım offers its exporting customers a way to collect their receivables in advance with Forward Export Financing. Surety Export Financing is a commission-free financing solution where customers can collect their receivables before the maturity date regardless of company limits or without the need for a deposit. Additionally, Emlak Katılım continues to establish business relations with leading foreign banks to support its customers with various products and services, such as letters of credit, external guarantees, and money transfers in foreign currencies. We work with well-known foreign banks throughout the world that deliver money transfer services in major foreign currencies, such as EUR, USD, and GBP. With a network of correspondent banks consisting of 250 banking institutions, Emlak Katılım offers foreign trade financing and low-fee money transfers in foreign currencies to its customer base.

The Direct Debiting System offers parent companies that work with vendors or distributors guarantee for their receivables, and it also provides such vendors or distributors with various payment benefits.

Our leasing products and services also enable customers to acquire the machinery, equipment and other similar tools at advantageous rates.

Emlak Katılım has developed foreign exchange-indexed participation accounts under the new system announced by the Ministry of Treasury and Finance and the Central Bank of the Republic of Turkey. As a result, our customers are able to protect their savings without incurring losses from any volatility in foreign exchange rates and gold prices. Despite the pandemic we have experienced, we successfully completed 2021. We extend our wishes for a beneficial and more successful year first for our country, then for our Bank, and wish a fruitful new year for all our stakeholders.

Very truly yours



## Information on Outsourced Operations and the Individuals and Organizations Supplying the Outsourced Services

SERVICE PROVIDER COMPANY	SERVICES OBTAINED
Fineksus Bilişim Çözümleri Tic. A.Ş.	Black List Control Module SWIFT Interface Correspondent Account Confirmation Module
Güzel Sanatlar Çek Basım Ltd. Şti.	Cheque Print
Desmer Güvenlik Hizmetleri A.Ş.	Transfer Service for Cash and Valuables
İpoteka Gayrimenkul Danışmanlık A.Ş.	Mortgage Services
Hobim Bilgi İşlem Hizm. A.Ş.	Archiving Service Procurement
Brinks Güvenlik Hizmetleri A.Ş.	Foreign Currency and Precious Metals
Posta ve Telgraf Teşkilatı A.Ş. (PTT)	Corresponding Banking
Loomis Güvenlik Hizm. A.Ş.	Foreign Currency and Precious Metals
Superonline İletişim Hizmetleri A.Ş.	Gebze Söğütözü Infrastructure Hosting Service
Acerproo Bilişim Teknolojileri A.Ş.	Insurance platform procurement
Barikat Bilişim Güvenliği A.Ş.	Information Security Service Procurement
PTT Para Lojistik A.Ş.	Money and Precious Metals Transfer
Mapa Global Bilgisayar Yazılım Danışmanlık San. Ltd. Şti.	FAST&KOLAS procurement
Maraton Arşiv ve Doküman Yönetimi Hiz. ve Tic. Ltd. Şti.	Continuous Cheque Printing Software Program
Ekol Grup Koruma Güvenlik ve Eğitim Hizmetleri A.Ş.	Procurement of Security Services
Türkgen Yazılım Dan. San. Tic. A.Ş.	Project Based Business Procurement
Medya Soft Danışmanlık ve Eğitim A.Ş.	Renewal of Corporate Website Content Panel (CMS)
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Debit Card envelope with window and Card holder procurement
BEP Hologram	Letter of Guarantee and Hologram Print
Mavi Güvenlik Elektronik San. Tic. Ltd. Şti.	Branch Alarm Services
AGT Hızlı Kurye Hizmetleri A.Ş.	Obtaining and delivery of documents required within the scope of Branchless Banking Services
Türk Elektronik Para A.Ş.	Mobile Virtual Pos Payment
Binsat Koruma ve Özel Güvenlik Hiz. Tic. Ltd. Şti.	Procurement of Security Services

## Credit Ratings

The credit rating of Türkiye Emlak Katılım Bankası A.Ş. was confirmed by Fitch Ratings, an international credit rating agency, on 10 December 2021, and our Bank's credit rating outlook was revised in line with the update made in the country rating. In this context, following the revised rating outlook of our Bank, the final table of credit ratings is given below.

Credit Ratings	Rating	Outlook
Long-Term Foreign Currency Issuer Credit Rating	"B"	Negative
Long-Term Local Currency Issuer Credit Rating	"BB-"	Negative
Short-Term Foreign Currency Issuer Credit Rating	"B"	-
Short-Term Local Currency Issuer Credit Rating	"B"	-
Long Term National Credit Rating	(TR) "AA"	Stable

## Information on Risk Management Policies Implemented Based on Risk Types and Risk Management Disclosures

### Emlak Katılım Risk Management

The objective of the Bank's risk management process is to ensure the definition, measurement, monitoring and control of the risks, to which the Bank is exposed, through the policies and limits determined to monitor, control, and when necessary change the operations' nature and level in relation to the risk-return structure that the future cash flows will include.

The activity of monitoring and control of the risks to which the Bank is exposed as a result of its banking operations is realized by the Board of Directors through establishing internal control, risk management and internal audit systems in accordance with the related legislation, articles of association, corporate governance principles and banking practices and ensuring their functionality.

Board of Directors monitors and evaluates risk management policies, strategies and various other documents periodically in accordance with changing market conditions.

The Bank is exposed to the following risks as a result of its operations:

#### Credit Risk

Credit Risk Management is executed in line with the policies and practice directions prepared in accordance with legal legislation by the Board of Directors. The following activities are realized within the scope of the Credit Risk Policy:

- Credit Risk Monitoring,
- Establishment of Significant Risk Points,
- Implementation of Risk Mitigation Measures for Risk Points,
- Monitoring Guarantee Quality,
- Prevention of Concentration Based on Risk Groups,
- Prevention of Sectoral Concentration.

Credit Risk is the potential risk that the Bank may be exposed to as a result of a situation where the counterparty obligation cannot be fulfilled partially or fully on maturity as affirmed in the agreement. This risk also includes market value loss due to deterioration of the financial position of the counterparty. The definition of credit risk includes both balance sheet and off balance sheet portfolios.

#### Market Risk

Market risk is defined as the possibility of loss that the Bank may be exposed to on account of its on- or off-balance sheet position/portfolios due to changes in dividend rates, exchange rates and stock prices.

Market risk, for our Bank, consists of the possibility of loss that the Bank may be exposed to due to dividend rate risk, exchange rate risk, and commodity risk.

The Bank conducts its activities on risk management in accordance with banking law, related regulations, articles of association, corporate governance principles and banking practices under the Board of Directors' responsibility.

The Bank monitors the compliance of market risk with limits defined by the legal regulations and indicators identified within the frame of its risk appetite.

#### Liquidity Risk

The Bank funds transactions in various terms using the customers' funds and conducts financial intermediary operations. Variable maturity structure of the Bank's various assets and liabilities cause potential maturity disagreement between cash collections and payments, and this generates a liquidity risk.

Liquidity risk consists of funding liquidity risk and market liquidity risk.

Funding Liquidity Risk is the likelihood of the Bank being unable to satisfy all of its foreseeable/unforeseeable cash flow requirements effectively without impairing its day-to-day operations and/or financial structure.

Market Liquidity Risk is the likelihood of the Bank being unable to close or cover a particular position at the market price due to insufficient market depth or to excessive market volatility.

Emlak Katılım observes compliance with limits determined by the legal regulations and risk appetite as part of the liquidity risk management.

#### Operational Risk

Operational risk is defined as the likelihood of the Bank's suffering a loss due to external factors, failures in internal processes, systems and employees.

Operational risk arises from all of the Bank's operations. Employee errors, errors resulting from the system, transactions based on inadequate or inaccurate information and documents, failures in information flow in the organization, unclear authority levels, changes in structures and/or processes, natural disasters, terrorism and fraudulent acts may cause operational risk.

The Bank takes precautions to keep operational risk at an acceptable level.

## Other Risks

Other risks that the Bank may be exposed to are strategic risk, reputation risk, counterparty credit risk, country risk and concentration risk.

## Strategic Risk

Strategic risk may be considered business risk. In this context, it is an expression of likelihood of earning less due to inappropriate commercial choices, wrong implementation of commercial choices or not analyzing or not interpreting the industrial changes and decisions, actions not in line with opportunities and threats that may arise from these changes.

The Bank manages the strategic risk based on volume, quality and complexity of its transactions, overseeing the best practices.

The Bank aims to make rational business decisions and transform based on developments, closely monitoring the national and international economic conjuncture, technological, financial and social developments, legal regulations and the banking industry.

## Reputational Risk

Reputational risk is defined as the likelihood of the Bank incurring a loss due to loss of trust to the Bank or reputation impairment as a result of non-compliance with existing legal regulations or negative view of parties such as current or potential customers, partners, competitors and auditing authorities.

In addition, conducting business in line with the principles of participation banking is considered a component of the Bank's specific reputational risk management.

## Counterparty Credit Risk

Counterparty Credit Risk is defined as the likelihood of counterparty of a transaction creating obligations for both parties, failing to meet its obligation before the maturity of the transaction and/or settlement risk (failing to meet its obligation before the settlement date of the transaction).

The Bank manages the counterparty credit risk by identifying and monitoring the risks creating these possibilities.

## Country Risk

Country risk is defined as the likelihood of loss the Bank may be exposed to due to debtors' failure or avoidance to pay their obligations due to uncertainties in economic, social and political conditions of a country.

The Bank manages the country risk based on the volume, quality and complexity of its transactions, overseeing the strategic risk management policy prepared in accordance with BRSA regulations.

## Concentration Risk

Concentration risk is an expression of likelihood of losses resulting from a risk or risk group amount so large (relative to the Bank's capital, total assets or total risk level) that it may threaten the Bank's health and ability to continue its main operations.

Concentration risk, in respect of the health of credit portfolio, is monitored on the basis of measurement. Additionally, legal credit limits in the Banking Law are also used in the measurement of risk concentration. In order to prevent the increase of concentration risk, customer and sector-based concentrations are regularly monitored at our Bank.

## Conclusion

Meeting the requirements of Risk Management Strategy, Policy and Practice Directions which are approved by the Bank's Board of Directors, reporting on significant risks the Bank faces to the Board of Directors timely and in a reliable manner, evaluating the risk reports, taking precautions and contributing to the process of defining risk limits are under the responsibility of the executive management.

## Summary Balance Sheet and Income Statement

<b>Assets (TL million)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Liquid Assets	7,768	3,177	946
Securities	5,973	1,783	1,004
Loans	21,907	13,599	5,730
Other Assets	3,112	1,831	1,602
Total Assets	38,760	20,390	9,282

<b>Liabilities (TL million)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Funds Collected	26,793	11,677	5,953
Funds Borrowed	4,654	4,073	864
Shareholders' Equity	1,728	1,539	1,169
Total Liabilities	38,760	20,390	9,282

<b>Income Statement (TL million)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit Share Income	2,329	1,000	430
Profit Share Expenses	1,797	628	212
Net Profit Share Income/ Expenses	532	372	218
Net Fees and Commission Income/Expenses	82	21	(1)
Trading Profit/Less (Net)	57	22	33
Other Operating Income	130	85	24
Other Operating Expenses	203	119	74
Provision for Loans and Other Receivables	125	127	79
Profit/Loss before Taxation	188	105	46
Tax Provisions	45	24	1
Net Profit/Loss	143	81	45

## Assessment on Financial Standing, Profitability and Solvency

As of end 2021, Emlak Katılım has total assets worth of TL billion 38.8 and shareholders' equity of TL 1.7 billion. Concordantly, the Bank's capital adequacy ratio is above the legal requirement at 27.83%. Emlak Katılım continues to increase its profit by utilizing its resources efficiently and productively. Detailed information on the financial standing and solvency can be seen in the financial statements and independent audit report.



## Disclosures on Special and Public Audits Conducted in the Reporting Period

The Bank is subject to audit of State Audit Court and evaluated by Turkish Grand National Assembly Committees for State Economic Enterprises based on the reports of the State Audit Court.

2021 yearly independent audit was conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited).

## Information on Consolidated Subsidiaries

### Emlak Varlık Kiralama A.Ş.

Emlak Varlık Kiralama A.Ş. was established on 5 August 2019 with the authorization obtained from the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board of Turkey (CMB) and registered in the trade registry in order to issue all kinds of lease certificates (Sukuk) within the framework of the Communiqué on Lease Certificates (III-61.1) of the CMB, which was published in issue 28670 of the Official Gazette, dated 7 June 2013. A wholly-owned subsidiary of Emlak Katılım, Emlak Varlık Kiralama A.Ş. is an asset leasing company which was established in 2019 with the purpose of issuing lease certificates structured in accordance with the principles of interest-free finance.

Between 1 January 2021 and 31 December 2021, Emlak Varlık Kiralama A.Ş. issued TL 1,583,150,000 worth of Sukuk with the sales method of private placement and qualified investors in Turkey.

### Emlak Katılım Varlık Kiralama A.Ş.

Emlak Katılım Varlık Kiralama A.Ş. was incorporated and registered on 20 January 2020 pursuant to its Banking Regulation and Supervision Agency (BRSA) and Capital Markets Board (CMB) licenses. The company is authorized to issue “any and all manner of lease certificates within the framework of CMB Lease Certificates Communiqué III-61.1 as published in issue 28670 of the Official Gazette dated 7 June 2013.”

Emlak Katılım Varlık Kiralama A.Ş. is a wholly-owned subsidiary of Türkiye Emlak Katılım Bankası A.Ş. Its sole object is to issue Sukuk that comply with participation banking principles. It may issue such certificates for sale both in Turkey and in other countries. The company conducts these operations within the framework of statutory and regulatory requirements acting as a security-issuing agent for investors from which it has accepted funds.

The goal of Emlak Katılım Varlık Kiralama A.Ş. is to provide top-notch service to customers in line with the interest-free finance principles and values that Emlak Katılım espouses.

Between 1 January 2021 and 31 December 2021, Emlak Katılım Varlık Kiralama A.Ş. issued TL 12,917,764,404 worth of Sukuk with the sales method of private placement and qualified investors in Turkey.

## Assessment on the Operations of Internal Control, Internal Audit and Risk Management Systems

Audit Committee was established by the Board of Directors in accordance with the Banking Law no. 5411 and Regulation on Banks' Internal Systems and Internal Capital Evaluation Process (ISEDES) to help conduct monitoring and auditing activities. Primary responsibilities of the committee are as follows:

- Overseeing the effectiveness and adequacy of internal audit, internal control, compliance and risk management systems, operation of these systems and accounting and reporting systems in line with respective regulations and integrity of the information,
- Making preliminary assessments of independent audit, valuation, rating and support firms and monitoring their activities,
- Establishing an audit and control process to provide assurance in adequacy and accuracy of ISEDES,
- Monitoring the need to update documents that are in its area of responsibility such as policies, practice directions, business flows, etc. and taking actions to provide their updates.

Members of the Audit Committee are selected from among the members of our Bank's Board of Directors. Abdullah Erdem Cantimur is the chairman and Mehmet Nuri Yazıcı is the member of the committee.

In addition, within the frame of Banking Law no.5411, Internal Audit Department, Internal Control and Compliance, Risk Management Departments were established and approved within the Internal Systems organization structure to identify, measure, monitor and control the risks that the Bank may be exposed in respect to its strategy and operations. These departments were structured in a way that they are subject to the Audit Committee and Board of Directors through Head of Internal Systems Group.

Activities of units under Internal Systems in 2021 are presented below.

### Internal Audit Department

Emlak Katılım's Department of Inspection Board aims to independently, objectively and reasonably assure the Bank's Board of Directors that activities of Bank's Headquarters' units, branches and subsidiaries subject to consolidation are performed in accordance with the Banking Law and other relevant regulations, and internal legislations, policies, strategies, and targets of the Bank, and that the financials of the Bank are correct, practices for protection of its assets are competent, and the internal control and risk management systems are efficient and sufficient.

Within the framework of the annual audit planning that was prepared based on a risk-based audit approach, audits and in case of need, examination and investigations are carried out on behalf of the Bank's Board of Directors at units, branches, affiliates and support service providers, by taking the laws, legislative regulations in relation to these laws and international internal audit standards including especially the Regulation on Banks' Internal System and Intrinsic Capital Adequacy Assessment Processes into consideration. The follow-ups of the findings regarding the nonconformities found as a result of the carried out audits, examinations and inspections are being performed, and additionally, in order to avoid recurrence of these deficit, error and risks, mutual assessments are made with the related Bank managers and consultancy is being provided in terms of measures to be taken and process improvements to be made. This way, it provides solutions to increase service quality through dialogs with business units to ensure a more effective control and risk management structure.

### Internal Control and Compliance Department

The Internal Control and Compliance Department carries out its duties with a sufficient number of personnel with professional expertise according to the scale of the Bank, the nature and complexity of its activities. In this context, the main activities of the Internal Control and Compliance Department are detailed below.

- Internal Control Activities: aim to protect the Bank's assets, to ensure that the activities are carried out effectively and efficiently in line with the Law and other relevant legislation, internal policies, rules and banking practices, and to ensure the reliability and integrity of the accounting and financial reporting system and the timely availability of information. Accordingly, the Internal Control System was structured to cover all branches, head office units, partnerships subject to consolidation and all activities. For this purpose, control of operations for the execution of activities, control of communication channels, information systems and financial reporting system, and compliance controls are designed as part of daily controls. With the risk-oriented control program, central and onsite control activities are carried out at the Head Office units and branches. Through these control activities, it is aimed to carry out the Bank's activities in a regular, effective and safe manner. For this purpose, accounting, credit and operational transactions and processes are checked within the day, and necessary information is given for the relevant parties to take action as soon as possible for detected errors or deficiencies. In addition to central and onsite control activities, process improvement recommendations are made to improve processes and prevent

risks, and these recommendations are shared with business units. Thus, it is ensured to take measures to prevent possible risks, improve processes and take cost-reducing measures.

- Compliance Activities: are carried out to maintain conformity with national and international regulations introduced pursuant to the prevention of laundering proceeds of crime and financing of terrorism. Automated and manual control activities are conducted with the purpose of discharging these activities. Communication and coordination with the Financial Crimes Investigation Board (MASAK) is maintained. The training program prepared due to MASAK obligation is provided to all Emlak Katilim employees via in-class or remote connection devices. In the field of International Banking, investigations are made regarding financial institutions, with whom business relations are planned, and opinions are given to the relevant units. In addition, necessary efforts are carried out to meet the demands of correspondent banks.
- Legislation Activities: regulations updated within the context of banking legislation are monitored and announcements and instructions are made to the relevant units of the Bank. Consultancy services are provided to Head Office Units and Branches regarding compliance with the law and other regulations and internal policies, processes and instructions. Opinion is given in terms of compliance with the banking legislation during the development of new products and the update of the Bank's internal legislation documents.
- KVKK (The law on the protection of personal data) Activities: include necessary works and transactions carried out in accordance with the internal regulations of the Bank and the provisions of the legislation regarding the protection, processing, transfer, storage and destruction of personal data, necessary designs and controls made regarding the Law on the Protection of Personal

Data and the legislation enacted based on this law, actions taken regarding new applications and identified deficiencies, and internal and external reports prepared on the subject.

- Advisory Committee Secretariat Activities: are carried out within the scope of the Communiqué on Compliance with Interest-Free Banking Principles and Standards.

### **Risk Management Department**

A risk management process is built under the supervision of Board of Directors to establish an effective, independent, robust and sustainable risk management system and ensure its implementation within the corporate risk culture.

Various activities such as defining, measuring, monitoring, control and reporting of the risks the Bank is exposed to are under the responsibility of Risk Management Department.

Risk Management Department conducts operations defined by the Board of Directors to actively monitor the risk management process and related activities; to provide internal documents such as strategy, policies and practice directions to enable the management of different aspects of risks originating from operations; to ensure adequate and consistent risk measurement, analyses and monitoring activities by recruiting sufficient number of qualified employees within the Risk Management Department; to provide opportunity to access secure technology and management information system; and to guarantee accurate and complete data.

The Bank anticipates that it will have a more complex structure as a result of growing process and that the risks will be diversified accordingly. Despite different measurement techniques involved, the Bank implements an integrated approach to handle credit risk, market risk, liquidity risk, operational risk and all other significant risks. Measurements of credit risk, market risk and liquidity risk are being made and reported to the Banking Regulation and Supervision Agency (BRSA), and also scenario analysis and stress tests are being carried out.

Risk limits, scenario analysis and stress test results are being monitored by the Board of Directors.

Besides monitoring and reporting of operational risk, which is one of the other risks that the Bank is exposed to, leakage and losses from operational activities are followed up and recorded. Banking processes and processual works on information technologies are also followed up, risks posed and measures taken are being monitored. Risk analysis of support service provider firms are being conducted in accordance with the Regulation on the Support Services and the results are being presented to the Board of Directors through the Audit Committee. Risk assessments of new products to be introduced are made in order to identify any possible risks.

## Other Matters

### Explanations pertaining to subsequent events occurred after the end of the fiscal year which have significant importance and have the potential to have an impact on rights of the shareholders, creditors and other persons and institutions

#### Credit Procurement as Additional Principal Capital

At the Bank's Board of Directors meeting dated February 14, 2022, the procedures to procure an additional principal capital credit ("Credit") equivalent to 500,000,000.00 Turkish Liras, to be returned in Euros at the current Euro rate on the value date, from the fund affiliated to the Turkey Wealth Fund, within the principles of participation banking, under the Regulation on the Equity of Banks (O.G. 05.09.2013, 28756) published by the Banking Regulation and Supervision Agency ("BRSA") and the Communiqué on Principles Regarding Debt Instruments to be Included in the Equity Calculation by Banks, is in progress.

#### Fitch Ratings Credit Rating

According to the credit rating report published by the international credit rating agency Fitch Ratings on February 25, 2022, due to the change in the country rating, the final table of the revised rating outlook and credit ratings of our Bank is given below.

Credit Ratings	Rating	Outlook
Long-Term Foreign Currency Issuer Credit Rating	B-	Negative
Long-Term Local Currency Issuer Credit Rating	B+	Negative
Short-Term Foreign Currency Issuer Credit Rating	B	-
Short-Term Local Currency Issuer Credit Rating	B	-
Long Term National Credit Rating	(TR) AA	Stable

#### Financial Benefits Provided to the Members of the Management Body and Top Management

a) Sum of financial benefits such as daily allowances, salaries, premiums, bonuses or dividends provided to the top management in 2021 amounts TL 6,317 million.

b) The total amount paid to the top management including allowances, travelling, accommodation and representation expenses, financial aids and aids in kind, insurances and other similar guarantees is TL 181 thousand in 2021.

#### Information on Emlak Katılım's dividend distribution policy

Distribution of dividends is effected in consideration of Bank's Articles of Association, provisions of the Turkish Code of Commerce, and Banking Regulation and Supervision Agency (BRSA) regulations.

##### Calculation and Distribution of the Dividends:

From the Bank's net profit for the year:

- five percent shall be set aside as a statutory general reserve, until the reserve has become equal to paid-in capital;
- five percent shall be set aside as a first extraordinary reserve;
- nine percent may be distributed to employees as a dividend bonus, which amount shall not exceed an employee's three-month gross salary and shall be paid out in accordance with principles to be specified by the Board of Directors;
- and from the remainder, a second extraordinary reserve shall be set aside at such rates and in such amounts as the General Assembly shall determine in accordance with article 523/2 of the Turkish Commercial Code; after which the remaining amount may be distributed among shareholders.

#### Information on the donations and charities and expenses within the framework of Social Responsibility Projects made by Emlak Katılım during the year

Donations in the amounts of TL 15,000.00 to the Six Dots Foundation for the Blinds, TL 23,600.00 to OGEM Foundation, TL 405,300.00 to the employees of the companies we received technical support and service from, and TL 1,000,000.00 to the Turkish Environmental Protection Foundation were made.

#### Explanations with Respect to Administrative or Legal Sanctions Imposed on the Bank, Members of the Board or Top Management in Connection with Acts or Procedures in Violation of the Codes

None.

#### Information Concerning Legal Actions Taken Against the Bank Which May Affect the Financial Status or Operations of the Bank and their Possible Results

There are no pending lawsuits that may impact the financial position or operations of the Bank.



## Independent Audit Report on the Annual Report of the Board of Directors



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### INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Türkiye Emlak Katılım Bankası A.Ş.

#### 1) Opinion

We have audited the annual report of Türkiye Emlak Katılım Bankası A.Ş. (the "Bank") and its subsidiaries (collectively referred as the "Group") for the period of 1 January 2021 – 31 December 2021.

In our opinion, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

#### 2) Basis for Opinion

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 published by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Report* section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed an unqualified opinion in our auditor's reports dated 1 March 2022 on the full set consolidated and unconsolidated financial statements of the Group and the Bank, respectively, for the period of 1 January 2021 – 31 December 2021.

#### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

## Independent Audit Report on the Annual Report of the Board of Directors



c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation, and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communicate on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1,2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

### 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "Regulation on Accounting Applications for Banks 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 ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and Bank's unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Emre Çelik.

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



Emre Çelik, ŞMMM  
Partner

4 March 2022  
İstanbul, Türkiye

## Statement of Responsibility



### ANNUAL REPORT STATEMENT OF RESPONSIBILITY

#### STATEMENT OF RESPONSIBILITY PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ISSUED BY THE CAPITAL MARKETS BOARD OF TURKEY

In respect of the Türkiye Emlak Katılım Bankası Annual Report prepared by the Capital Market Board regulations for the period 01.01.2021-31.12.2021, we declare that; they have been examined by us;

-Within the framework of the information we have in our field of duty and responsibilities in our company, they do not contain any material deficiencies that may result in an untrue statement or be misleading as of the date of disclosure; according to our information we have within the framework of our duties and responsibilities in our company,

-The financial statements prepared as per the Communiqué fairly reflect the Bank's assets, liabilities, financial position, and profit and loss.

Kind regards,

Abdullah Erden CANTİMUR  
Chairman of the Audit Committee

Mehmet Nuri YAZICI  
Audit Committee Member

Nevzat BAYRAKTAR  
General Manager





*Türkiye Emlak Katılım Bankası*

*Anonim Şirketi*

Publicly Announced Unconsolidated  
Financial Statements and Related Disclosures at  
December 31, 2021 together with Audit Report

(Convenience translation at publicly announced unconsolidated financial statements, related disclosures and audit report originally issued in Turkish – see section three Note I.a)



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**Convenience translation of the auditor's report originally issued in Turkish, See Note I.a of Section three)  
Report on the Unconsolidated Financial Statements**

**To the Board of Directors of Türkiye Emlak Katılım Bankası A.Ş.**

**Opinion**

We have audited the accompanying unconsolidated financial statements of Türkiye Emlak Katılım Bankası A.Ş. (the "Bank"), which comprise the statement of unconsolidated statement of financial position as at December 31, 2021, unconsolidated statement of profit and loss and unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye Emlak Katılım Bankası A.Ş. as at December 31, 2021 and financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

**Basis for Opinion**

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**Key Audit Matter****How the Key Audit Matter is addressed in our audit*****Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures***

As disclosed in footnote VII of Section 3; the Bank measures expected credit losses for financial instruments by TFRS 9 “Financial Instruments Standards”. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;

- Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements
- The applications TFRS 9 are complex and comprehensive
- The classification of financial instruments based on the Bank’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows
- Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses
- The complexity and intensity of the control environment in the processes designed or reorganized with the transition to TFRS 9
- The complexity and intensity of the control environment in the processes for TFRS 9
- Estimations and assumptions used in expected credit losses are new, important and complex
- Complex and comprehensive disclosure requirements of TFRS 9.

Our audit procedures in addition to our current audit procedures:

- Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Bank’s past performance, and local and global practices
- Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Process Audit specialists
- Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation and fair value calculations together with forward-looking estimates and significant assumptions.
- Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices
- Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank’s business model
- Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis
- Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses
- Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis
- Evaluating the necessity and accuracy of the updates made or required updates after the modeling process
- Auditing of disclosures related to TFRS 9.



## **Responsibilities of Management and Those Charged With Governance for the Unconsolidated Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



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

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

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

#### Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2021 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Emre Çelik.

#### Additional paragraph for convenience translation to English

As explained in detail in Note I.a. of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Emre Çelik, SMMM  
Partner

March 1, 2022  
Istanbul, Turkey



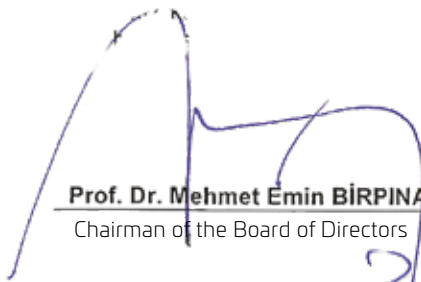


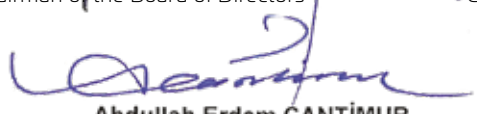
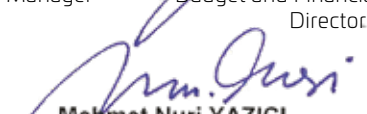
**TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**  
**THE UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2021**

Bank's headquarter address : Barbaros Mahallesi, Begonya Sk. No:9A,  
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 Bank's phone number and facsimile : 00 90 216 266 26 26 - 00 90 216 275 25 25  
 Bank's website : www.emlakkatilim.com.tr  
 Electronic mail contact info : bilgi@emlakbank.com.tr

The unconsolidated financial report for the 31 December 2021 year-end prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- EXPLANATIONS ON THE FINANCIAL POSITION AND RISK OF MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and related disclosures and notes included in this report are prepared, unless otherwise stated, in **Thousand Turkish Liras**, in accordance with the Procedures And Principles Regarding Banks' Accounting Practices and Maintaining Documents, Turkish Financial Reporting Standards and the related appendices and interpretations and our Bank's financial records, and they have been independently audited and enclosed.

 <b>Prof. Dr. Mehmet Emin BİRPINAR</b> Chairman of the Board of Directors	 <b>Nevzat BAYRAKTAR</b> General Manager	 <b>Tuğba GEDİKLİ</b> Budget and Financial Reporting Director
 <b>Abdullah Erdem CANTİMUR</b> Chairman of the Audit Committee	 <b>Mehmet Nuri YAZICI</b> Member of the Audit Committee	

Contact information of the personnel in charge of the addressing of questions about this financial report:  
 Name-Surname / Title : Mustafa BEDİR / Financial Reporting Supervisor  
 Telephone : 00 90 216 275 24 73  
 Facsimile : 00 90 216 275 25 25

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Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION ONE**

##### **General information**

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

The Bank was incorporated in Ankara June 3, 1926 with the name of Emlak ve Eytam Bankası, in accordance with instructions of Mustafa Kemal Atatürk. The aim of establishment of the Bank is to support public construction, to provide necessary loan and to protect orphan's right. The Bank had restructured on September 1, 1946 and after this date the title of the Bank had changed as Türkiye Emlak Kredi Bankası Anonim Ortaklığı. The Bank had merged with Anadolu Bankası A.Ş. and assumed the title of Türkiye Emlak Bankası A.Ş. as of January 6, 1988.

Denizcilik Bankası A.Ş. had transferred to Türkiye Emlak Bankası A.Ş. with the all of its assets and liabilities on November 29, 1992 and maritime loans were also collected at this Bank.

During the period in which the Türkiye Emlak Bankası A.Ş. operates, in addition to its banking activities has become serious brand in the construction of qualified housing projects in line with the its establishment purpose, and has produced important housing projects in many provinces of Turkey, especially in İstanbul, Ankara and İzmir. İstanbul-Ataköy, Ataşehir, Bahçeşehir, Mimaroba, Sinanoba, Ankara-Bilkent, Elvankent, Konutkent, İzmir-Gaziemir and Mavişehir projects are included in the Bank's important projects.

The Bank has entered into a restructuring process with the Law about Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş. and Türkiye Emlak Bankası A.Ş. no. 4603 dated November 21 2000, and the transition from the public law status to the status of private law has achieved.

According to BRSA's decision dated July 6, 2001, Türkiye Emlak Bankası A.Ş. was transferred to Türkiye Cumhuriyeti Ziraat Bankası A.Ş. with its assets and liabilities. In this regard, No. 4684 Certain Laws and Delegated Legislation Law Amending the Law No. 4603 and Article 2 of the Law about Türkiye Cumhuriyeti Ziraat Bank, Türkiye Halk Bankası A.Ş. and Türkiye Emlak Bank A.Ş. attached Provisional Article 3 of the Law (3) In accordance with the provisions of paragraph, the permission of Türkiye Emlak Katılım Bankası A.Ş. to accept deposits and perform banking operations came to an end on July 6, 2001.

The Bank's all assets including banking services, branches, deposits, and commitments and liabilities arising from and banking services were transferred to Ziraat and Halk Bank with the protocol held on July 7, 2001. From this date, the Bank's permission for banking activities and collection of deposit removed.

Board of Liquidation, Board of Directors and Board of Supervisors of the Bank had established with the extraordinary general assembly held on September 14, 2001, and liquidation process had actually started with the personnel on temporary duty sent by Türkiye Cumhuriyeti Ziraat Bankası A.Ş. As a result of the Bank's repayment of its debts to the Treasury Department and all other debts after the end of 16 years with the Law of "Some Receivables and Re-Structuring and Certain Laws and Decree Law Amending No. 7020 with the following regulation made in the Law of Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş. and Türkiye Emlak Bank A.Ş. No. 4603, the liquidation of the Bank has been removed, as of May 27, 2017.

After the liquidation of the Bank, in the General Assembly held on September 3, 2018, the new Articles of Association approved and the status was determined as participation bank. The title of the Bank was registered as Türkiye Emlak Katılım Bankası A.Ş. on September 10, 2018.

The Bank has obtained the operating permission with the decision of the Banking Regulation and Supervision Board dated February 26, 2019 and numbered 8262 published in the Official Gazette dated February 27, 2019 and numbered 30699 and commenced operations as of March 21, 2019.

The Bank's head office is located in İstanbul and there are 50 branches of the Bank as of December 31, 2021. (December 31, 2020: 50). The Bank is operating with 1.107 staff as of December 31, 2021 (December 31, 2020: 814).



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management of the Bank and disclosures on related changes in the current year, if any

The Bank's share is TL 1.026.915 and 99,99% of the Bank's share are owned by Ministry of Treasury and Finance. Except by Ministry of Treasury and Finance, T. Emlak Bankası A.Ş. Emekli ve Yardım Sandığı Vakfı and 33 real person have shares amounting to TL 80,57 (full) and TL 3,38 (full), respectively.

TL 1.026.915 portion of the capital amounting to TL 1.026.915 has been paid, and TL 2.82 (full) portion has not been paid by the 33 real person.

The part of the capital belonging to the Ministry of Treasury and Finance is represented by the Ministry of Environment and Urbanization.

#### III. Explanation on the chairman and members of board of directors, members of audit committee, general manager and assistant general managers, their areas of responsibility and their shares in the Bank, if any

Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage(%)
Prof. Dr. Mehmet Emin BİRPINAR	Chairman of BOD	Doctorate	-
Abdullah Erdem CANTIMUR	Vice Chairman of BOD and Chairman of the Audit Committee	Master	-
Mehmet Ali KAHRAMAN	Member of BOD	Master	-
Mustafa GÜLEN	Member of BOD	Bachelor	-
Mehmet Nuri YAZICI	Member of BOD	Bachelor	-
Prof. Dr. Murat BALCI	Member of BOD	Doctorate	-
Nevzat BAYRAKTAR	Member of BOD / General Manager	Bachelor	-
Nihat BULUT	Assistant General Manager Responsible for Credits	Bachelor	-
Yusuf OKUR	Assistant General Manager Responsible for Operations	Bachelor	-
Uğur KARA	Assistant General Manager Responsible for Human Resources	Master	-

#### IV. Information on the Bank's qualified shareholders

The Bank's paid in capital amounting to TL 1.026.915 consists of 102.691.549916 number of shares with a nominal value of TL 0,01 (full) for each share.

Name/commercial name	Share amount	Share ratio	Paid shares	Unpaid shares
Ministry of Treasury and Finance	1.026.915	99,999999%	1.026.915	-
Other	-	0,00001%	-	-

#### V. Summary on the Bank's service activities and field of operations

The Bank operates in accordance with the principles of interest-free banking as a participation bank. The Bank mainly collects funds through current accounts and through profit sharing accounts based on profit/loss sharing agreement, lends such funds through corporate finance support, retail finance support, finance lease, financing commodity against document and joint investments.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **V. Summary on the Bank's service activities and field of operations (continued)**

Briefly, the fields of activity of the Bank are specified in the Articles of Association as follows;

- To buy or sell money or capital market instruments on the spot or in the term according to the legislation and interest-free banking principles, and to mediate their purchase and sale, to operate in stock exchanges,
- Within the principles of interest-free banking; to allocate funds to the economy, to use loans in cash and non- Cash in all types and forms,
- To make financial leasing transactions, to make operational leasing transactions,
- To make all kinds of payment and collection transactions, payment such as travel checks, credit cards the activities of the vehicles, to provide merchant services (POS), consultancy and advising, providing safe deposit services,
- Buying, acquiring, building any kind of real estate and transferring, renting them to other people when necessary and making all kinds of savings on them,
- For Companies and organizations (including insurance companies); giving services of representation, substitution and being agentship,
- To support Agricultural Credit Cooperatives and SMEs, to carry out activities to support urban transformation,
- To carry out portfolio management and management operations,
- Providing custody services,
- The Bank, extends non-cash funds in the type of letter of guarantee, loan of acceptance, letter of credit.

The field of activity of the Bank is not limited to the transactions written in the articles above. If it is deemed beneficial for the Bank to carry out any other transaction than these transactions, it will depend on the decision of the Board of Directors upon the proposal of the Board of Directors, the approval of the necessary legal authorities and the approval of the decision by the Ministry of Customs and Trade. In this way, the approved decision is added to the Articles of Association.

#### **VI. Differences Between The Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About The Institutions Subject To Line-By-Line Method or Proportional Consolidation and Institutions Which Are Deducted From Equity or Not Included in These Three Methods**

The Bank and its subsidiaries Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş. consolidated financial statements with full consolidation method.

#### **VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the Bank and its subsidiaries**

There is no immediate transfer of equity between the Bank and its subsidiaries. There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION TWO**

##### **The unconsolidated financial statements**

- I. Balance sheet (Statement of financial position)
- II. Statement of off-balance sheet
- III. Statement of profit or loss
- IV. Statement of profit or loss and other comprehensive income
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows
- VII. Statement of profit distribution

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION) AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Note (Fifth Section-I)	THOUSAND TL CURRENT PERIOD (31/12/2021)			THOUSAND TL PRIOR PERIOD (31/12/2020)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>4.696.861</b>	<b>9.109.377</b>	<b>13.806.238</b>	<b>1.496.116</b>	<b>3.465.407</b>	<b>4.961.523</b>
<b>1.1 Cash and cash equivalents</b>		<b>899.261</b>	<b>6.868.642</b>	<b>7.767.903</b>	<b>259.407</b>	<b>2.917.315</b>	<b>3.176.722</b>
1.1.1 Cash and Balances with Central Bank	(1)	897.830	5.338.605	6.236.435	255.369	2.011.728	2.267.097
1.1.2 Banks	(2)	1.593	1.531.522	1.533.115	4.130	906.712	910.842
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Loss Provisions (-)		162	1.485	1.647	92	1.125	1.217
<b>1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)</b>	<b>(3)</b>	<b>952.091</b>	<b>847.933</b>	<b>1.800.024</b>	<b>312.473</b>	<b>306.207</b>	<b>618.680</b>
1.2.1 Government Debt Securities		-	847.933	847.933	216.844	306.207	523.051
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		952.091	-	952.091	95.629	-	95.629
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)</b>	<b>(4)</b>	<b>2.783.631</b>	<b>1.389.522</b>	<b>4.173.153</b>	<b>922.824</b>	<b>241.566</b>	<b>1.164.390</b>
1.3.1 Government Debt Securities		2.775.972	1.389.522	4.165.494	915.165	241.566	1.156.731
1.3.2 Equity Securities		7.659	-	7.659	7.659	-	7.659
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>61.878</b>	<b>3.280</b>	<b>65.158</b>	<b>1.412</b>	<b>319</b>	<b>1.731</b>
1.4.1 Derivative Financial Assets Measured at FVTPL		61.878	3.280	65.158	1.412	319	1.731
1.4.2 Derivative Financial Assets Measured at FVOCI		12.156.411	12.132.116	24.288.527	993.9118	4.963.488	14.902.606
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>12.156.411</b>	<b>12.132.116</b>	<b>24.288.527</b>	<b>993.9118</b>	<b>4.963.488</b>	<b>14.902.606</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>12.307.401</b>	<b>9.417.079</b>	<b>21.724.480</b>	<b>10.148.747</b>	<b>3.421.877</b>	<b>13.570.624</b>
<b>2.2 Lease Receivables</b>	<b>(8)</b>	<b>108.644</b>	<b>74.200</b>	<b>182.844</b>	<b>25.623</b>	<b>2.786</b>	<b>28.409</b>
<b>2.3 Other Financial Assets Measured at Amortized Cost</b>	<b>(7)</b>	<b>-</b>	<b>2.713.586</b>	<b>2.713.586</b>	<b>-</b>	<b>1.568.929</b>	<b>1.568.929</b>
2.3.1 Government Debt Securities		-	2.713.586	2.713.586	-	1.568.929	1.568.929
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Loss Provisions (-)</b>	<b>(6)</b>	<b>259.634</b>	<b>72.749</b>	<b>332.383</b>	<b>235.252</b>	<b>30.104</b>	<b>265.356</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(9)</b>	<b>8.000</b>	<b>-</b>	<b>8.000</b>	<b>23.797</b>	<b>-</b>	<b>23.797</b>
3.1 Asset Held for Sale		8.000	-	8.000	23.797	-	23.797
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. PARTNERSHIP INVESTMENTS</b>		<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>
<b>4.1 Associates (Net)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	<b>(11)</b>	<b>330.398</b>	<b>-</b>	<b>330.398</b>	<b>251.229</b>	<b>-</b>	<b>251.229</b>
<b>VI. INTANGIBLE ASSETS (NET)</b>	<b>(12)</b>	<b>23.462</b>	<b>-</b>	<b>23.462</b>	<b>34.559</b>	<b>-</b>	<b>34.559</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		23.462	-	23.462	34.559	-	34.559
<b>VII. INVESTMENT PROPERTY (NET)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	<b>(14)</b>	<b>66.574</b>	<b>-</b>	<b>66.574</b>	<b>73.853</b>	<b>-</b>	<b>73.853</b>
<b>X. OTHER ASSETS</b>	<b>(15)</b>	<b>231.622</b>	<b>4.979</b>	<b>236.601</b>	<b>142.437</b>	<b>73</b>	<b>142.510</b>
<b>TOTAL ASSETS</b>		<b>17.513.428</b>	<b>21.246.472</b>	<b>38.759.900</b>	<b>11.961.209</b>	<b>8.428.968</b>	<b>20.390.177</b>

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



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	Note (Fifth Section-II)	THOUSAND TL CURRENT PERIOD (31/12/2021)			THOUSAND TL PRIOR PERIOD (31/12/2020)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FUNDS COLLECTED</b>	<b>(1)</b>	<b>8.344.850</b>	<b>18.448.499</b>	<b>26.793.349</b>	<b>5.332.739</b>	<b>6.344.661</b>	<b>11.677.400</b>
<b>II. FUNDS BORROWED</b>	<b>(2)</b>	<b>3.550.900</b>	<b>1.103.031</b>	<b>4.653.931</b>	<b>3.146.199</b>	<b>926.868</b>	<b>4.073.067</b>
<b>III. MONEY MARKET FUNDS</b>		<b>1.984.303</b>	<b>-</b>	<b>1.984.303</b>	<b>1.069.349</b>	<b>-</b>	<b>1.069.349</b>
<b>IV. SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>		<b>106.180</b>	<b>3.810</b>	<b>109.990</b>	<b>43.279</b>	<b>7</b>	<b>43.286</b>
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(3)	106.180	3.810	109.990	43.279	7	43.286
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5)	-	-	-	-	-	-
<b>VII. LEASE PAYABLES (NET)</b>	<b>(4)</b>	<b>191.498</b>	<b>-</b>	<b>191.498</b>	<b>119.338</b>	<b>-</b>	<b>119.338</b>
<b>VIII. PROVISIONS</b>	<b>(6)</b>	<b>66.636</b>	<b>51.603</b>	<b>118.239</b>	<b>48.188</b>	<b>46.035</b>	<b>94.223</b>
8.1 General Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		26.592	-	26.592	14.482	-	14.482
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		40.044	51.603	91.647	33.706	46.035	79.741
<b>IX. CURRENT TAX LIABILITY</b>	<b>(7)</b>	<b>81.210</b>	<b>-</b>	<b>81.210</b>	<b>20.900</b>	<b>-</b>	<b>20.900</b>
<b>X. DEFERRED TAX LIABILITY</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(9)</b>	<b>-</b>	<b>2.669.412</b>	<b>2.669.412</b>	<b>-</b>	<b>1.545.981</b>	<b>1.545.981</b>
12.1 Loans		-	2.669.412	2.669.412	-	1.545.981	1.545.981
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	<b>(10)</b>	<b>368.823</b>	<b>60.722</b>	<b>429.545</b>	<b>205.782</b>	<b>1.585</b>	<b>207.367</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	<b>(11)</b>	<b>1.739.875</b>	<b>(11.452)</b>	<b>1.728.423</b>	<b>1.538.157</b>	<b>1.109</b>	<b>1.539.266</b>
14.1 Paid-in capital		1.026.915	-	1.026.915	1.026.915	-	1.026.915
14.2 Capital Reserves		23.088	-	23.088	27.450	1.141	28.591
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		23.088	-	23.088	27.450	1.141	28.591
14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(14.11)	-	(14.11)	(1.255)	-	(1.255)
14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		56.776	(11.452)	45.324	(952)	(32)	(984)
14.5 Profit Reserves		485.999	-	485.999	396.085	-	396.085
14.5.1 Legal Reserves		280.353	-	280.353	275.857	-	275.857
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		205.646	-	205.646	120.228	-	120.228
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Income or (Loss)		148.508	-	148.508	89.914	-	89.914
14.6.1 Prior Periods' Income or (Loss)		5.395	-	5.395	9.317	-	9.317
14.6.2 Current Period Income or (Loss)		143.113	-	143.113	80.597	-	80.597
<b>TOTAL LIABILITIES</b>		<b>16.434.275</b>	<b>22.325.625</b>	<b>38.759.900</b>	<b>11.523.931</b>	<b>8.866.246</b>	<b>20.390.177</b>

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

		THOUSAND TL			THOUSAND TL		
		CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
	Note (Fifth Section-III)	TL	FC	TOTAL	TL	FC	TOTAL
A.	STATEMENT OF OFF BALANCE SHEET						
I.	OFF BALANCE SHEET COMMITMENTS (I+II+III)	6.343.425	8.723.299	15.066.724	2.523.491	2.774.656	5.298.147
I.	GUARANTEES AND SURETIES	(1) 3.024.434	3.136.467	6.160.901	1.402.281	1.759.081	3.161.362
11	Letters of Guarantees	3.017.583	1.863.037	4.880.620	1.298.020	889.899	2.187.919
11.1	Guarantees Subject to State Tender Law	-	-	-	-	-	-
11.2	Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
11.3	Other Letters of Guarantee	3.017.583	1.863.037	4.880.620	1.298.020	889.899	2.187.919
12	Bank Loans	3.500	754.257	757.757	31.000	819.386	850.386
12.1	Import Letter of Acceptances	-	-	-	-	-	-
12.2	Other Bank Acceptances	3.500	754.257	757.757	31.000	819.386	850.386
13	Letter of Credits	3.351	519.173	522.524	73.261	49.796	123.057
13.1	Documentary Letter of Credits	3.351	519.173	522.524	73.261	49.796	123.057
13.2	Other Letter of Credits	-	-	-	-	-	-
14	Prefinancing Given as Guarantee	-	-	-	-	-	-
15	Endorsements	-	-	-	-	-	-
15.1	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
15.2	Other Endorsements	-	-	-	-	-	-
16	Other Guarantees	-	-	-	-	-	-
17	Other Collaterals	-	-	-	-	-	-
II.	COMMITMENTS	(1) 1.478.944	626.232	2.105.176	419.983	242.514	662.497
21.	Irrevocable Commitments	1.478.944	626.232	2.105.176	419.983	242.514	662.497
21.1.	Asset Purchase and Sale Commitments	249.690	390.845	640.535	64.799	110.655	175.454
21.2.	Share Capital Commitment to Associates and Subsidiaries	-	-	-	-	-	-
21.3.	Loan Granting Commitments	1.121.875	-	1.121.875	323.542	-	323.542
21.4.	Securities Underwriting Commitments	-	-	-	-	-	-
21.5.	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
21.6.	Payment Commitment for Cheques	107.379	-	107.379	31.642	-	31.642
21.7.	Tax And Fund Liabilities from Export Commitments	-	-	-	-	-	-
21.8.	Commitments for Credit Card Expenditure Limits	-	-	-	-	-	-
21.9.	Commitments for Promotions Related with Credit Cards and Banking Activities	-	-	-	-	-	-
21.10.	Receivables From Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
21.11.	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
21.12.	Other Irrevocable Commitments	-	235.387	235.387	-	131.859	131.859
22.	Revocable Commitments	-	-	-	-	-	-
22.1.	Revocable Loan Granting Commitments	-	-	-	-	-	-
22.2.	Other Revocable Commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	1.840.047	4.960.600	6.800.647	701.227	773.061	1.474.288
31.	Derivative Financial Instruments for Hedging Purposes	-	-	-	-	-	-
31.1.	Fair Value Hedge	-	-	-	-	-	-
31.2.	Cash Flow Hedge	-	-	-	-	-	-
31.3.	Hedge of Net Investment in Foreign Operations	-	-	-	-	-	-
32.	Held for Trading Transactions	(3) 1.840.047	4.960.600	6.800.647	701.227	773.061	1.474.288
32.1	Forward Foreign Currency Buy/Sell Transactions	238.767	310.648	549.415	107.624	106.721	214.345
32.1.1	Forward Foreign Currency Transactions-Buy	119.578	144.670	264.248	91.612	15.356	106.968
32.1.2	Forward Foreign Currency Transactions-Sell	119.189	165.978	285.167	16.012	91.365	107.377
32.2.	Other Forward Buy/Sell Transactions	1.601.280	4.649.952	6.251.232	593.603	666.340	1.259.943
33.	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	150.618.208	14.709.182	165.327.390	67.873.182	6.078.363	73.951.545
IV.	ITEMS HELD IN CUSTODY	8.701.960	5.821.602	14.523.562	4.600.441	2.112.045	6.712.486
4.1.	Assets Under Management	-	-	-	-	-	-
4.2.	Investment Securities Held in Custody	2.615.342	664.085	3.279.427	2.593.321	-	2.593.321
4.3.	Cheques Received for Collection	247.139	439.907	291.298	803.612	72.891	876.503
4.4.	Commercial Notes Received for Collection	166.943	-	166.943	234.22	-	234.22
4.5.	Other Assets Received for Collection	-	-	-	-	-	-
4.6.	Assets Received for Public Offering	-	-	-	-	-	-
4.7.	Other Items Under Custody	844	-	844	894	-	894
4.8.	Custodians	344.740	4.717.610	8.165.050	1.179.192	2.039.154	3.218.346
V.	PLEDGED ITEMS	141.916.248	8.887.580	150.803.828	63.272.741	3.966.318	67.239.059
5.1.	Marketable Securities	207.150	-	207.150	61.650	-	61.650
5.2.	Guarantee Notes	-	-	-	-	-	-
5.3.	Commodity	2.432.206	22.511	2.454.717	760.269	-	760.269
5.4.	Warranty	-	-	-	-	-	-
5.5.	Properties	13.002.677	-	13.002.677	4.366.808	-	4.366.808
5.6.	Other Pledged Items	126.274.215	8.865.069	135.139.284	58.084.014	3.966.318	62.050.332
5.7.	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	156.961.633	23.432.481	180.394.114	70.396.673	8.853.019	79.249.692

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF PROFIT AND LOSS	Note (Fifth Section-IV)	THOUSAND TL CURRENT PERIOD (01/01/2021-31/12/2021)	THOUSAND TL PRIOR PERIOD (01/01/2020-31/12/2020)
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>2.329.202</b>	<b>999.620</b>
11 Profit Share on Loans		1.830.637	791.913
12 Income Received from Reserve Deposits		53.119	10.681
13 Income Received from Banks		153	535
14 Income Received from Money Market Placements		-	-
15 Income Received from Marketable Securities Portfolio		4.297.39	194.153
15.1 Financial Assets at Fair Value Through Profit and Loss		64.971	56.038
15.2 Financial Assets at Fair Value through Other Comprehensive Income		278.722	75.993
15.3 Financial Assets Measured at Amortised Cost		86.046	62.122
16 Finance Lease Income		12.747	14.52
17 Other Profit Share Income		2.807	886
<b>II. PROFIT SHARE EXPENSE (-)</b>	<b>(2)</b>	<b>1.796.817</b>	<b>628.007</b>
21 Expense on Profit Sharing Accounts		1.029.952	402.227
22 Profit Share Expense on Funds Borrowed		687.997	186.553
23 Profit Share Expense on Money Market Borrowings		51.840	28.367
24 Expense on Securities Issued		-	-
25 Lease Profit Share Expense		270.28	10.860
26 Other Profit Share Expenses		-	-
<b>III. NET PROFIT SHARE INCOME (I - II)</b>		<b>532.385</b>	<b>371.613</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>82.481</b>	<b>21.113</b>
4.1 Fees and Commissions Received		100.631	33.655
4.1.1 Non-Cash Loans		30.581	8.602
4.1.2 Other	(3)	70.050	25.053
4.2 Fees and Commissions Paid (-)		18.150	12.542
4.2.1 Non-Cash Loans		72	50
4.2.2 Other	(3)	18.078	12.492
<b>V. DIVIDEND INCOME</b>	<b>(4)</b>	<b>-</b>	<b>-</b>
<b>VI. NET TRADING INCOME</b>	<b>(5)</b>	<b>56.502</b>	<b>22.261</b>
6.1 Capital Market Transaction Gains / (Losses)		2.848	7005
6.2 Gains/ (Losses) from Derivative Financial Instruments		(116.171)	(191.289)
6.3 Foreign Exchange Gains / (Losses)		169.825	206.545
<b>VII. OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>129.965</b>	<b>85.390</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>801.333</b>	<b>500.377</b>
<b>IX. PROVISION FOR EXPECTED LOSS (-)</b>	<b>(7)</b>	<b>110.213</b>	<b>87.148</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(7)</b>	<b>15.111</b>	<b>39.720</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>284.917</b>	<b>149.880</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>	<b>203.094</b>	<b>119.178</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>187.998</b>	<b>104.451</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>
<b>XV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVI. PROFIT/LOSS BEFORE TAXES (XIII+...+XV)</b>		<b>-</b>	<b>-</b>
<b>XVII. PROVISION FOR TAXES (±)</b>		<b>187.998</b>	<b>104.451</b>
<b>XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>(10)</b>	<b>44.885</b>	<b>23.854</b>
18.1 Current Tax Provision		38.994	-
18.2 Deferred Tax Expense (+)		100.119	94.719
18.3 Deferred Tax Income (-)		94.228	70.865
<b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>	<b>(9)</b>	<b>143.113</b>	<b>80.597</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1 Income from Assets Held for Sale		-	-
20.2 Income from Sale of Associates, Subsidiaries and Joint-Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1 Expenses on Assets Held for Sale		-	-
21.2 Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-	-
21.3 Expenses from Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense (+)		-	-
23.3 Deferred Tax Income (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSS (XVIII+XXIII)</b>		<b>143.113</b>	<b>80.597</b>
Earnings Per Share		0,00139	0,00078

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>THOUSAND TL CURRENT PERIOD (01/01/2021- 31/12/2021)</b>	<b>THOUSAND TL PRIOR PERIOD (01/01/2020- 31/12/2020)</b>
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>143.113</b>	<b>80.597</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>36.701</b>	<b>(2.239)</b>
<b>2.1</b>	<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>(156)</b>	<b>(1.255)</b>
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(195)	(1.568)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	39	313
<b>2.2</b>	<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>36.857</b>	<b>(984)</b>
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	38.284	1408
2.2.3	Gains/losses from Cash Flow Hedges	-	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(1427)	(2.392)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>179.814</b>	<b>78.358</b>

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





Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

#### AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Prior Period (01.01.2020 – 31.12.2020)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves <sup>(i)</sup>	Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss						Prior Period's Profit/Loss	Current Period's Profit/Loss	Total Shareholders' Equity
						1	2	3	4	5	6			
I. Balances at Beginning Period <sup>(ii)</sup>		750.000	-	-	23.088	-	-	-	-	-	-	351.106	-	1.169.173
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	9.317	-	9.317
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	9.317	-	9.317
III. Adjusted Balances at Beginning of Period (I+II)		750.000	-	-	23.088	-	-	-	-	-	-	351.106	44.979	1.178.490
IV. Total Comprehensive Income		-	-	-	-	(1.255)	-	-	-	(984)	-	-	80.597	78.358
V. Capital Increase in Cash		276.915	-	-	-	-	-	-	-	-	-	-	-	276.915
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes		-	-	-	5.503	-	-	-	-	-	-	-	-	5.503
XXI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-
Balances at end of the period (III+IV...+X+XI)		1.026.915	-	-	28.591	-	(1.255)	-	-	(984)	-	396.085	80.597	1.539.266

1. Revaluation surplus on tangible and intangible assets,

2. Defined Benefit Plans' Actuarial Gains/Losses,

3. Other (Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss),

4. Foreign Currency Translation Differences,

5. Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI,

6. Other (Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Bank for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss),

<sup>(i)</sup> Includes the initial recognition effects of the subordinated loan provided by Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated April 22, 2019, on April 24, 2019 amounting to 200 million Euro (Full Euro) within the scope of additional main capital and financial assets and liabilities measured (23.088 TL) at amortized costs (Section 3 Note 6).

<sup>(ii)</sup> Transition to the calculation of expected credit loss in TFRS 9 and the impact of changes in accounting policies explained in Section Three Note xxiii.

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF CASH FLOWS		THOUSAND TL CURRENT PERIOD (01/01/2021- 31/12/2021)	THOUSAND TL PRIOR PERIOD (01/01/2020- 31/12/2020)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes In Assets And Liabilities from Banking Operations</b>	<b>1.820.236</b>	<b>95.666</b>
1.1.1	Profit Share Income Received	2.221.848	778.160
1.1.2	Profit Share Expense Paid	(1.688.323)	(482.370)
1.1.3	Dividend Received	-	-
1.1.4	Fees and Commissions Received	100.631	33.655
1.1.5	Other Income	109.010	109.978
1.1.6	Collections from Previously Written off Loans	-	-
1.1.7	Payments to Personnel and Service Suppliers	(356.294)	(199.473)
1.1.8	Taxes Paid	(105.193)	(34.056)
1.1.9	Others	1.538.557	(110.228)
<b>1.2</b>	<b>Changes in Assets and Liabilities from Banking Operations</b>	<b>291.640</b>	<b>(1.034.603)</b>
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(1.175.286)	353.790
1.2.2	Net (Increase) Decrease in Due From Banks and Other Financial Institutions	(3.064.166)	(763.690)
1.2.3	Net (Increase) Decrease in Loans	(5.287.544)	(6.510.476)
1.2.4	Net (Increase) Decrease in Other Assets	21.930	137.199
1.2.5	Net Increase (Decrease) in Bank Deposits	108.180	(61.992)
1.2.6	Net Increase (Decrease) in Other Deposits	9.597.911	4.451.470
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	-	-
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	90.615	1.359.096
<b>I.</b>	<b>Net Cash Flows from Banking Operations</b>	<b>2.111.876</b>	<b>(938.937)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash flow from investing activities</b>	<b>(1.781.307)</b>	<b>(1.152.824)</b>
2.1	Cash Paid For Acquisition of Investments, Associates and Subsidiaries	-	(50)
2.2	Cash Obtained From Disposal of Investments, Associates and Subsidiaries	-	-
2.3	Purchases of Property and Equipment	(68.190)	(160.787)
2.4	Disposals of Property and Equipment	19.136	43.567
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(1.727.410)	(1.089.896)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	31.290	60.980
2.7	Purchase of Financial Assets Measured at Amortised Cost	(16.231)	-
2.8	Sale of Financial Assets Measured at Amortised Cost	-	-
2.9	Other	(19.902)	(6.638)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Flows from Financing Activities</b>	<b>547.322</b>	<b>3.187.879</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	46.892.941	56.217.184
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(46.284.677)	(53.008.409)
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(60.942)	(20.896)
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>661.570</b>	<b>375.282</b>
<b>V.</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1.539.461</b>	<b>1.471.400</b>
<b>VI.</b>	<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>1.723.008</b>	<b>251.608</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the period</b>	<b>3.262.469</b>	<b>1.723.008</b>

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Current Period <sup>(1)</sup> 31 December 2021	Prior Period 31 December 2020
<b>STATEMENT OF PROFIT DISTRIBUTION</b>		
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
11. CURRENT YEAR INCOME	187,998	104,451
12. TAX AND DUTIES PAYABLE (-)	44,885	23,854
12.1. Corporate tax (Income tax)	38,994	-
12.2. Income withholding tax	-	-
12.3. Other taxes and legal liabilities <sup>(2)</sup>	5,891	23,854
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>143,113</b>	<b>80,597</b>
13. PRIOR YEAR LOSSES (-)	-	-
14. First legal reserves (-)	-	-
15. Other statutory reserves (-)	-	-
<b>B. DISTRIBUTABLE NET PERIOD INCOME [(A)-(1.3+1.4+1.5)]<sup>(3)</sup></b>	<b>-</b>	<b>-</b>
16. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
16.1. To owners of ordinary shares	-	-
16.2. To owners of preferred shares	-	-
16.3. To owners of preferred shares (Preemptive rights)	-	-
16.4. To Profit sharing bonds	-	-
16.5. To owners of the profit /loss sharing certificates	-	-
17. DIVIDEND TO PERSONNEL (-)	-	-
18. DIVIDEND TO BOARD OF DIRECTIONS (-)	-	-
19. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
19.1. To owners of ordinary shares	-	-
19.2. To owners of preferred shares	-	-
19.3. To owners of preferred shares (Preemptive rights)	-	-
19.4. To profit sharing bonds	-	-
19.5. To owners of the profit /loss sharing Certificates	-	-
110. SECOND LEGAL RESERVE (-)	-	-
111. STATUS RESERVE (-)	-	-
112. EXTRAORDINARY RESERVE	-	-
113. OTHER RESERVE	-	-
114. SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		
21. DISTRIBUTED RESERVES	-	-
22. SECOND LEGAL RESERVES (-)	-	-
23. SHARE TO SHAREHOLDERS (-)	-	-
23.1. To owners of ordinary shares	-	-
23.2. To owners of preferred shares	-	-
23.3. To owners of preferred shares (Preemptive rights)	-	-
23.4. To profit sharing bonds	-	-
23.5. To owners of the profit /loss sharing certificates	-	-
24. SHARED TO PERSONNEL (-)	-	-
25. SHARE TO BOARD OF DIRECTIONS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
31. TO OWNERS OF ORDINARY SHARES <sup>(4)</sup> (Full TL)	0,00139	0,00078
32. TO OWNERS OF ORDINARY SHARES (%)	14	8
33. TO OWNERS OF PREFERRED SHARES	-	-
34. TO OWNERS OF PREFERRED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
41. TO OWNERS OF ORDINARY SHARES <sup>(4)</sup> (Full TL)	-	-
42. TO OWNERS OF ORDINARY SHARES (%)	-	-
43. TO OWNERS OF PREFERRED SHARES	-	-
44. TO OWNERS OF PREFERRED SHARES (%)	-	-

<sup>(1)</sup> General Assembly of the Bank is the authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of the preparation of these financial statements.

<sup>(2)</sup> Deferred tax income has not been subjected to profit distribution.

<sup>(3)</sup> Calculated by using the number of share certificates as of year-end.

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION THREE**

##### **Accounting policies**

##### **I. Explanations on basis of presentation**

##### **a. The preparation of the financial statements and related notes and explanations in accordance with the "Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks" Accounting Application 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 numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). 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 Act, Turkish Commercial Code and Turkish Tax Legislation.

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

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain accounting estimates by the Bank management to exercise its judgement on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and 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.

According to the statement made by POA on January 20, 2022 stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies in the financial statements of 2021 enterprises that apply TFRS. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 2021.

##### **Additional paragraph for convenience translation to English**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

##### **b. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements**

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **I. Explanations on basis of presentation (continued)**

##### **b. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements (continued)**

The accounting policies and valuation principles related with current period are explained in Notes II to XXIII below.

The preparation of unconsolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Participation Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent matters 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.

The COVID-19 epidemic, which has emerged in China, has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the year-end financial statements as of December 31, 2021, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected loan losses are explained in the statements on impairment of financial assets.

##### **c. Comparative information and classifications**

The changes in accounting policies are applied retrospectively and previous period financial statements are restated. The financial statements of the Bank are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. If appropriate, the comparative information is restated in order to provide comparativeness to the statements of the current period financial statements.

The Bank has rearranged the previous period cash flow statement in order to comply with the presentation of the current period financial statements.

#### **II. Explanations on strategy of using financial instruments and foreign currency transactions**

The Bank creates its strategies regarding financial instruments by considering its resource structure. The bank's funding structure mainly consists of funds collected as "private current accounts", "participation accounts" and "participation accounts investment proxy pools". Apart from the funds collected, the Bank's most important funding sources are equity and funds from domestic / foreign financial institutions.

The Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by Central Bank of Republic of Turkey "CBRT". Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

The portion of risk belonging to the profit sharing accounts for foreign currency non-performing loans which were funded from these accounts is evaluated at current foreign exchange rates.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **II. Explanations on strategy of using financial instruments and foreign currency transactions (continued)**

Precious metals accounted under assets and liabilities which do not have fixed maturity are converted into Turkish Lira by using the weighted average price at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

#### **III. Explanations on forward, option contracts and derivative instruments**

The derivative financial instruments of the Bank consist of forward foreign currency, forward precious metal and swap agreements. The Bank records the spot foreign currency transactions in asset purchase and sale commitments.

The Bank's derivative instruments are classified, measured and accounted in accordance with "TFRS 9 Financial Instruments". Derivative instruments are initially recognized at fair value and subsequently measured at fair value.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit or Loss", "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" or "Derivative Financial Liabilities at Fair Value Through Profit or Loss" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts on the balance sheet present the fair values of derivative transactions. The differences that occur in the fair value as a result of the valuation are accounted in the "Income / loss from derivative financial transactions" in the income statement.

#### **IV. Explanations on profit share income and expenses**

##### *Profit share income*

Profit share income is accounted in accordance with the internal rate of return method, which is equal to the net present value of the future cash flows of the financial asset determined in TFRS 9 and reflected to the accrual basis.

##### *Profit share expense*

The Bank records profit share expenses on accrual basis. The profit share expense accrual calculated in accordance with the unit value method on profit sharing accounts has been included under the account 'Funds Collected' in the balance sheet.

#### **V. Explanations on fees, commission income and expenses**

Fees and commissions are accounted for in accordance with "TFRS 15 Revenue from Contracts with Customers" except for fees and commissions that are integral part of the effective profit share rates of financial instruments measured at amortized costs.

In accordance with provisions of TFRS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight-line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance, which are related to the future periods are recorded under the account 'Unearned Revenues' and included in 'Other Liabilities' in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share on Loans" in the income statement.

Related to financial liabilities; loan fees and commission expenses which constitute the transaction cost and which are paid to other institutions and organizations are accounted under the prepaid expense account and reflected in the expense accounts according to the internal rate of return method.

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#### **VI. Explanations on financial assets and liabilities**

The Bank categorizes its financial assets as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part three Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated January 19, 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements.

During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Bank recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to earnings, losses or profit share that were previously recorded in the financial statements.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss classified under two main categories as "Derivative Financial Assets" and "Financial assets at fair value through profit or loss". Financial assets classified in this group are taken into the financial statements with cost values that reflect their fair values and are shown in the financial statements at fair value in the following periods. The resulting valuation gain and loss are included in the profit / loss accounts.

#### **Financial assets valued at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are initially recognized at cost; which reflects their fair values; including the transaction costs. After the initial recognition, financial assets valued at fair value through other comprehensive income are measured at fair value and the unrealized gains or losses resulting from the difference between the amortized cost and the fair value is recorded in "accumulated other comprehensive income or expense to be reclassified through profit or loss" under equity. In case of a disposal of financial assets valued at fair value through profit and loss, increases/decreases which have been recorded in the Accumulated other comprehensive income or expense to be reclassified through profit or loss under the equity is transferred to income statement. Financial assets at fair value through other comprehensive income which do not have a quoted market price in an active market and whose fair values can not be reliably measured are carried at cost, less impairment, if any.

#### **Financial assets and liabilities measured at amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit share are classified as financial assets measured at amortized cost. Financial assets and liabilities measured at amortized cost are initially recognized at cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using the internal rate of return. Profit share income and profit share expense obtained from financial assets and liabilities measured at amortized cost are accounted in the income statement.

As of December 31, 2021 the Bank has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR), the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition (Section 5 Part 2 Note 9 and Note 11).

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#### **VI. Explanations on financial assets and liabilities (continued)**

In addition, government securities with no fixed term and with 0% return are classified as 'financial assets carried at amortized cost' and recorded to the balance sheet with the reduced amount of government securities' rate of return, in accordance with the decision taken by the Bank's Management. The difference between the initial acquisition date cost value and the reduced amount is recorded under 'Other Capital Reserves' account in shareholders' equity (Section 5 Part 1 Note 7).

#### **VII. Explanations on expected credit losses**

As of January 1, 2020, the Bank recognizes a loss allowance for expected credit losses on financial assets based on TFRS 9 "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" and the regulation published in the Official Gazette no. 29750 dated June 22, 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans. In this context, as of December 31, 2019, the method of reserving credit provisions within the framework of the relevant legislation of the BRSA has changed by applying the expected credit losses model with the implementation of TFRS 9. The expected credit loss estimate contains unbiased, supportable information about current and future economic conditions.

The Bank classifies the financial asset as stage 1 if the credit risk of a financial instrument does not materially increase since initial recognition to the financial statements and measures the amount of the impairment on the financial asset equal to 12-month expected credit losses at each reporting date. The purpose of impairment is to recognize lifetime expected credit losses in the financial statement for the credit risk of all financial instruments those materially increase since initial recognition to the financial statements with considering all supportable information individually or collectively including reasonable and prospective information.

#### **Calculation of expected credit losses**

The Bank measures expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about past events, current conditions as of the reporting date, without undue cost or effort. The Bank has not developed an internal model for estimating these risk parameters due to insufficient historical data for modeling. In ECL calculations, the Bank consider sectoral average NPL ratio as PD with reasonable approach and the ratio of non-performing loans to gross loans, in line with the projection of the next year. For LGD, the Bank uses a 45% ratio in compliance with the basic IDD approach in Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach published by the BRSA with a reasonable approach. The calculation of expected credit losses consists of three main parameters: Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

#### **Parameters used in calculating expected loss provisions**

##### **Probability of Default (PD)**

PD represents the likelihood of a default over a specified time period. The Bank uses two different default probability values when calculating the expected credit loss in accordance with TFRS 9:

- 12-Month default probability: Estimate the probability of default in 12 months after the reporting date
- Lifetime default probability: Estimation of the probability that the financial instrument will default to its expected lifetime

##### **Loss Given Default (LGD)**

LGD represents an estimate of the loss at the time of a potential default occurring during the life of a financial instrument. It is expressed as a ratio.

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#### **VII. Explanations on expected credit losses (continued)**

##### **Exposure at Default (EAD)**

In cash loans, it refers to the balance as of the report date. In non-cash loans and commitments, it is the value calculated by applying the conversion ratio to the loan. The loan conversion rate corresponds to the loan conversion rate used in the adjustment of possible risk increases between the current date and the default date.

The expected credit loss estimate contains unbiased, supportable information about current and future economic conditions. These financial assets are divided into the following three categories depending on the increase in credit risks observed since they were first included in the financial statements:

##### **12-Month Expected Loss Provision (Stage 1)**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. The number of delay days does not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. It is valid for all assets unless there is a significant deterioration in credit quality. The 12-month expected loss values are part of the expected lifetime loss calculation (within 12 months after the reporting date or less if the life of a financial instrument is less than 12 months).

##### **Significant Increase in Credit Risk (Stage 2)**

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The Bank classifies financial assets as stage 2 by considering the following criteria:

- Loans with overdue days exceeding 30 days but not exceeding 90 days,
- Data received from the early warning system and the evaluation of the Bank in this case,
- In order to determine whether the default risk of the customer has increased significantly since the first definition of the loan, the Bank's management concludes that there is a significant increase in credit risk as a result of comparison with the risk of default in the loan,
- Loans whose reimbursement is totally collateralized and whose loans are below the net realizable value receivable amount.

##### **Default (3rd Stage / Special Provision)**

According to the internal procedures of the Bank, if the following conditions exist, the relevant financial asset is included in the default:

- Credits with a delay of 90 days from the date of the last installment (In this case, the customer is monitored as default on the 91st day).
- Restructured loans and classified as a performing loan and overdue more than 30 days during the one-year monitoring period installment (In this case, the customer is monitored as default on the 31st day).
- Restructured loans and classified as performing loan and that have been structured at least once more during the one-year monitoring period.

Due to the disruptions in economic and commercial activities as a result of the COVID-19 outbreak, based on the BRSA's resolutions of March 17, 2020, numbered 8948 and March 27, 2020, numbered 8970, as of March 17, 2020, within the scope of the 4th and 5th articles of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to Be Allocated for Them", 30 days delay period envisaged for classification of loans in the second group is applied as 90 days until December 31, 2020 for the loans monitored in the first group, 90 days delay period envisaged for the classification of loans in non performing loans, is provided to be applied as 180 days until December 31, 2020 for the loans monitored in the first and second groups. In this context;

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#### **VII. Explanations on expected credit losses (continued)**

With the announcement made on September 16, 2021, it was decided to end flexibility as of the end of September 30, 2021; However, as of October 1, 2021 same application will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of October 1, 2021 in addition to the 1st stage loans was decided to continue the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days and it was implemented throughout the year.

#### **VIII. Explanations on offsetting of financial instruments**

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. There are no such offset of financial assets and liabilities.

#### **IX. Explanations on sale and repurchase agreements and lending of securities**

Securities subject to repurchase agreement are classified as at "fair value through profit or loss", "fair value through other comprehensive income" or "measured on amortised cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement. The Bank has no securities lending transactions.

#### **X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets**

Assets held for sale (or disposal group) in accordance with TFRS 5 ("Assets Held for Sale and Discontinued Operations") are measured at the lower of the carrying amount of assets and fair value less any cost to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset shall be actively marketed in conformity with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

A discontinued operation is a part of the Bank's business which has been disposed of or classified as held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Bank has no discontinued operations.

#### **XI. Explanations on goodwill and other intangible assets**

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets".

As of December 31, 2021, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights (December 31, 2020: None).

The Bank's intangible assets consist of software and intangible rights. The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004 the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.



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#### **XI. Explanations on goodwill and other intangible assets (continued)**

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

#### **XII. Explanations on tangible assets**

The cost of the tangible assets purchased before December 31, 2004 have been restated by inflationary index from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets are recorded at cost less accumulated depreciation and provision for impairment, if any in compliance with the TAS 16 "Turkish Accounting Standards for Tangible Assets" in the financial statements.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. There are no changes in the accounting estimates which are expected to have an impact in the current or subsequent periods.

Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated economic useful life of the assets. The annual rates used are as follows:

	<b>Depreciation Rate (%)</b>
Computers	10-33
Furniture and equipment	20
Other moveables	7-33
Vehicles	20
Intangible assets (Rights)	7-33

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year-end.

Gain or loss resulting from disposals of the tangible assets is calculated as the difference between the net proceeds from the sale and the net book value of the related asset.

The repair and maintenance costs of the tangible assets are capitalized, if the expenditure increases the economic life of the asset, other repair and maintenance costs are expensed.

#### **XIII. Explanations on leasing transactions**

The Bank applies the TFRS 16 Leases standard.

The Bank recognizes the right of use and the rent obligation on the financial statements at the effective date of the lease. The right of use is measured initially at cost value and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for the re-measurement of the lease obligation. TAS 36 Impairment of Assets is applied in order to determine whether the real estates that are entitled to use have been impaired and to recognize the impairment loss.

With the TFRS 16 Leases Standard effective from January 1, 2019, the difference between operating leases and financial leases is eliminated and leases are presented as assets by the lessees under Tangible Assets and as liabilities under Liabilities from Leasing Transactions.

TFRS 16 introduces a single leasing accounting model for lessees. As a result, the Bank, as a lessee, has acquired the lease rights representing the right to use the underlying asset and the lease payments to the financial statements. Accounting for the lessor is similar to the previous accounting policies.

The Bank when valuing its leasing obligations, discounted its leasing payments using an alternative borrowing rate. The weighted-average rate applied is 17% for leasing agreements denominated in Turkish liras.

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#### **XIII. Explanations on leasing transactions (continued)**

##### **Existence of right to use**

The right to use asset is first recognized by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Bank.

When applying the cost method, the existence of the right to use:

- Accumulated depreciation and accumulated impairment losses are deducted and measures the restatement of the lease obligation at the restated cost.

The Bank applies depreciation provisions in TAS 16 Property, Plant and Equipment while depreciating the right to use assets.

##### **The lease obligations**

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates. If this rate cannot be easily determined, the Bank uses the Bank's alternative borrowing dividend rate.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease. After the effective date of the lease, the Bank measures the leasing liability as follows:

- Increase the book value to reflect the interest on the lease obligation
- Reduces the book value to reflect the lease payments made and
- The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The profit share on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic profit share rate to the remaining balance of the lease liability.

#### **XIV. Explanations on provisions and contingent liabilities**

Provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans, are accounted in accordance with TAS 37: "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

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#### **XV. Explanations on liabilities regarding employee rights**

##### ***i) Defined benefit plans:***

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

Provision for employee termination benefits is calculated at net present value of the estimated future probable obligation arising from the retirement of the employees in accordance with the Turkish Labor Law or the termination of the employee relationship by completing at least one year service, calling for military service, or in case of death.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

Some of the bank employees are members of T.C. Ziraat Bankası A.Ş. ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı.

The Bank has no liabilities to these foundations (December 31, 2020: None).

##### ***ii) Defined contribution plans:***

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

##### ***iii) Short term benefits to employees:***

The Bank measures the expected costs of cumulative paid leave as part of TAS 19 as additional amounts that it expects to pay due to accumulated unused rights as of the end of the reporting period.

#### **XVI. Explanations on taxation**

##### **Corporate Tax:**

In accordance with the Provisional Article 13 added to the Corporate Tax Law No. 5520 with the Law No. 7316 and the Law No. 7316 the 20% rate stipulated in the calculation of the corporate tax is 25% for the corporate earnings for the 2021 taxation period from the declarations that must be submitted as of 01.07.2021 is starting from 01.01.2021 and to be valid for corporate earnings for the taxation period starting from 01.01.2021 is determined as 23% for corporate earnings for the 2022 taxation period. In this context the Corporate Tax rate effective as of 31.12.2021 is 25% (31 December 2020: 22%).

In the Corporate Tax Law, quarterly periods are calculated and paid temporarily in accordance with the principles specified in the Small Income Tax Law and appropriations. These temporary payments are deducted from the appropriations of the current taxation period.

Tax expense is the sum of current tax and deferred tax expense. The tax liability for the current period is calculated over the taxable portion of the profit for the period. Taxable profit may differ from profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and items that are not taxable or deductible. Current tax amounts to be paid are netted with prepaid tax amounts and shown in the financial statements.

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#### **XVI. Explanations on taxation (continued):**

##### **Corporate Tax (continued):**

Within the framework of the provisions of the Corporate Tax Law No. 5520, the profits arising from the sale of participation shares and immovables in the assets of the institutions for a minimum of 2 full years which is provided that they are added to the capital as stipulated in the Law or kept in a special fund account in liabilities for 5 years and the real estate acquired by the banks due to receivables and 75% of the gains arising from the sale of participation shares are exempt from tax; Article 89/a of the Law No. 7061, which came into force after being published in the Official Gazette dated 05 December 2017 and numbered 30261, and Articles 5.1.e and 5.1.f of the Corporate Tax Law, were applied at a rate of 75% in terms of the above-mentioned real estate sales. The exception has been reduced to 50%, effective from the date of publication of the Law.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

##### **Deferred Taxes**

Deferred tax asset or liability, "Turkish Accounting Standard for Income Taxes" ("TAS 12"), the temporary differences arising between the amounts of assets and liabilities shown in the financial statements and the amounts calculated according to the tax legislation according to the balance sheet method of tax rates of the tax effects in force in the relevant periods determined by taking into account.

Deferred tax assets and liabilities are netted off and reflected in the financial statements. While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Deferred tax is calculated over tax rates that are valid or nearly effective in the period when assets are realized or liabilities are fulfilled and are recorded as expense or income in the statement of profit or loss. However, deferred tax is recognized directly in equity accounts if it relates to assets directly associated with equity in the same or a different period. Due to the completion of the temporary tax rate change at the rate of 22% with the "Law on the Amendment of Some Tax Laws and Some Other Laws" numbered 7061 as of 2020, 25% for the temporary differences expected to be realized or closed by the end of 2021, by 2022. The Bank has used a tax rate of 23% for the temporary differences expected to be realized or closed by the end of 2023 and 20% for the temporary differences that are expected to be realized or closed by the end of 2023 while preparing the financial statements as of 31 December 2021.

##### **Transfer pricing**

Transfer pricing is regulated through the article 13 of Corporate Tax Law titled "Disguised Profit Distribution by way of Transfer Pricing". Detailed information for the practice regarding the subject is found in the "General Communiqué on Disguised Profit Distribution by way of Transfer Pricing".

According to the related regulation, in the case of making purchase or sales of goods or services with related persons/ corporations at a price that is determined against "the arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not deductible in calculation of corporate tax.

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#### **XVII. Additional explanations on borrowings**

The Bank generates funds from debt certificates issued by the asset leasing company and these funds have been presented under "Funds Borrowed". Borrowings, except for funds collected, are recognized at amortized cost using the effective internal rate of return method in the following periods after the initial recognition.

#### **XVIII. Explanations on issued share certificates**

None.

#### **XIX. Explanations on acceptances and availed drafts**

The Bank aval and acceptances are carried out simultaneously with customers' payments and are shown in off-balance sheet obligations as possible debts and commitments.

#### **XX. Explanations on government grants**

As of the balance sheet date, there are no government grants received by the Bank.

#### **XXI. Explanations on segment reporting**

Business segment is a component of the Bank that engages in business activities from which the Bank may earn revenues and incur expenses, whose operating results are regularly reviewed by the Bank's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, which and for discrete financial available.

Segment reporting is disclosed in Section Four, Note X.

#### **XXII. Explanations on investments in associates, subsidiaries and joint ventures**

Non-financial subsidiaries and associates (in Turkish Lira) are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

#### **XXII. Information on other issues**

None.



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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#### SECTION FOUR

##### Information on financial structure and risk management

##### I. Explanations on capital adequacy standard ratio

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio", and "Regulation Regarding Banks' Shareholders' Equity". The Bank's common Equity Tier 1 Capital is TL 4.066.677 (December 31, 2020: TL 2.885.620) which calculated as of December 31, 2020 and the capital adequacy ratio is 27,83% (December 31, 2020: 28,05%).

##### a) Information about total capital items

	Current Period December 31, 2021	Prior Period December 31, 2020
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.026.915	1.026.915
Share issue premiums	-	-
Reserves	485.999	396.085
Gains recognized in equity as per TAS	35.873	-
Profit	148.508	89.914
Current Period Profit	143.113	80.597
Prior Period Profit	5.395	9.317
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1.697.295</b>	<b>1.512.914</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	14.11	2.239
Leasehold improvements	76.233	66.716
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	22.692	34.559
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 valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in 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	-	-
Portion of the total of net long positions of investments made in 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 exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments 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	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>100.336</b>	<b>103.514</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>1.596.959</b>	<b>1.409.400</b>

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations on capital adequacy standard ratio (continued)

##### a) Information about total capital items (continued)

	Current Period December 31, 2021	Prior Period December 31, 2020
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	2.359.569	1.444.940
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>2.359.569</b>	<b>1.444.940</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
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 above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
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 Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.956.528</b>	<b>2.854.340</b>
<b>TIER 2 CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA ( Temporary Article 4 )	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	55.508	54.655
<b>Contribution Capital Before Discounts</b>	<b>55.508</b>	<b>54.655</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in 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 (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>55.508</b>	<b>54.655</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4.012.036</b>	<b>2.908.995</b>
<b>Deductions from Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	5.360	23.375
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences 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 Banks' Own Funds	-	-

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations on capital adequacy standard ratio (continued)

##### a) Information about total capital items (continued)

	Current Period December 31, 2021	Prior Period December 31, 2020
<b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>	<b>4.006.677</b>	<b>2.885.620</b>
<b>Total Risk Weighted Amounts</b>	<b>14.398.597</b>	<b>10.287.202</b>
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	11,09	13,70
Tier I Capital Adequacy Ratio (%)	27,48	27,75
Capital Adequacy Ratio (%)	27,83	28,05
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	2,5	2,5
a) Capital conservation buffer requirement (%)	2,5	2,5
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic important 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 (%)	6,59	9,20
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Portion of the total of net long positions of 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 above Tier I capital	-	-
Portion of the total of 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 above Tier I capital	-	-
Limits related to provisions considered in Tier II calculation	-	-
Amount arising from deferred tax assets based on temporary differences	92494	88464
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	55.508	54.655
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	55.508	54.655
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(\*) The Bank, provided loan from Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated 22 April 2019, on 24 April 2019 amounting to 200 million Euros (Full EUR) with no fixed term and no profit share within the scope of additional main capital.

The Banking Regulatory and Supervisory Authority ("BRSA") issued a press release on March 23, 2020 announcing certain measures due to financial market fluctuations caused by the COVID-19 pandemic. The Banks are entitled to use the year-end buying exchange rate of in calculating the amount subject to credit risk as per the Regulation on the Calculation and the Evaluation of Banks' Capital Adequacy for the valued amounts as per the Turkish Accounting Standards; and the relevant reserves to set aside related to its monetary and non-monetary assets, excluding the assets in foreign currency measured in historical cost. In addition, negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" may not be included in capital adequacy ratio calculations in accordance with the Regulation on Banks' Equity.

Upon the fluctuations caused by the COVID-19 epidemic on the financial markets by the BRSA, with the BRSA's decision dated September 16, 2021 and numbered 9795;

- In the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy which is stated to expire as of 31 December 2021 the amounts of monetary assets and non-monetary assets other than items in foreign currency measured in historical cost evaluated in accordance with Turkish Accounting Standards and the relevant It has been decided that the practice of using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date will continue until a contrary BRSA Decision is taken.
- With the decision of the Banking Regulation and Supervision Agency dated 16 April 2020 and numbered 8999, 0% risk weight decision is applied in the calculation of the amount subject to credit risk in accordance with the Standard Approach within the scope of the Regulation on the Measurement and Evaluation of Capital Adequacy for the receivables from the Central Government of the Republic of Turkey and issued in foreign currency. continues.

The relevant board decisions are taken into account in the standard capital adequacy calculations of the bank and provide a 6.47% effect on the standard capital adequacy ratio.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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#### I. Explanations on capital adequacy standard ratio (continued)

##### b) Information on debt instruments to be included in the equity calculation

Issuer	Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu
Unique Identifier (CUSIP, ISIN etc.)	TRT240424F22
Governing Law(s) of the Instrument	Regulation on Banks"Equity Communique on Principles Regarding Borrowing Instruments to be Included in Bank"Equity Calculation
<b>Special Consideration in the Calculation of Equity</b>	
As of 1 January 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Subordinated Loan
Amount recognized in regulatory capital (as of most recent reporting date)	2.359.569
Par Value of Instrument	3.891.716
Accounting Classification	Subordinated Loan
Original date of Issuance	24.04.2019
Perpetual or dated	Undated
Maturity date	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: 24.05.2024 Total Repayment Amount: EUR 200 million (full)
Subsequent call dates	-
<b>Profit Share/Dividends</b>	
Fixed or floating profit share/dividend	-
Profit share rate and any related index	-
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
<b>Convertible or Non-convertible</b>	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case of the ratio of core capital adequacy ratio falls below 5,125 %
If write-down, full or partial	At least to ensure that the core capital ratio exceeds 5,125 %
If write down, permanent or temporary	Permanent and Temporary
If temporary write-down, description of write-up mechanism	There is write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7
Details of incompliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7

##### c. Explanations on reconciliation of equity items and balance sheet amounts

The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from Stage 1 and Stage 2 expected credit losses, debt instruments, and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, Stage 1 and Stage 2 expected credit losses up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations on credit risk

1. Credit risk is defined as the probability of loss that the Bank may be exposed to due to the failure of the loan customer to fulfill its obligations partially or completely on time by not complying with the contractual requirements.

Credit allocation authority is mainly in the Board of Directors, and this authority can be delegated to subcommittees in accordance with the Banking Law. The Board of Directors determines the loan policies and loan extension limits at the macro level. It establishes policies regarding loan issuance, approval and other administrative principles. Monitors compliance with policies, concentrations and limits and takes the necessary measures. It creates a suitable environment for the healthy and efficient functioning of the credit function. Sufficient personnel and software are provided, authorities, roles and limits are clearly determined and necessary controls are established. Credit risk is measured periodically analyzed and reported.

Preparations are made to use rating scores and scoring and rating models that generate default probability in order to measure the credit risk of customers according to their segments. The rating grades produced are used in making the decision to work with the customer and in determining working conditions. Credit limit allocations are made separately for the customer or credit group according to financial analysis and intelligence reports, customer ratings and segment. The allocated limits are reviewed in the periods specified in the commercial and individual loan policies, and the customer's intelligence and rating report is renewed. Attention is paid to sectoral balanced distribution of loans and the use of TL resources as TL and FX resources as FX without any currency mismatch. Credit restrictions specified in the Banking Law and relevant legislation are complied with. Although the credibility of the customer is essential, attention is paid to collateralization for risk reduction. Maximum care is taken to ensure that the loan and collateral maturity, currency type and independent value appraisal are made. Guarantees received are periodically evaluated and insured.

Provision is made for loan receivables that are in default in accordance with TFRS 9 "Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions to be Allocated for These".

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

Risk Categories		Current Period Risk Amount	Average Risk Amount <sup>(*)</sup>
1	Receivables from central governments or central banks	9.589.054	6.331.937
2	Receivables from regional or local governments	88.578	81.890
3	Receivables from administrative units and non-commercial enterprises	908	40.065
4	Receivables from multilateral development banks	-	-
5	Receivables from international organizations	-	-
6	Receivables from banks and brokerage houses	1.093.531	1.616.421
7	Receivables from corporates	12.325.899	10.791.114
8	Retail receivables	3.250.086	1.519.446
9	Receivables secured by mortgages on property	998.207	628.131
10	Past due receivables	6.224	1.856
11	Receivables defined in high risk category by BRSA	-	-
12	Securities collateralized by mortgages	-	-
13	Securitization positions	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-
15	Investments similar to collective investment funds	-	-
16	Equity security investments	-	-
17	Other Receivables	1.277.497	1.195.095
<b>Total<sup>(*)</sup></b>		<b>28.629.984</b>	<b>22.205.955</b>

<sup>(\*)</sup>Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2021.



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations on credit risk (continued)

	Risk Categories	Prior Period Risk Amount	Average Risk Amount <sup>(*)</sup>
1	Receivables from central governments or central banks	4.083.539	3.087.328
2	Receivables from regional or local governments	57.742	19.667
3	Receivables from administrative units and non-commercial enterprises	61.548	29.858
4	Receivables from multilateral development banks	-	-
5	Receivables from international organizations	-	-
6	Receivables from banks and brokerage houses	1928.845	937.340
7	Receivables from corporates	10.218.999	5.520.804
8	Retail receivables	-	1
9	Receivables secured by mortgages on property	415.088	255.758
10	Past due receivables	7	1
11	Receivables defined in high risk category by BRSA	-	-
12	Securities collateralized by mortgages	-	-
13	Securitization positions	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-
15	Investments similar to collective investment funds	-	-
16	Equity security investments	-	-
17	Other Receivables	1.014.233	678.354
	<b>Total<sup>(*)</sup></b>	<b>17.780.001</b>	<b>10.529.111</b>

<sup>(\*)</sup>Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2020.

The Bank considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.

The Bank has credit lines in different countries within the scope of its banking activity and due inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines.

For the banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent bank and the size of Bank itself and concentration of risk is avoided. The Bank does not carry any serious risk in this respect.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş. NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

### II. Explanations on credit risk (continued)

Geographical distribution of risk amounts disaggregated by significant risk classes in important regions; Distribution of risks, disaggregated by risk classes, by sectors or counterparties, and distribution of all risks by remaining maturities

#### Profile on significant risks in significant regions

		Risk Categories*																	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Current Period																			
1	Domestic	9,589,054	88,578	908	-	-	223,334	12,296,906	3,243,584	998,057	6,224	-	-	-	-	-	-	1,274,056	27,720,701
2	EU Countries	-	-	-	-	-	300,120	-	115	150	-	-	-	-	-	-	-	-	300,385
3	OECD Countries (*)	-	-	-	-	-	18,993	-	-	-	-	-	-	-	-	-	-	3,341	193,279
4	Off-shore Banking Regions	-	-	-	-	-	-	28,993	3,366	-	-	-	-	-	-	-	-	-	32,359
5	USA, Canada	-	-	-	-	-	318,624	-	-	-	-	-	-	-	-	-	-	-	318,624
6	Other Countries	-	-	-	-	-	-	-	3,021	-	-	-	-	-	-	-	-	-	64,536
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	100
8	Unallocated Assets/Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	9,589,054	88,578	908	-	-	1,093,531	12,325,899	3,250,086	998,207	6,224	-	-	-	-	-	-	1,277,497	28,629,984
Prior Period																			
1	Domestic	4,083,539	57,742	61,548	-	-	1,752,951	10,199,886	-	415,088	7	-	-	-	-	-	-	1,014,133	17,584,894
2	EU Countries	-	-	-	-	-	52,005	-	-	-	-	-	-	-	-	-	-	-	52,005
3	OECD Countries (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106,843
4	Off-shore Banking Regions	-	-	-	-	-	-	19,113	-	-	-	-	-	-	-	-	-	-	19,113
5	USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,446
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	100
8	Unallocated Assets/Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	4,083,539	57,742	61,548	-	-	1,928,845	10,218,999	-	415,088	7	-	-	-	-	-	-	1,014,233	17,780,001

(\*) Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.

1	Conditional and unconditional receivables from central government or central banks	10	Past due receivables
2	Conditional and unconditional receivables from regional or local governments	11	Receivables determined as high risk by the Board
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	12	Mortgage-backed securities
4	Conditional and unconditional receivables from multilateral development banks	13	Securitization positions
5	Conditional and unconditional receivables from international organizations	14	Short-term receivables and short-term corporate receivables from banks and brokerage houses
6	Conditional and unconditional receivables from banks and brokerage houses	15	Investments as collective investment enterprises
7	Conditional and unconditional receivables from corporates	16	Equity share investments
8	Conditional and unconditional retail receivables	17	Other receivables
9	Receivables secured by mortgages on property		

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

(\*\*) Assets and liabilities are not allocated on a consistent basis.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş. NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

### II. Explanations on credit risk (continued)

#### Profile on significant risks in significant regions

		Risk Categories'																					
	Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total		
1	Agriculture	-	-	-	-	-	-	46.041	23.790	444	-	-	-	-	-	-	-	-	65.400	4.875	70.275		
1.1	Farming and stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1.2	Forestry	-	-	-	-	-	-	46.041	23.790	444	-	-	-	-	-	-	-	-	65.400	4.875	70.275		
1.3	Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2	Manufacturing	-	-	-	-	-	-	4.103.547	923.687	151.061	1.723	-	-	-	-	-	-	-	346	2.555.119	2.625.245	5.180.364	
2.1	Mining and quarrying	-	-	-	-	-	-	278.142	14.753	2.027	-	-	-	-	-	-	-	-	34.733	26.0189	29.4922		
2.2	Production	-	-	-	-	-	-	3.667.924	879.188	1.290.19	1.723	-	-	-	-	-	-	-	13	2.346.148	2.331.719	4.677.867	
2.3	Electricity, gas, water	-	-	-	-	-	-	157.481	29.746	2.0015	-	-	-	-	-	-	-	-	333	174.238	33.337	207.575	
3	Construction	-	-	-	-	-	-	2.386.504	394.713	4.58.727	279	-	-	-	-	-	-	-	34	2.696.624	543.633	3.240.257	
4	Services	6.500.655	76.578	69	-	-	-	1.083.200	4.967.039	1.110.185	213.865	4.188	-	-	-	-	-	-	108.774	7985.685	6.078.868	14.064.553	
4.1	Wholesale and retail trade	-	-	-	-	-	-	2.166.299	815.376	148.654	2.734	-	-	-	-	-	-	-	104	2.363.944	76.9223	3.133.167	
4.2	Hotel, food and beverage services	-	-	-	-	-	-	43.491	23.471	4.959	-	-	-	-	-	-	-	-	4	71.925	-	71.925	
4.3	Transportation and telecommunication	-	-	-	-	-	-	1.107.370	104.233	24.238	1.352	-	-	-	-	-	-	-	90	44.7218	790.065	1.237.283	
4.4	Financial institutions	886.915	-	-	-	-	-	1.083.200	746.362	4.363	645	-	-	-	-	-	-	-	108.563	146.933	141.3115	2.830.048	
4.5	Real estate and renting services	-	-	-	-	-	-	14.978.0	5.179	17.679	102	-	-	-	-	-	-	-	3	14.4811	2.7932	172.743	
4.6	Self-employment services	-	-	-	-	-	-	695.163	130.532	15.300	-	-	-	-	-	-	-	-	4	622.674	218.325	84.0999	
4.7	Education services	-	-	-	-	-	-	10.146	1.854	-	-	-	-	-	-	-	-	-	6	12.075	-	12.075	
4.8	Health and social services	5.613.740	76.578	-	-	-	-	484.28	25.177	2.390	-	-	-	-	-	-	-	-	-	2906.105	2.860.208	5.766.313	
5	Other	3.088.399	12.000	839	-	-	-	10.331	822.768	797.711	174.110	34	-	-	-	-	-	-	-	11.68.343	2.282.837	3.791.698	6.074.535
Total		9.589.054	88.578	908	-	-	-	1.093.531	12.325.899	3.250.086	998.207	6.224	-	-	-	-	-	-	-	1.277.497	15.585.665	13.044.319	28.629.984

(\*) It refers to the risk classes included in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

1	Conditional and unconditional receivables from central government and Central Banks	10	Past due receivables
2	Conditional and unconditional receivables from regional or local governments	11	Receivables defined under high risk category by BRSA
3	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	12	Mortgage-backed securities
4	Conditional and unconditional claims from multilateral development banks	13	Securitization positions
5	Contingent and unconditional receivables from international organizations	14	Short-term receivables and short-term corporate receivables from banks and brokerage houses
6	Conditional and unconditional receivables from banks and brokerage houses	15	Investments that qualify as a collective investment institution
7	Conditional and unconditional receivables from corporates	16	Equity share investments
8	Conditional and unconditional receivables from retail portfolios	17	Other receivables
9	Receivables secured by real estate mortgages		

\*\* Before Credit Risk Mitigation, risk amounts after loan conversion rate are given.

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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

### II. Explanations on credit risk (continued)

#### Profile on significant risks in significant regions (continued)

		Risk Categories'																	FC	Total		
	Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL			
1	Agriculture	-	-	-	-	-	-	30.843	-	77	-	-	-	-	-	-	-	-	30.920	-	30.920	
11	Farming and stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Forestry	-	-	-	-	-	-	30.843	-	77	-	-	-	-	-	-	-	-	30.920	-	30.920	
13	Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Manufacturing	-	-	10.277	-	-	-	3.257.154	-	40.282	-	-	-	-	-	-	-	18	1.835.370	1.472.361	3.307.731	
21	Mining and quarrying	-	-	-	-	-	-	206.331	-	-	-	-	-	-	-	-	-	-	16.734	189.597	206.331	
22	Production	-	-	10.277	-	-	-	2.956.909	-	39.693	-	-	-	-	-	-	-	1	1.724.116	1.282.764	3.006.880	
23	Electricity, gas, water	-	-	-	-	-	-	93.914	-	589	-	-	-	-	-	-	-	17	94.520	-	94.520	
3	Construction	-	-	-	-	-	-	1.980.290	-	143.777	-	-	-	-	-	-	-	6	1.759.855	364.218	2.124.073	
4	Services	4.071.297	41.119	50	-	-	-	1.928.317	4.411.285	176.687	-	-	-	-	-	-	-	33.296	5.540.748	5.121.303	10.662.051	
4.1	Wholesale and retail trade	-	-	-	-	-	-	2.080.973	-	62.032	-	-	-	-	-	-	-	16	1.594.276	548.745	2.143.021	
4.2	Hotel, food and beverage services	-	-	-	-	-	-	140.158	-	2.553	-	-	-	-	-	-	-	-	62.908	798.03	142.711	
4.3	Transportation and telecommunication	-	-	-	-	-	-	76.8121	-	3.035	-	-	-	-	-	-	-	74	483.510	287.720	771.230	
4.4	Financial institutions	232.403	-	-	-	-	-	1.928.317	719.173	-	-	-	-	-	-	-	-	33.205	1.896.319	1.016.779	2.913.098	
4.5	Real estate and renting services	-	-	-	-	-	-	61.600	-	482	-	-	-	-	-	-	-	-	16.561	45.521	62.082	
4.6	Self-employment services	-	-	-	-	-	-	626.498	-	108.585	-	-	-	-	-	-	-	1	5194.08	215.676	735.084	
4.7	Education services	-	-	-	-	-	-	207	-	-	-	-	-	-	-	-	-	-	207	-	207	
4.8	Health and social services	3.838.894	41.119	50	-	-	-	14.555	-	-	-	-	-	-	-	-	-	-	967.559	2.927.059	3.894.618	
5	Other	12.242	16.623	51.221	-	-	528	539.427	-	54.265	7	-	-	-	-	-	-	-	980.913	1.172.698	482.528	1.655.226
6	Total	4.083.539	57.742	61.548	-	-	1.928.845	10.218.999	-	415.088	7	-	-	-	-	-	-	-	1.014.233	10.339.591	7440.410	17.780.001

(\*) It refers to the risk classes included in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

1	Conditional and unconditional receivables from central government and Central Banks	10	Past due receivables
2	Conditional and unconditional receivables from regional or local governments	11	Receivables defined under high risk category by BRSA
3	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	12	Mortgage-backed securities
4	Conditional and unconditional claims from multilateral development banks	13	Securitization positions
5	Contingent and unconditional receivables from international organizations	14	Short-term receivables and short-term corporate receivables from banks and brokerage houses
6	Conditional and unconditional receivables from banks and brokerage houses	15	Investments that qualify as a collective investment institution
7	Conditional and unconditional receivables from corporates	16	Equity share investments
8	Conditional and unconditional receivables from retail portfolios	17	Other receivables
9	Receivables secured by real estate mortgages		

\*\* Before Credit Risk Mitigation, risk amounts after loan conversion rate are given

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations on credit risk (continued)

##### Distribution of risks with term structure according to remaining maturities

Risk Categories – Current Period	Time to Maturity					Undistributable
	1 month	1–3 months	3–6 month	6–12 month	1 year and over	
1 Conditional and unconditional receivables from central governments or central banks	5.798.566	367.734	97.670	90.807	3.234.277	-
2 Conditional and unconditional receivables from regional or local governments	14.000	-	-	17.171	574.07	-
3 Conditional and unconditional receivables from administrative units and non-commercial enterprises	908	-	-	-	-	-
4 Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5 Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6 Conditional and unconditional receivables from banks and brokerage houses	1.081.942	9.224	2.365	-	-	-
7 Conditional and unconditional receivables from corporates	4.393.431	932.475	1.001.056	1.935.525	4.055.753	7.659
8 Conditional and unconditional retail receivables	143.0274	179.279	282.322	421.386	936.825	-
9 Receivables secured by mortgages on property	440.372	23.124	41.490	77.108	416.113	-
10 Past due receivables	3.679	382	92	338	1.733	-
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-
13 Subject to the securitisation framework	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Equity share investments	-	-	-	-	-	-
17 Other receivables	1.277.497	-	-	-	-	-
<b>Total</b>	<b>14.440.669</b>	<b>1.512.218</b>	<b>1.424.995</b>	<b>2.542.335</b>	<b>8.702.108</b>	<b>7.659</b>

Risk Categories – Prior Period	Time to Maturity					Undistributable
	1 month	1–3 months	3–6 month	6–12 month	1 year and over	
1 Conditional and unconditional receivables from central governments or central banks	2.442.189	86.621	-	-	1.554.729	-
2 Conditional and unconditional receivables from regional or local governments	-	-	-	-	577.42	-
3 Conditional and unconditional receivables from administrative units and non-commercial enterprises	614.98	-	-	50	-	-
4 Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5 Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6 Conditional and unconditional receivables from banks and brokerage houses	1.928.730	115	-	-	-	-
7 Conditional and unconditional receivables from corporates	1.261.230	518.990	1.804.840	1.537.155	5.096.784	-
8 Conditional and unconditional retail receivables	-	-	-	-	-	-
9 Receivables secured by mortgages on property	25.073	10.220	17.548	74.538	287.709	-
10 Past due receivables	-	-	-	-	-	7
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-
13 Securitization positions	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Equity share investments	-	-	-	-	-	-
17 Other receivables	1.014.233	-	-	-	-	-
<b>Total</b>	<b>6.732.953</b>	<b>615.946</b>	<b>1.822.388</b>	<b>1.611.743</b>	<b>6.996.964</b>	<b>7</b>

Explanations for risk classes specified in Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks;

Ratings given by Islamic International Rating Agency (IIRA) ratings are taken into account for whole risk category of receivables from governments or central banks. Turkey's long-term foreign currency credit rating (BBB-), is used for foreign currency securities issued by the Republic of Turkey's Treasury and for other foreign currency risks associated with the government of Republic of Turkey.

According to the capital adequacy regulations, in determining the risk weights of the risk classes of receivables from banks and intermediary institutions, the ratings given by the rating agencies authorized by the Board or directly recognized by the Board are used for the receivables whose counterparty is residents in abroad. Receivables whose counterparties are resident in the country are accepted as unrated and capital included in the qualification calculation.



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations on credit risk (continued)

Receivables whose counterparty is domiciled are considered unrated and included in the capital adequacy calculation. The "Credit Quality Levels" corresponding to the ratings assigned by rating institutions authorized or directly recognized by the Board are given in the table below.

#### Risk amounts according to risk weights

Risk Weights- Current Period		%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1	Amount before credit risk mitigation	9949.220	-	1404.629	286.823	1154.868	3.246.592	12.584.583	3.269	-	-	105.696
2	Amount after credit risk mitigation	10454.793	-	1.565.879	280.109	1.256.170	3.106.944	11.962.820	3.269	-	-	105.696

Risk Weights - Prior Period		%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1	Amount before credit risk mitigation	4.384.122	-	2.342.366	87.664	252.855	-	10.712.994	-	-	-	126.889
2	Amount after credit risk mitigation	4.550.540	-	2.824.973	82.631	220.186	-	10.101.671	-	-	-	126.889

#### Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually

Loans that are delayed more than 90 days as of December 31, 2021 or that are deemed to be impaired based on the risk assessment are evaluated as impaired loans and a "Specific Provision" has been calculated for these loans.

Non-Performing Loans are loans that have overdue up to 90 days as of December 31, 2021 but not impaired. "General Provision" calculation is made for these loans.

Current Period		Loans <sup>(*)</sup>		Provisions <sup>(**)</sup>
		Impaired Credits (IFRS 9)		
Important Sectors/Counterparties		Significant increase in credit risk (Stage 2)	Non-performing (Stage 3)	Expected Loss Provisions (IFRS9)
<b>1</b>	<b>Agriculture</b>	-	-	-
1.1	Farming and stockbreeding	-	-	-
1.2	Forestry	-	-	-
1.3	Fishery	-	-	-
<b>2</b>	<b>Manufacturing</b>	<b>6.662</b>	<b>44.540</b>	<b>41.648</b>
2.1	Mining and quarrying	-	32.892	32.872
2.2	Production	6.319	11.648	8.773
2.3	Electricity, gas, water	343	-	3
<b>3</b>	<b>Construction</b>	<b>980</b>	<b>5.540</b>	<b>5.112</b>
<b>4</b>	<b>Services</b>	<b>24.947</b>	<b>129.022</b>	<b>122.624</b>
4.1	Wholesale and retail trade	24.890	9.107	5.779
4.2	Hotel, food and beverage services	-	-	-
4.3	Transportation and telecommunication	57	5.608	3.244
4.4	Financial institutions	-	-	-
4.5	Real estate and renting services	-	114.307	113.601
4.6	Self-employment services	-	-	-
4.7	Education services	-	-	-
4.8	Health and social services	-	-	-
<b>5</b>	<b>Agriculture</b>	<b>1.833</b>	<b>16.427</b>	<b>16.479</b>
<b>Total</b>		<b>34.422</b>	<b>195.529</b>	<b>185.863</b>

<sup>(\*)</sup> The breakdown of cash loans is given.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations on credit risk (continued)

Prior Period	Loans <sup>(*)</sup>		Provisions <sup>(**)</sup>
	Impaired Credits (TFRS 9)		Expected Loss Provisions (TFRS9)
Important Sectors/Counterparties	Significant increase in credit risk (Stage 2)	Non-performing (Stage 3)	
<b>1 Agriculture</b>	-	-	-
1.1 Farming and stockbreeding	-	-	-
1.2 Forestry	-	-	-
1.3 Fishery	-	-	-
<b>2 Manufacturing</b>	-	32.892	32.892
2.1 Mining and quarrying	-	32.892	32.892
2.2 Production	-	-	-
2.3 Electricity, gas, water	-	-	-
<b>3 Construction</b>	422	118.969	119.159
<b>4 Services</b>	-	12	5
4.1 Wholesale and retail trade	-	-	-
4.2 Hotel, food and beverage services	-	-	-
4.3 Transportation and telecommunication	-	12	5
4.4 Financial institutions	-	-	-
4.5 Real estate and renting services	-	-	-
4.6 Self-employment services	-	-	-
4.7 Education services	-	-	-
4.8 Health and social services	-	-	-
<b>5 Agriculture</b>	-	20.824	20.824
<b>Total</b>	<b>422</b>	<b>172.697</b>	<b>172.880</b>

<sup>(\*)</sup> The distribution of cash loans is given.

#### Information about value adjustment and change in provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1 Third Stage	172.690	12.990	-	-	185.680
2 First and Second Stage	92.666	104.109	(50.109)	-	146.666

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1 Specific Provisions	188.322	111	(15.743)	-	172.690
2 General Provisions	26.873	65.793	-	-	92.666

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### II. Explanations on credit risk (continued)

##### Risk involved in counter-cyclical capital buffer calculation

Current Period Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	29.239.730	763.786	30.003.516
United Arab Emirates	9.028	-	9.028
Marshall Islands	35.434	-	35.434
Other Countries	13.287	-	13.287

Prior Period Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	15.187.955	357.285	15.545.240
Bosnia Herzegovina	19.113	-	19.113

#### III. Explanations on currency risk

Foreign currency risk arises from the Bank's possible exposure to the changes in foreign currencies.

- a) The Bank is exposed to currency risks as a market risk and pay attention to keep at a minimum level by avoiding keeping any positions. The Bank calculates the Value at Risk for the foreign currency position on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and value at market risk is calculated on a monthly basis.
- b) The Bank does not have any derivative financial instruments held for hedging purposes.
- c) TL resources are used in TL and foreign currency resources are used in related currencies without causing any currency inconsistency in the use of loans. Due to uncertainty and volatility that may arise in the markets, foreign currency position limit that can be formed for strategic purposes is limited and monitored.
- d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of December 31, 2021 - Balance sheet evaluation rate	13,2501	14,9681
As of December 30, 2021	12,9653	14,5901
As of December 29, 2021	12,2326	13,7839
As of December 28, 2021	11,7684	13,3028
As of December 27, 2021	11,3214	12,7876
As of December 24, 2021	11,6267	13,0597

- e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 13,6246 for 1 USD (December 2020: full TL 7,7172), full TL 15,3855 for 1 Euro (December 2020: full TL 9,3855).

The Bank is mainly exposed to USD and Euro currency risks.

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### III. Explanations on currency risk (continued)

##### Information on the Bank's Currency Risk

	EURO	USD	Other FC	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.691.220	2.329.894	317.491	5.338.605
Banks (****)	436.502	687.848	405.687	1.530.037
Financial assets at fair value through profit and loss	59.245	276.682	512.006	847.933
Money market placements	-	-	-	-
Financial Assets Valued At Fair Value Through Profit And Loss	466.145	923.377	-	1.389.522
Loans and financial lease receivables (*)	5.644.133	3.774.397	-	9.418.530
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	2.697.022	16.564	-	2.713.586
Derivative financial assets for hedging purposes(****)	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	2.225	2.753	1	4.979
<b>Total Assets</b>	<b>11.996.492</b>	<b>8.011.515</b>	<b>1.235.185</b>	<b>21.243.192</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	-	-	-	-
Other current and profit sharing accounts (**)	7181.702	9.806.778	1.460.019	18.448.499
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	3.468.218	304.225	-	3.772.443
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes(****)	-	-	-	-
Other liabilities	56.319	44.166	388	100.873
<b>Total liabilities</b>	<b>10.706.239</b>	<b>10.155.169</b>	<b>1.460.407</b>	<b>22.321.815</b>
<b>Net balance sheet position</b>	<b>1.290.253</b>	<b>(2.143.654)</b>	<b>(225.222)</b>	<b>(1.078.623)</b>
<b>Net balance sheet position</b>	<b>(1.191.464)</b>	<b>2.218.808</b>	<b>258.800</b>	<b>1.286.144</b>
Derivative financial instruments assets	5.987	2.617.311	500.074	3.123.372
Derivative financial instruments liabilities	1.197.451	398.503	241.274	1.837.228
Non-cash loans (**)	1.405.454	1.731.014	-	3.136.468
<b>Prior Period</b>				
Total assets	5.928.768	2.050.059	44.9822	8.428.649
Total liabilities	5.855.707	2.476.864	533.668	8.866.239
<b>Net balance sheet position</b>	<b>73.061</b>	<b>(426.805)</b>	<b>(83.846)</b>	<b>(437.590)</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>381.423</b>	<b>85.669</b>	<b>467.092</b>
Derivative financial instruments assets	-	534.408	85.669	620.077
Derivative financial instruments liabilities	-	152.985	-	152.985
Non-cash loans	1.021.487	737.594	-	1.759.081

(\*) The balance sheet includes the expected loss provisions amounting to TL 72.749.

(\*\*) Non-cash loans are not taken into account in the calculation of foreign currency position.

(\*\*\*) Precious metals are also shown in the "Other FC" column.

(\*\*\*\*) Includes provisions for expected losses amounting to TL 1485 in the balance sheet.

(\*\*\*\*\*) Income rediscounts of derivative financial instruments amounting to TL 3.280 (December 31, 2020: TL 319) and expense rediscounts of exchange amounting to TL 3.810 (December 31, 2020: TL 7) are not included.

#### IV. Explanations on position risk of equity securities in banking book

None (December 31, 2020: None).

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

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#### **V. Explanations on liquidity risk**

Liquidity Risk is managed by Asset and Liability Committee ("ALCO") in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Bank.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Bank's risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank's strategy and conditions of competition and pursues the implementations.

The liquidity structure is evaluated in the framework of ALCO decisions for liquidity management and a placement strategy is developed. Liquidity risk management strategy is determined by considering both normal economic conditions and stress conditions.

Risk Management Presidency, liquidity risk; periodically reports to the relevant unit, the relevant committee and the senior management with the methods of measurement of liquidity risk in compliance with the standards. It manages liquidity risk in accordance with the Bank's portfolio, strategic plans and policies and legal limits, and informs and coordinates the relevant parties on time. In accordance with the market conditions and the Bank's structure, the relevant liquidity risk measurement methods establish, assumptions and parameters used in liquidity risk analyzes are reviewed. Liquidity risk analyzes and important liquidity indicators are regularly reported to senior management. In the stress conditions are carried out in the framework of "Emergency Funding Plan".

The Bank's high level management to determine management strategies for liquidity risk;

- follows obligations arising from domestic and foreign currencies,
- determine the concentration risks of placements,
- actively follows funding sources,
- consider the portfolio diversity,
- follow up the fund flows related to assets and liabilities depending on the maturities.

Market conditions are continuously follow and access problems for the bank's fund requirements are analyzed and the impact of sudden changes in fund sources is evaluated. Liquidity adequacy is measured by applying stress test to the factors affecting liquidity. Liquidity Risk Stress Test analyzes the compliance of the Bank's cash flow capacity to the cash flow capacity within the framework of the specified scenarios. The scenarios needed for stress tests are based on the changing balance sheet structure. The results are taken into consideration in determining the policies related to liquidity risk and in the preparation of an emergency action plan.

For the purpose of reducing the liquidity risk that the Bank may be exposed to compliance with the strategies implemented (monitoring of concentration, diversification of funding sources, high quality liquid assets, etc.) is monitored effectively by the senior management of the Bank taking into account legal and prudential limits. For non-mitigation risks, acceptance of the current risk level, reducing or terminating the risk-causing activity are evaluated.

The level of spread of Covid-19 virus worldwide and the negative effects (country risks and foreign bank limits / correspondent bank relations etc.) in areas such as real sector and banking sector are carefully monitored. In this regard, liquidity adequacy is constantly monitored by stress tests and scenario analyzes among risk management activities.



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#### V. Explanations on liquidity risk (continued):

##### Liquidity Coverage Ratio (continued):

Current Period	Rate of "Percentage to be taken into account " not Implemented Total value <sup>(*)</sup>		Rate of "Percentage to be taken into account " Implemented Total value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 HIGH QUALITY LIQUID ASSETS			10.845.784	7806.796
<b>CASH OUTFLOWS</b>				
2 Retail and Real Person Funds Collected	4.513.070	3444.744	437.597	344.474
3 Stable Funds Collected	274.211	-	13.711	-
4 Less stable Funds Collected	4.238.859	3444.744	423.886	344.474
5 Unsecured Funding other than Retail and Real Person	6.019.703	4.873.469	2.993.565	2.362.874
6 Customers Deposits	-	-	-	-
7 Operational Funds Collected	5.790.600	4.815.471	2.764.462	2.304.876
8 Non-Operational Funds Collected	229.103	57.998	229.103	57.998
9 Other Unsecured Funding	-	-	-	-
10 Secured funding	2.998.702	1417.599	2.998.702	1417.599
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.782.162	1417.599	1.782.162	1417.599
12 Debts related to the structured financial products	1.216.540	-	1.216.540	-
13 Commitment related to the structured financial markets and other off balance sheet liabilities	-	-	-	-
14 Unconditionally revocable off-balance sheet other liabilities and other contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	6.532.140	2.852.883	1.302.032	245.279
<b>16 TOTAL CASH OUTFLOWS</b>			<b>7.731.896</b>	<b>4.370.226</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	3.644.672	1.908.314	2.869.466	1.710.287
19 Other contractual cash inflows	1.385.812	1.229.025	1.385.812	1.229.025
<b>20 TOTAL CASH INFLOWS</b>	<b>5.030.484</b>	<b>3.137.339</b>	<b>4.255.278</b>	<b>2.939.312</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA</b>			<b>10.845.784</b>	<b>7806.796</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>3.476.618</b>	<b>1.430.914</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>311,96</b>	<b>545,58</b>

<sup>(\*)</sup> Simple arithmetic average calculated for the last three months of values calculated by taking the monthly simple arithmetic average.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period – 31.12.2021	
	TL+FC	FC
Lowest (%)	87,14	77,24
Date	October 27, 2021	October 27, 2021
Highest (%)	1.132,15	624,20
Date	November 17, 2021	November 17, 2021
Average	609,65	350,72

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### V. Explanations on liquidity risk (continued):

##### Liquidity Coverage Ratio (continued):

Prior Period	Rate of "Percentage to be taken into account " not Implemented Total value(1)		Rate of "Percentage to be taken into account " Implemented Total value (1)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 HIGH QUALITY LIQUID ASSETS			5.698.616	3.805.588
<b>CASH OUTFLOWS</b>				
2 Retail and Real Person Funds Collected	1.366.292	904.019	132.112	90402
3 Stable Funds Collected	90.355	-	4.518	-
4 Less stable Funds Collected	1.275.937	904.019	127.594	90402
5 Unsecured Funding other than Retail and Real Person	2.344.583	1.541.499	1.351.198	909965
6 Customers Deposits	-	-	-	-
7 Operational Funds Collected	2.181.804	1.540.426	1.188.419	908.892
8 Non-Operational Funds Collected	162.779	1.073	162.779	1.073
9 Other Unsecured Funding				
10 Secured funding	1.261.575	341.664	1.261.575	341.664
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	621.749	341.664	621.749	341.664
12 Debts related to the structured financial products	639.826	-	639.826	-
13 Commitment related to the structured financial markets and other off balance sheet liabilities	-	-	-	-
14 Unconditionally revocable off-balance sheet other liabilities and other contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	2.978.019	1.632.676	417.760	147.576
<b>16 TOTAL CASH OUTFLOWS</b>			<b>3.162.645</b>	<b>1.489.607</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	1.850.113	739.848	1.570.011	670.797
19 Other contractual cash inflows	525.906	472.183	525.906	472.183
<b>20 TOTAL CASH INFLOWS</b>	<b>2.376.019</b>	<b>1.212.031</b>	<b>2.095.917</b>	<b>1.142.980</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA</b>			<b>5.698.616</b>	<b>3.805.588</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>1.066.728</b>	<b>346.627</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>534,21</b>	<b>1.097,89</b>

(1) It is the average of the liquidity coverage ratio calculated by taking the simple monthly arithmetic average for the last three months.

#### Liquidity Coverage Ratio (%)

	Prior Period – 31.12.2020	
	TL+FC	FC
Lowest (%)	54,75	87,15
Date	November 9, 2020	November 9, 2020
Highest (%)	1.560,35	1.116,98
Date	October 30, 2020	October 13, 2020
Average	807,55	602,07

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#### V. Explanations on liquidity risk (continued)

##### Liquidity coverage ratio (continued)

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in 30 days maturity. Important balance sheet items that determined on the ratio can be listed as CBRT required reserves, receivables from banks and funds collected. These figures the fact that they have a high share in liquid assets and net cash outflows means that they are considered since they are high and can high and change over time, their effects on the liquidity coverage ratio are other more than figures. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages.

The Bank's high quality liquid assets are composed of 6,02% cash, 38,59% deposits in central banks and 55,39% securities considered as high quality liquid assets.

The Bank's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 74,22% funds collected, 7,39% funds borrowed and 18,39% subordinated debt instruments.

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated d	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	884.047	5.350.741	-	-	-	-	-	6.234.788
Banks	1.533.115	-	-	-	-	-	-	1.533.115
Financial Assets at Fair Value Through Profit and Loss	-	323.643	748.537	125.387	602.457	-	-	1.800.024
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets valued at fair value through other comprehensive income	-	2.132.513	334.494	193.591	1.388.224	124.331	-	4.173.153
Loans	-	913.402	1.590.102	8.022.736	9.661.668	1.387.033	-	21.574.941
Financial assets valued at amortised cost	-	-	-	-	2.713.586	-	-	2.713.586
Other Assets (*)	-	-	-	-	-	-	730.293	730.293
<b>Total Assets</b>	<b>2.417.162</b>	<b>8.720.299</b>	<b>2.673.133</b>	<b>8.341.714</b>	<b>14.365.935</b>	<b>1.511.364</b>	<b>730.293</b>	<b>38.759.900</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	-	581.502	-	-	-	-	-	581.502
Other current and profit sharing accounts	8.729.339	13.235.761	3.804.985	4.394.74	2.288	-	-	26.211.847
Funds provided from other financial institutions and subordinated loans	-	1.455.191	2.410.613	730.455	2.727.084	-	-	7.323.343
Money market borrowings	-	1.984.303	-	-	-	-	-	1.984.303
Marketable securities issued	-	-	-	-	-	-	-	-
Other liabilities (*)	-	91.647	-	-	-	-	2.567.258	2.658.905
<b>Total Liabilities</b>	<b>8.729.339</b>	<b>17.348.404</b>	<b>6.215.598</b>	<b>1.169.929</b>	<b>2.729.372</b>	<b>-</b>	<b>2.567.258</b>	<b>38.759.900</b>
<b>Liquidity Gap</b>	<b>(6.312.177)</b>	<b>(8.628.105)</b>	<b>(3.542.465)</b>	<b>7.171.785</b>	<b>11.636.563</b>	<b>1.511.364</b>	<b>(1.836.965)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(31.071)</b>	<b>(56.149)</b>	<b>(1.175)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(88.395)</b>
Financial Derivative Assets	-	2.508.922	756.035	91.169	-	-	-	3.356.126
Financial Derivative Liabilities	-	2.539.993	812.184	92.344	-	-	-	3.444.521
<b>Non-cash Loans</b>	<b>1.354.438</b>	<b>1.108.447</b>	<b>343.855</b>	<b>1.578.062</b>	<b>495.818</b>	<b>-</b>	<b>-</b>	<b>4.880.620</b>
<b>Prior Period</b>								
Total Assets	1494.797	4.316.901	815.994	3.233.889	9.505.874	494.943	527.779	20.390.177
Total Liabilities	2.548.448	10.200.270	3.476.744	621.954	1.598.122	-	1.944.639	20.390.177
<b>Liquidity Gap</b>	<b>(1.053.651)</b>	<b>(5.883.369)</b>	<b>(2.660.750)</b>	<b>2.611.935</b>	<b>7.907.752</b>	<b>494.943</b>	<b>(1.416.860)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(158)</b>	<b>(52.174)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52.332)</b>
Financial Derivative Assets	-	145.589	565.389	-	-	-	-	710.978
Financial Derivative Liabilities	-	145.747	617.563	-	-	-	-	763.310
<b>Non-cash Loans</b>	<b>779.036</b>	<b>356.020</b>	<b>54.857</b>	<b>730.917</b>	<b>267.089</b>	<b>-</b>	<b>-</b>	<b>2.187.919</b>

(\*) Other non-distributable assets column consists of assets held for sale, partnership investments, tangible and intangible assets, current and deferred tax assets and other assets.

(\*\*) Other non-distributable liabilities column consists of equity and provision balances.

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#### VI. Explanations on leverage ratio

As of December 31, 2021, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 8,45% (December 31, 2020: 11,68%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks".

#### Disclosure of Leverage ratio template:

	Current Period December 31, 2021 <sup>(*)</sup>	Prior Period December 31, 2020 <sup>(*)</sup>
<b>Balance sheet assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	33.353.859	19.109.372
2 (Assets deducted from Core capital)	103.381	97.904
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	33.250.478	19.011.468
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	-	-
5 Potential credit risk amount of derivative financial assets and credit derivatives	92.887	8.808
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	92.887	8.808
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	2.441.721	697.047
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	2.441.721	697.047
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	7.757.835	3.449.490
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk amount of off-balance sheet transactions (sum of lines 10 and 11)	7.757.835	3.449.490
<b>Capital and total risk</b>		
13 Core Capital	3.679.879	2.706.088
14 Total risk amount (sum of lines 3, 6, 9 and 12)	43.542.921	23.166.813
<b>Leverage ratio</b>		
15 Leverage ratio (%)	8,45	11,68

<sup>(\*)</sup> Amounts in the table show quarterly averages.

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### VII. Explanations regarding the fair value of financial assets and liabilities

##### a. Information regarding the fair value of financial assets and liabilities

	Book Value		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Financial Assets</b>				
Due from Interbank Money Market	-	-	-	-
Banks	1.533.115	910.842	1.533.115	910.842
Financial Assets at Fair Value through Profit or Loss	1.800.024	618.680	1.800.024	618.680
Financial Assets at Fair Value Through Other Comprehensive Income	4.173.153	1.164.390	4.173.153	1.164.390
Financial Assets Valued Over Amortized Cost	2.713.586	1.568.929	2.537.586	1.575.410
Loans and financial lease receivables	21.907.324	13.599.033	25.922.905	14.674.682
<b>Financial Liabilities</b>				
Funds collected from banks through current accounts and participation accounts	581.502	-	581.502	-
Other current accounts and participation accounts	26.211.847	11.677.400	26.211.847	11.677.400
Funds from other financial institutions	4.653.931	4.073.067	4.566.889	4.101.166
Debts to Money Markets	1.984.303	1.069.349	1.984.303	1.069.356
Other Liabilities	4.295.45	207.367	4.295.45	207.367

##### b. Information on fair value measurements recognized in the financial statements

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes.

- At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values,
- At level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators,
- At level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered.

The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>1.219.977</b>	<b>580.047</b>	<b>-</b>	<b>1.800.024</b>
Government Debt Securities	275.653	572.280	-	847.933
Share Certificates	-	-	-	-
Other financial assets	944.324	7.767	-	952.091
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>962.858</b>	<b>3.202.636</b>	<b>-</b>	<b>4.165.494</b>
Equity Securities <sup>(*)</sup>	-	-	-	-
Government Debt Securities	962.858	3.202.636	-	4.165.494
Other financial assets	-	-	-	-
<b>Derivative Financial Assets</b>	<b>-</b>	<b>65.158</b>	<b>-</b>	<b>65.158</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	109.990	-	109.990

<sup>(\*)</sup> The financial assets whose fair value difference is reflected in other comprehensive income, the realization price has been reflected in the financial statements for the securities worth 7659 TL not being traded in an active market, and the related securities are not shown in this table.



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#### VII. Explanations regarding the fair value of financial assets and liabilities (continued)

Prior Period	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>253.128</b>	<b>365.552</b>	<b>-</b>	<b>618.680</b>
Government Debt Securities	182.021	341.030	-	523.051
Share Certificates	-	-	-	-
Other financial assets	71.107	24.522	-	95.629
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>378.858</b>	<b>777.873</b>	<b>-</b>	<b>1.156.731</b>
Equity Securities	-	-	-	-
Government Debt Securities	378.858	777.873	-	1.156.731
Other financial assets	-	-	-	-
<b>Derivative Financial Assets</b>	<b>-</b>	<b>1.731</b>	<b>-</b>	<b>1.731</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	43.286	-	43.286

#### VIII. Explanations Regarding the Activities Carried Out on Behalf and Account of Other Persons

The Bank does not perform purchases, sales and custody services on behalf of its customers. The Bank has no fiduciary transactions.

#### IX. Explanations on risk management

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 on October 23, 2015 and became effective as of June 30, 2016. The tables related to 'Internal Rating-Based (IRB) Approach' are not presented due to the usage of standard approach for the calculation of capital adequacy.

##### a. Risk management strategy and risk weighted amounts

###### a.1. Explanations on risk management

The aim of the Bank's Risk management system is basically to ensure identification, measurement, monitoring and controlling of risks exposed, through establishment of policies, implementation procedure and limits for monitoring, controlling and in case of need changing the risk/return structure of future cash flows, and accordingly nature and level of operations.

The Board of Directors has a responsibility of establishing and providing compatible, adequate and effective system on internal control, risk management and internal auditing as anticipated by the Banking Law for the purpose of monitoring and controlling risks emerging from operations.

The Board of Directors is responsible for establishing risk management policies and strategies. These policies are revised and evaluated periodically according to prevailing market conditions.

The general manager is responsible from ensuring that departments of the bank operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

The Board of Directors of the Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Bank.

The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

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#### **IX. Explanations on risk management (continued)**

##### **a. Risk management strategy and risk weighted amounts (continued)**

###### **a.1. Explanations on risk management (continued)**

Ultimate goal of the bank's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

The risks that the Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the bank's strategies to risk profile. The bank's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact.

The bank's risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the bank's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the bank, is the level of risk it identifies as acceptable.

The common feature of the bank's risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

By means of "Risk Appetite Policy" approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Banks were identified. Limits, which are determined within the framework of risk profile of the bank in accordance with the bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the bank's financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the bank.

Aiming to ensure capital allocation compatible with the risks of its functional operations and increase the capital yield set according to these risks to the maximum level, the bank evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

#### **Market Risk**

The Bank's market risk; refers to the probability of loss may be exposed to exchange rate risk, equity position risk, profit rate risk and commodity risk.

The Bank measures its market risks by using the standard method in accordance with the provisions of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

Whether the market risk of our Bank is in conformity with legal regulations and the determined limits is constantly monitored. Our foreign currency risk is discussed and evaluated at every Assets/Liabilities Committee meeting and our foreign currency strategy is based on holding this risk constant by holding to square foreign currency position (i.e. no short or long positions are taken).

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#### **IX. Explanations on risk management (continued)**

##### **a. Risk management strategy and risk weighted amounts (continued)**

###### **a.1. Explanations on risk management (continued)**

###### **Liquidity risk**

The Bank's liquidity risk, consists of funding related liquidity risk and market-related liquidity risk.

The liquidity risk is the situation whereby, as a result of any imbalances in the cash flows, there is a potential for not being able to meet the Participation Funds which have matured or other due liabilities in a timely manner due to shortage of liquid funds.

Market liquidity risk is an expression of the likelihood of the bank's suffering a loss because the bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis.

In order to manage liquidity risk, the Bank monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis.

The Bank applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity coverage ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets.

###### **Credit risk**

Credit risk is defined as the probability of losses to the Bank due to customers failing to partially or completely pay their commitments to the Bank in a timely manner, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value of the customers due to any deterioration in the financial position of the customer. The definition of credit risk includes not just the portfolios within the balance sheet, but also those kept off balance sheet.

The authority to approve credits belongs to the Board of Directors at our Bank. The Board of Directors determines the policies concerning the utilization, approval, risk management of the credits and other related management principles. It then ensures the implementation and supervision of these policies, taking required measures when necessary. The Board of Directors has transferred some of its authority in approving credit lines to the Credit Committee and General Management within the framework of the procedures and principles determined by the legal provisions. The General Management uses that authority to utilize credits by means of the credit departments and Bank branches. At our Bank, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors.

It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio. Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to "Regulation on Credit Policies and Implementation Procedures".

###### **Operational risk**

Operational risk is a risk of loss caused by insufficient or unsuccessful internal processes, by persons and systems or external events, wherein the legal risks and compliance risks are included while the strategic (making wrong decisions at the wrong time) and reputational risk are excluded.

Operational risk is a type of risk present in all activities of the Bank. It could arise from errors of the staff or the system, from such transactions as may have been made based on insufficient or incorrect legal information or documents, due to impediments in the flow of information between the divisions in the organizational structure of the Bank, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds.

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#### **IX. Explanations on risk management (continued)**

##### **a. Risk management strategy and risk weighted amounts (continued)**

###### **a.1. Explanations on risk management (continued)**

###### **Operational risk (continued)**

The Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks.

The Bank also takes required measures to maintain operational risks at acceptable levels.

###### **Other risks**

The other risks that the Bank could encounter include strategic and reputational risk, counterparty credit risk, country risk, and concentration risk.

For the management of strategic risk, the Bank keeps a close watch on the domestic and international situation, on technological, financial, and social developments, on the legal and regulatory frameworks, and on the banking industry as a whole in order to make rational decisions and to change them as circumstances warrant.

The Bank regards reputational risk as anything that might lead to the Bank's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations. For the risk of reputation to be avoided and/or controlled by the Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Bank's reputation or image is detected.

In addition, the Bank's operations in accordance with the principles of participation banking are also considered as a component of the bank's specific reputation risk management.

Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's cash flow sequence. The Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Bank enters into business relationships with foreign financial institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

Concentration risk is defined as the likelihood that a single risk or several risks that have some attribute in common may, if realized, cause losses that are capable of endangering the bank itself or its ability to carry out its essential activities. Policies aimed at managing concentration risk are formulated so as to deal with particular aspects of it such as sectoral concentration, collateral concentration, market risk concentration, types of loss concentration, and creditor concentration.

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#### IX. Explanations on risk management (continued)

##### a. Risk management strategy and risk weighted amounts (continued)

##### a.2 General overview of risk weighted amounts

	Risk weighted assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	12.883.029	9415.452	1.030.642
2 Of which standardised approach (SA)	12.883.029	9415.452	1.030.642
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	26.820	2.747	2.146
5 Of which standardised approach for counterparty credit risk (SA-CCR)	26.820	2.747	2.146
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity investments in funds – look-through approach	-	-	-
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – fall-back approach (1250% risk weight)	-	-	-
11 Settlement risk	-	-	-
12 Securitisation exposures in banking book	-	-	-
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	763.786	357.285	61.103
17 Of which standardised approach (SA)	763.786	357.285	61.103
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	724.962	511.718	57.997
20 Of which Basic Indicator Approach	724.962	511.718	57.997
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>14.398.597</b>	<b>10.287.202</b>	<b>1.151.888</b>



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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### IX. Explanations on risk management (continued)

##### b. Financial statements and regulatory exposures reconciliation

###### b.1. Differences and matching between accounting-related consolidation and legal consolidation

Carrying values of items in accordance with Turkish Accounting Standards (TAS)						
Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk <sup>(1)</sup>	Not subject to capital requirements or deducted from capital
<b>Assets</b>						
Cash and balances at central bank	6.236.435	6.236.435	-	-	-	-
Banks	1.533.115	1.533.115	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Expected Loss Provisions (-)	1.647	1.647	-	-	-	-
Financial assets at fair value through profit or Loss	1.800.024	-	-	-	1.800.024	-
Financial assets at fair value through other comprehensive income	4.173.153	4.173.153	-	-	-	-
Derivative financial assets	65.158	-	65.158	-	65.158	-
Loans	21.724.480	21.724.480	-	-	-	-
Leasing receivables	182.844	182.844	-	-	-	-
Financial assets measured at amortized cost	2.713.586	2.713.586	-	-	-	-
Expected loss provisions	332.383	332.383	-	-	-	-
Assets held for sale and discontinued operations (net)	8.000	8.000	-	-	-	-
Partnership investments	100	100	-	-	-	-
Tangible fixed asset (net)	330.398	330.398	-	-	-	-
Intangible asset (net)	234.62	234.62	-	-	-	234.62
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deferred tax assets	66.574	66.574	-	-	-	-
Other assets	236.601	236.601	-	-	-	82.234
<b>Total Assets</b>	<b>38.759.900</b>	<b>36.894.718</b>	<b>65.158</b>	<b>-</b>	<b>1.865.182</b>	<b>105.696</b>
<b>Liabilities</b>						
Funds collected	26.793.349	-	-	-	-	-
Funds borrowed	4.653.931	-	-	-	-	-
Debt to Money markets	1.984.303	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	109.990	-	109.990	-	109.990	-
Liabilities from leases	191.498	-	-	-	-	-
Provisions	118.239	-	-	-	-	-
Current tax liability	81.210	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Non-current assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	2.669.412	-	-	-	-	-
Other liabilities	429.545	-	-	-	-	-
Equity	1.728.423	-	-	-	-	-
<b>Total Liabilities</b>	<b>38.759.900</b>	<b>-</b>	<b>109.990</b>	<b>-</b>	<b>109.990</b>	<b>-</b>

<sup>(1)</sup> Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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#### IX. Explanations on risk management (continued)

##### b. Financial statements and regulatory exposures reconciliation (continued)

##### b.1. Differences and matching between accounting-related consolidation and legal consolidation (continued)

Carrying values of items in accordance with Turkish Accounting Standards (TAS)						
Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk <sup>(1)</sup>	Not subject to capital requirements or deducted from capital
<b>Assets</b>						
Cash and balances at central bank	2.267.097	2.267.097	-	-	-	-
Banks	910.842	910.842	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Expected Loss Provisions (-)	1.217	1.217	-	-	-	-
Financial assets at fair value through profit or Loss	618.680	-	-	-	618.680	-
Financial assets at fair value through other comprehensive income	1.164.390	1.164.390	-	-	-	-
Derivative financial assets	1.731	-	1.731	-	1.731	-
Loans	13.570.624	13.570.624	-	-	-	-
Leasing receivables	284.09	284.09	-	-	-	-
Financial assets measured at amortized cost	1.568.929	1.568.929	-	-	-	-
Expected loss provisions	265.356	172.690	-	-	-	-
Assets held for sale and discontinued operations (net)	23.797	23.797	-	-	-	-
Partnership investments	100	100	-	-	-	-
Tangible fixed asset (net)	251.229	251.229	-	-	-	-
Intangible asset (net)	34.559	34.559	-	-	-	34.559
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deferred tax assets	73.853	73.853	-	-	-	-
Other assets	142.510	142.510	-	-	-	92.330
<b>Total Assets</b>	<b>20.390.177</b>	<b>19.862.432</b>	<b>1.731</b>	<b>-</b>	<b>620.411</b>	<b>126.889</b>
<b>Liabilities</b>						
Funds collected	11.677.400	-	-	-	-	-
Funds borrowed	4.073.067	-	-	-	-	-
Debt to Money markets	1.069.349	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	43.286	-	43.286	-	43.286	-
Liabilities from leases	119.338	-	-	-	-	-
Provisions	94.223	-	-	-	-	-
Current tax liability	-	-	-	-	-	-
Deferred tax liability	20.900	-	-	-	-	-
Non-current assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	1.545.981	-	-	-	-	-
Other liabilities	207.367	-	-	-	-	-
Equity	1.539.266	-	-	-	-	-
<b>Total Liabilities</b>	<b>20.390.177</b>	<b>-</b>	<b>43.286</b>	<b>-</b>	<b>43.286</b>	<b>-</b>

<sup>(1)</sup> Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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#### IX. Explanations on risk management (continued)

##### b. Financial statements and regulatory exposures reconciliation (continued)

##### b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS)

	Current Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk <sup>(*)</sup>
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	38.759.900	36.894.706	-	65.158	1.865.194
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	10.999.0	-	-	10.999.0	10.999.0
<b>3</b>	<b>Total net amount within the scope of legal consolidation</b>	<b>38.649.910</b>	<b>36.894.706</b>	<b>-</b>	<b>(44.832)</b>	<b>1.755.204</b>
4	Off balance sheet amounts	15.066.724	4.434.395	-	3.599.735	3.599.735
5	Repo and similar transactions <sup>(**)</sup>	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(8.479.729)	-	-	-
<b>10</b>	<b>Risk amounts</b>	<b>53.716.634</b>	<b>32.849.372</b>	<b>-</b>	<b>3.554.903</b>	<b>5.354.939</b>

<sup>(\*)</sup> Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

<sup>(\*\*)</sup> In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

	Prior Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk <sup>(*)</sup>
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	20.390.177	19.862.432	-	1.731	620.411
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	43.286	-	-	43.286	43.286
<b>3</b>	<b>Total net amount within the scope of legal consolidation</b>	<b>20.346.891</b>	<b>19.862.432</b>	<b>-</b>	<b>(41.555)</b>	<b>577.125</b>
4	Off balance sheet amounts	5.298.147	5.298.147	-	7984	7984
5	Repo and similar transactions <sup>(**)</sup>	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	-	-	-	-
<b>10</b>	<b>Risk amounts</b>	<b>25.645.038</b>	<b>25.160.579</b>	<b>-</b>	<b>(33.571)</b>	<b>585.109</b>

<sup>(\*)</sup> Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

<sup>(\*\*)</sup> In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

##### b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

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#### IX. Explanations on risk management (continued)

##### c. Credit risk

##### c.1. General information on credit risk

##### c.1.1. General qualitative information on credit risk

This information is already included in (II). Explanations on Credit Risk and (IX.a.I) The Bank's risk management approach.

##### c.1.2. Credit quality of assets:

Current Period		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	195.529	21.711.795	332.857	21.574.467
2	Debt securities	-	8.686.763	9487	8.677.276
3	Off-balance sheet exposures	450	6.160.451	29.342	6.131.559
4	<b>Total</b>	<b>195.979</b>	<b>36.559.009</b>	<b>371.686</b>	<b>36.383.302</b>

Prior Period		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	172.697	13.426.336	267.236	13.331.797
2	Debt securities	-	1.783.070	5.502	1.777.568
3	Off-balance sheet exposures	-	3.161.362	23.382	3.137.980
4	<b>Total</b>	<b>172.697</b>	<b>18.370.768</b>	<b>296.120</b>	<b>18.247.345</b>

##### c.1.3. Changes in stock of default loans and debt securities

	Current Period	Prior Period
1 <b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>172.697</b>	<b>188.322</b>
2 Loans and debt securities that have defaulted since the last reporting period	22.832	111
3 Receivables back to non-defaulted status	-	-
4 Amounts written off	-	(15.707)
5 Other changes	-	(29)
6 <b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>195.529</b>	<b>172.697</b>

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IX. Explanations on risk management (continued)

##### c. Credit risk (continued)

##### c.1. General information on credit risk (continued)

##### c.1.4. Additional information on credit quality of assets (continued)

The scope and definitions of past due receivables and the methods used by the bank to determine the provisions are mentioned in the Explanations on Credit risk. The Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk.

Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan. Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered II (Explanations on Credit Risk). Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below.

There are no financial assets that are overdue but not impaired by class of financial instruments. (December 31 2020: None).

#### Receivables that provisions are set in terms of geographical region

Current Period	Non-performing Loans <sup>(*)</sup>	Specific Provision <sup>(*)</sup>
Domestic	195.529	185.680
Off-shore Banking Countries	-	-
Other Countries	-	-
<b>General Total</b>	<b>195.529</b>	<b>185.680</b>

<sup>(\*)</sup> Represents amounts for cash loans.

Prior Period	Non-performing Loans <sup>(*)</sup>	Specific Provision <sup>(*)</sup>
Domestic	172.697	172.690
Off-shore Banking Countries	-	-
Other Countries	-	-
<b>General Total</b>	<b>172.697</b>	<b>172.690</b>

<sup>(\*)</sup> Represents amounts for cash loans.



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#### IX. Explanations on risk management (continued):

##### c. Credit risk (continued)

##### c.1. General information on credit risk (continued)

##### c.1.4. Additional information on credit quality of assets (continued)

Breakdown according to sector:

Sectors / Counterparties			
Current Period		Non-performing loans	Provisions
<b>1</b>	<b>Agriculture</b>	-	-
1.1	Farming and stockbreeding	-	-
1.2	Forestry	-	-
1.3	Fishery	-	-
<b>2</b>	<b>Manufacturing</b>	<b>44.540</b>	<b>41.626</b>
2.1	Mining and quarrying	32.892	32.872
2.2	Production	11.648	8.754
2.3	Electricity, gas, water	-	-
<b>3</b>	<b>Construction</b>	<b>5.540</b>	<b>5.109</b>
<b>4</b>	<b>Services</b>	<b>129.022</b>	<b>122.518</b>
4.1	Wholesale and retail trade	9.107	5.673
4.2	Hotel, food and beverage services	-	-
4.3	Transportation and telecommunication	5.608	3.244
4.4	Financial institutions	-	-
4.5	Real estate and renting services	114.307	113.601
4.6	Self-employment services	-	-
4.7	Education services	-	-
4.8	Health and social services	-	-
<b>5</b>	<b>Other</b>	<b>16.427</b>	<b>16.427</b>
<b>Total</b>		<b>195.529</b>	<b>185.680</b>

Sectors / Counterparties			
Prior Period		Non-performing loans	Provisions
<b>1</b>	<b>Agriculture</b>	-	-
1.1	Farming and stockbreeding	-	-
1.2	Forestry	-	-
1.3	Fishery	-	-
<b>2</b>	<b>Manufacturing</b>	<b>32.892</b>	<b>32.892</b>
2.1	Mining and quarrying	32.892	32.892
2.2	Production	-	-
2.3	Electricity, gas, water	-	-
<b>3</b>	<b>Construction</b>	<b>118.969</b>	<b>118.969</b>
<b>4</b>	<b>Services</b>	<b>12</b>	<b>5</b>
4.1	Wholesale and retail trade	-	-
4.2	Hotel, food and beverage services	-	-
4.3	Transportation and telecommunication	12	5
4.4	Financial institutions	-	-
4.5	Real estate and renting services	-	-
4.6	Self-employment services	-	-
4.7	Education services	-	-
4.8	Health and social services	-	-
<b>5</b>	<b>Other</b>	<b>20.824</b>	<b>20.824</b>
<b>Total</b>		<b>172.697</b>	<b>172.690</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IX. Explanations on risk management (continued):

##### c. Credit risk (continued)

##### c.2. Credit risk mitigation

##### c.2.1. Qualitative disclosure on credit risk mitigation techniques

On and off balance sheet offsetting agreements are not utilized. The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below:

- a) Financial Collaterals (Treasury Bills, Government Bonds, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)
- b) Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

If there are indicators on significant decreases of real estate's value in comparison to general market prices, the real estate's valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

The Bank monitors other banks' guarantees that are evaluated as risk mitigators within the framework of BRSA regulations on a regular basis and reviews the credibility of banks periodically.

The volatility in real estate market is monitored closely by the Bank and the market fluctuations are considered in credit activities

##### c.2.2. Credit risk mitigation techniques

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collatera	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	29297479	4.365490	1.854.133	3.886.645	1.367928	-	-
2	Debt securities	8.686.763	-	-	-	-	-	-
3	<b>Total</b>	<b>37984.242</b>	<b>4.365.490</b>	<b>1.854.133</b>	<b>3.886.645</b>	<b>1.367928</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	195.529	-	-	-	-	-	-

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collatera	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	13426.336	1.036.994	138.049	349.201	176.561	-	-
2	Debt securities	1.783.070	-	-	-	-	-	-
3	<b>Total</b>	<b>15.209.406</b>	<b>1.036.994</b>	<b>138.049</b>	<b>349.201</b>	<b>176.561</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	172.697	-	-	-	-	-	-

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### IX. Explanations on risk management (continued):

##### c. Credit risk (continued)

##### c.3. Credit risk under standardised approach

##### c.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote numbered (II) for Explanations on Credit Risk.

##### c.3.2. Credit risk exposure and credit risk mitigation techniques

Current Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Receivables from central governments or central banks	9545.746	43.308	9552.334	43446	-	-
Receivables from regional or local governments	74.578	14.000	12466	7015	9741	%50,00
Receivables from administrative units and non-commercial enterprises	-	908	16.372	2925	19297	%100,00
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	1039558	53973	1225.378	53973	340.890	%26,65
Receivables from corporates	7867116	4458.782	7725.201	2.662.046	9725.964	%93,63
Retail receivables	1769226	1480.862	1764471	683.811	1770.649	%72,32
Receivables secured by mortgages on property	247268	39555	247268	25.628	93446	%34,24
Receivables secured by mortgages on commercial property	310930	400453	310930	222.805	337217	%63,18
Past due receivables	6.224	-	6.224	-	4.508	%72,43
Receivables defined in high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	1.277.497	-	1.277.497	-	580.357	%45,43
Equity share investments	-	-	-	-	-	-
<b>Total</b>	<b>22.138.143</b>	<b>6.491.841</b>	<b>22.138.141</b>	<b>3.701.649</b>	<b>12.882.069</b>	<b>%49,85</b>
Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Receivables from central governments or central banks	4.078.126	5413	4.198.798	5.989	-	-
Receivables from regional or local governments	57742	-	24.823	125	12474	%50,00
Receivables from administrative units and non-commercial enterprises	61467	81	63.295	49	63.318	%99,96
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	1926.699	2.146	1978.894	2.146	396.208	%20,00
Receivables from corporates	6.905.293	3.313.706	6.766.915	1.912.473	8.319.214	%95,85
Retail receivables	-	-	-	-	-	-
Receivables secured by mortgages on property	69.855	17.809	66.457	7.635	25.687	%34,67
Receivables secured by mortgages on commercial property	291.121	36.303	291.121	18.037	218.295	%70,61
Past due receivables	7	-	7	-	7	%100,00
Receivables defined in high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	1.014.233	-	1.014.233	-	382.833	%37,75
Equity share investments	-	-	-	-	-	-
<b>Total</b>	<b>14.404.543</b>	<b>3.375.458</b>	<b>14.404.543</b>	<b>1.946.454</b>	<b>9.418.036</b>	<b>%57,60</b>

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#### IX. Explanations on risk management (continued):

##### c. Credit risk (continued)

##### c.3. Credit risk under standardised approach

##### c.3.3. Exposures by asset classes and risk weights

Risk Classes/Risk Weighted										
Current Period	%0	%10	%20	35% secured by Property mortgage	%50	%75	%100	%150	%200	Others Total risk amount (post-CCF and CRM)
1 Receivables from central governments or central banks	9595.780	-	-	-	-	-	-	-	-	9595.780
2 Receivables from regional or local governments	-	-	-	-	19481	-	-	-	-	19481
3 Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	19.297	-	-	19.297
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	-	-	982.090	-	269.269	-	27992	-	-	1.279.351
7 Receivables from corporates	406.598	-	83461	-	369.112	-	9.528.076	-	-	10.387.247
8 Retail receivables	52943	-	41926	-	-	2.349.920	224	3.269	-	2.448.282
9 Receivables secured by mortgages on property	5.313	-	1.389	266.194	-	-	-	-	-	272.896
10 Receivables secured by mortgages on commercial property	2.900	-	8445	-	373.724	-	148.666	-	-	533.735
11 Past due receivables	-	-	-	-	3431	-	2.793	-	-	6.224
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
16 Other receivables	-	-	-	-	-	-	-	-	-	-
17 Equity share investments	360.166	-	421.217	-	-	-	496.114	-	-	1.277.497
<b>18 Total</b>	<b>10.423.700</b>	<b>-</b>	<b>1.538.528</b>	<b>266.194</b>	<b>1.035.017</b>	<b>2.349.920</b>	<b>10.223.162</b>	<b>3.269</b>	<b>-</b>	<b>- 25.839.790</b>

Risk Classes/Risk Weighted										
Current Period	%0	%10	%20	35% secured by Property mortgage	%50	%75	%100	%150	%200	Others Total risk amount (post-CCF and CRM)
1 Receivables from central governments or central banks	4.204.787	-	-	-	-	-	-	-	-	4.204.787
2 Receivables from regional or local governments	-	-	-	-	24.948	-	-	-	-	24.948
3 Receivables from administrative units and non-commercial enterprises	25	-	-	-	-	-	63.319	-	-	63.344
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	-	-	1981.040	-	-	-	-	-	-	1981.040
7 Receivables from corporates	33.158	-	408.769	-	-	-	8.237.461	-	-	8.679.388
8 Retail receivables	-	-	-	-	-	-	-	-	-	-
9 Receivables secured by mortgages on property	-	-	1.636	72.458	-	-	-	-	-	74.094
10 Receivables secured by mortgages on commercial property	-	-	-	-	181.725	-	127.433	-	-	309.158
11 Past due receivables	-	-	-	-	-	-	7	-	-	7
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
16 Other receivables	-	-	-	-	-	-	-	-	-	-
17 Equity share investments	300.583	-	413.521	-	-	-	300.129	-	-	1.014.233
<b>18 Total</b>	<b>4.538.553</b>	<b>-</b>	<b>2.804.966</b>	<b>72.458</b>	<b>206.673</b>	<b>-</b>	<b>8.728.349</b>	<b>-</b>	<b>-</b>	<b>- 16.350.999</b>

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#### IX. Explanations on risk management (continued)

##### d. Counterparty credit risk

##### d.1. Qualitative disclosure on counterparty credit risk

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with "Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated October 23, 2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The Bank prepared "Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures" in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

##### d.2. Counterparty credit risk (CCR) approach analysis

		Replacement cost	Potential Future exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
<b>Current Period</b>							
1	Standardised Approach - CCR (for derivatives)	(51.240)	36.510	-	-	98.334	26.820
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
<b>6</b>	<b>Total</b>						<b>26.820</b>

<sup>(1)</sup> Effective Expected Positive Exposure

		Replacement cost	Potential Future exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
<b>Prior Period</b>							
1	Standardised Approach - CCR (for derivatives)	(41.790)	7.983	-	-	9.715	2.585
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
<b>6</b>	<b>Total</b>						<b>2.585</b>

<sup>(1)</sup> Effective Expected Positive Exposure

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#### IX. Explanations on risk management (continued)

##### d. Counterparty credit risk

##### d.3. Capital requirement for credit valuation adjustment (CVA)

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
<b>Total portfolios subject to the Advanced CVA capital obligation</b>	-	-	-	-
1 (i) VaR component (including the 3×multiplier)		-		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-		-
3 All portfolios subject to the Standardised CVA capital obligation	98.334	26.820	9.715	2.585
<b>4 Total subject to the CVA capital obligation</b>	<b>98.334</b>	<b>26.820</b>	<b>9.715</b>	<b>2.585</b>

##### d.4. CCR exposures by risk class and risk weights

Current Period									
Risk Classes	Risk Weighted								Total credit exposure <sup>(*)</sup>
	%0	%10	%20	%50	%75	%100	%150	Other	
Receivables from central governments or central banks	43.308	-	-	-	-	-	-	-	43.308
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	12.042	31.493	-	-	-	-	43.535
Receivables from corporates	-	-	1.322	-	-	3.096	-	-	4.418
Retail receivables	-	-	-	-	7.073	-	-	-	7.073
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>43.308</b>	<b>-</b>	<b>13.364</b>	<b>31.493</b>	<b>7.073</b>	<b>3.096</b>	<b>-</b>	<b>-</b>	<b>98.334</b>

<sup>(\*)</sup> Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.



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#### IX. Explanations on risk management (continued)

##### d. Counterparty credit risk (continued)

##### d.4. CCR exposures by risk class and risk weights

Prior Period										Total credit exposure <sup>(*)</sup>
Risk Classes	Risk Weighted	%0	%10	%20	%50	%75	%100	%150	Other	
Receivables from central governments or central banks		5413	-	-	-	-	-	-	-	5413
Receivables from regional or local governments		-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises		-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks		-	-	-	-	-	-	-	-	-
Receivables from international organizations		-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses		-	-	2.146	-	-	-	-	-	2.146
Receivables from corporates		-	-	-	-	-	2.156	-	-	2.156
Retail receivables		-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property		-	-	-	-	-	-	-	-	-
Past due receivables		-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA		-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages		-	-	-	-	-	-	-	-	-
Securitisation positions		-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates		-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds		-	-	-	-	-	-	-	-	-
Equity share investments		-	-	-	-	-	-	-	-	-
Other receivables		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>5.413</b>	<b>-</b>	<b>2.146</b>	<b>-</b>	<b>-</b>	<b>2.156</b>	<b>-</b>	<b>-</b>	<b>9.715</b>

(\*) Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

##### d.5. Used collaterals for counterparty credit risk

None (December 31, 2020:None).

##### d.6. Information on the risks of the Bank arising from purchased or sold credit derivatives

None (December 31, 2020:None).

##### d.7. Information on risks of the Bank arising from central counterparty

None (December 31, 2020:None).

##### e. Information to be announced to public on Securitization

None (December 31, 2020:None).

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IX. Explanations on risk management (continued)

##### f. Market risk

##### f.1. Qualitative disclosure on market risk

The Bank measures market risk by using the standard method in accordance with "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks" dated October 23, 2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and Bank's strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, measure, prioritize, and reduce at an acceptable level and to manage the various risks that the Bank is exposed to.

Risks that positions held by the Bank under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows.

##### f.2. Market risk under standardised approach

	Current Period RWA	Prior Period RWA
<b>Outright products</b>		
1 Profit rate risk (general and specific)	389407	207103
2 Equity share (general and specific)	-	-
3 Foreign exchange risk	105.594	85.292
4 Commodity risk	268.785	64.890
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation	-	-
<b>9 Total</b>	<b>763.786</b>	<b>357.285</b>

##### g. Operational risk

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks.

Current Period	2 PP Value	1 PP Tutar	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	272916	500.377	801.333	524.875	%15	78.731
Amount subject to Operational Risk (Total*12,5)						984.138

Current Period	2 PP Value	1 PP Tutar	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	-	272916	500.377	386.647	%15	57.997
Amount subject to Operational Risk (Total*12,5)						724.962

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IX. Explanations on risk management (continued)

##### h. Qualitative disclosure on profit rate risk arising from banking books

h.1. Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and offbalance sheet positions in the Bank's banking books by standard shock method.

The Bank calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

h.2. Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method

##### Current Period

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TRY	(+) 500bp	(168.087)	(4,20)
TRY	(-) 400bp	158.893	3,97
USD Dolar	(+) 200bp	(59.535)	(1,49)
USD Dolar	(-) 200bp	65.639	1,64
EUR	(+) 200bp	(57.620)	(1,44)
EUR	(-) 200bp	61.148	1,53
<b>Total (For Negative Shocks)</b>	<b>-</b>	<b>(285.242)</b>	<b>(7,13)</b>
<b>Total (For Positive Shocks)</b>	<b>-</b>	<b>285.680</b>	<b>7,14</b>

##### Prior Period

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TRY	(+) 500bp	(184.891)	(6,41)
TRY	(-) 400bp	170.318	5,90
USD Dolar	(+) 200bp	(9.774)	(0,34)
USD Dolar	(-) 200bp	10.382	0,36
EUR	(+) 200bp	(64.633)	(2,24)
EUR	(-) 200bp	69.251	2,40
<b>Total (For Negative Shocks)</b>	<b>-</b>	<b>(259.299)</b>	<b>(8,99)</b>
<b>Total (For Positive Shocks)</b>	<b>-</b>	<b>249.951</b>	<b>8,66</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### X. Explanations on business segments

The Bank has operations in retail banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	<b>3.740.018</b>	<b>17.803.958</b>	<b>16.400.186</b>	<b>815.738</b>	<b>38.759.900</b>
<b>Total Liabilities</b>	<b>8.339.463</b>	<b>20.883.968</b>	<b>7.442.924</b>	<b>365.122</b>	<b>37.031.477</b>
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.728.423</b>	<b>1.728.423</b>

Net profit share income/ (expense) <sup>(*)</sup>	173.067	593.194	(158.806)	(75.070)	532.385
Net fees and commissions income/(expense)	38.011	54.163	(9.655)	(38)	82.481
Other operating income/ (expense)	46.140	69.621	(25.294)	(407.122)	(316.655)
Provision expenses	(10.129)	(84.482)	(5.001)	(10.601)	(110.213)
Profit/(loss) before tax	247.089	632.496	(198.756)	(492.831)	187.998
Provision for tax	-	-	-	(44.885)	(44.885)

<b>Net profit / (loss) for the period</b>	<b>247.089</b>	<b>632.496</b>	<b>(198.756)</b>	<b>(537.716)</b>	<b>143.113</b>
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<sup>(\*)</sup> The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Bank.

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	<b>1.278.373</b>	<b>10.700.997</b>	<b>6.330.743</b>	<b>2.080.064</b>	<b>20.390.177</b>
<b>Total Liabilities</b>	<b>3.538.235</b>	<b>8.168.769</b>	<b>6.732.635</b>	<b>411.272</b>	<b>18.850.911</b>
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.539.266</b>	<b>1.539.266</b>

Net profit share income/ (expense) <sup>(*)</sup>	36.005	218.316	75.237	42.055	371.613
Net fees and commissions income/(expense)	7.133	22.414	(3.572)	(4.862)	21.113
Other operating income/ (expense)	2.416	(2.962)	(16.166)	(184.415)	(201.127)
Provision expenses	(8.279)	(70.154)	(34.86)	(5.229)	(87.148)
Profit/(loss) before tax	37.275	167.614	52.013	(152.451)	104.451
Provision for tax	-	-	-	(23.854)	(23.854)

<b>Net profit / (loss) for the period</b>	<b>37.275</b>	<b>167.614</b>	<b>52.013</b>	<b>(176.305)</b>	<b>80.597</b>
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<sup>(\*)</sup> The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Bank.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### SECTION FIVE

#### Explanations and notes on the unconsolidated financial statements

##### I.Explanations and notes related to assets

##### 1. a) Cash and balances with the Central Bank of Republic of Turkey (CBRT)

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Foreign currency	27027	82.778	15.214	83.101
CBRT	860.099	4.490.642	231.489	1.450.436
Other <sup>(*)</sup>	10.704	765.185	8.666	478.191
<b>Total</b>	<b>897.830</b>	<b>5.338.605</b>	<b>255.369</b>	<b>2.011.728</b>

<sup>(\*)</sup> As of 31 December 2021 it includes precious metal deposit account amounting to TL 165.496 (31 December 2020: TL 36.982) and money in transit account amounting to TL 610.393 (31 December 2020: TL 449.875)

##### b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	843.500	159	226.905	89
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Reserve requirements	16.599	4.490.483	4.584	1.450.347
<b>Total</b>	<b>860.099</b>	<b>4.490.642</b>	<b>231.489</b>	<b>1.450.436</b>

##### c) Explanations on the required reserve application:

In accordance with the CBRT's Communiqué on Required Reserves numbered 2013/15, banks establish required reserves at the CBRT for their TL and FX liabilities specified in the aforementioned communiqué. Required reserve ratios vary according to the maturity structure of the liabilities, and they are applied in the range of 3%-8% for TL deposits and other liabilities, 19-26% for FX deposits and 5%-21% for FX other liabilities. Required reserves are calculated every two weeks on Fridays and are established in 14-day increments. Pursuant to the relevant communiqué, the CBRT pays interest for required reserves established in TL.

According to the Communiqué on Required Reserves published in the Official Gazette dated 1 July 2021 and numbered 31528, the possibility of maintaining Turkish lira required reserves in foreign currency was terminated as of 1 October 2021.

Within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the conversion rate from USD, EUR and GBP denominated foreign currency deposit accounts and foreign exchange denominated participation fund accounts to time TL deposit and participation accounts is 10% as of the obligation date of 15 April 2022. It has been decided that an annual commission of 1.5% will not be applied to the banks, which have reached the level of 20% as of the liability date of 8 July 2022, up to the amount that should be kept for their liabilities until the end of 2022.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### 1. Explanations and notes related to assets (continued)

##### 2. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	1.593	254.853	4.130	726.458
Abroad	-	1.276.669	-	180.254
<b>Total</b>	<b>1.593</b>	<b>1.531.522</b>	<b>4.130</b>	<b>906.712</b>

##### b) Information on Foreign Bank Accounts

	Current Period		Prior Period	
	Unrestricted Period	Restricted Period	Unrestricted Period	Restricted Period
European Union Countries	710.956	-	178.705	-
USA, Canada	476.141	-	-	-
OECD Countries <sup>(*)</sup>	-	-	-	-
Off-shore Banking Regions	3.107	-	177	-
Other	86.465	-	1.372	-
<b>Total</b>	<b>1.276.669</b>	<b>-</b>	<b>180.254</b>	<b>-</b>

<sup>(\*)</sup> OECD countries except EU countries, USA and Canada.

#### 3. Financial assets measured at fair value through profit or loss

##### a. Information on financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked

As of December 31, 2021, there is no repurchase agreements in financial assets at fair value through profit and loss is not available (December 31, 2020: TL 193.303). As of December 31, 2021, amount subject to guaranteed/blocked is TL 355.782 (December 31, 2020: TL 167.722).

##### b. Information on financial assets at fair value through profit/loss

	Current Period	Prior Period
Debt securities	1.806.397	619.974
Quoted on a stock exchange	580.882	366.754
Unquoted on a stock exchange <sup>(*)</sup>	1.225.515	253.220
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	-	-
Impairment provision (-)	(6.373)	(1.294)
<b>Total</b>	<b>1.800.024</b>	<b>618.680</b>

<sup>(\*)</sup> Includes debt securities that are listed on the stock exchange but are not traded at the end of the relevant period.



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued):

#### 4. Information on Financial Assets at fair value through other comprehensive income

##### a. Information on financial assets valued at fair value through other comprehensive income subject to repurchase transactions, given as a guarantee or blocked

Financial assets valued at fair value through other comprehensive income subject to repurchase transactions assets, which are subjected to repurchase agreements as of December 31, 2021: TL 2.073.137 (December 31, 2020: 903.249). As of December 31, 2020, amount subject to guaranteed/blocked is TL 326.675 (December 31, 2020: 220.521).

##### b. Financial assets valued at fair value through other comprehensive income

	Current Period	Prior Period
Debt securities	4.201.759	1.172.974
Quoted on a stock exchange <sup>(*)</sup>	3.221.985	794.112
Unquoted on a stock exchange	979.774	378.862
Share certificates	7.659	7.659
Quoted on a stock exchange <sup>(*)</sup>	-	-
Unquoted on a stock exchange	7.659	7.659
Impairment provision (-)	(36.265)	(16.243)
<b>Total</b>	<b>4.173.153</b>	<b>1.164.390</b>

<sup>(\*)</sup> Includes debt securities that are listed on the stock exchange but are not traded at the end of the relevant period.

#### 5. Information on derivative financial assets

##### a. Positive differences related to the derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Swap Transactions	29.633	419	1412	14
Forward Transactions	32.245	2.861	-	305
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>61.878</b>	<b>3.280</b>	<b>1.412</b>	<b>319</b>

#### 6. Information on loans

##### a. Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	714.824	-	95.629	-
Corporate shareholders	714.824	-	95.629	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	973	-	-	-
Loans granted to employees	973	-	-	-
<b>Total</b>	<b>715.797</b>	<b>-</b>	<b>95.629</b>	<b>-</b>

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### I. Explanations and notes related to assets (continued):

##### b. Information on the first and second group loans including restructured loans

##### b1. Detail table on the first and second group loans including restructured loans

Cash Loans Current Period	Loans Under Close Monitoring			
	Restructured Loans			
	Standard Loans	Loans Not subject to restructured loans	Loans with Revised Contract Terms	Refinance
<b>Loans</b>	<b>21.494.531</b>	<b>31.683</b>	<b>2.739</b>	<b>-</b>
Export loans	-	-	-	-
Import loans	1.565.042	410	-	-
Business loans	15.289.593	26.755	2.739	-
Consumer loans	998.365	1.387	-	-
Credit cards	-	-	-	-
Loans given to financial sector	411.871	-	-	-
Other <sup>(*)</sup>	3.229.660	3.131	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>21.494.531</b>	<b>31.683</b>	<b>2.739</b>	<b>-</b>

<sup>(\*)</sup>The details of other loans are as follows:

Commercial loans with installments	2.969.857
Loans given to abroad	174.503
Other investment credits	84.140
Other	4.291
<b>Total</b>	<b>3.232.791</b>

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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued):

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

b. Information on the first and second group loans including restructured loans (continued)

b1. Detail table on the first and second group loans including restructured loans (continued):

Cash Loans Prior Period	Loans Under Close Monitoring			
	Standard Loans	Loans Not subject to restructured loans	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
<b>Loans</b>	13.397.505	422	-	-
Export loans	-	-	-	-
Import loans	436.155	-	-	-
Business loans	9.358.930	422	-	-
Consumer loans	575.941	-	-	-
Credit cards	-	-	-	-
Loans given to financial sector	1.814.247	-	-	-
Other <sup>(*)</sup>	1.212.232	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>13.397.505</b>	<b>422</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup>The details of other loans are as follows:

Commercial loans with installments	1.148.156
Loans given to abroad	38.318
Other	25.758
<b>Total</b>	<b>1.212.232</b>

b2. Detail table on the first and second group loans including restructured loans

Current Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	146.482	-
Substantial increase in credit risk	-	184
<b>Total</b>	<b>146.482</b>	<b>184</b>

Prior Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	92.476	-
Substantial increase in credit risk	-	190
<b>Total</b>	<b>92.476</b>	<b>190</b>

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### I. Explanations and notes related to assets (continued):

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

##### c. Maturity analysis of cash loans

Current Period	Standard Loans and Other receivables		Loans Under Follow-Up and Other receivables	
	Loans and Other receivables	Amendments to terms or contract	Loans and Other receivables	Amendments to terms or contract
<b>Cash Loans</b>				
Short term loans and other receivables	5.573.870	-	21469	72
Loans	5.573.870	-	21469	72
Other receivables	-	-	-	-
Medium and long-term loans and other receivables <sup>(*)</sup>	15918406	-	12469	2.667
Loans	15918406	-	12469	2.667
Other receivables	-	-	-	-
<b>Total</b>	<b>21.492.276</b>	<b>-</b>	<b>33.938</b>	<b>2.739</b>

<sup>(\*)</sup> Loans with original maturities of more than 1 year when first granted are classified as "Medium and long term loans".

Prior Period	Standard Loans and Other receivables		Loans Under Follow-Up and Other receivables	
	Loans and Other receivables	Amendments to terms or contract	Loans and Other receivables	Amendments to terms or contract
<b>Cash Loans</b>				
Short term loans and other receivables	3.099.571	-	422	-
Loans	3.099.571	-	422	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables <sup>(*)</sup>	10.297.934	-	-	-
Loans	10.297.934	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>13.397.505</b>	<b>-</b>	<b>422</b>	<b>-</b>

<sup>(\*)</sup> Loans with original maturities of more than 1 year when first granted are classified as "Medium and long term loans".

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### I. Explanations and notes related to assets (continued):

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

##### d. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards

Current Period	Short-Term	Medium and Long-Term	Total
<b>Consumer loans-TL</b>	<b>2.549</b>	<b>996.230</b>	<b>998.779</b>
Housing loans	945	913481	914426
Vehicle loans	1.228	36953	38.181
Consumer loans	376	45.796	46.172
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>24</b>	<b>949</b>	<b>973</b>
Housing loans	-	833	833
Vehicle loans	-	48	48
Consumer loans	24	68	92
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2.573</b>	<b>997.179</b>	<b>999.752</b>

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued):

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

d. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued)

Prior Period	Short-Term	Medium and Long-Term	Total
<b>Consumer loans-TL</b>	<b>867</b>	<b>575.074</b>	<b>575.941</b>
Housing loans	481	536.429	536.910
Vehicle loans	386	17.761	18.147
Consumer loans	-	20.884	20.884
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Overdraft account-FC(Real Person)	-	-	-
<b>Total</b>	<b>867</b>	<b>575.074</b>	<b>575.941</b>



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued):

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

##### e. Information on commercial loans with installments and corporate credit cards

Current Period	Short-Term	Medium and Long-term	Total
<b>Commercial installment loans-TL</b>	<b>287.471</b>	<b>2.191.296</b>	<b>2.478.767</b>
Business loans	10.572	278.396	288.968
Vehicle loans	233.688	1.082.909	1.316.597
Consumer loans	43.211	82.991	873.202
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>116.377</b>	<b>329.601</b>	<b>445.978</b>
Business loans	1.137	9.375	10.512
Vehicle loans	-	136.500	136.500
Consumer loans	115.240	183.726	298.966
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>15.176</b>	<b>-</b>	<b>15.176</b>
<b>Overdraft account-FC(Legal Entity)</b>	<b>29.936</b>	<b>-</b>	<b>29.936</b>
<b>Total</b>	<b>448.960</b>	<b>2.520.897</b>	<b>2.969.857</b>

Prior Period	Short-Term	Medium and Long-term	Total
<b>Commercial installment loans-TL</b>	<b>73.049</b>	<b>1.030.075</b>	<b>1.103.124</b>
Business loans	-	67.460	67.460
Vehicle loans	70.123	492.855	562.978
Consumer loans	2.926	46.976	472.686
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>-</b>	<b>45.032</b>	<b>45.032</b>
Business loans	-	-	-
Vehicle loans	-	20.062	20.062
Consumer loans	-	24.970	24.970
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(Legal Entity)</b>	<b>9.109</b>	<b>-</b>	<b>9.109</b>
<b>Total</b>	<b>82.158</b>	<b>1.075.107</b>	<b>1.157.265</b>

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **I. Explanations and notes related to assets (continued)**

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

###### **f. Loans according to types of borrowers**

	<b>Current Period</b>	<b>Prior Period</b>
Public	946.228	1.560.499
Private	20.582.725	11.837.428
<b>Total</b>	<b>21.528.953</b>	<b>13.397.927</b>

###### **g. International and domestic loans:**

The distribution of loans excluding non-performing loans is as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	21.354.450	13.323.170
Foreign loans	174.503	74.757
<b>Total</b>	<b>21.528.953</b>	<b>13.397.927</b>

###### **h. Loans granted to subsidiaries and participations**

None (December 31, 2020: None).

###### **h.1. Default provisions for loans (Third Stage) provisions**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	4.162	-
Doubtful Loans and Other Receivables	7.835	5
Uncollectible Loans and Receivables	173.683	172.685
<b>Total</b>	<b>185.680</b>	<b>172.690</b>

###### **i. Information on non-performing loans and receivables (net)**

###### **i.1. Non-performing loans and receivables which are restructured or rescheduled**

None (December 31, 2020: None).

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

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

###### i. Information on non-performing loans and receivables (net) (continued)

###### i.2. Movements of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>			
Closing balance of prior period	-	12	172.685
Additions in the current period (+)	24.057	305	100
Transfers from other categories of non-performing loans (+)	-	15.647	1403
Transfers to other categories of non-performing loans (-)	15.647	1403	-
Collections in the current period (-)	96	1490	44
Write offs (-)	-	-	-
Sales (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	8.314	13.071	174.144
Provision (-)	4.162	7835	173.683
<b>Net balance at the balance sheet</b>	<b>4.152</b>	<b>5.236</b>	<b>461</b>

	III. Group	IV. Group	V. Group
	Loans an receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Prior Period</b>			
Closing balance of prior period	-	-	188.322
Additions in the current period (+)	-	12	99
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections in the current period (-)	-	-	29
Write offs (-)	-	-	15.707
Sales (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	-	12	172.685
Provisions (-)	-	5	172.685
<b>Net balance at the balance sheet</b>	<b>-</b>	<b>7</b>	<b>-</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

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

##### i. Information on non-performing loans and receivables (net) (continued)

##### i.3. Non-performing loans and other receivables in foreign currencies

None (December 31, 2020: None).

##### i.4. Gross and net non-performing loans and other receivables per customer categories

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
<b>Current Period (net)</b>	<b>7.324</b>	<b>1.269</b>	<b>1.254</b>
Loans to individuals and corporates (gross)	8.314	13.071	174.144
Provision (-)	4.162	7.835	173.683
<b>Loans to individuals and corporates (net)</b>	<b>4.152</b>	<b>5.236</b>	<b>461</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>	<b>-</b>	<b>7</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	-	12	172.685
Specific provision (-)	-	5	172.685
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>-</b>	<b>7</b>	<b>-</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans and receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### i.5. Information on Interest Accruals, Rediscounts and Valuation Differences Calculated for Non-Performing Loans and Their Provisions

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans and Receivables
<b>Current Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit share accruals and valuation differences	-	-	-
Provisions (-)	-	-	-
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit share accruals and valuation differences	-	-	-
Provision (-)	-	-	-

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

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

###### j. Liquidation policy for uncollectible loans and receivables

The Bank initiates a legal process for the collection of receivables arising from credit transactions. The debtor's and debtor related's assets' together with process of cash conversion of the collaterals which constitute of the Bank receivables will be processed by the Bank and in addition to this process the Bank will try to collect and liquidate its receivables through administrative ways.

###### k. Information on "Write-off" policies

In accordance with Article 8 of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them", loans classified under "Fifth Group Loans of Loss" and which does not have reasonable expectations regarding the recovery of loans with a lifetime expected due to the default of the debtor or the provision of special provisions can be deducted from the records within the scope of TFRS 9 as of the first reporting period following their classification in this group.

It is an accounting practice to deduct loans that do not have the possibility to collect from the records within the scope of the above provision, does not mean that result in giving up the right to receivable.

The general policy of the Bank is to write-off the receivables which are deemed to be impossible to collect during the legal follow-up process from the assets in accordance with the decision taken by the top management of the bank. The amount of TL 15.707 for loans deemed impossible to collect in 2021 has been written-off due to the decision taken by the bank's management (December 31, 2020: 15.707).

#### 7. Information on Financial Assets Measured at Amortized Cost

##### a. Information on government debt securities measured at amortized cost

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(*)</sup>	2.713.586	1.568.929
<b>Total</b>	<b>2.713.586</b>	<b>1.568.929</b>

<sup>(\*)</sup> Consists of non-profit special category state domestic borrowing notes issued by Ministry of Treasury and Finance and purchased from the Türkiye Varlık Fonu A.Ş. and Piyasa ve İstikrar Denge Alt Fonu A.Ş.

##### b. Information on investment securities measured at amortized cost

	Current Period	Prior Period
Debt Securities	2.713.586	1.568.929
Quoted on a stock Exchange	-	-
Unquoted <sup>(*)</sup>	2.713.586	1.568.929
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>2.713.586</b>	<b>1.568.929</b>

<sup>(\*)</sup> Consists of non-profit special category state domestic borrowing notes issued by Ministry of Treasury and Finance and purchased from the Türkiye Varlık Fonu A.Ş. and Piyasa ve İstikrar Denge Alt Fonu A.Ş.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

#### 7. Information on Financial Assets Measured at Amortized Cost (continued)

##### a. Information on movements of financial assets measured at amortized cost

	Current Period	Prior Period
Balance at beginning of period <sup>(*)</sup>	1.568.929	1.097.529
Foreign currency differences on monetary assets <sup>(**)</sup>	1.128.426	471.400
Purchases during period	16.231	-
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>2.713.586</b>	<b>1.568.929</b>

<sup>(\*)</sup> Consists of non-profit special category state domestic borrowing notes issued by Ministry of Treasury and Finance and purchased from the Türkiye Varlık Fonu A.Ş. and Piyasa ve İstikrar Denge Alt Fonu A.Ş.

<sup>(\*\*)</sup> 308.308 TL income rediscount is included in this amount. (December 31, 2020: 115.089 TL)

#### 8. Information on lease receivables (net)

##### a. Presentation of remaining maturities of funds lent under finance lease method

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	8.922	8.799	-	-
1 to 4 years	141.131	118.381	34.295	28.409
More than 4 years	62.322	55.664	-	-
<b>Total</b>	<b>212.375</b>	<b>182.844</b>	<b>34.295</b>	<b>28.409</b>

##### b. Information on net investments through finance lease

	Current Period	Prior Period
Finance lease receivables (gross)	212.375	34.295
Unearned finance lease receivable (-)	29.531	5.886
<b>Receivable from finance leases (net)</b>	<b>182.844</b>	<b>28.409</b>

##### c. General explanation on finance lease contracts

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

#### 8. Information on lease receivables (net) (continued)

##### c. General explanation on finance lease contracts (continued)

Information on leasing receivables:

Finance Lease	Leasing Receivables Under Close Monitoring			
	Restructured or rescheduled			
	Standard Loans	Leasing receivables not subject to restructured loans	Leasing Receivables with Revised Contract Terms	Refinance
<b>Current Period</b>				
Finance lease receivables (Net)	182.844	-	-	-
<b>Prior Period</b>				
Finance lease receivables (Net)	28409	-	-	-

#### 9. Information on assets held for sale and assets of discontinued operations

Financial assets held for sale consist of tangible assets acquired due to receivables.

	Current Period	Prior Period
Opening balance	23.797	35.200
Additions	-	5
Disposals	(15.797)	(11408)
Transfers	-	-
Impairment Provision (-)	-	-
<b>Closing balance</b>	<b>8.000</b>	<b>23.797</b>

#### 10. Information on associates

##### a. Associates (net)

##### a.1. Information on unconsolidated associates

None (December 31, 2020: None).

##### a.2 Information on consolidated associates

None (December 31, 2020: None).

##### b. Information on subsidiaries (net)

##### b.1 Information on unconsolidated subsidiaries

Emlak Menkul Değerler A.Ş., which is owned by the Bank by 50%, has been reported to be bankrupt in the Audit Report prepared by Court of Account dated 31 October 2018. Emlak Menkul Değerler A.Ş. has not been consolidated as of December 31, 2021 and December 31, 2020.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

##### 10. Information on associates (continued)

###### b.2 Information on consolidated subsidiaries

Emlak Varlık Kiralama A.Ş., 100% subsidiaries of the Bank was established and registered to the trade registry in August 5, 2019 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Emlak Varlık Kiralama A.Ş. has been founded to operate lease certificate according to rulings of Capital Markets Board of Turkey which was dated June 7, 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. Emlak Varlık Kiralama A.Ş. was established and began to operate on August 5, 2019 with TL 50 capital amount paid by the Main Shareholder Bank.

Emlak Katılım Varlık Kiralama A.Ş., 100% subsidiaries of the Bank was established and registered to the trade registry in January 20, 2020 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Within the framework of the CMB's Communiqué on Lease Certificates (III-61.1) published in the Official Gazette dated June 7, 2013 and numbered 28760, Emlak Katılım Varlık Kiralama A.Ş. was established on December 16, 2019, with a capital of TL 50 and started its activity.

Name	Address (City/Country)	Operating Subject	Bank's share percentage (%)	Direct and Indirect Share Percentages (%)
Emlak Varlık Kiralama A.Ş.	Istanbul/TURKEY	Issuance Of Lease Certificate	100	100
Emlak Katılım Varlık Kiralama A.Ş.	Istanbul/TURKEY	Issuance Of Lease Certificate	100	100

The values stated in the table below are taken from financial statements in audited report of Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş.'s dated December 31, 2021.

Name	Total Assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income /loss	Prior period income /loss	Fair Value
Emlak Varlık Kiralama A.Ş.	1.248.483	347	-	424.03	-	298	-	-
Emlak Katılım Varlık Kiralama A.Ş.	3.577.353	50	-	569.706	-	-	-	-

###### b.2.1 Movement information on subsidiaries

	Current Period	Prior Period
Amount at the beginning of the period	100	50
Movements inside the term	-	50
Purchases / new incorporations	-	50
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	100	100
Capital commitments	-	-
<b>Share of the capital at the end of the period (%)</b>	<b>100</b>	<b>100</b>

##### c. Information on investments in joint-ventures

None (December 31, 2020: None).

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

##### 11. Information on tangible assets

Current Period	Immovables <sup>(*)</sup>	Leased tangible assets	Vehicles	Other TA	Total
<b>Cost</b>					
Opening Balance: 1 January 2021	118.749	-	20.208	151.873	290.830
Additions	81.884	-	4.346	61.414	147.644
Revaluation differences	-	-	-	-	-
Disposals	(879)	-	(84)	(2.376)	(3.339)
Impairment losses(-)/					
Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Ending Balance: 31 December 2021</b>	<b>199.754</b>	<b>-</b>	<b>24.470</b>	<b>210.911</b>	<b>435.135</b>
<b>Accumulated depreciation (-)</b>					
Opening balance: 1 January 2021	10.957	-	5.250	23.394	39.601
Depreciation expense	21.318	-	6.468	37.652	65.438
Reversal of depreciation of the disposed assets	(85)	-	(2)	(215)	(302)
Transfers	-	-	-	-	-
Ending balance: 31 December 2021	32.190	-	11.716	60.831	104.737
<b>Total cost at the end of the year</b>	<b>199.754</b>	<b>-</b>	<b>24.470</b>	<b>210.911</b>	<b>435.135</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(32.190)</b>	<b>-</b>	<b>(11.716)</b>	<b>(60.831)</b>	<b>(104.737)</b>
<b>Closing net book values</b>	<b>167.564</b>	<b>-</b>	<b>12.754</b>	<b>150.080</b>	<b>330.398</b>

(\*) As of December 31, 2021, historical value of movables and real estates that are accounted for as a right of use is amounting to TL 199.754 (December 31, 2020: 118.749 TL), in accordance with the "IFRS 16 Leases" standard, and the depreciation amount is TL 61.861 (December 31, 2020: 10.957 TL)

Prior Period	Immovables <sup>(*)</sup>	Leased tangible assets	Vehicles	Other TA	Total
<b>Cost</b>					
Opening Balance: 1 January 2020	32.581	-	11.660	66.219	110.460
Additions	86.689	-	8.676	129.093	224.458
Revaluation differences	-	-	-	-	-
Disposals	(521)	-	(128)	(43.439)	(44.088)
Impairment losses(-)/Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Ending Balance: 31 December 2020</b>	<b>118.749</b>	<b>-</b>	<b>20.208</b>	<b>151.873</b>	<b>290.830</b>
<b>Accumulated depreciation (-)</b>					
Opening balance: 1 January 2020	2.099	-	1.962	4.689	8.750
Depreciation expense	8.986	-	3.320	19.089	31.395
Reversal of depreciation of the disposed assets	(128)	-	(32)	(384)	(544)
Transfers	-	-	-	-	-
<b>Ending balance: 31 December 2020</b>	<b>10.957</b>	<b>-</b>	<b>5.250</b>	<b>23.394</b>	<b>39.601</b>
<b>Total cost at the end of the year</b>	<b>118.749</b>	<b>-</b>	<b>20.208</b>	<b>151.873</b>	<b>290.830</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(10.957)</b>	<b>-</b>	<b>(5.250)</b>	<b>(23.394)</b>	<b>(39.601)</b>
<b>Closing net book values</b>	<b>107.792</b>	<b>-</b>	<b>14.958</b>	<b>128.479</b>	<b>251.229</b>

(\*) As of December 31, 2020, historical value of movables and real estates that are accounted for as a right of use is amounting to TL 118.749 TL (December 31, 2020: 32.581 TL), in accordance with the "IFRS 16 Leases" standard, and the depreciation amount is TL 10.957 (December 31, 2020: 2.099 TL).

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **I. Explanations and notes related to assets (continued)**

#### **12. Information on intangible assets**

<b>Current Period</b>	<b>Intangible Assests</b>
<b>Cost</b>	
<b>Opening balance: 1 January 2021</b>	<b>34.559</b>
Additions	30.999
Disposals	-
<b>Ending balance: 31 December 2021</b>	<b>65.558</b>
<b>Accumulated depreciation(-)</b>	
<b>Opening balance: 1 January 2021</b>	<b>(25.109)</b>
Depreciation expense	(16.987)
Reversal of depreciation of the disposed assets	-
<b>Ending balance: 31 December 2021</b>	<b>(42.096)</b>
<b>Total cost at the end of the year</b>	<b>65.558</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(42.096)</b>
<b>Closing Net Book Value</b>	<b>23.462</b>
<b>Prior Period</b>	<b>Intangible Assests</b>
<b>Cost</b>	
<b>Opening balance: 1 January 2020</b>	<b>39.802</b>
Additions	19.866
Disposals	-
<b>Ending balance: 31 December 2020</b>	<b>59.668</b>
<b>Accumulated depreciation(-)</b>	
<b>Opening balance: 1 January 2020</b>	<b>(9.265)</b>
Depreciation expense	(15.844)
Reversal of depreciation of the disposed assets	-
<b>Ending balance: 31 December 2020</b>	<b>(25.109)</b>
<b>Total cost at the end of the year</b>	<b>59.668</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(25.109)</b>
<b>Closing Net Book Value</b>	<b>34.559</b>

#### **13. Information on investment property:**

None (December 31, 2020: None).

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to assets (continued)

##### 14. Information related to deferred tax assets

	Current Period	Prior Period
Deferred tax provision for transferred financial loss	-	29.521
Prepaid wages and commissions and unearned income	25.317	28.709
Expected loss provisions	24.274	8.953
Securities valuation differences	5.167	4.056
Provisions for retirement premium and vacation pay liabilities	5.740	2.476
Derivative financial instruments	23.286	8.649
TFRS 16 allowance	3.528	920
Other provisions for debt and expenses	5.182	5.180
<b>Deferred tax asset</b>	<b>92.494</b>	<b>88.464</b>
Valuation differences on marketable securities	9.214	7.786
Difference between carrying value and tax base of fixed assets	2.584	4.938
Derivative financial instruments	13.599	1.398
Other	523	489
<b>Deferred tax liability</b>	<b>25.920</b>	<b>14.611</b>
<b>Deferred tax asset (Net)</b>	<b>66.574</b>	<b>73.853</b>

##### 15. Breakdown of items in other assets except commitments presented in off-balance sheet, which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total

Other assets of the balance sheet don't exceed %10 of the balance sheet total.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to liabilities

##### 1. Information on funds collected

##### a. Information on maturity structure of funds collected

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>261.953</b>	-	-	-	-	-	-	-	<b>261.953</b>
<b>II. Real Persons Participation Accounts Non-Trade TL<sup>(*)</sup></b>	-	<b>640.189</b>	<b>149.084</b>	<b>72.343</b>	<b>916</b>	<b>3.254</b>	<b>2.288</b>	-	<b>868.074</b>
<b>III. Current Account other-TL</b>	<b>838.053</b>	-	-	-	-	-	-	-	<b>838.053</b>
Public Sector	49965	-	-	-	-	-	-	-	49965
Commercial Institutions	780.195	-	-	-	-	-	-	-	780.195
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	7893	-	-	-	-	-	-	-	7893
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>4.949.969</b>	<b>1.186.818</b>	<b>974.08</b>	<b>15.291</b>	<b>796</b>	-	-	<b>6.250.282</b>
Public Sector	-	931.137	314.755	39.644	-	-	-	-	1.285.536
Commercial Institutions	-	3.106.700	827.738	57.764	15.291	796	-	-	4.008.289
Other Institutions	-	357.165	44.325	-	-	-	-	-	401.490
Commercial and Other Institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	554.967	-	-	-	-	-	-	554.967
<b>V. Real Persons Current Accounts Non-Trade FC</b>	<b>1.127.672</b>	-	-	-	-	-	-	-	<b>1.127.672</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>2.405.228</b>	<b>288.573</b>	<b>17.012</b>	<b>21.082</b>	<b>47.266</b>	-	-	<b>2.779.161</b>
<b>VII. Other Current Accounts FC</b>	<b>5.814.741</b>	-	-	-	-	-	-	-	<b>5.814.741</b>
Residents in Turkey-Corporate	5.146.221	-	-	-	-	-	-	-	5.146.221
Residents Abroad-Corporate	668.520	-	-	-	-	-	-	-	668.520
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	<b>5.376.311</b>	<b>1.995.286</b>	<b>3.063</b>	<b>133</b>	-	-	-	<b>7.374.793</b>
Public sector	-	149.763	-	-	-	-	-	-	149.763
Commercial institutions	-	4.775.270	1.966.786	3.063	133	-	-	-	6.745.252
Other institutions	-	215.860	3976	-	-	-	-	-	219.838
Commercial and Other Institutions	-	208.883	24.524	-	-	-	-	-	233.407
Banks and Participation Banks	-	26.535	-	-	-	-	-	-	26.535
<b>IX. Precious Metals Deposits</b>	<b>686.920</b>	<b>445.566</b>	<b>185.224</b>	<b>32.389</b>	<b>320</b>	<b>1.711</b>	-	-	<b>1.352.130</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	<b>46.890</b>	<b>27.800</b>	<b>51.800</b>	-	-	<b>126.490</b>
Residents in Turkey	-	-	-	46.890	27.800	51.800	-	-	126.490
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>8.729.339</b>	<b>13.817.263</b>	<b>3.804.985</b>	<b>269.105</b>	<b>65.542</b>	<b>104.827</b>	<b>2.288</b>	-	<b>26.793.349</b>

<sup>(\*)</sup>Participation account balance consists of TL 110,692 "Turkish Lira Time Deposits with Currency Protection" opened within the scope of the announcement of the Ministry of Treasury and Finance dated 24 December 2021 and the product "Turkish Lira Time Deposit with Currency Conversion Currency Protection" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696. It also includes the balances of TL 57.150 opened within the scope of "Deposit".



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to liabilities (continued)

##### 1. Information on funds collected (continued)

##### a. Information on maturity structure of funds collected (continued)

Prior Period	Demand Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>59.133</b>	-	-	-	-	-	-	<b>59.133</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>268.498</b>	<b>164.897</b>	<b>10.172</b>	<b>361</b>	<b>33.666</b>	<b>62</b>	<b>477.656</b>
<b>III. Current Account other-TL</b>	<b>430.250</b>	-	-	-	-	-	-	<b>430.250</b>
Public Sector	19783	-	-	-	-	-	-	19783
Commercial Institutions	407554	-	-	-	-	-	-	407554
Other Institutions	-	-	-	-	-	-	-	-
Commercial and Other Institutions	2913	-	-	-	-	-	-	2913
Banks and Participation Banks	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>3.788.582</b>	<b>573.049</b>	<b>2.164</b>	<b>1.310</b>	<b>594</b>	-	<b>4.365.699</b>
Public Sector	-	1137437	224999	-	-	-	-	1362436
Commercial Institutions	-	2464499	218.831	2164	1.310	594	-	2.687398
Other Institutions	-	186.646	129.219	-	-	-	-	315.865
Commercial and Other Institutions	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	-	-	-	-	-	-	-
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>204.192</b>	-	-	-	-	-	-	<b>204.192</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>463.136</b>	<b>92.005</b>	<b>2.025</b>	<b>4.046</b>	<b>5.928</b>	-	<b>567.140</b>
<b>VII. Other Current Accounts FC</b>	<b>1.632.745</b>	-	-	-	-	-	-	<b>1.632.745</b>
Residents in Turkey-Corporate	1580.076	-	-	-	-	-	-	1580.076
Residents Abroad-Corporate	52.669	-	-	-	-	-	-	52.669
Banks and Participation Banks	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	<b>2.725.426</b>	<b>699.720</b>	-	-	<b>1.016</b>	-	<b>3.426.162</b>
Public sector	-	37	200	-	-	-	-	237
Commercial institutions	-	2.698.247	691.232	-	-	1.016	-	3.390495
Other institutions	-	4.854	3.729	-	-	-	-	8.583
Commercial and Other Institutions	-	22.288	4.559	-	-	-	-	26.847
Banks and Participation Banks	-	-	-	-	-	-	-	-
<b>IX. Precious Metals Deposits</b>	<b>222.128</b>	<b>118.261</b>	<b>151.151</b>	<b>19.513</b>	<b>501</b>	<b>2.869</b>	-	<b>514.423</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>2.548.448</b>	<b>7.363.903</b>	<b>1.680.822</b>	<b>33.874</b>	<b>6.218</b>	<b>44.073</b>	<b>62</b>	<b>11.677.400</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to liabilities (continued)

##### 1. Information on funds collected

##### b. Saving deposits and other deposits accounts insured by Saving Deposit Insurance Fund

##### b.1 Exceeding the limit of Insurance Fund

Information on real persons' current and participation accounts not subject to trading transactions under the guarantee of insurance and exceeding the limit of Insurance Fund:

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions	706.887	301.009	5.170.627	1.325.300
Turkish Lira accounts	316.828	119.247	813.201	417.542
Foreign currency accounts	390.059	181.762	4.357.426	907.758
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 150 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

##### b.2 Funds collected which are not under the guarantee of insurance fund

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	1.651	2.616
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

#### 2. Information on borrowings

##### a.1 Information on the type of borrowed loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication loans	-	-	-	-
Wakale loans	101.330	1.103.031	21.888	926.868
Loans obtained from Issued Lease certificates (Sukuk)	3449.570	-	3.124.311	-
Other	-	-	-	-
<b>Total</b>	<b>3.550.900</b>	<b>1.103.031</b>	<b>3.146.199</b>	<b>926.868</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to liabilities (continued)

##### 2. Information on borrowings (continued)

###### a.2 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	3.550.900	799.706	3.146.199	881.319
Loans from foreign banks, institutions and funds	-	303.325	-	45.549
<b>Total</b>	<b>3.550.900</b>	<b>1.103.031</b>	<b>3.146.199</b>	<b>926.868</b>

###### a.3 Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3.522.150	1.074.109	3.096.199	926.868
Medium and Long-Term	28.750	28.922	50.000	-
<b>Total</b>	<b>3.550.900</b>	<b>1.103.031</b>	<b>3.146.199</b>	<b>926.868</b>

###### b. Additional disclosures on concentration areas of Bank's liabilities

The Bank does not have concentration on customer or sector group providing funds (December 31, 2020: None).

##### 3. Information on derivative financial liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	28.560	-	1.710	7
Swap Transactions	77.620	3.810	41.569	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>106.180</b>	<b>3.810</b>	<b>43.279</b>	<b>7</b>

##### 4. Information on Finance Lease Payables (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 year	29.067	-	17.179	-
Between 1-5 years	110.855	-	67.791	-
Over 5 years	51.576	-	34.368	-
<b>Total</b>	<b>191.498</b>	<b>-</b>	<b>119.338</b>	<b>-</b>

##### 5. Information on hedging derivative financial liabilities

None (December 31, 2020: None).

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **II. Explanations and notes related to liabilities (continued)**

##### **6. Information on provisions**

###### **a. Information on provisions for employee rights**

Provisions for Bank's employee benefits consist of reserve for employee termination benefits amounting to TL 8.170 (December 31, 2020: TL 4.265), vacation pay liability amounting to TL 4.543 (December 31, 2020: TL 2.400), 13.879 TL (December 31, 2020: 7.817 TL) performance premium provision, the Bank's total amount of provisions for employee rights is TL 26.592 (December 31, 2020: TL 14.482).

The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate (%)	19,10	11,80
Estimated increase rate of salary ceiling (%)	15,80	9,50

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Prior period ending balance	4.265	2.282
Change in the period	4.011	(106)
Actuarial (gain)/loss	1.217	766
<b>Balance at the end of the period</b>	<b>8.170</b>	<b>4.265</b>

###### **b. Other Provisions:**

	<b>Current Period</b>	<b>Prior Period</b>
Provisions allocated from profit shares to be distributed to profit sharing accounts	52.475	50.792
Provisions for cases on trial	5.090	5.331
Impairment provision	1.871	236
Expected expected credit loss for Stage 1 and Stage 2 for non-cash loans	32.211	23.382
<b>Total</b>	<b>91.647</b>	<b>79.741</b>

###### **c. Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables**

None (December 31, 2020: None).

##### **7. Information on taxes payable**

###### **a.1. Explanations on current tax liability**

###### **a.1. Explanations on the provision for money**

As of December 31, 2021, the Bank does not have any tax debt remaining after deducting the corporate taxes paid (December 31, 2020: None).

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to liabilities (continued)

##### 7. Information on taxes payable (continued)

###### a.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	38.994	-
Banking insurance transaction tax	11.335	5.134
Income tax deducted from wages	9.571	4.443
Taxation on securities income	8.068	4.420
Foreign exchange transaction tax	2.230	425
Value added tax payable	1.116	1.173
Taxation on real estate income	480	129
Other	414	345
<b>Total</b>	<b>72.208</b>	<b>16.069</b>

###### a.3. Information on premiums

	Current Period	Prior Period
Social security premiums-employee	4.840	2.580
Social security premiums-employer	3.305	1.762
Unemployment insurance-employee	-	-
Unemployment insurance-employer	-	-
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	480	258
Pension fund membership fees and provisions- employer	240	129
Other	137	102
<b>Total</b>	<b>9.002</b>	<b>4.831</b>

#### 8. Liabilities for assets held for sale and discontinued operations

None (December 31, 2020: None).

#### 9. Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing Instruments to be Included in Additional				
Capital Calculation	-	2.669.412	-	1.545.981
Subordinated Loans	-	2.669.412	-	1.545.981
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution				
Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.669.412</b>	<b>-</b>	<b>1.545.981</b>

As of December 31, 2021 the Bank has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR). The related borrowing instrument has no option to pay dividends and convert to share certificates.

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **II. Explanations and notes related to liabilities (continued)**

##### **10. Breakdown of items in other liabilities which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total**

None (December 31, 2020: None).

#### **11. Information on shareholders' equity**

##### **a. Presentation of paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	1.026.915	1.026.915
Preferred stock	-	-

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

<b>Share Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital	1.026.915	1.026.915

**c. Information on the share capital increases during the period and their sources; other information on increased capital in the current period**

None.

##### **d. Information on share capital increases from capital reserves during the current period**

There is no share capital increase from capital reserves during the current period.

**e. Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments**

There are no capital commitments (December, 31 2020: None).

**f. Estimated effects on the shareholders equity of the Bank , of predictions to be made by taking into account previous period indicators regarding the Bank's income, profitability and liquidity, and uncertainties regarding such indicators**

The Bank continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through transfer to reserves. Moreover, the Bank's shareholders' equity is invested in liquid and earning assets.

##### **g. Information on privileges given to stocks representing the capital**

There is no privilege given to stocks representing the capital.



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to liabilities (continued)

##### 10. Breakdown of items in other liabilities which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total (continued)

###### h. Information on marketable securities valuation reserve

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	56.776	(11.452)	(952)	(32)
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>56.776</b>	<b>(11.452)</b>	<b>(952)</b>	<b>(32)</b>

###### i. Information on other capital reserves

The Bank has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR), the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition.

In addition, government securities with no fixed term and with 0% return are classified as 'financial assets carried at amortized cost' and recorded to the balance sheet with the reduced amount of government securities' rate of return, in accordance with the decision taken by the Bank's Management. The difference between the initial acquisition date cost value and the reduced amount is recorded under 'Other Capital Reserves' account in shareholders' equity.

#### III. Explanations and notes related to off-balance sheet:

##### 1. Explanations on off balance sheet:

###### a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Forward Asset Purchase Commitments	1.121.875	323.542
Forward Asset Sale Commitments	640.535	175.454
Payment Commitments for Cheques	107.379	31.642
Tax and Fund Liabilities Arising from Export Commitments	-	-
Credit Cards Limit Commitments	-	-
Other Irrevocable Commitments	235.387	131.859
<b>Total</b>	<b>2.105.176</b>	<b>662.497</b>

###### b. Type and amount of possible losses and commitments arising from off-balance sheet items:

###### b.1. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:

	Current Period	Prior Period
Letters of Guarantees	4.880.620	2.187.919
Letters of Credit	522.524	850.386
Bank Loans	757.757	123.057
Other Guarantees and Sureties	-	-
<b>Total</b>	<b>6.160.901</b>	<b>3.161.362</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### III. Explanations and notes related to off-balance sheet (continued)

##### 1.Explanations on off balance sheet (continued)

##### b.2. Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Temporary letters of guarantees	220.690	152.583
Advance letters of guarantees	494.061	93.831
Letters of guarantees given to customs	74.950	18.563
Long standing letters of guarantees	2.597.998	1.922.942
Letters of guarantees given for obtaining cash loans	1.460.050	-
Other	32.871	-
<b>Total</b>	<b>4.880.620</b>	<b>2.187.919</b>

##### c. Within the Non-cash Loans:

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.460.050	-
With original maturity of 1 year or less	305.832	-
With original maturity of more than 1 year	1.154.218	-
Other non-cash loans	645.126	662.497
<b>Total</b>	<b>2.105.176</b>	<b>662.497</b>

##### c.2. Sectoral risk concentration of non-cash loans:

	Current Period			
	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>14.579</b>	<b>0,48</b>	<b>20.775</b>	<b>0,66</b>
Farming and stockbreeding	-	-	-	-
Forestry	14.579	0,48	20.775	0,66
Fishery	-	-	-	-
<b>Manufacturing</b>	<b>302.892</b>	<b>10,01</b>	<b>1.908.559</b>	<b>60,85</b>
Mining	-	-	-	-
Production	277.305	9,17	1.876.943	59,84
Electricity, gas and water	25.587	0,85	31.616	1,01
<b>Construction</b>	<b>1.430.970</b>	<b>47,31</b>	<b>100.610</b>	<b>3,21</b>
<b>Services</b>	<b>973.518</b>	<b>32,20</b>	<b>638.102</b>	<b>20,35</b>
Wholesale and retail trade	661.215	21,86	497.166	15,85
Hotel, food and beverage services	40.192	1,33	-	-
Transportation and telecommunication	93.819	3,10	34.708	1,11
Financial Institutions	232	0,01	14.949	0,48
Real estate and renting services	64.99	0,21	-	-
Self-employment services	20.939	0,71	-	-
Education services	90.298	2,99	32.873	1,05
Health and social services	60.324	1,99	58.406	1,87
<b>Other</b>	<b>302.475</b>	<b>10,00</b>	<b>468.421</b>	<b>14,93</b>
<b>Total</b>	<b>3.024.434</b>	<b>100,00</b>	<b>3.136.467</b>	<b>100,00</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### III. Explanations and notes related to off-balance sheet (continued)

##### 1.Explanations on off balance sheet (continued)

##### c. Within the Non-cash Loans (continued)

##### c.2. Sectoral risk concentration of non-cash loans: (continued)

	Prior Period			
	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>40.415</b>	<b>2,88</b>	<b>10.822</b>	<b>0,62</b>
Farming and stockbreeding	3,863	0,28	-	-
Forestry	36.552	2,61	10.822	0,62
Fishery	-	-	-	-
<b>Manufacturing</b>	<b>183.692</b>	<b>13,10</b>	<b>727.493</b>	<b>41,36</b>
Mining	300	0,02	-	-
Production	117.125	8,35	727.493	41,36
Electricity, gas and water	66.267	4,73	-	-
<b>Construction</b>	<b>790.882</b>	<b>56,40</b>	<b>399.45</b>	<b>2,26</b>
<b>Services</b>	<b>363.209</b>	<b>25,90</b>	<b>788.415</b>	<b>44,82</b>
Wholesale and retail trade	270.513	19,29	682.734	38,81
Hotel, food and beverage services	26.461	1,89	89.858	5,11
Transportation and telecommunication	30.237	2,16	6.991	0,40
Financial Institutions	-	-	-	-
Real estate and renting services	11.414	0,81	-	-
Self-employment services	-	-	-	-
Education services	22.862	1,63	5.079	0,29
Health and social services	1.722	0,12	3.753	0,21
<b>Other</b>	<b>24.083</b>	<b>1,72</b>	<b>192.406</b>	<b>10,94</b>
<b>Total</b>	<b>1.402.281</b>	<b>100,00</b>	<b>1.759.081</b>	<b>100,00</b>

##### c.3. Information on the non-cash loans classified in Group I and Group II

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>2.993.110</b>	<b>3.136.467</b>	<b>30.874</b>	<b>-</b>
Letters of guarantee	2.988.872	1.863.037	28.261	-
Bank loans	-	-	-	-
Letters of credit	738	519.173	2.613	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	3.500	754.257	-	-
<b>Prior Period</b>	<b>I st Group</b>		<b>II nd Group</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Non-cash loans</b>	<b>1.402.281</b>	<b>1.759.081</b>	<b>-</b>	<b>-</b>
Letters of guarantee	1.298.020	889.899	-	-
Bank loans	-	-	-	-
Letters of credit	73.261	49.796	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	31.000	819.386	-	-

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### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

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#### **III. Explanations and notes related to off-balance sheet (continued)**

##### **2. Explanations on derivative transactions**

	Derivative transactions according to purpose	Derivative transactions according to purpose
	31 December 2021	31 December 2020
<b>Trading Derivatives</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>6.800.647</b>	<b>1.474.288</b>
Currency Forwards-Purchases, sales	549.415	214.345
Currency Swaps-Purchases, sales	6.251.232	1.259.943
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
<b>Profit share Rate Related Derivative Transactions (II)</b>	<b>-</b>	<b>-</b>
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
<b>Other Trading Derivatives (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivatives (I + II + III)</b>	<b>6.800.647</b>	<b>1.474.288</b>
<b>Hedging Derivatives</b>	<b>-</b>	<b>-</b>
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
<b>B. Total Hedging Derivatives</b>	<b>-</b>	<b>-</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>6.800.647</b>	<b>1.474.288</b>

##### **3. Explanations on credit derivatives and risk beared due to these**

None (December 31, 2020: None).

##### **4. Explanations on contingent assets and liabilities**

The Bank has made a provision amounting to TL 5.090 (December 31, 2020: TL 5.331), as presented under "Other Provisions" note in Section Five Note II.6 .b, for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows.

##### **5. Explanations on services rendered on behalf of third parties**

The Bank has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### IV. Explanations and notes related to the statement of income or loss:

##### 1. Information on profit share income:

###### a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Profit share received from loans</b>				
Short Term Loans	624.070	35.777	279.772	5.673
Medium and Long Term Loans	1.019.648	150.686	384.051	122.417
Profit Share on Non-Performing Loans	456	-	-	-
<b>Total</b>	<b>1.644.174</b>	<b>186.463</b>	<b>663.823</b>	<b>128.090</b>

###### b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	53.119	-	10.681	-
Domestic Banks	153	-	535	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>53.272</b>	<b>-</b>	<b>11.216</b>	<b>-</b>

###### c. Information on profit share income received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	44.376	20.595	37.005	19.033
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	249.306	29.416	70.549	5.444
Financial Assets Measured at Amortized Cost	-	86.046	-	62.122
<b>Total</b>	<b>293.682</b>	<b>136.057</b>	<b>107.554</b>	<b>86.599</b>

###### d. Information on profit share income received from associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Income received from associates and subsidiaries	4.116	-	1.241	-
<b>Total</b>	<b>4.116</b>	<b>-</b>	<b>1.241</b>	<b>-</b>

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### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### IV. Explanations and notes related to the statement of income or loss (continued):

##### 2. Explanations on profit share expenses:

##### a. Distribution of profit share expense on funds collected based on maturity of funds collected

Current Period		Profit Sharing Accounts						Accumulated participation accounts	Total
Account Name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	735	40.765	-	-	-	-	-	41.500	
Real persons' non-trading profit sharing accounts	15.617	58.244	1445	-	227	4.803	-	80.336	
Public sector profit sharing accounts	56.929	76.085	10.808	-	2.757	-	-	146.579	
Commercial sector profit sharing accounts	105.549	463.974	12.225	-	8.521	9.802	-	600.071	
Other institutions profit sharing accounts	3.028	59.696	14.117	-	-	-	-	76.841	
Total	181.858	698.764	38.595	-	11.505	14.605	-	945.327	
FC									
Banks	-	570	725	-	-	-	-	1.295	
Real persons' non-trading profit sharing accounts	2.068	16.460	1.092	-	229	103	-	199.52	
Public sector profit sharing accounts	-	98	-	-	-	-	-	98	
Public sector profit sharing accounts	2.501	52.794	4.516	-	418	-	-	60.229	
Other institutions profit sharing accounts	29	737	-	-	-	-	-	766	
Precious metals deposits	2.285	-	-	-	-	-	-	2.285	
Total	6.883	70.659	6.333	-	647	103	-	84.625	
Grand Total	188.741	769.423	44.928	-	12.152	14.708	-	1.029.952	
Prior Period		Profit Sharing Accounts						Accumulated participation accounts	Total
Account Name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 years			
TL									
Funds collected from banks through current and profit sharing accounts	-	-	-	-	-	-	-	-	
Real persons' non-trading profit sharing accounts	2.166	25.195	2.530	-	438	14.66	-	31.795	
Public sector profit sharing accounts	23.242	32.758	10.766	-	404	-	-	67.170	
Commercial sector profit sharing accounts	17.023	196.581	74.07	-	1.198	104	-	222.313	
Other institutions profit sharing accounts	928	15.020	5.979	-	-	-	-	21.927	
Total	43.359	269.554	26.682	-	2.040	1.570	-	343.205	
FC									
Banks	-	3.773	-	-	-	-	-	3.773	
Real persons' non-trading profit sharing accounts	362	2.849	96	-	54	6	-	3.367	
Public sector profit sharing accounts	-	311	-	-	-	-	-	311	
Public sector profit sharing accounts	1.094	43.893	1.510	-	705	417	-	47.619	
Other institutions profit sharing accounts	17	3.008	-	-	-	-	-	3.025	
Precious metals deposits	927	-	-	-	-	-	-	927	
Total	2.400	53.834	1.606	-	759	423	-	59.022	
Grand Total	45.759	323.388	28.288	-	2.799	1.993	-	402.227	



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IV. Explanations and notes related to the statement of income or loss (continued):

##### 2. Explanations on profit share expenses (continued):

###### b. Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7959	11456	3.151	5.178
CBRT	-	-	-	-
Domestic banks	7959	7374	3.151	3.506
Foreign banks	-	4.082	-	1.672
Head offices and branches abroad	-	-	-	-
Other institutions	575.568	93.014	111.112	67.112
<b>Total</b>	<b>583.527</b>	<b>104.470</b>	<b>114.263</b>	<b>72.290</b>

###### c. Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expense given to associates and subsidiaries	575.568	-	111.112	-
<b>Total</b>	<b>575.568</b>	<b>-</b>	<b>111.112</b>	<b>-</b>

###### d. Profit share expenses paid to marketable securities issued:

None (December 31, 2020 :None)

#### 3. The Other Items in Net Fees and Commission Income / Expenses, which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement

Other Fees and Commissions Received	Current Period	Prior Period
Banking service package commissions	16.056	280
Foreign trade service package commissions	15.836	291
Remittance Commissions	10492	5.819
Appraisal fees	4.153	1.360
Advance import transfer commissions	3.548	301
Fees and commissions from correspondents	2.744	443
Insurance and brokerage commissions	2.401	2.051
Early closing commission income	2.390	2.772
Import commissions against documents	2.078	6.681
Collection disbursement commissions	1.915	884
Import letter of credit commissions	1.613	968
Commercial customer credit limit allocation commission	962	1.024
Bill of collection/check commissions	623	217
Mortgage release and facility fee income	444	120
Fees and commissions from member merchant pos	345	-
Safe deposit box revenues	293	44
Credit card fees and commissions	218	39
Export letter of credit commissions	176	15
Bill of collection/check commissions	157	23
Fees and commissions from correspondents	37	5
Gr gold delivery and purchase commissions	33	18
Import commissions against goods	31	5
Commissions from special package services	2	136
Other commissions	3.503	1.557
<b>Total</b>	<b>70.050</b>	<b>25.053</b>

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IV. Explanations and notes related to the statement of income or loss (continued):

#### 3. The Other Items in Net Fees and Commission Income / Expenses, which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement (continued):

Other Fees and Commissions Given	Current Period	Prior Period
Expenses and commissions given to correspondents abroad	12.735	2.508
Required reserve commissions given for CBRT FX	1.274	6.577
Commissions and fees given for EFT	1.071	450
Gold precious metal expense	583	128
Commissions and fees given to the clearing house	449	220
Collection disbursement commissions	446	232
Commissions and fees given for credit cards	296	340
Commissions and fees given for Swift	243	227
Commissions given to credits used	138	138
Commissions and fees for Merchant POS	56	-
Commissions of collection note / check commissions	22	5
Safe deposit box fees paid to banks and branches	6	3
Exchange registration expenses	4	-
Commissions on Money market transactions	-	9
Remittance commissions	-	3
Other commissions and fees	755	1.652
<b>Total</b>	<b>18.078</b>	<b>12.492</b>

#### 4. Information on dividend income:

None (December 31, 2020: None).

#### 5. Explanations on trading income/loss (net):

	Current Period	Prior Period
<b>Income</b>	<b>3.720.748</b>	<b>1.151.063</b>
Income from capital market transactions	27.770	7.117
Income from derivative financial instruments	606.380	128.284
Foreign exchange income	3.086.598	1.015.662
<b>Loss (-)</b>	<b>3.664.246</b>	<b>1.128.802</b>
Loss on capital market transactions	24.922	112
Loss on derivative financial instruments	722.551	319.573
Foreign exchange losses	2.916.773	809.117
<b>Trading income/loss (net)</b>	<b>56.502</b>	<b>22.261</b>

#### 6. Explanations related to other operating income:

	Current Period	Prior Period
Income from provisions made in previous years	77.669	31.868
Income from sales of assets <sup>(*)</sup>	43.017	42.499
Revenues from provisions allocated in previous years	274	124
Cancellation of communication expenses provision	24	-
Lease income	8	8
Other income	8.973	10.891
<b>Total</b>	<b>129.965</b>	<b>85.390</b>

<sup>(\*)</sup> Included 30.517 Turkish Lira from sales of the shares of the Vakıf in return of the debt of Emlak Menkul Değerler A.Ş. before its liquidation between 1998 to 1999.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IV. Explanations and notes related to the statement of income or loss (continued):

##### 7. Expected loss provision expenses and other provision expenses:

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>110.213</b>	<b>87.148</b>
12-month expected credit loss (stage 1)	96.440	86.858
Significant increase in credit risk (stage 2)	549	191
Non-performing loans (stage 3)	13.224	99
<b>Marketable Securities Impairment Expense</b>	<b>6.024</b>	<b>25.532</b>
Financial Assets at Fair Value through Profit or Loss	6.024	25.532
Financial Assets at Fair Value through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held to Maturity	-	-
<b>Other</b>	<b>9.087</b>	<b>14.188</b>
<b>Total</b>	<b>125.324</b>	<b>126.868</b>

##### 8. Information on other operating expenses:

	Current Period	Prior Period
Provision for severance pay liability	3.709	414
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	654.38	30.916
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	16.987	15.844
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	-	-
Other operating expenses	71.377	49.592
Lease expenses related to TFRS 16 exemptions	13	14
Operating Maintenance expenses	9.633	4.521
Advertisement expenses	10.052	13.122
Other expenses <sup>(1)</sup>	51.679	31.935
Loss on sale of assets	-	-
Other <sup>(2)</sup>	45.582	22.412
<b>Total</b>	<b>203.094</b>	<b>119.178</b>

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **IV. Explanations and notes related to the statement of income or loss (continued):**

##### **8. Information on other operating expenses (continued):**

<sup>(1)</sup> Details of "Other Expenses" balance under Other Operating Expenses are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Communication Expenses	13.685	9.264
Cleaning Expenses	9.102	5.000
Heating, Lighting and Water Expenses	5.608	3.372
Insurance Expenses	2.979	1.592
Vehicle Expenses	2.915	1.319
Representation and Hospitality expenses	2.705	1.307
Donations and grants	1.444	1.018
Stationery expenses	836	1.012
Participation on common expenses	771	397
Litigation and court expenses	565	1.405
Other	11.069	6.249
<b>Total</b>	<b>51.679</b>	<b>31.935</b>

<sup>(2)</sup> Other balance details are as below table:

	<b>Current Period</b>	<b>Prior Period</b>
Taxes, Duties, Charges and Funds	25.995	13.750
Audit and Consultancy Fees	7835	3.563
Participation Share Expenses	2.886	2.649
Saving Deposit Insurance Fund	3.749	1.118
Other	5.117	1.332
<b>Total</b>	<b>45.582</b>	<b>22.412</b>

##### **Fees for services obtained from independent auditor/independent audit firm:**

In accordance with the decision of the KGK dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or our independent audit firm is given in the table below. The fees for services rendered to the Bank's domestic subsidiaries, as well as the Bank, are included in the aforementioned fees, which are stated as VAT excluded.

	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fee for the reporting period	908	743
<b>Total</b>	<b>908</b>	<b>743</b>

##### **9. Explanations on income/loss from continued operations before taxes:**

The portion of the Bank's profit before tax amounting to TL 532.385 (December 31, 2020: TL 371.613) consists of net profit share income and TL 82481 (December 31, 2020: TL 21.113) consists of net fee and commission expenses, and the total of other operating expenses is 203.094. TL (December 31, 2020: TL 119.177).

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **IV. Explanations and notes related to the statement of income or loss (continued):**

##### **10. Explanations on tax provision for continued and discontinued operations:**

As of December 31, 2021, the Bank has deferred tax income amounting to TL 100.119 (December 31, 2020: TL 94.719), deferred tax expense amounting to TL 94.228 (December 31, 2020: TL 70.865). As of December 31, 2021, the Bank's current tax provision is TL 38,994 (31 December 2020: None).

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations (December 31, 2020: None).

##### **11. Explanations on net income/loss from continued and discontinued operations:**

The Bank has no discontinued operations. The net profit for the period has been recorded as TL 187,998 (December 31, 2020: TL 104,451) as a result of deducting the period tax provision expense from TL 44,885 (31 December, 2020: TL 23,855) to TL 143,113 (31 December, 2020: TL 80,597).

##### **12. Explanations on net income/ loss**

a. The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period

None.

b. The effect of the change in accounting estimates to the net income/loss; including the effects on the future period

None.

c. Profit / loss attributable to minority shares

None.

#### **V. Explanations and notes related to the statement of changes in shareholders' equity**

The Bank has not notified amount of profit shares notified after the balance sheet date but before the announcement of the financial statements.

The dividend distribution will be decided at the General Assembly meeting and the General Assembly has not been held as of the date of the attached financial statements. In the current period, the Bank has compensated TL 750.000 of the previous year's loss of TL 1.026.915 from other profit reserves with the decision of the General Assembly dated December 7, 2020.

##### **1. Due to the application of the accounting for financial instruments in the current period information on increases that have occurred**

a. Information on the increases that occurred after the revaluation of financial assets at fair value difference is reflected in other comprehensive income

None (December 31, 2020: None).

b. Information on increases in cash flow hedging items

None (December 31, 2020: None).

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **V. Explanations and notes related to the statement of changes in shareholders' equity (continued)**

##### **1. Due to the application of the accounting for financial instruments in the current period information on increases that have occurred (continued)**

###### **c. Increase after revaluation of tangible assets**

None (December 31, 2020: None).

##### **2. Due to the application of the accounting for financial instruments in the current period information about the decreases occurring**

###### **a. Information on the decreases occurring after the revaluation of financial assets at fair value difference is reflected in other comprehensive income**

In the current period, increase occurring after the revaluation of financial assets at fair value difference in other comprehensive income is TL 984 (December 31, 2020: None).

###### **b. Information on decreases in cash flow hedging items**

None (December 31, 2020: None).

##### **3. Information about dividends**

###### **a. Notified profit shares after the balance sheet date but before the announcement of the financial statements**

As of the date of this report, the Bank has not made any dividend notification.

###### **b. Period net profit shares per share proposed to be distributed to shareholders after the balance sheet date**

None.

##### **4. Information on share issuance**

###### **a. For all capital share classes of the Bank; Rights, priorities and constraints related to this item, including restrictions on dividend distribution and reimbursement of capital**

None (December 31, 2020: None).

###### **b) Explanations on other capital increase items in the statement of changes in equity**

None.

#### **VI. Explanations and notes related to the statement of cash flows:**

##### **1. Components of cash and cash equivalents and accounting policy applied in their determination**

"Cash" is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. "Cash equivalents" is defined as money market placements and time deposits at banks with original maturities less than three months.



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### VI. Explanations and notes related to the statement of cash flows (continued)

##### 1. Components of cash and cash equivalents and accounting policy applied in their determination (continued)

Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
<b>Cash</b>	<b>812.166</b>	<b>89.551</b>
Cash in TL/foreign currency	135.297	17.505
Cash in transit	449.875	-
CBRT	226.994	72.046
<b>Cash equivalents</b>	<b>910.842</b>	<b>162.057</b>
Domestic banks	730.588	152.078
Foreign banks	180.254	9979
<b>Total cash and cash equivalents</b>	<b>1.723.008</b>	<b>251.608</b>

Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
<b>Cash</b>	<b>1.729.354</b>	<b>812.166</b>
Cash in TL/foreign currency	275.301	135.297
Cash in transit	610.394	449.875
CBRT	843.659	226.994
<b>Cash equivalents</b>	<b>1.533.115</b>	<b>910.842</b>
Domestic banks	256.446	730.588
Foreign banks	1.276.669	180.254
<b>Total cash and cash equivalents</b>	<b>3.262.469</b>	<b>1.723.008</b>

##### 2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:

Restricted time deposits held at the Central Bank of Turkey and blockaged amount arising from POS are not considered as cash and cash equivalent items.

##### 3. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents

Included in "Banking activity subject to assets and liabilities prior to change in operating profit" Other item amounting to TL 1.538.557 (December 31, 2020: TL (110.228)) mainly consists of general provisions expense and other operating expenses.

The "net increase / decrease in other liabilities" item in the "change in assets and liabilities subject to banking activities" amounting to TL 90.615 (December 31, 2020: TL 1.359.096 ) consists of changes in lease payables, other foreign resources and taxes, duties, fees and premiums.

The effect of the change in foreign exchange rate on cash and cash equivalents was determined to be approximately TL 661.570 (December 31 2020: TL 375.282) in the accounting period ended on 31 December 2019.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### VII. Explanations related to the risk group of the Bank

##### 1. The volume of transactions related to the risk group that the Bank belongs to, credit and fund transactions collected at the end of the period, income and expenses for the period

###### a. Current Period

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	95.629	-	-	-	-	-
Balance at the end of period	714.824	-	973	-	-	-
<b>Profit Share and Commission Income</b>	<b>4.116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> It is defined in Article 49 of the Banking Law No. 5411 and Article 4 of the "Regulation on Credit Transactions of Banks" published on 1 November 2006.

###### b. Prior Period

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	100	-	-	-	-	-
Balance at the end of period	95.629	-	-	-	-	-
<b>Profit Share and Commission Income</b>	<b>1.241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

###### c.1. Information on current and profit sharing accounts of the Bank's risk group:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	94	47	-	-	-	-
Balance at the end of period	128.021	94	-	-	-	-
<b>Profit share expense</b>	<b>1.146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

###### c.2. Information on forward and option agreements and other similar agreements with the risk group of the Bank:

The Bank does not have any forward foreign exchange purchase / sales contracts with the risk group it is included.

###### d. Information on benefits provided to the top management of the Bank:

The total amount of wages and benefits provided to the top management of the Bank for the period ended December 31, 2021 is TL 6.317 (December 31, 2020: TL 5.442).

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices

##### 1. Information on the domestic and foreign branches and representative offices of the Bank:

	Number	Number of personnel			
Domestic Branches(*)	70	1.107			
			Country		
Foreign Representation Office	-	-	-		
			Total Assets (Thousand TL)	Statutory Share Capital	
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	

<sup>(\*)</sup> The number of personnel in the Head Office is included in the number of domestic branch employees.

##### 2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure

The Bank has not open branches abroad in 2021. The Bank has opened 20 branches in different regions in the country.

#### IX. Explanations related to subsequent events

The Bank will be a resource institution / fund user, and by Emlak Katılım Varlık Kiralama A.Ş., domestically, limited to TL 20.000.000, orderly, in Turkish Lira, Based on the lease certificate structure based on the Management Contract foreseen in the terms of 1-60 months and the Communiqué on Lease Certificates (III-61.1), the application to the Capital Markets Board (CMB) regarding the issuance of lease certificates to be sold to the allocated and / or qualified investor was approved by the CMB's decision dated February 3, 2022 and numbered 6/166. Within the scope of the relevant lease certificate issue ceiling, by Emlak Katılım Varlık Kiralama A.Ş., in February 3, 2022, within the scope of the approval of a consistent regular issuance of TL 20.000.000 from the CMB for sale to qualified investors,

- On January 4, 2022, TL 200.000 with 56 days maturity for domestic qualified investors,
- On January 6, 2022, TL 74.298 with 92 days maturity, for domestic qualified investors,
- On January 11, 2022, TL 52.195 with 91 days maturity, for domestic qualified investors,
- On January 24, 2022, TL 400.000 with 92 days maturity, for domestic qualified investors,
- On January 31, 2022, TL 500.000 with 63 days maturity, for domestic qualified investors,
- On January 31, 2022, TL 215.000 with 63 days maturity, for domestic qualified investors,
- On February 1, 2022, TL 250.000 with 79 days maturity, for domestic qualified investors,
- On February 2, 2022, TL 50.000 with 62 days maturity, for domestic qualified investors,
- On October 3 2022, 209- day maturity, TL 60.000 as allocated in the country,
- On February 8, 2022, TL 150.000 with 65 days maturity, for domestic qualified investors,
- On February 10, 2022 in domestic market for qualified investors with 64 days maturity TL 160,000 worth of lease certificate were issued.

In the issuance of the lease certificates the Bank was involved as the authorized investment institution.

Regulation on Banks' Participation account balance consists of TL 110,692 "Turkish Lira Time Deposits with Currency Protection" opened within the scope of the announcement of the Ministry of Treasury and Finance dated 24 December 2021 and the product "Turkish Lira Time Deposit with Currency Conversion Currency Protection" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696. It also includes the balances of TL 57.150 Equity and Debt Instruments to be Included in the Equity Calculation of Banks published by the Banking Regulation and Supervision Agency ("BDDK"), equal to the amount in Euros, equivalent to 500.000 Turkish Lira equivalent of the fund affiliated to the Turkey Wealth Fund, to be converted at the current exchange rate on the value date. Negotiations continue regarding the provision of an additional capital loan within the scope of the Communiqué on the Principles.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION SIX**

##### **Other explanations**

###### **I. Other explanations on operations of the Bank**

None.

#### **SECTION SEVEN**

##### **Independent Auditor's Report**

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

The unconsolidated financial statements of the Participation Bank for the year-ended December 31, 2021 were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and Auditors' Report dated March 1, 2022 is presented in the introduction of this report.

###### **II. Explanations on the Independent Auditor's Report**

None.

*Türkiye Emlak Katılım Bankası*

*Anonim Şirketi*

Publicly Announced Consolidated Financial  
Statements and Related Disclosures at December 31,  
2021 together with Audit Report

(Convenience translation at publicly announced consolidated financial statements, related disclosures and audit report originally issued in Turkish – see section three Note I.a)



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## **Convenience translation of the auditor's report originally issued in Turkish, See Note I.a of Section three) Report on the Consolidated Financial Statements**

**To the Board of Directors of Türkiye Emlak Katılım Bankası A.Ş.**

### **Opinion**

We have audited the accompanying consolidated financial statements of Türkiye Emlak Katılım Bankası A.Ş. (the "Bank"), and its subsidiaries (together will be referred as "the Group"), which comprise the statement of consolidated statement of financial position as at December 31, 2021, consolidated statement of profit and loss and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and financial performance and consolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

### **Basis for Opinion**

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

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



**Key Audit Matter****How the Key Audit Matter is addressed in our audit*****Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures***

As disclosed in footnote VII of Section 3; the Group measures expected credit losses for financial instruments by TFRS 9 “Financial Instruments Standards”. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;

- Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements
- The applications TFRS 9 are complex and comprehensive
- The classification of financial instruments based on the Group’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows
- Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses
- The complexity and intensity of the control environment in the processes designed or reorganized with the transition to TFRS 9
- The complexity and intensity of the control environment in the processes for TFRS 9
- Estimations and assumptions used in expected credit losses are new, important and complex
- Complex and comprehensive disclosure requirements of TFRS 9.

Our audit procedures in addition to our current audit procedures:

- Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group’s past performance, and local and global practices
- Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Process Audit specialists
- Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation and fair value calculations together with forward-looking estimates and significant assumptions.
- Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices
- Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Group’s business model
- Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Group’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis
- Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses
- Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis
- Evaluating the necessity and accuracy of the updates made or required updates after the modeling process
- Auditing of disclosures related to TFRS 9.



## Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

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

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

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

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

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

- In order to provide an opinion on consolidated financial statements, adequate and appropriate audit evidence is obtained about the financial information of the operating segments and entities in the Group. We are responsible for directing, supervising and conducting the Group audit. We are also responsible for the audit opinion that we provide by ourselves.

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

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

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

#### Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2021 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Emre Çelik.

#### Additional paragraph for convenience translation to English

As explained in detail in Note I.a. of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Emre Çelik, SMMM  
Partner

March 1, 2022  
Istanbul, Turkey



**TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**  
**THE CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2021**

Parent Bank's headquarter address : Barbaros Mahallesi, Begonya Sk. No:9A,  
 34746 Ataşehir/İstanbul  
 Parent Bank's phone number and facsimile : 00 90 216 266 26 26 - 00 90 216 275 25 25  
 Parent Bank's website : www.emlakkatilim.com.tr  
 Electronic mail contact info : bilgi@emlakbank.com.tr

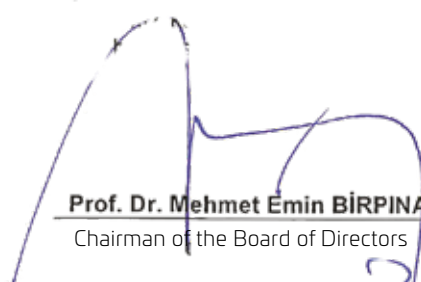


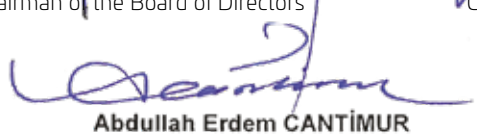

The consolidated financial report for the 31 December 2021 year-end prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- EXPLANATIONS ON THE FINANCIAL POSITION AND RISK OF MANAGEMENT OF THE GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

**Subsidiaries**

- Emlak Varlık Kiralama Şirketi A.Ş.
- Emlak Katılım Varlık Kiralama Şirketi A.Ş.

The consolidated financial statements and related disclosures and notes included in this report are prepared, unless otherwise stated, in **Thousand Turkish Liras**, in accordance with the Procedures And Principles Regarding Banks' Accounting Practices and Maintaining Documents, Turkish Financial Reporting Standards and the related appendices and interpretations and our Bank's financial records, and they have been independently audited and enclosed.

 <b>Prof. Dr. Mehmet Emin BİRPINAR</b> Chairman of the Board of Directors	 <b>Nevzat BAYRAKTAR</b> General Manager	 <b>Tugba GEDİKLİ</b> Budget and Financial Reporting Director
 <b>Abdullah Erdem CANTİMUR</b> Chairman of the Audit Committee	 <b>Mehmet Nuri YAZICI</b> Member of the Audit Committee	

Contact information of the personnel in charge of the addressing of questions about this financial report:  
 Name-Surname / Title : Mustafa BEDİR / Financial Reporting Supervisor  
 Telephone : 00 90 216 275 24 73  
 Facsimile : 00 90 216 275 25 25

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Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION ONE**

##### **General information**

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

Türkiye Emlak Katılım Bankası A.Ş. ("The Parent Bank") was incorporated in Ankara June 3, 1926 with the name of Emlak ve Eytam Bankası, in accordance with instructions of Mustafa Kemal Atatürk. The aim of establishment of the Parent Bank is to support public construction, to provide necessary loan and to protect orphan's right. The Parent Bank had restructured on September 1, 1946 and after this date the title of the Parent Bank had changed as Türkiye Emlak Kredi Bankası Anonim Ortaklığı. The Parent Bank had merged with Anadolu Bankası A.Ş. and assumed the title of Türkiye Emlak Bankası A.Ş. as of January 6, 1988.

Denizcilik Bankası A.Ş. had transferred to Türkiye Emlak Bankası A.Ş. with the all of its assets and liabilities on November 29, 1992 and maritime loans were also collected at this Parent Bank.

During the period in which the Türkiye Emlak Bankası A.Ş. operates, in addition to its banking activities has become serious brand in the construction of qualified housing projects in line with the its establishment purpose, and has produced important housing projects in many provinces of Turkey, especially in İstanbul, Ankara and İzmir. İstanbul-Ataköy, Ataşehir, Bahçeşehir, Mimaroba, Sinanoba, Ankara-Bilkent, Elvankent, Konutkent, İzmir-Gaziemir and Mavişehir projects are included in the Parent Bank's important projects.

The Parent Bank has entered into a restructuring process with the Law about Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş. and Türkiye Emlak Bankası A.Ş. no. 4603 dated November 21 2000, and the transition from the public law status to the status of private law has achieved.

According to BRSA's decision dated July 6, 2001, Türkiye Emlak Bankası A.Ş. was transferred to Türkiye Cumhuriyeti Ziraat Bankası A.Ş. with its assets and liabilities. In this regard, No. 4684 Certain Laws and Delegated Legislation Law Amending the Law No. 4603 and Article 2 of the Law about Türkiye Cumhuriyeti Ziraat Bank, Türkiye Halk Bankası A.Ş. and Türkiye Emlak Bank A.Ş. attached Provisional Article 3 of the Law (3) In accordance with the provisions of paragraph, the permission of Türkiye Emlak Katılım Bankası A.Ş. to accept deposits and perform banking operations came to an end on July 6, 2001.

The Parent Bank's all assets including banking services, branches, deposits, and commitments and liabilities arising from and banking services were transferred to Ziraat and Halk Bank with the protocol held on July 7, 2001. From this date, the Parent Bank's permission for banking activities and collection of deposit removed.

Board of Liquidation, Board of Directors and Board of Supervisors of the Parent Bank had established with the extraordinary general assembly held on September 14, 2001, and liquidation process had actually started with the personnel on temporary duty sent by Türkiye Cumhuriyeti Ziraat Bankası A.Ş. As a result of the Parent Bank's repayment of its debts to the Treasury Department and all other debts after the end of 16 years with the Law of "Some Receivables and Re-Structuring and Certain Laws and Decree Law Amending No. 7020 with the following regulation made in the Law of Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş. and Türkiye Emlak Bank A.Ş. No. 4603, the liquidation of the Parent Bank has been removed, as of May 27, 2017.

After the liquidation of the Parent Bank, in the General Assembly held on September 3, 2018, the new Articles of Association approved and the status was determined as participation bank. The title of the Parent Bank was registered as Türkiye Emlak Katılım Bankası A.Ş. on September 10, 2018.

The Parent Bank has obtained the operating permission with the decision of the Banking Regulation and Supervision Board dated February 26, 2019 and numbered 8262 published in the Official Gazette dated February 27, 2019 and numbered 30699 and commenced operations as of March 21, 2019.

The Parent Bank and its subsidiaries consolidated with the Parent Bank, as a whole, are called the "Group" The Bank's head office is located in İstanbul and there are 50 branches of the Parent Bank as of December 31, 2021. (December 31, 2020: 50). The Parent Bank is operating with 1.107 staff as of December 31, 2021 (December 31, 2020: 814).



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management of the Parent Bank and disclosures on related changes in the current year, if any

The Parent Bank's share is TL 1.026.915 and 99,99% of the Parent Bank's share are owned by Ministry of Treasury and Finance. Except by Ministry of Treasury and Finance, T. Emlak Bankası A.Ş. Emekli ve Yardım Sandığı Vakfı and 33 real person have shares amounting to TL 80,57 (full) and TL 3,38 (full), respectively.

TL 1.026.915 portion of the capital amounting to TL 1.026.915 has been paid, and TL 2.82 (full) portion has not been paid by the 33 real person.

The part of the capital belonging to the Ministry of Treasury and Finance is represented by the Ministry of Environment and Urbanization.

#### III. Explanation on the chairman and members of board of directors, members of audit committee, general manager and assistant general managers, their areas of responsibility and their shares in the Parent Bank, if any

Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage(%)
Prof. Dr. Mehmet Emin BİRPINAR	Chairman of BOD	Doctorate	-
Abdullah Erdem CANTİMUR	Vice Chairman of BOD and Chairman of the Audit Committee	Master	-
Mehmet Ali KAHRAMAN	Member of BOD	Master	-
Mustafa GÜLEN	Member of BOD	Bachelor	-
Mehmet Nuri YAZICI	Member of BOD	Bachelor	-
Prof. Dr. Murat BALCI	Member of BOD	Doctorate	-
Nevzat BAYRAKTAR	Member of BOD / General Manager	Bachelor	-
Nihat BULUT	Assistant General Manager Responsible for Credits	Bachelor	-
Yusuf OKUR	Assistant General Manager Responsible for Operations	Bachelor	-
Uğur KARA	Assistant General Manager Responsible for Human Resources	Master	-

#### IV. Information on the Parent Bank's qualified shareholders

The Parent Bank's paid in capital amounting to TL 1.026.915 consists of 102.691.549.916 number of shares with a nominal value of TL 0,01 (full) for each share.

Name/commercial name	Share amount	Share ratio	Paid shares	Unpaid shares
Ministry of Treasury and Finance	1.026.915	99,999999%	1.026.915	-
Other	-	0,00001%	-	-

#### V. Summary on the Parent Bank's service activities and field of operations

The Parent Bank operates in accordance with the principles of interest-free banking as a participation bank. The Parent Bank mainly collects funds through current accounts and through profit sharing accounts based on profit/loss sharing agreement, lends such funds through corporate finance support, retail finance support, finance lease, financing commodity against document and joint investments.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **V. Summary on the Parent Bank's service activities and field of operations (continued)**

Briefly, the fields of activity of the Parent Bank are specified in the Articles of Association as follows;

- To buy or sell money or capital market instruments on the spot or in the term according to the legislation and interest-free banking principles, and to mediate their purchase and sale, to operate in stock exchanges,
- Within the principles of interest-free banking; to allocate funds to the economy, to use loans in cash and non- Cash in all types and forms,
- To make financial leasing transactions, to make operational leasing transactions,
- To make all kinds of payment and collection transactions, payment such as travel checks, credit cards the activities of the vehicles, to provide merchant services (POS), consultancy and advising, providing safe deposit services,
- Buying, acquiring, building any kind of real estate and transferring, renting them to other people when necessary and making all kinds of savings on them,
- For Companies and organizations (including insurance companies); giving services of representation, substitution and being agentship,
- To support Agricultural Credit Cooperatives and SMEs, to carry out activities to support urban transformation,
- To carry out portfolio management and management operations,
- Providing custody services,
- The Parent Bank, extends non-cash funds in the type of letter of guarantee, loan of acceptance, letter of credit.

The field of activity of the Parent Bank is not limited to the transactions written in the articles above. If it is deemed beneficial for the Parent Bank to carry out any other transaction than these transactions, it will depend on the decision of the Board of Directors upon the proposal of the Board of Directors, the approval of the necessary legal authorities and the approval of the decision by the Ministry of Customs and Trade. In this way, the approved decision is added to the Articles of Association.

#### **VI. Differences Between The Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About The Institutions Subject To Line-By-Line Method or Proportional Consolidation and Institutions Which Are Deducted From Equity or Not Included in These Three Methods**

The Parent Bank and its subsidiaries Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş. consolidated financial statements with full consolidation method.

#### **VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the Parent Bank and its subsidiaries**

There is no immediate transfer of equity between the Parent Bank and its subsidiaries. There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Parent Bank and its subsidiaries.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION TWO**

##### **The consolidated financial statements**

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- II. Consolidated Statement of off-balance sheet
- III. Consolidated Statement of profit or loss
- IV. Consolidated Statement of profit or loss and other comprehensive income
- V. Consolidated Statement of changes in shareholders' equity
- VI. Consolidated Statement of cash flows
- VII. Consolidated Statement of profit distribution

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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

AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

		THOUSAND TL			THOUSAND TL		
		CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
ASSETS	Note (Fifth Section-I)	TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>3.982.037</b>	<b>9.109.377</b>	<b>13.091.414</b>	<b>1.400.487</b>	<b>3.465.407</b>	<b>4.865.894</b>
<b>1.1 Cash and cash equivalents</b>		<b>899.261</b>	<b>6.868.642</b>	<b>7.767.903</b>	<b>259.407</b>	<b>2.917.315</b>	<b>3.176.722</b>
1.1.1 Cash and Balances with Central Bank	(1)	897.830	5.338.605	6.236.435	255.369	2.011.728	2.267.097
1.1.2 Banks	(2)	1.593	1.531.522	1.533.115	4.130	906.712	910.842
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Loss Provisions (-)		162	1.485	1.647	92	1.125	1.217
<b>1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)</b>	<b>(3)</b>	<b>237.267</b>	<b>847.933</b>	<b>1.085.200</b>	<b>216.844</b>	<b>306.207</b>	<b>523.051</b>
1.2.1 Government Debt Securities		-	847.933	847.933	216.844	306.207	523.051
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		237.267	-	237.267	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)</b>	<b>(4)</b>	<b>2.783.631</b>	<b>1.389.522</b>	<b>4.173.153</b>	<b>922.824</b>	<b>241.566</b>	<b>1.164.390</b>
1.3.1 Government Debt Securities		2.775.972	1.389.522	4.165.494	915.165	241.566	1.156.731
1.3.2 Equity Securities		7.659	-	7.659	7.659	-	7.659
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>61.878</b>	<b>3.280</b>	<b>65.158</b>	<b>1.412</b>	<b>319</b>	<b>1.731</b>
1.4.1 Derivative Financial Assets Measured at FVTPL	61.878	3.280	65.158	1.412	319	1.731	1.731
1.4.2 Derivative Financial Assets Measured at FVOCI	-	-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>12.156.411</b>	<b>12.132.116</b>	<b>24.288.527</b>	<b>9.939.118</b>	<b>4.963.488</b>	<b>14.902.606</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>12.307.401</b>	<b>9.417.079</b>	<b>21.724.480</b>	<b>10.148.747</b>	<b>3.421.877</b>	<b>13.570.624</b>
<b>2.2 Lease Receivables</b>	<b>(8)</b>	<b>108.644</b>	<b>74.200</b>	<b>182.844</b>	<b>25.623</b>	<b>2.786</b>	<b>28.409</b>
<b>2.3 Other Financial Assets Measured at Amortized Cost</b>	<b>(7)</b>	<b>-</b>	<b>2.713.586</b>	<b>2.713.586</b>	<b>-</b>	<b>1.568.929</b>	<b>-</b>
2.3.1 Government Debt Securities		-	2.713.586	2.713.586	-	1.568.929	1.568.929
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Loss Provisions(-)</b>	<b>(6)</b>	<b>259.634</b>	<b>72.749</b>	<b>332.383</b>	<b>235.252</b>	<b>30.104</b>	<b>265.356</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(9)</b>	<b>8.000</b>	<b>-</b>	<b>8.000</b>	<b>23.797</b>	<b>-</b>	<b>23.797</b>
3.1 Asset Held for Sale		8.000	-	8.000	23.797	-	23.797
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. PARTNERSHIP INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Associates (Net)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	<b>(11)</b>	<b>330.398</b>	<b>-</b>	<b>330.398</b>	<b>251.229</b>	<b>-</b>	<b>251.229</b>
<b>VI. INTANGIBLE ASSETS (NET)</b>	<b>(12)</b>	<b>23.462</b>	<b>-</b>	<b>23.462</b>	<b>34.559</b>	<b>-</b>	<b>34.559</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		23.462	-	23.462	34.559	-	34.559
<b>VII. INVESTMENT PROPERTY (NET)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	<b>(14)</b>	<b>66.894</b>	<b>-</b>	<b>66.894</b>	<b>73.853</b>	<b>-</b>	<b>73.853</b>
<b>X. OTHER ASSETS</b>	<b>(15)</b>	<b>232.129</b>	<b>4.979</b>	<b>237.108</b>	<b>142.437</b>	<b>73</b>	<b>142.510</b>
<b>TOTAL ASSETS</b>		<b>16.799.331</b>	<b>21.246.472</b>	<b>38.045.803</b>	<b>11.865.480</b>	<b>8.428.968</b>	<b>20.294.448</b>

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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

AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

		Note (Fifth Section-II)	THOUSAND TL			THOUSAND TL		
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>FUNDS COLLECTED</b>	<b>(1)</b>	<b>8.216.829</b>	<b>18.448.499</b>	<b>26.665.328</b>	<b>5.332.642</b>	<b>6.344.661</b>	<b>11.677.303</b>
<b>II.</b>	<b>FUNDS BORROWED</b>	<b>(2)</b>	<b>101.296</b>	<b>1.103.031</b>	<b>1.204.327</b>	<b>21.889</b>	<b>926.868</b>	<b>948.757</b>
<b>III.</b>	<b>MONEY MARKET FUNDS</b>		<b>1.984.303</b>	<b>-</b>	<b>1.984.303</b>	<b>1.069.349</b>	<b>-</b>	<b>1.069.349</b>
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>		<b>2.862.381</b>	<b>-</b>	<b>2.862.381</b>	<b>3.028.652</b>	<b>-</b>	<b>3.028.652</b>
<b>V.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>		<b>106.180</b>	<b>3.810</b>	<b>109.990</b>	<b>43.279</b>	<b>7</b>	<b>43.286</b>
6.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(3)	106.180	3.810	109.990	43.279	7	43.286
6.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5)	-	-	-	-	-	-
<b>VII.</b>	<b>LEASE PAYABLES (NET)</b>	<b>(4)</b>	<b>191.498</b>	<b>-</b>	<b>191.498</b>	<b>119.338</b>	<b>-</b>	<b>119.338</b>
<b>VIII.</b>	<b>PROVISIONS</b>	<b>(6)</b>	<b>66.636</b>	<b>51.603</b>	<b>118.239</b>	<b>48.188</b>	<b>46.035</b>	<b>94.223</b>
8.1	General Provisions		-	-	-	-	-	-
8.2	Reserve for Employee Benefits		26.592	-	26.592	14.482	-	14.482
8.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4	Other Provisions		40.044	51.603	91.647	33.706	46.035	79.741
<b>IX.</b>	<b>CURRENT TAX LIABILITY</b>	<b>(7)</b>	<b>81.210</b>	<b>-</b>	<b>81.210</b>	<b>20.900</b>	<b>-</b>	<b>20.900</b>
<b>X.</b>	<b>DEFERRED TAX LIABILITY</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XI.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Held for Sale Purpose		-	-	-	-	-	-
11.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XII.</b>	<b>SUBORDINATED DEBT INSTRUMENTS</b>	<b>(9)</b>	<b>-</b>	<b>2.669.412</b>	<b>2.669.412</b>	<b>-</b>	<b>1.545.981</b>	<b>1.545.981</b>
12.1	Loans		-	2.669.412	2.669.412	-	1.545.981	1.545.981
12.2	Other Debt Instruments		-	-	-	-	-	-
<b>XIII.</b>	<b>OTHER LIABILITIES</b>	<b>(10)</b>	<b>369.643</b>	<b>60.722</b>	<b>430.365</b>	<b>205.779</b>	<b>1.585</b>	<b>207.364</b>
<b>XIV.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>(11)</b>	<b>1.740.202</b>	<b>(11.452)</b>	<b>1.728.750</b>	<b>1.538.186</b>	<b>1.109</b>	<b>1.539.295</b>
14.1	Paid-in capital		1.026.915	-	1.026.915	1.026.915	-	1.026.915
14.2	Capital Reserves		23.088	-	23.088	27.450	1.141	28.591
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserve		23.088	-	23.088	27.450	1.141	28.591
14.3	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		(14.11)	-	(14.11)	(1.255)	-	(1.255)
14.4	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		56.776	(11.452)	45.324	(952)	(32)	(984)
14.5	Profit Reserves		485.999	-	485.999	396.085	-	396.085
14.5.1	Legal Reserves		280.353	-	280.353	275.857	-	275.857
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		205.646	-	205.646	120.228	-	120.228
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Income or (Loss)		148.835	-	148.835	89.943	-	89.943
14.6.1	Prior Periods' Income or (Loss)		54.24	-	54.24	9.317	-	9.317
14.6.2	Current Period Income or (Loss)		143.411	-	143.411	80.626	-	80.626
<b>TOTAL LIABILITIES</b>			<b>15.720.178</b>	<b>22.325.625</b>	<b>38.045.803</b>	<b>11.428.202</b>	<b>8.866.246</b>	<b>20.294.448</b>

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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

AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

		THOUSAND TL CURRENT PERIOD (31/12/2021)			THOUSAND TL PRIOR PERIOD (31/12/2020)		
	Note (Fifth Section-III)	TL	FC	TOTAL	TL	FC	TOTAL
A.	STATEMENT OF OFF BALANCE SHEET						
I.	OFF BALANCE SHEET COMMITMENTS (I+II+III)	6.343.425	8.723.299	15.066.724	2.523.491	2.774.656	5.298.147
	GUARANTEES AND SURETIES	(1) 3.024.434	3.136.467	6.160.901	1.402.281	1.759.081	3.161.362
11	Letters of Guarantees	3.017.583	1.863.037	4.880.620	1.298.020	889.899	2.187.919
11.1	Guarantees Subject to State Tender Law	-	-	-	-	-	-
11.2	Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
11.3	Other Letters of Guarantee	3.017.583	1.863.037	4.880.620	1.298.020	889.899	2.187.919
12	Bank Loans	3.500	754.257	757.757	31.000	819.386	850.386
12.1	Import Letter of Acceptances	-	-	-	-	-	-
12.2	Other Bank Acceptances	3.500	754.257	757.757	31.000	819.386	850.386
13	Letter of Credits	3.351	519.173	522.524	73.261	49.796	123.057
13.1	Documentary Letter of Credits	3.351	519.173	522.524	73.261	49.796	123.057
13.2	Other Letter of Credits	-	-	-	-	-	-
14	Prefinancing Given as Guarantee	-	-	-	-	-	-
15	Endorsements	-	-	-	-	-	-
15.1	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
15.2	Other Endorsements	-	-	-	-	-	-
16	Other Guarantees	-	-	-	-	-	-
17	Other Collaterals	-	-	-	-	-	-
II.	COMMITMENTS	(1) 1.478.944	626.232	2.105.176	419.983	242.514	662.497
21	Irrevocable Commitments	1.478.944	626.232	2.105.176	419.983	242.514	662.497
21.1	Asset Purchase and Sale Commitments	249.690	390.845	640.535	64.799	110.655	175.454
21.2	Share Capital Commitment to Associates and Subsidiaries	-	-	-	-	-	-
21.3	Loan Granting Commitments	1.121.875	-	1.121.875	323.542	-	323.542
21.4	Securities Underwriting Commitments	-	-	-	-	-	-
21.5	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
21.6	Payment Commitment for Cheques	107.379	-	107.379	31.642	-	31.642
21.7	Tax And Fund Liabilities from Export Commitments	-	-	-	-	-	-
21.8	Commitments for Credit Card Expenditure Limits	-	-	-	-	-	-
21.9	Commitments for Promotions Related with Credit Cards and Banking Activities	-	-	-	-	-	-
21.10	Receivables From Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
21.11	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
21.12	Other Irrevocable Commitments	-	235.387	235.387	-	131.859	131.859
22	Revocable Commitments	-	-	-	-	-	-
22.1	Revocable Loan Granting Commitments	-	-	-	-	-	-
22.2	Other Revocable Commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	1.840.047	4.960.600	6.800.647	701.227	773.061	1.474.288
31	Derivative Financial Instruments for Hedging Purposes	-	-	-	-	-	-
31.1	Fair Value Hedge	-	-	-	-	-	-
31.2	Cash Flow Hedge	-	-	-	-	-	-
31.3	Hedge of Net Investment in Foreign Operations	-	-	-	-	-	-
32	Held for Trading Transactions	(3) 1.840.047	4.960.600	6.800.647	701.227	773.061	1.474.288
32.1	Forward Foreign Currency Buy/Sell Transactions	238.767	310.648	549.415	107.624	106.721	214.345
32.1.1	Forward Foreign Currency Transactions-Buy	119.578	144.670	264.248	91.612	15.356	106.968
32.1.2	Forward Foreign Currency Transactions-Sell	119.189	165.978	285.167	16.012	91.365	107.377
32.2	Other Forward Buy/Sell Transactions	1.601.280	4.649.952	6.251.232	593.603	666.340	1.259.943
33	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	150.618.208	14.709.182	165.327.390	67.873.182	6.078.363	73.951.545
IV.	ITEMS HELD IN CUSTODY	8.701.960	5.821.602	14.523.562	4.600.441	2.112.045	6.712.486
4.1	Assets Under Management	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	2.615.342	664.085	3.279.427	2.593.321	-	2.593.321
4.3	Cheques Received for Collection	2.471.391	439.907	2.911.298	803.612	72.891	876.503
4.4	Commercial Notes Received for Collection	166.943	-	166.943	23.422	-	23.422
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	844	-	844	894	-	894
4.8	Custodians	344.744	4.717.610	8.165.050	1.179.192	2.039.154	3.218.346
V.	PLEDGED ITEMS	141.916.248	8.887.580	150.803.828	63.272.741	3.966.318	67.239.059
5.1	Marketable Securities	207.150	-	207.150	61.650	-	61.650
5.2	Guarantee Notes	-	-	-	-	-	-
5.3	Commodity	2.432.206	22.511	2.454.717	760.269	-	760.269
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	13.002.677	-	13.002.677	4.366.808	-	4.366.808
5.6	Other Pledged Items	126.274.215	8.865.069	135.139.284	58.084.014	3.966.318	62.050.332
5.7	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	156.961.633	23.432.481	180.394.114	70.396.673	8.853.019	79.249.692

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF PROFIT AND LOSS	Note (Fifth Section-IV)	BİN TÜRK LİRASI CURRENT PERIOD (01/01/2021-31/12/2021)	BİN TÜRK LİRASI PRIOR PERIOD (01/01/2020-31/12/2020)
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>2.326.198</b>	<b>998.379</b>
11 Profit Share on Loans		1.830.637	791.913
12 Income Received from Reserve Deposits		53.119	10.681
13 Income Received from Banks		153	535
14 Income Received from Money Market Placements		-	-
15 Income Received from Marketable Securities Portfolio		426.735	192.912
15.1 Financial Assets at Fair Value Through Profit and Loss		61.967	54.797
15.2 Financial Assets at Fair Value through Other Comprehensive Income		278.722	75.993
15.3 Financial Assets Measured at Amortised Cost		86.046	62.122
16 Finance Lease Income		12.747	14.52
17 Other Profit Share Income		2.807	886
<b>II. PROFIT SHARE EXPENSE (-)</b>	<b>(2)</b>	<b>1.793.813</b>	<b>626.766</b>
21 Expense on Profit Sharing Accounts		1.028.806	402.227
22 Profit Share Expense on Funds Borrowed		113.575	75.441
23 Profit Share Expense on Money Market Borrowings		51.840	28.367
24 Expense on Securities Issued		572.564	109.871
25 Lease Profit Share Expense		270.28	10.860
26 Other Profit Share Expenses		-	-
<b>III. NET PROFIT SHARE INCOME (I - II)</b>		<b>532.385</b>	<b>371.613</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>82.984</b>	<b>21.113</b>
41 Fees and Commissions Received		101.134	33.655
4.1.1 Non-Cash Loans		30.581	8.602
4.1.2 Other	(3)	70.553	25.053
4.2 Fees and Commissions Paid (-)		18.150	12.542
4.2.1 Non-Cash Loans		72	50
4.2.2 Other	(3)	18.078	12.492
<b>V. DIVIDEND INCOME</b>	<b>(4)</b>	<b>-</b>	<b>-</b>
<b>VI. NET TRADING INCOME</b>	<b>(5)</b>	<b>56.502</b>	<b>22.261</b>
6.1 Capital Market Transaction Gains / (Losses)		2.848	7005
6.2 Gains/ (Losses) from Derivative Financial Instruments		(116.171)	(191.289)
6.3 Foreign Exchange Gains / (Losses)		169.825	206.545
<b>VII. OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>130.647</b>	<b>85.390</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>802.518</b>	<b>500.377</b>
<b>IX. PROVISION FOR EXPECTED LOSS (-)</b>	<b>(7)</b>	<b>110.242</b>	<b>87.148</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(7)</b>	<b>15.082</b>	<b>39.691</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>284.917</b>	<b>149.880</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>	<b>203.813</b>	<b>119.178</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>188.464</b>	<b>104.480</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>
<b>XV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVI. PROFIT/LOSS BEFORE TAXES (XIII+...+XV)</b>		<b>-</b>	<b>-</b>
<b>XVII. PROVISION FOR TAXES (±)</b>		<b>188.464</b>	<b>104.480</b>
<b>XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>(10)</b>	<b>45.053</b>	<b>23.854</b>
18.1 Current Tax Provision		39.162	-
18.2 Deferred Tax Expense (+)		100.119	94.719
18.3 Deferred Tax Income (-)		94.228	70.865
<b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>	<b>(9)</b>	<b>143.411</b>	<b>80.626</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1 Income from Assets Held for Sale		-	-
20.2 Income from Sale of Associates, Subsidiaries and Joint-Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1 Expenses on Assets Held for Sale		-	-
21.2 Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-	-
21.3 Expenses from Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense (+)		-	-
23.3 Deferred Tax Income (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSS (XVIII+XXIII)</b>		<b>143.411</b>	<b>80.626</b>
25.1 Group's Income/Loss (-)		143.411	80.626
25.2 Minority Shares Profit/Loss (-)		-	-
Earnings Per Share		0,00140	0,00078

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



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	THOUSAND TL CURRENT PERIOD (01/01/2021- 31/12/2021)	THOUSAND TL PRIOR PERIOD (01/01/2020- 31/12/2020)
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>143.411</b>	<b>80.626</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>36.701</b>	<b>(2.239)</b>
<b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>(156)</b>	<b>(1.255)</b>
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(195)	(1.568)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	39	313
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>36.857</b>	<b>(984)</b>
2.2.1 Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	38.284	1408
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(1427)	(2.392)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>180.112</b>	<b>78.387</b>

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss						Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		Total Equity Except for Minority Shareholders' Interests		Total Equity
	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Minority Shareholders' Interests	
<b>Current Period (01.01.2021- 31.12.2021)</b>	<b>Paid-in Capital</b>	<b>Share Premium</b>	<b>Share Cancellation Profits</b>	<b>Other Capital Reserves<sup>(*)</sup></b>							
I. Balances at Beginning Period	1.026.915	-	-	28.591	-	(1.255)	396.085	9.317	80.626	1.539.295	1.539.295
II. Correction made as per TAS 8	-	-	-	(5.503)	-	-	-	5.395	-	5.395	5.395
2.1 Effect of Corrections	-	-	-	-	-	-	-	5.395	-	5.395	5.395
2.2 Effect of Changes in Accounting Policies	-	-	-	(5.503)	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	1.026.915	-	-	23.088	-	(1.255)	396.085	14.712	80.626	1.544.690	1.544.690
IV. Total Comprehensive Income	-	-	-	-	-	(156)	-	36.857	-	180.112	180.112
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	-	-	3.948	-	-	-	3.948	3.948
XI. Profit Distribution	-	-	-	-	-	-	89.914	(9.288)	(80.626)	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	89.914	(89.914)	-	-	-
11.3 Others	-	-	-	-	-	-	-	80.626	(80.626)	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>	<b>1.026.915</b>	<b>-</b>	<b>-</b>	<b>23.088</b>	<b>-</b>	<b>(1.411)</b>	<b>485.999</b>	<b>5.424</b>	<b>143.411</b>	<b>1.728.750</b>	<b>1.728.750</b>

1. Revaluation surplus on tangible and intangible assets,

2. Defined Benefit Plans' Actuarial Gains/Losses,

3. Other (Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss),

4. Foreign Currency Translation Differences,

5. Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI,

6. Other (Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Group for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss),

Euro (Full Euro) within the scope of additional main capital and financial assets and liabilities measured (23.088 TL) at amortized costs (Section 3 Note 6).

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

#### AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Prior Period (01.01.2020 – 31.12.2020)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves <sup>(*)</sup>	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss						Prior Period's Profit/Loss	Current Period's Profit/Loss	Total Shareholders' Equity
						1	2	3	4	5	6			
<b>I. Balances at Beginning Period(**)</b>		750.000	-	-	23.088	-	-	-	-	-	351.106	-	44.979	1.169.173
<b>II. Correction made as per TAS 8</b>		-	-	-	-	-	-	-	-	-	-	9.317	-	9.317
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	9.317	-	9.317
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>		750.000	-	-	23.088	-	-	-	-	-	351.106	9.317	44.979	1.178.490
<b>IV. Total Comprehensive Income</b>		-	-	-	-	-	(1.255)	-	-	(984)	-	-	80.626	78.387
<b>V. Capital Increase in Cash</b>		276.915	-	-	-	-	-	-	-	-	-	-	-	276.915
<b>VI. Capital Increase from Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Adjustments to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Liabilities</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Other Changes</b>		-	-	-	5.803	-	-	-	-	-	-	-	-	5.803
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	44.979	-	(44.979)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	44.979	(44.979)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-
<b>Balances at end of the period (III+IV+V+X+XI)</b>		1.026.915	-	-	28.891	-	(1.255)	-	-	(984)	396.085	9.317	80.626	1.539.295
		1.026.915	-	-	28.591	-	(1.255)	-	-	(984)	396.085	9.317	80.626	1.539.295

1. Revaluation surplus on tangible and intangible assets,

2. Defined Benefit Plans' Actuarial Gains/Losses,

3. Other (Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss),

4. Foreign Currency Translation Differences,

5. Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI,

6. Other (Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Group for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss),

(\*) Includes the initial recognition effects of the subordinated loan provided by Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated April 22, 2019, on April 24, 2019 amounting to 200 million Euro (Full Euro) within the scope of additional main capital and financial assets and liabilities measured (23.088 TL) at amortized costs (Section 3 Note 6).

(\*\*) Transition to the calculation of expected credit loss in TFRS 9 and the impact of changes in accounting policies explained in Section Three Note xxiii.

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF CASH FLOWS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	THOUSAND TL CURRENT PERIOD (01/01/2021- 31/12/2021)	THOUSAND TL PRIOR PERIOD (01/01/2020- 31/12/2020)
<b>STATEMENT OF CASH FLOWS</b>		
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit Before Changes In Assets And Liabilities from Banking Operations</b>	<b>1.820.366</b>	<b>95.695</b>
1.1.1 Profit Share Income Received	2.218.844	776.919
1.1.2 Profit Share Expense Paid	(1.685.319)	(481.129)
1.1.3 Dividend Received	-	-
1.1.4 Fees and Commissions Received	101.134	33.655
1.1.5 Other Income	109.692	73.597
1.1.6 Collections from Previously Written off Loans	-	-
1.1.7 Payments to Personnel and Service Suppliers	(356.294)	(199.473)
1.1.8 Taxes Paid	(105.361)	(34.056)
1.1.9 Others	1.537.670	(73.818)
<b>1.2 Changes in Assets and Liabilities from Banking Operations</b>	<b>783.075</b>	<b>(939.024)</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(556.091)	449.419
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions	(3.064.166)	(763.690)
1.2.3 Net (Increase) Decrease in Loans	(5.287.544)	(6.510.476)
1.2.4 Net (Increase) Decrease in Other Assets	21.271	137.202
1.2.5 Net Increase (Decrease) in Bank Deposits	108.180	(61.992)
1.2.6 Net Increase (Decrease) in Other Deposits	946.9987	44.514.20
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed	-	-
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	914.38	1.359.093
<b>I. Net Cash Flows from Banking Operations</b>	<b>2.603.441</b>	<b>(843.329)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash flow from investing activities</b>	<b>(1.781.307)</b>	<b>(1.152.774)</b>
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	(68.190)	(160.787)
2.4 Disposals of Property and Equipment	19.136	43.567
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(1.727.410)	(1.089.896)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	31.290	60.980
2.7 Purchase of Financial Assets Measured at Amortised Cost	(16.231)	-
2.8 Sale of Financial Assets Measured at Amortised Cost	-	-
2.9 Other	(199.02)	(6.638)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Flows from Financing Activities</b>	<b>55.757</b>	<b>3.092.221</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued	464.01.376	56.121.526
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(46.284.677)	(53.008.409)
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(60.942)	(20.896)
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>661.570</b>	<b>375.282</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	<b>1.539.461</b>	<b>1.471.400</b>
<b>VI. Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>1.723.008</b>	<b>251.608</b>
<b>VII. Cash and Cash Equivalents at the End of the period</b>	<b>3.262.469</b>	<b>1.723.008</b>

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Current Period(*) 31 December 2021	Prior Period 31 December 2020
<b>STATEMENT OF PROFIT DISTRIBUTION</b>		
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
<b>1.1. CURRENT YEAR INCOME</b>	<b>188.464</b>	<b>104.480</b>
1.2. TAX AND DUTIES PAYABLE (-)	45.053	23.854
1.2.1. Corporate tax (Income tax)	39.162	-
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (*)	5.891	23.854
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>143.411</b>	<b>80.626</b>
1.3. PRIOR YEAR LOSSES (-)	-	-
1.4. First legal reserves (-)	-	-
1.5. Other statutory reserves (-)	-	-
<b>B. DISTRIBUTABLE NET PERIOD INCOME [(A-(1.3+1.4+1.5))](*)</b>	<b>-</b>	<b>-</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. DIVIDEND TO PERSONNEL (-)	-	-
1.8. DIVIDEND TO BOARD OF DIRECTIONS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. SECOND LEGAL RESERVE (-)	-	-
1.11. STATUS RESERVE (-)	-	-
1.12. EXTRAORDINARY RESERVE	-	-
1.13. OTHER RESERVE	-	-
1.14. SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. SHARE TO SHAREHOLDERS (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. SHARED TO PERSONNEL (-)	-	-
2.5. SHARE TO BOARD OF DIRECTIONS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1. TO OWNERS OF ORDINARY SHARES (***)(Full TL)	0,00140	0,00079
3.2. TO OWNERS OF ORDINARY SHARES (%)	14	8
3.3. TO OWNERS OF PREFERRED SHARES	-	-
3.4. TO OWNERS OF PREFERRED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1. TO OWNERS OF ORDINARY SHARES (***)(Full TL)	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PREFERRED SHARES	-	-
4.4. TO OWNERS OF PREFERRED SHARES (%)	-	-

(\*) General Assembly of the Parent Bank is the authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of the preparation of these financial statements.

(\*\*) Deferred tax income has not been subjected to profit distribution.

(\*\*\*) Calculated by using the number of share certificates as of year-end.

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION THREE**

##### **Accounting policies**

##### **I. Explanations on basis of presentation**

##### **a. The preparation of the financial statements and related notes and explanations in accordance with the "Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks" Accounting Application and Safeguarding of Documents**

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

The preparation of consolidated financial statements in conformity with TAS requires the use of certain accounting estimates by the Group management to exercise its judgement on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and 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.

According to the statement made by POA on January 20, 2022 stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies in the financial statements of 2021 enterprises that apply TFRS. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 2021.

##### **Additional paragraph for convenience translation to English**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

##### **b. Accounting policies and valuation principles applied in the preparation of consolidated financial statements**

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **I. Explanations on basis of presentation (continued)**

##### **b. Accounting policies and valuation principles applied in the preparation of consolidated financial statements (continued)**

The accounting policies and valuation principles related with current period are explained in Notes II to XXIII below.

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent matters 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.

The COVID-19 epidemic, which has emerged in China, has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the year-end financial statements as of December 31, 2021, the Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected loan losses are explained in the statements on impairment of financial assets.

##### **c. Comparative information and classifications**

The changes in accounting policies are applied retrospectively and previous period financial statements are restated. The financial statements of the Parent Bank are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. If appropriate, the comparative information is restated in order to provide comparativeness to the statements of the current period financial statements.

The Parent Bank has rearranged the previous period cash flow statement in order to comply with the presentation of the current period financial statements.

#### **II. Explanations on strategy of using financial instruments and foreign currency transactions**

The Group creates its strategies regarding financial instruments by considering its resource structure. The Parent Bank's funding structure mainly consists of funds collected as "private current accounts", "participation accounts" and "participation accounts investment proxy pools". Apart from the funds collected, the Parent Bank's most important funding sources are equity and funds from domestic / foreign financial institutions.

The Parent Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by Central Bank of Republic of Turkey "CBRT". Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

The portion of risk belonging to the profit sharing accounts for foreign currency non-performing loans which were funded from these accounts is evaluated at current foreign exchange rates.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.



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#### **II. Explanations on strategy of using financial instruments and foreign currency transactions (continued)**

Precious metals accounted under assets and liabilities which do not have fixed maturity are converted into Turkish Lira by using the weighted average price at the balance sheet date announced by the Parent Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

#### **III. Information on consolidated associates**

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated 8 November 2006 and the "Consolidated Financial Statements" ("TFRS 10"). The Parent Bank and its subsidiary within the scope of consolidation are named as the "Group" in this report.

##### **a. Consolidation principles for subsidiaries**

**Subsidiaries** The Parent Bank can either (a) use more than 50% of the voting right regarding the shares in companies as a result of the shares owned directly and / or indirectly, or (b) using more than 50% of the voting right. It refers to companies that have the authority and power to control financial and operating policies in line with the interests of the Group by using the effect of de facto control over financial and operating policies.

**Control** If the Parent Bank directly or indirectly owns the majority of the capital in a legal entity or holds the privileged shares although it does not have this majority, or disposes of the majority of the voting rights based on agreements with other shareholders, or by any means to appoint or dismiss the majority of the members of the board of directors. It was accepted as having the power to buy.

Subsidiaries are consolidated by using the full consolidation method in line with the principle of materiality based on asset and equity sizes.

Subsidiaries have been included in the scope of consolidation as of the date the control over their activities is transferred to the Group and will be excluded from the scope of consolidation when the control ceases. When deemed necessary, the accounting policies applied for subsidiaries may be changed in order to ensure consistency with the accounting policies applied by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been 100% consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority shares in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary.

Emlak Varlık Kiralama A.Ş. was established and registered to the trade registry in 5 August 2019 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Emlak Varlık Kiralama A.Ş. has been founded to operate lease certificate according to rulings of Capital Markets Board of Turkey which was dated 7 June 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. Emlak Varlık Kiralama A.Ş. was established on 5 August 2019 with TL 50 capital amount paid by the Parent Bank. It began to operate after the registration on 5 August 2019.

Emlak Katılım Varlık Kiralama A.Ş., a subsidiary of the Parent Bank, was established on 20 January 2020 and registered in the trade registry in line with the permission obtained from the Banking Regulation and Supervision Board and the Capital Markets Board. Emlak Katılım Varlık Kiralama A.Ş. was established and started its activities.

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#### **III. Information on consolidated associates (continued)**

##### **a. Consolidation principles for subsidiaries (continued)**

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

<b>Title</b>	<b>Operation Center (City/Country)</b>	<b>Main Activities</b>	<b>Effective Rates (%)</b>	<b>Direct and Indirect Rates (%)</b>
Emlak Varlık Kiralama A.Ş.	İstanbul/Türkiye	Lease Certificate Issue	100	100
Emlak Katılım Varlık Kiralama A.Ş.	İstanbul/Türkiye	Lease Certificate Issue	100	100

##### **b. Presentation of consolidated subsidiaries, associates and joint ventures in consolidated financial statements**

The Group has no consolidated subsidiaries, associates or joint ventures.

#### **IV. Explanations on forward, option contracts and derivative instruments**

The derivative financial instruments of the Group consist of forward foreign currency, forward precious metal and swap agreements. The Group records the spot foreign currency transactions in asset purchase and sale commitments.

The Group derivative instruments are classified, measured and accounted in accordance with "TFRS 9 Financial Instruments". Derivative instruments are initially recognized at fair value and subsequently measured at fair value.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit or Loss", "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" or "Derivative Financial Liabilities at Fair Value Through Profit or Loss" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts on the balance sheet present the fair values of derivative transactions. The differences that occur in the fair value as a result of the valuation are accounted in the "Income / loss from derivative financial transactions" in the income statement.

#### **V. Explanations on profit share income and expenses**

##### **Profit share income**

Profit share income is accounted in accordance with the internal rate of return method, which is equal to the net present value of the future cash flows of the financial asset determined in TFRS 9 and reflected to the accrual basis.

##### **Profit share expense**

The Group records profit share expenses on accrual basis. The profit share expense accrual calculated in accordance with the unit value method on profit sharing accounts has been included under the account 'Funds Collected' in the balance sheet.

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#### **VI. Explanations on fees, commission income and expenses**

Fees and commissions are accounted for in accordance with "TFRS 15 Revenue from Contracts with Customers" except for fees and commissions that are integral part of the effective profit share rates of financial instruments measured at amortized costs.

In accordance with provisions of TFRS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight-line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance, which are related to the future periods are recorded under the account 'Unearned Revenues' and included in 'Other Liabilities' in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share on Loans" in the income statement.

Related to financial liabilities; loan fees and commission expenses which constitute the transaction cost and which are paid to other institutions and organizations are accounted under the prepaid expense account and reflected in the expense accounts according to the internal rate of return method.

#### **VII. Explanations on financial assets and liabilities**

The Group categorizes its financial assets as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part three Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated January 19, 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements.

During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Group recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by the Group management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Group's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to earnings, losses or profit share that were previously recorded in the financial statements.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss classified under two main categories as "Derivative Financial Assets" and "Financial assets at fair value through profit or loss". Financial assets classified in this group are taken into the financial statements with cost values that reflect their fair values and are shown in the financial statements at fair value in the following periods. The resulting valuation gain and loss are included in the profit / loss accounts.

#### **Financial assets valued at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are initially recognized at cost; which reflects their fair values; including the transaction costs. After the initial recognition, financial assets valued at fair value through other comprehensive income are measured at fair value and the unrealized gains or losses resulting from the difference between the amortized cost and the fair value is recorded in "accumulated other comprehensive income or expense to be reclassified through profit or loss" under equity. In case of a disposal of financial assets valued at fair value through profit and loss, increases/decreases which have been recorded in the Accumulated other comprehensive income or expense to be reclassified through profit or loss under the equity is transferred to income statement. Financial assets at fair value through other comprehensive income which do not have a quoted market price in an active market and whose fair values can not be reliably measured are carried at cost, less impairment, if any.

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#### **VII. Explanations on financial assets and liabilities (continued)**

##### **Financial assets and liabilities measured at amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit share are classified as financial assets measured at amortized cost. Financial assets and liabilities measured at amortized cost are initially recognized at cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using the internal rate of return. Profit share income and profit share expense obtained from financial assets and liabilities measured at amortized cost are accounted in the income statement.

As of December 31, 2021 the Group has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR), the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition (Section 5 Part 2 Note 9 and Note 11).

In addition, government securities with no fixed term and with 0% return are classified as 'financial assets carried at amortized cost' and recorded to the balance sheet with the reduced amount of government securities' rate of return, in accordance with the decision taken by the Parent Bank's Management. The difference between the initial acquisition date cost value and the reduced amount is recorded under 'Other Capital Reserves' account in shareholders' equity (Section 5 Part 1 Note 7).

#### **VIII. Explanations on expected credit losses**

As of January 1, 2020, the Group recognizes a loss allowance for expected credit losses on financial assets based on TFRS 9 "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" and the regulation published in the Official Gazette no. 29750 dated June 22, 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans. In this context, as of December 31, 2019, the method of reserving credit provisions within the framework of the relevant legislation of the BRSA has changed by applying the expected credit losses model with the implementation of TFRS 9. The expected credit loss estimate contains unbiased, supportable information about current and future economic conditions.

The Group classifies the financial asset as stage 1 if the credit risk of a financial instrument does not materially increase since initial recognition to the financial statements and measures the amount of the impairment on the financial asset equal to 12-month expected credit losses at each reporting date. The purpose of impairment is to recognize lifetime expected credit losses in the financial statement for the credit risk of all financial instruments those materially increase since initial recognition to the financial statements with considering all supportable information individually or collectively including reasonable and prospective information.

##### **Calculation of expected credit losses**

The Group measures expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about past events, current conditions as of the reporting date, without undue cost or effort. The Parent Bank has not developed an internal model for estimating these risk parameters due to insufficient historical data for modeling. In ECL calculations, the Parent Bank consider sectoral average NPL ratio as PD with reasonable approach and the ratio of non-performing loans to gross loans, in line with the projection of the next year. For LGD, the Parent Bank uses a 45% ratio in compliance with the basic IDD approach in Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach published by the BRSA with a reasonable approach. The calculation of expected credit losses consists of three main parameters: Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

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#### **VIII. Explanations on expected credit losses (continued)**

##### **Parameters used in calculating expected loss provisions**

###### **Probability of Default (PD)**

PD represents the likelihood of a default over a specified time period. The Group uses two different default probability values when calculating the expected credit loss in accordance with TFRS 9:

- 12-Month default probability: Estimate the probability of default in 12 months after the reporting date
- Lifetime default probability: Estimation of the probability that the financial instrument will default to its expected lifetime

###### **Loss Given Default (LGD)**

LGD represents an estimate of the loss at the time of a potential default occurring during the life of a financial instrument. It is expressed as a ratio.

###### **Exposure at Default (EAD)**

In cash loans, it refers to the balance as of the report date. In non-cash loans and commitments, it is the value calculated by applying the conversion ratio to the loan. The loan conversion rate corresponds to the loan conversion rate used in the adjustment of possible risk increases between the current date and the default date.

The expected credit loss estimate contains unbiased, supportable information about current and future economic conditions. These financial assets are divided into the following three categories depending on the increase in credit risks observed since they were first included in the financial statements:

###### **12-Month Expected Loss Provision (Stage 1)**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. The number of delay days does not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. It is valid for all assets unless there is a significant deterioration in credit quality. The 12-month expected loss values are part of the expected lifetime loss calculation (within 12 months after the reporting date or less if the life of a financial instrument is less than 12 months).

###### **Significant Increase in Credit Risk (Stage 2)**

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The Group classifies financial assets as stage 2 by considering the following criteria:

- Loans with overdue days exceeding 30 days but not exceeding 90 days,
- Data received from the early warning system and the evaluation of the Parent Bank in this case,
- In order to determine whether the default risk of the customer has increased significantly since the first definition of the loan, the Parent Bank's management concludes that there is a significant increase in credit risk as a result of comparison with the risk of default in the loan,
- Loans whose reimbursement is totally collateralized and whose loans are below the net realizable value receivable amount.

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#### **VIII. Explanations on expected credit losses (continued)**

##### **Parameters used in calculating expected loss provisions (continued)**

###### **Default (3rd Stage / Special Provision)**

According to the internal procedures of the Group, if the following conditions exist, the relevant financial asset is included in the default:

- Credits with a delay of 90 days from the date of the last installment (In this case, the customer is monitored as default on the 91st day).
- Restructured loans and classified as a performing loan and overdue more than 30 days during the one-year monitoring period installment (In this case, the customer is monitored as default on the 31st day).
- Restructured loans and classified as performing loan and that have been structured at least once more during the one-year monitoring period.

Due to the disruptions in economic and commercial activities as a result of the COVID-19 outbreak, based on the BRSA's resolutions of March 17, 2020, numbered 8948 and March 27, 2020, numbered 8970, as of March 17, 2020, within the scope of the 4th and 5th articles of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to Be Allocated for Them", 30 days delay period envisaged for classification of loans in the second group is applied as 90 days until December 31, 2020 for the loans monitored in the first group, 90 days delay period envisaged for the classification of loans in non performing loans, is provided to be applied as 180 days until December 31, 2020 for the loans monitored in the first and second groups. In this context;

With the announcement made on September 16, 2021, it was decided to end flexibility as of the end of September 30, 2021; However, as of October 1, 2021 same application will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of October 1, 2021 in addition to the 1st stage loans was decided to continue the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days and it was implemented throughout the year.

#### **IX. Explanations on offsetting of financial instruments**

Financial instruments are offset when the Group has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The Group has no such offset of financial assets and liabilities.

#### **X. Explanations on sale and repurchase agreements and lending of securities**

Securities subject to repurchase agreement are classified as at "fair value through profit or loss", "fair value through other comprehensive income" or "measured on amortised cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement. The Group has no securities lending transactions.

#### **XI. Explanations on assets held for sale and discontinued operations and liabilities related to these assets**

Assets held for sale (or disposal group) in accordance with TFRS 5 ("Assets Held for Sale and Discontinued Operations") are measured at the lower of the carrying amount of assets and fair value less any cost to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset shall be actively marketed in conformity with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

A discontinued operation is a part of the Group's business which has been disposed of or classified as held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Group has no discontinued operations.

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#### **XII. Explanations on goodwill and other intangible assets**

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets".

As of December 31, 2021, there is no goodwill in the financial statements of the Group. The Bank's intangible assets consist of softwares and intangible rights (December 31, 2020: None).

The Bank's intangible assets consist of software and intangible rights. The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004 the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Group over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Group's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

#### **XIII. Explanations on tangible assets**

The cost of the tangible assets purchased before December 31, 2004 have been restated by inflationary index from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets are recorded at cost less accumulated depreciation and provision for impairment, if any in compliance with the TAS 16 "Turkish Accounting Standards for Tangible Assets" in the financial statements.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. There are no changes in the accounting estimates which are expected to have an impact in the current or subsequent periods.

Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated economic useful life of the assets. The annual rates used are as follows:

	<b>Depreciation Rate (%)</b>
Computers	10-33
Furniture and equipment	20
Other moveables	7-33
Vehicles	20
Intangible assets (Rights)	7-33

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year-end.

Gain or loss resulting from disposals of the tangible assets is calculated as the difference between the net proceeds from the sale and the net book value of the related asset.

The repair and maintenance costs of the tangible assets are capitalized, if the expenditure increases the economic life of the asset, other repair and maintenance costs are expensed.



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#### **XIV. Explanations on leasing transactions**

The Group applies the TFRS 16 Leases standard.

The Group recognizes the right of use and the rent obligation on the financial statements at the effective date of the lease. The right of use is measured initially at cost value and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for the re-measurement of the lease obligation. TAS 36 Impairment of Assets is applied in order to determine whether the real estates that are entitled to use have been impaired and to recognize the impairment loss.

With the TFRS 16 Leases Standard effective from January 1, 2019, the difference between operating leases and financial leases is eliminated and leases are presented as assets by the lessees under Tangible Assets and as liabilities under Liabilities from Leasing Transactions.

TFRS 16 introduces a single leasing accounting model for lessees. As a result, the Group, as a lessee, has acquired the lease rights representing the right to use the underlying asset and the lease payments to the financial statements. Accounting for the lessor is similar to the previous accounting policies.

The Group when valuing its leasing obligations, discounted its leasing payments using an alternative borrowing rate. The weighted-average rate applied is 17% for leasing agreements denominated in Turkish liras.

#### **Existence of right to use**

The right to use asset is first recognized by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Group.

When applying the Group cost method, the existence of the right to use:

- Accumulated depreciation and accumulated impairment losses are deducted and measures the restatement of the lease obligation at the restated cost.

The Group applies depreciation provisions in TAS 16 Property, Plant and Equipment while depreciating the right to use assets.

#### **The lease obligations**

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's average borrowing interest rates. If this rate cannot be easily determined, the Bank uses the Group's alternative borrowing dividend rate.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Group measures the leasing liability as follows:

- Increase the book value to reflect the interest on the lease obligation
- Reduces the book value to reflect the lease payments made and
- The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The profit share on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic profit share rate to the remaining balance of the lease liability.

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#### **XV. Explanations on provisions and contingent liabilities**

Provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans, are accounted in accordance with TAS 37: "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Group; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

#### **XVI. Explanations on liabilities regarding employee rights**

##### ***i) Defined benefit plans:***

Provision for the Group's employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

Provision for employee termination benefits is calculated at net present value of the estimated future probable obligation arising from the retirement of the employees in accordance with the Turkish Labor Law or the termination of the employee relationship by completing at least one year service, calling for military service, or in case of death.

Provision for the Group's employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

Some of the Group employees are members of T.C. Ziraat Bankası A.Ş. ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı.

The Group has no liabilities to these foundations (December 31, 2020: None).

##### ***ii) Defined contribution plans:***

The Group pays defined contribution plans to publicly administered Social Security Funds for its employees. The Group has no further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

##### ***iii) Short term benefits to employees:***

The Group measures the expected costs of cumulative paid leave as part of TAS 19 as additional amounts that it expects to pay due to accumulated unused rights as of the end of the reporting period.

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#### **XVII. Explanations on taxation**

##### **Corporate Tax:**

In accordance with the Provisional Article 13 added to the Corporate Tax Law No. 5520 with the Law No. 7316 and the Law No. 7316 the 20% rate stipulated in the calculation of the corporate tax is 25% for the corporate earnings for the 2021 taxation period from the declarations that must be submitted as of 01.07.2021 is starting from 01.01.2021 and to be valid for corporate earnings for the taxation period starting from 01.01.2021 is determined as 23% for corporate earnings for the 2022 taxation period. In this context the Corporate Tax rate effective as of 31.12.2021 is 25% (31 December 2020: 22%).

In the Corporate Tax Law, quarterly periods are calculated and paid temporarily in accordance with the principles specified in the Small Income Tax Law and appropriations. These temporary payments are deducted from the appropriations of the current taxation period.

Tax expense is the sum of current tax and deferred tax expense. The tax liability for the current period is calculated over the taxable portion of the profit for the period. Taxable profit may differ from profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and items that are not taxable or deductible. Current tax amounts to be paid are netted with prepaid tax amounts and shown in the financial statements.

Within the framework of the provisions of the Corporate Tax Law No. 5520, the profits arising from the sale of participation shares and immovables in the assets of the institutions for a minimum of 2 full years which is provided that they are added to the capital as stipulated in the Law or kept in a special fund account in liabilities for 5 years and the real estate acquired by the banks due to receivables and 75% of the gains arising from the sale of participation shares are exempt from tax; Article 89/a of the Law No. 7061, which came into force after being published in the Official Gazette dated 05 December 2017 and numbered 30261, and Articles 5.1.e and 5.1.f of the Corporate Tax Law, were applied at a rate of 75% in terms of the above-mentioned real estate sales. The exception has been reduced to 50%, effective from the date of publication of the Law.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

##### **Deferred Taxes**

Deferred tax asset or liability, "Turkish Accounting Standard for Income Taxes" ("TAS 12"), the temporary differences arising between the amounts of assets and liabilities shown in the financial statements and the amounts calculated according to the tax legislation according to the balance sheet method of tax rates of the tax effects in force in the relevant periods determined by taking into account.

Deferred tax assets and liabilities are netted off and reflected in the financial statements. While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Deferred tax is calculated over tax rates that are valid or nearly effective in the period when assets are realized or liabilities are fulfilled and are recorded as expense or income in the statement of profit or loss. However, deferred tax is recognized directly in equity accounts if it relates to assets directly associated with equity in the same or a different period. Due to the completion of the temporary tax rate change at the rate of 22% with the "Law on the Amendment of Some Tax Laws and Some Other Laws" numbered 7061 as of 2020, 25% for the temporary differences expected to be realized or closed by the end of 2021, by 2022. The Group has used a tax rate of 23% for the temporary differences expected to be realized or closed by the end of 2023 and 20% for the temporary differences that are expected to be realized or closed by the end of 2023 while preparing the financial statements as of 31 December 2021.

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#### **XVII. Explanations on taxation (continued)**

##### **Transfer pricing**

Transfer pricing is regulated through the article 13 of Corporate Tax Law titled "Disguised Profit Distribution by way of Transfer Pricing". Detailed information for the practice regarding the subject is found in the "General Communiqué on Disguised Profit Distribution by way of Transfer Pricing".

According to the related regulation, in the case of making purchase or sales of goods or services with related persons/ corporations at a price that is determined against "the arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not deductible in calculation of corporate tax.

#### **XVIII. Additional explanations on borrowings**

The Parent Bank generates funds from debt certificates issued by the asset leasing company and these funds have been presented under "Funds Borrowed". Borrowings, except for funds collected, are recognized at amortized cost using the effective internal rate of return method in the following periods after the initial recognition.

#### **XIX. Explanations on issued share certificates**

None.

#### **XX. Explanations on acceptances and availed drafts**

The Group aval and acceptances are carried out simultaneously with customers' payments and are shown in off-balance sheet obligations as possible debts and commitments.

#### **XXII. Explanations on government grants**

As of the balance sheet date, there are no government grants received by the Group.

#### **XXII. Explanations on segment reporting**

Business segment is a component of the Group that engages in business activities from which the Bank may earn revenues and incur expenses, whose operating results are regularly reviewed by the Bank's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, which and for discrete financial available.

Segment reporting is disclosed in Section Four, Note X.

#### **XXIII. Explanations on investments in associates, subsidiaries and joint ventures**

Non-financial subsidiaries and associates (in Turkish Lira) are accounted at cost in the consolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

#### **XXIV. Information on other issues**

None.

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#### SECTION FOUR

#### Information on consolidated financial structure and risk management

##### I. Explanations on consolidated capital adequacy standard ratio

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, and “Regulation Regarding Banks’ Shareholders’ Equity”. The Group’s common Equity Tier 1 Capital is TL 4.066.973 (December 31, 2020: TL 2.885.649) which calculated as of December 31, 2020 and the capital adequacy ratio is 27,92% (December 31, 2020: 28,30%). The capital adequacy standard ratio of the Group is above the minimum rate determined by the relevant legislation.

##### a) Information on consolidated about total capital items

	Current Period December 31, 2021	Prior Period December 31, 2020
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.026.915	1.026.915
Share issue premiums	-	-
Reserves	485.999	396.085
Gains recognized in equity as per TAS	35.873	-
Profit	148.806	89.943
Current Period Profit	143.411	80.626
Prior Period Profit	5.395	9.317
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1.697.593</b>	<b>1.512.943</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.411	2.239
Leasehold improvements	76.233	66.716
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	22.693	34.559
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 valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in 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	-	-
Portion of the total of net long positions of investments made in 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 exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments 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	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>100.337</b>	<b>103.514</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>1.597.256</b>	<b>1.409.429</b>

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#### I. Explanations on consolidated capital adequacy standard ratio (continued)

##### a) Information on consolidated about total capital items (continued)

	Current Period December 31, 2021	Prior Period December 31, 2020
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	2.359.569	1444.940
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>2.359.569</b>	<b>1.444.940</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
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 above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
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 Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.956.825</b>	<b>2.854.369</b>
<b>TIER 2 CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA ( Temporary Article 4 )	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	55.508	54.655
<b>Contribution Capital Before Discounts</b>	<b>55.508</b>	<b>54.655</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in 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 (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>55.508</b>	<b>54.655</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4.012.333</b>	<b>2.909.024</b>
<b>Deductions from Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	5.360	23.375

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#### I. Explanations on consolidated capital adequacy standard ratio (continued)

##### a) Information on consolidated about total capital items (continued)

	Current Period December 31, 2021	Prior Period December 31, 2020
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences 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 Banks' Own Funds	-	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>	<b>4.006.973</b>	<b>2.885.649</b>
<b>Total Risk Weighted Amounts</b>	<b>14.354.337</b>	<b>10.195.970</b>
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	11,13	13,82
Tier 1 Capital Adequacy Ratio (%)	27,57	28,00
Capital Adequacy Ratio (%)	27,91	28,30
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	2,5	2,5
a) Capital conservation buffer requirement (%)	2,5	2,5
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic important 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 (%)	6,63	9,32
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Portion of the total of net long positions of 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 above Tier I capital	-	-
Portion of the total of 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 above Tier I capital	-	-
Limits related to provisions considered in Tier II calculation	-	-
Amount arising from deferred tax assets based on temporary differences	92.494	88.555
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	55.508	54.655
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	55.508	54.655
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

<sup>(1)</sup> The Group, provided loan from Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated 22 April 2019, on 24 April 2019 amounting to 200 million Euros (Full EUR) with no fixed term and no profit share within the scope of additional main capital.

The Banking Regulatory and Supervisory Authority ("BRSA") issued a press release on March 23, 2020 announcing certain measures due to financial market fluctuations caused by the COVID-19 pandemic. The Banks are entitled to use the year-end buying exchange rate of in calculating the amount subject to credit risk as per the Regulation on the Calculation and the Evaluation of Banks' Capital Adequacy for the valued amounts as per the Turkish Accounting Standards; and the relevant reserves to set aside related to its monetary and non-monetary assets, excluding the assets in foreign currency measured in historical cost. In addition, negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" may not be included in capital adequacy ratio calculations in accordance with the Regulation on Banks' Equity.

Upon the fluctuations caused by the COVID-19 epidemic on the financial markets by the BRSA, with the BRSA's decision dated September 16, 2021 and numbered 9795;

- In the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy which is stated to expire as of 31 December 2021 the amounts of monetary assets and non-monetary assets other than items in foreign currency measured in historical cost evaluated in accordance with Turkish Accounting Standards and the relevant It has been decided that the practice of using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date will continue until a contrary BRSA Decision is taken.



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#### I. Explanations on consolidated capital adequacy standard ratio (continued)

##### a) Information on consolidated about total capital items (continued)

- With the decision of the Banking Regulation and Supervision Agency dated 16 April 2020 and numbered 8999, 0% risk weight decision is applied in the calculation of the amount subject to credit risk in accordance with the Standard Approach within the scope of the Regulation on the Measurement and Evaluation of Capital Adequacy for the receivables from the Central Government of the Republic of Turkey and issued in foreign currency. continues.

The relevant board decisions are taken into account in the standard capital adequacy calculations of the Parent Bank and provide a 647% effect on the standard capital adequacy ratio.

##### b) Information on consolidated debt instruments to be included in the equity calculation

Issuer	Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu
Unique Identifier (CUSIP, ISIN etc.)	TRT240424F22
Governing Law(s) of the Instrument	Regulation on Banks' Equity Communique on Principles Regarding Borrowing Instruments to be Included in Bank' Equity Calculation

##### Special Consideration in the Calculation of Equity

As of 1 January 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Subordinated Loan
Amount recognized in regulatory capital (as of most recent reporting date)	2.359.569
Par Value of Instrument	3.891.716
Accounting Classification	Subordinated Loan
Original date of Issuance	24.04.2019
Perpetual or dated	Undated
Maturity date	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: 24.05.2024 Total Repayment Amount: EUR 200 million (full)
Subsequent call dates	-

##### Profit Share/Dividends

Fixed or floating profit share/dividend	-
Profit share rate and any related index	-
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative

##### Convertible or Non-convertible

If convertible, conversion trigger	-
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)	In case of the ratio of core capital adequacy ratio falls below 5,125 %
If write-down, full or partial	At least to ensure that the core capital ratio exceeds 5,125 %
If write down, permanent or temporary	Permanent and Temporary
If temporary write-down, description of write-up mechanism	There is write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7
Details of incompliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7

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#### **I. Explanations on consolidated capital adequacy standard ratio (continued)**

##### **c. Explanations on consolidated reconciliation of equity items and balance sheet amounts**

The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from Stage 1 and Stage 2 expected credit losses, debt instruments, and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, Stage 1 and Stage 2 expected credit losses up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

#### **II. Explanations on consolidated credit risk**

Credit risk is defined as the probability of loss that the Group may be exposed to due to the failure of the loan customer to fulfill its obligations partially or completely on time by not complying with the contractual requirements.

Credit allocation authority is mainly in the Board of Directors, and this authority can be delegated to subcommittees in accordance with the Banking Law. The Board of Directors determines the loan policies and loan extension limits at the macro level. It establishes policies regarding loan issuance, approval and other administrative principles. Monitors compliance with policies, concentrations and limits and takes the necessary measures. It creates a suitable environment for the healthy and efficient functioning of the credit function. Sufficient personnel and software are provided, authorities, roles and limits are clearly determined and necessary controls are established. Credit risk is measured periodically analyzed and reported.

Preparations are made to use rating scores and scoring and rating models that generate default probability in order to measure the credit risk of customers according to their segments. The rating grades produced are used in making the decision to work with the customer and in determining working conditions. Credit limit allocations are made separately for the customer or credit group according to financial analysis and intelligence reports, customer ratings and segment. The allocated limits are reviewed in the periods specified in the commercial and individual loan policies, and the customer's intelligence and rating report is renewed. Attention is paid to sectoral balanced distribution of loans and the use of TL resources as TL and FX resources as FX without any currency mismatch. Credit restrictions specified in the Banking Law and relevant legislation are complied with. Although the credibility of the customer is essential, attention is paid to collateralization for risk reduction. Maximum care is taken to ensure that the loan and collateral maturity, currency type and independent value appraisal are made. Guarantees received are periodically evaluated and insured.

Provision is made for loan receivables that are in default in accordance with TFRS 9 "Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions to be Allocated for These".

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#### II. Explanations on consolidated credit risk (continued)

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

Risk Categories	Current Period Risk Amount	Average Risk Amount <sup>(*)</sup>
1 Receivables from central governments or central banks	9589,054	6.331937
2 Receivables from regional or local governments	88.578	81.890
3 Receivables from administrative units and non-commercial enterprises	908	40.065
4 Receivables from multilateral development banks	-	-
5 Receivables from international organizations	-	-
6 Receivables from banks and brokerage houses	1,093.531	1.616421
7 Receivables from corporates	12,325.899	10,791.114
8 Retail receivables	3,250.086	1,519,446
9 Receivables secured by mortgages on property	998,207	628.131
10 Past due receivables	6,224	1,856
11 Receivables defined in high risk category by BRSA	-	-
12 Securities collateralized by mortgages	-	-
13 Securitization positions	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-
15 Investments similar to collective investment funds	-	-
16 Equity security investments	-	-
17 Other Receivables	1,278,224	1,194,995
<b>Total<sup>(*)</sup></b>	<b>28,629,984</b>	<b>22,205,955</b>

<sup>(\*)</sup>Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2021.

Risk Categories	Prior Period Risk Amount	Average Risk Amount <sup>(*)</sup>
1 Receivables from central governments or central banks	4,083,539	3,087,328
2 Receivables from regional or local governments	577,42	19,667
3 Receivables from administrative units and non-commercial enterprises	61,548	29,858
4 Receivables from multilateral development banks	-	-
5 Receivables from international organizations	-	-
6 Receivables from banks and brokerage houses	1,928,845	937,340
7 Receivables from corporates	10,218,999	5,520,804
8 Retail receivables	-	1
9 Receivables secured by mortgages on property	415,088	255,758
10 Past due receivables	7	1
11 Receivables defined in high risk category by BRSA	-	-
12 Securities collateralized by mortgages	-	-
13 Securitization positions	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-
15 Investments similar to collective investment funds	-	-
16 Equity security investments	-	-
17 Other Receivables	1,014,133	678,254
<b>Total<sup>(*)</sup></b>	<b>17,779,901</b>	<b>10,529,011</b>

<sup>(\*)</sup>Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2020.

The Group considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.

The Group has credit lines in different countries within the scope of its banking activity and due inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines.

For the banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent bank and the size of Bank itself and concentration of risk is avoided. The Group does not carry any serious risk in this respect.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş. NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

### II. Explanations on consolidated credit risk (continued)

Geographical distribution of risk amounts disaggregated by significant risk classes in important regions; Distribution of risks, disaggregated by risk classes, by sectors or counterparties, and distribution of all risks by remaining maturities  
Profile on significant risks in significant regions

	1	2	3	4	5	6	7	Risk Categories*			10	11	12	13	14	15	16	17	Total
<b>Current Period</b>								8	9										
1 Domestic	9589054	88578	908	-	-	223.334	12.296.906	3.243.584	998.057	6.224	-	-	-	-	-	-	-	1.274.883	27721.528
2 EU Countries	-	-	-	-	-	300.120	-	115	150	-	-	-	-	-	-	-	-	-	300.385
3 OECD Countries <sup>(*)</sup>	-	-	-	-	-	189938	-	-	-	-	-	-	-	-	-	-	-	3341	193.279
4 Off-shore Banking Regions	-	-	-	-	-	-	28993	3.366	-	-	-	-	-	-	-	-	-	-	32.359
5 USA, Canada	-	-	-	-	-	318.624	-	-	-	-	-	-	-	-	-	-	-	-	318.624
6 Other Countries	-	-	-	-	-	61.515	-	3.021	-	-	-	-	-	-	-	-	-	-	64.536
7 Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Unallocated Assets/Liabilities <sup>(**)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>9 Total</b>	<b>9.589.054</b>	<b>88.578</b>	<b>908</b>	<b>-</b>	<b>- 1.093.531</b>	<b>12.325.899</b>	<b>3.250.086</b>	<b>998.207</b>	<b>6.224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.278.224</b>	<b>28.630.711</b>
<b>Prior Period</b>																			
1 Domestic	4.083.539	57742	61548	-	-	1.752.951	10.199.886	-	415.088	7	-	-	-	-	-	-	-	1.014.133	17.584.894
2 EU Countries	-	-	-	-	-	52.005	-	-	-	-	-	-	-	-	-	-	-	-	52.005
3 OECD Countries <sup>(*)</sup>	-	-	-	-	-	106.843	-	-	-	-	-	-	-	-	-	-	-	-	106.843
4 Off-shore Banking Regions	-	-	-	-	-	-	19.113	-	-	-	-	-	-	-	-	-	-	-	19.113
5 USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Other Countries	-	-	-	-	-	17046	-	-	-	-	-	-	-	-	-	-	-	-	17046
7 Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Unallocated Assets/Liabilities <sup>(**)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>9 Total</b>	<b>4.083.539</b>	<b>57742</b>	<b>61548</b>	<b>-</b>	<b>- 1.928.845</b>	<b>10.218.999</b>	<b>-</b>	<b>415.088</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.014.133</b>	<b>17.779.901</b>

\*Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.

1	Conditional and unconditional receivables from central government or central banks	10	Past due receivables
2	Conditional and unconditional receivables from regional or local governments	11	Receivables determined as high risk by the Board
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	12	Mortgage-backed securities
4	Conditional and unconditional receivables from multilateral development banks	13	Securitization positions
5	Conditional and unconditional receivables from international organizations	14	Short-term receivables and short-term corporate receivables from banks and brokerage houses
6	Conditional and unconditional receivables from banks and brokerage houses	15	Investments as collective investment enterprises
7	Conditional and unconditional receivables from corporates	16	Equity share investments
8	Conditional and unconditional retail receivables	17	Other receivables
9	Receivables secured by mortgages on property		

<sup>(\*)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(\*\*)</sup> Assets and liabilities are not allocated on a consistent basis.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş. NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

### II. Explanations on consolidated credit risk (continued)

#### Profile on significant risks in significant regions

		Risk Categories*																				
	Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total	
1	Agriculture	-	-	-	-	-	-	46.041	23.790	444	-	-	-	-	-	-	-	-	-	65.400	4.875	70.275
1.1	Farming and stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2	Forestry	-	-	-	-	-	-	46.041	23.790	444	-	-	-	-	-	-	-	-	-	65.400	4.875	70.275
1.3	Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Manufacturing	-	-	-	-	-	-	4.103.547	923.687	151.061	1.723	-	-	-	-	-	-	-	346	2.555.119	2.625.245	5.180.364
2.1	Mining and quarrying	-	-	-	-	-	-	278.142	14.753	2.027	-	-	-	-	-	-	-	-	-	34.733	260.189	294.922
2.2	Production	-	-	-	-	-	-	3.667.924	879.188	12.901.9	1.723	-	-	-	-	-	-	-	13	2.346.148	2.331.719	4.677.867
2.3	Electricity, gas, water	-	-	-	-	-	-	157.481	29.746	20.015	-	-	-	-	-	-	-	-	333	174.238	33.337	207.575
3	Construction	-	-	-	-	-	-	2.386.504	394.713	458.727	279	-	-	-	-	-	-	-	34	2.696.624	543.633	3.240.257
4	Services	6.500.655	76.578	69	-	-	1.083.200	4.967.039	1.110.185	213.865	4.188	-	-	-	-	-	-	-	109.501	7986.412	6.078.868	14.065.280
4.1	Wholesale and retail trade	-	-	-	-	-	-	2.166.299	815.376	148.654	2.734	-	-	-	-	-	-	-	104	2.363.944	76.922.3	3.133.167
4.2	Hotel, food and beverage services	-	-	-	-	-	-	43.491	23.471	4.959	-	-	-	-	-	-	-	-	4	71.925	-	71.925
4.3	Transportation and telecommunication	-	-	-	-	-	-	1.107.370	104.233	24.238	1.352	-	-	-	-	-	-	-	90	447.218	790.065	1.237.283
4.4	Financial institutions	886.915	-	-	-	-	-	746.362	4.363	645	-	-	-	-	-	-	-	-	109.290	1.417.660	1.413.115	2.830.775
4.5	Real estate and renting services	-	-	-	-	-	-	14.978.0	5.179	17.679	102	-	-	-	-	-	-	-	3	144.811	27.932	172.743
4.6	Self-employment services	-	-	-	-	-	-	695.163	130.532	15.300	-	-	-	-	-	-	-	-	4	622.674	218.325	840.999
4.7	Education services	-	-	-	-	-	-	10.146	1.854	-	-	-	-	-	-	-	-	-	6	12.075	-	12.075
4.8	Health and social services	5.613.740	76.578	-	-	-	-	48.428	25.177	2.390	-	-	-	-	-	-	-	-	-	290.610.5	2.860.208	5.766.313
5	Other	3.088.399	12.000	839	-	-	10.331	822.768	797.711	174.110	34	-	-	-	-	-	-	-	-	2.282.837	3.791.698	6.074.535
Total		9.589.054	88.578	908	-	-	1.093.531	12.325.899	3.250.086	998.207	6.224	-	-	-	-	-	-	-	-	15.586.392	13.044.319	28.630.711

(\*) It refers to the risk classes included in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

1	Conditional and unconditional receivables from central government and Central Banks	10	Past due receivables
2	Conditional and unconditional receivables from regional or local governments	11	Receivables defined under high risk category by BRSA
3	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	12	Mortgage-backed securities
4	Conditional and unconditional claims from multilateral development banks	13	Securitization positions
5	Contingent and unconditional receivables from international organizations	14	Short-term receivables and short-term corporate receivables from banks and brokerage houses
6	Conditional and unconditional receivables from banks and brokerage houses	15	Investments that qualify as a collective investment institution
7	Conditional and unconditional receivables from corporates	16	Equity share investments
8	Conditional and unconditional receivables from retail portfolios	17	Other receivables
9	Receivables secured by real estate mortgages		

\*\* Before Credit Risk Mitigation, risk amounts after loan conversion rate are given.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş. NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

### II. Explanations on consolidated credit risk (continued)

#### Profile on significant risks in significant regions

		Risk Categories*																	FC	Total			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			TL		
1	Agriculture	-	-	-	-	-	-	30.843	-	77	-	-	-	-	-	-	-	-	-	30.920	-	-	30.920
1.1	Farming and stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.2	Forestry	-	-	-	-	-	-	30.843	-	77	-	-	-	-	-	-	-	-	-	30.920	-	-	30.920
1.3	Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Manufacturing	-	-	10.277	-	-	-	3.257.154	-	40.282	-	-	-	-	-	-	-	-	18	1.835.370	1.472.361	3.307.731	
2.1	Mining and quarrying	-	-	-	-	-	-	206.331	-	-	-	-	-	-	-	-	-	-	-	16.734	189.597	206.331	
2.2	Production	-	-	10.277	-	-	-	2.956.909	-	39.693	-	-	-	-	-	-	-	-	1	1.724.116	1.282.764	3.006.880	
2.3	Electricity, gas, water	-	-	-	-	-	-	939.14	-	589	-	-	-	-	-	-	-	-	17	94.520	-	94.520	
3	Construction	-	-	-	-	-	-	1.980.290	-	143.777	-	-	-	-	-	-	-	-	6	1.759.855	364.218	2.124.073	
4	Services	4.071.297	41.119	50	-	-	1.928.317	4.411.285	-	176.687	-	-	-	-	-	-	-	-	33.196	5.540.648	5.121.303	10.661.951	
4.1	Wholesale and retail trade	-	-	-	-	-	-	2.080.973	-	62.032	-	-	-	-	-	-	-	-	16	1.594.276	548.745	2.143.021	
4.2	Hotel, food and beverage services	-	-	-	-	-	-	140.158	-	2.553	-	-	-	-	-	-	-	-	-	62.908	79.803	142.711	
4.3	Transportation and telecommunication	-	-	-	-	-	-	768.121	-	3.035	-	-	-	-	-	-	-	-	74	483.510	287.720	771.230	
4.4	Financial institutions	232.403	-	-	-	-	1.928.317	719.173	-	-	-	-	-	-	-	-	-	-	33.105	1.896.219	1.016.779	2.912.998	
4.5	Real estate and renting services	-	-	-	-	-	-	61.600	-	482	-	-	-	-	-	-	-	-	-	16.561	45.521	62.082	
4.6	Self-employment services	-	-	-	-	-	-	626.498	-	108.585	-	-	-	-	-	-	-	-	1	519.408	215.676	735.084	
4.7	Education services	-	-	-	-	-	-	207	-	-	-	-	-	-	-	-	-	-	-	207	-	207	
4.8	Health and social services	3.838.894	41.119	50	-	-	-	14.555	-	-	-	-	-	-	-	-	-	-	-	967.559	2.927.059	3.894.618	
5	Other	12.242	16.623	51.221	-	-	528	539.427	-	54.265	7	-	-	-	-	-	-	-	98.0913	1.172.698	482.528	1.655.226	
Total		4.083.539	57.742	61.548	-	-	1.928.845	10.218.999	-	415.088	7	-	-	-	-	-	-	-	1.014.133	10.339.491	7.440.410	17.779.901	

(\*) It refers to the risk classes included in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

1	Conditional and unconditional receivables from central government and Central Banks	10	Past due receivables
2	Conditional and unconditional receivables from regional or local governments	11	Receivables defined under high risk category by BRSA
3	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	12	Mortgage-backed securities
4	Conditional and unconditional claims from multilateral development banks	13	Securitization positions
5	Contingent and unconditional receivables from international organizations	14	Short-term receivables and short-term corporate receivables from banks and brokerage houses
6	Conditional and unconditional receivables from banks and brokerage houses	15	Investments that qualify as a collective investment institution
7	Conditional and unconditional receivables from corporates	16	Equity share investments
8	Conditional and unconditional receivables from retail portfolios	17	Other receivables
9	Receivables secured by real estate mortgages		

\*\* Before Credit Risk Mitigation, risk amounts after loan conversion rate are given.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations on credit risk (continued)

##### Distribution of risks with term structure according to remaining maturities

Risk Categories – Current Period		Time to Maturity					Undistributable
		1 month	1–3 months	3–6 month	6–12 month	1 year and over	
1	Conditional and unconditional receivables from central governments or central banks	5.798.566	367.734	97.670	90.807	3.234.277	-
2	Conditional and unconditional receivables from regional or local governments	14.000	-	-	17.171	574.07	-
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	908	-	-	-	-	-
4	Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5	Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6	Conditional and unconditional receivables from banks and brokerage houses	1.081.942	9.224	2.365	-	-	-
7	Conditional and unconditional receivables from corporates	4.393.431	932.475	1.001.056	1.935.525	4.055.753	7.659
8	Conditional and unconditional retail receivables	1430.274	179.279	282.322	421.386	936.825	-
9	Receivables secured by mortgages on property	440.372	23.124	41.490	77.108	416.113	-
10	Past due receivables	3.679	382	92	338	1.733	-
11	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12	Securities collateralized by mortgages	-	-	-	-	-	-
13	Subject to the securitisation framework	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Equity share investments	-	-	-	-	-	-
17	Other receivables	1.278.224	-	-	-	-	-
<b>Total</b>		<b>14.441.396</b>	<b>1.512.218</b>	<b>1.424.995</b>	<b>2.542.335</b>	<b>8.702.108</b>	<b>7.659</b>

Risk Categories – Prior Period		Time to Maturity					Undistributable
		1 month	1–3 months	3–6 month	6–12 month	1 year and over	
1	Conditional and unconditional receivables from central governments or central banks	2.442.189	86.621	-	-	1.554.729	-
2	Conditional and unconditional receivables from regional or local governments	-	-	-	-	577.42	-
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	61.498	-	-	50	-	-
4	Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5	Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6	Conditional and unconditional receivables from banks and brokerage houses	1.928.730	115	-	-	-	-
7	Conditional and unconditional receivables from corporates	1.261.230	518.990	1.804.840	1.537.155	5.096.784	-
8	Conditional and unconditional retail receivables	-	-	-	-	-	-
9	Receivables secured by mortgages on property	25.073	10.220	17.548	74.538	287.709	-
10	Past due receivables	-	-	-	-	-	7
11	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12	Securities collateralized by mortgages	-	-	-	-	-	-
13	Securitization positions	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Equity share investments	-	-	-	-	-	-
17	Other receivables	1.014.133	-	-	-	-	-
<b>Total</b>		<b>6.732.853</b>	<b>615.946</b>	<b>1.822.388</b>	<b>1.611.743</b>	<b>6.996.964</b>	<b>7</b>

Explanations for risk classes specified in Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks;

Ratings given by Islamic International Rating Agency (IIRA) ratings are taken into account for whole risk category of receivables from governments or central banks. Turkey's long-term foreign currency credit rating (BBB-), is used for foreign currency securities issued by the Republic of Turkey's Treasury and for other foreign currency risks associated with the government of Republic of Turkey.

According to the capital adequacy regulations, in determining the risk weights of the risk classes of receivables from banks and intermediary institutions, the ratings given by the rating agencies authorized by the Board or directly recognized by the Board are used for the receivables whose counterparty is residents in abroad. Receivables whose counterparties are resident in the country are accepted as unrated and capital included in the qualification calculation.



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations on consolidated credit risk (continued)

Receivables whose counterparty is domiciled are considered unrated and included in the capital adequacy calculation. The "Credit Quality Levels" corresponding to the ratings assigned by rating institutions authorized or directly recognized by the Board are given in the table below.

#### Risk amounts according to risk weights

Risk Weights – Current Period		%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1	Amount before credit risk mitigation	994.9540	-	1404.629	286.823	1.154.868	3.246.592	12.584.990	3.269	-	-	105.696
2	Amount after credit risk mitigation	10454.793	-	1.565.879	280.109	1.256.170	3.106.944	11.962.820	3.269	-	-	105.696

Risk Weights – Prior Period		%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1	Amount before credit risk mitigation	4.384.122	-	2.342.366	876.64	252.855	-	10.712.894	-	-	-	126.889
2	Amount after credit risk mitigation	4.550.540	-	2.824.973	82.631	220.186	-	10.101.571	-	-	-	126.889

#### Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually

Loans that are delayed more than 90 days as of December 31, 2021 or that are deemed to be impaired based on the risk assessment are evaluated as impaired loans and a "Specific Provision" has been calculated for these loans.

Non-Performing Loans are loans that have overdue up to 90 days as of December 31, 2021 but not impaired. "General Provision" calculation is made for these loans.

		Loans (*)		Provisions (**)
Current Period				
Important Sectors/Counterparties		Impaired Credits (TFRS 9)		
		Significant increase in credit risk (Stage 2)	Non-performing (Stage 3)	Expected Loss Provisions (TFRS9)
<b>1</b>	<b>Agriculture</b>	-	-	-
1.1	Farming and stockbreeding	-	-	-
1.2	Forestry	-	-	-
1.3	Fishery	-	-	-
<b>2</b>	<b>Manufacturing</b>	<b>6.662</b>	<b>44.540</b>	<b>41.648</b>
2.1	Mining and quarrying	-	32.892	32.872
2.2	Production	6.319	11.648	8.773
2.3	Electricity, gas, water	343	-	3
<b>3</b>	<b>Construction</b>	<b>980</b>	<b>5.540</b>	<b>5.112</b>
<b>4</b>	<b>Services</b>	<b>24.947</b>	<b>129.022</b>	<b>122.624</b>
4.1	Wholesale and retail trade	24.890	9.107	5.779
4.2	Hotel, food and beverage services	-	-	-
4.3	Transportation and telecommunication	57	5.608	3.244
4.4	Financial institutions	-	-	-
4.5	Real estate and renting services	-	114.307	113.601
4.6	Self-employment services	-	-	-
4.7	Education services	-	-	-
4.8	Health and social services	-	-	-
<b>5</b>	<b>Agriculture</b>	<b>1.833</b>	<b>16.427</b>	<b>16.479</b>
<b>Total</b>		<b>34.422</b>	<b>195.529</b>	<b>185.863</b>

(\*) The breakdown of cash loans is given.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### II. Explanations on consolidated credit risk (continued)

		Loans <sup>(*)</sup>		Provisions <sup>(**)</sup>
Prior Period				
Important Sectors/Counterparties		Impaired Credits (TFRS 9)		
		Significant increase in credit risk (Stage 2)	Non-performing (Stage 3)	Expected Loss Provisions (TFRS9)
<b>1</b>	<b>Agriculture</b>	-	-	-
1.1	Farming and stockbreeding	-	-	-
1.2	Forestry	-	-	-
1.3	Fishery	-	-	-
<b>2</b>	<b>Manufacturing</b>	-	<b>32.892</b>	<b>32.892</b>
2.1	Mining and quarrying	-	32.892	32.892
2.2	Production	-	-	-
2.3	Electricity, gas, water	-	-	-
<b>3</b>	<b>Construction</b>	<b>422</b>	<b>118.969</b>	<b>119.159</b>
<b>4</b>	<b>Services</b>	-	<b>12</b>	<b>5</b>
4.1	Wholesale and retail trade	-	-	-
4.2	Hotel, food and beverage services	-	-	-
4.3	Transportation and telecommunication	-	12	5
4.4	Financial institutions	-	-	-
4.5	Real estate and renting services	-	-	-
4.6	Self-employment services	-	-	-
4.7	Education services	-	-	-
4.8	Health and social services	-	-	-
<b>5</b>	<b>Agriculture</b>	-	<b>20.824</b>	<b>20.824</b>
<b>Total</b>		<b>422</b>	<b>172.697</b>	<b>172.880</b>

(\*) The distribution of cash loans is given.

#### Information about value adjustment and change in provisions

Current Period		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Third Stage	172.690	12.990	-	-	185.680
2	First and Second Stage	92.666	104.109	(50.109)	-	146.666
Prior Period		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	188.322	111	(15.743)	-	172.690
2	General Provisions	26.873	65.793	-	-	92.666

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### II. Explanations on consolidated credit risk (continued)

##### Risk involved in counter-cyclical capital buffer calculation

Current Period Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted maount calculated within trading book	Total
Turkey	29.239.730	763.786	30.003.516
United Arab Emirates	9.028	-	9.028
Marshall Islands	35.434	-	35.434
Other Countries	13.287	-	13.287

Prior Period Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted maount calculated within trading book	Total
Turkey	15.187.955	357.285	15.545.240
Bosnia Herzegovina	19.113	-	19.113

#### III. Explanations on currency risk

Foreign currency risk arises from the Group's possible exposure to the changes in foreign currencies.

a) The Group is exposed to currency risks as a market risk and pay attention to keep at a minimum level by avoiding keeping any positions. The Group calculates the Value at Risk for the foreign currency position on a daily basis.

All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and value at market risk is calculated on a monthly basis.

b) The Group does not have any derivative financial instruments held for hedging purposes.

c) TL resources are used in TL and foreign currency resources are used in related currencies without causing any currency inconsistency in the use of loans. Due to uncertainty and volatility that may arise in the markets, foreign currency position limit that can be formed for strategic purposes is limited and monitored.

d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Group are as follows:

	USD	EUR
As of December 31, 2021 - Balance sheet evaluation rate	13,2501	14,9681
As of December 30, 2021	12,9653	14,5901
As of December 29, 2021	12,2326	13,7839
As of December 28, 2021	11,7684	13,3028
As of December 27, 2021	11,3214	12,7876
As of December 24, 2021	11,6267	13,0597

e) The simple arithmetical average of the major foreign exchange buying rates of the Group for the thirty days before the balance sheet date is full TL 13,6246 for 1 USD (December 2020: full TL 7,7172), full TL 15,3855 for 1 Euro (December 2020: full TL 9,3855).

The Group is mainly exposed to USD and Euro currency risks.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### III. Explanations on consolidated currency risk (continued)

##### Information on the Group's Currency Risk

	EURO	USD	Other FC	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.691.220	2.329.894	317.491	5.338.605
Banks (****)	436.502	687.848	405.687	1.530.037
Financial assets at fair value through profit and loss	59.245	276.682	512.006	847.933
Money market placements	-	-	-	-
Financial Assets Valued At Fair Value Through Profit And Loss	466.145	923.377	-	1.389.522
Loans and financial lease receivables (*)	5.644.133	3.774.397	-	9.418.530
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	2.697.022	16.564	-	2.713.586
Derivative financial assets for hedging purposes(*****)	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	2.225	2.753	1	4.979
<b>Total Assets</b>	<b>11.996.492</b>	<b>8.011.515</b>	<b>1.235.185</b>	<b>21.243.192</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	-	-	-	-
Other current and profit sharing accounts (**)	7.181.702	9.806.778	1.460.019	18.448.499
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	3.468.218	304.225	-	3.772.443
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes(*****)	-	-	-	-
Other liabilities	56.319	44.166	388	100.873
<b>Total liabilities</b>	<b>10.706.239</b>	<b>10.155.169</b>	<b>1.460.407</b>	<b>22.321.815</b>
<b>Net balance sheet position</b>	<b>1.290.253</b>	<b>(2.143.654)</b>	<b>(225.222)</b>	<b>(1.078.623)</b>
<b>Net balance sheet position</b>	<b>(1.191.464)</b>	<b>2.218.808</b>	<b>258.800</b>	<b>1.286.144</b>
Derivative financial instruments assets	5.987	2.617.311	500.074	3.123.372
Derivative financial instruments liabilities	1.197.451	398.503	241.274	1.837.228
Non-cash loans (**)	1.405.454	1.731.014	-	3.136.468
<b>Prior Period</b>				
Total assets	5.928.768	2.050.059	449.822	8.428.649
Total liabilities	5.855.707	2.476.864	533.668	8.866.239
<b>Net balance sheet position</b>	<b>73.061</b>	<b>(426.805)</b>	<b>(83.846)</b>	<b>(437.590)</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>381.423</b>	<b>85.669</b>	<b>467.092</b>
Derivative financial instruments assets	-	534.408	85.669	620.077
Derivative financial instruments liabilities	-	152.985	-	152.985
Non-cash loans	1.021.487	737.594	-	1.759.081

(\*) The balance sheet includes the expected loss provisions amounting to TL 72.749.

(\*\*) Non-cash loans are not taken into account in the calculation of foreign currency position.

(\*\*\*) Precious metals are also shown in the "Other FC" column.

(\*\*\*\*) Includes provisions for expected losses amounting to TL 1485 in the balance sheet.

(\*\*\*\*\*) Income rediscounts of derivative financial instruments amounting to TL 3.280 (December 31, 2020: TL 319) and expense rediscounts of exchange amounting to TL 3.810 (December 31, 2020: TL 7) are not included.

#### Explanations on consolidated position risk of equity securities in banking book

None (December 31, 2020: None).

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### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

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#### **IV. Explanations on consolidated liquidity risk**

Liquidity Risk is managed by Asset and Liability Committee ("ALCO") in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Group.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Group's risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Parent Bank is exposed to and considering the Group's strategy and conditions of competition and pursues the implementations.

The liquidity structure is evaluated in the framework of ALCO decisions for liquidity management and a placement strategy is developed. Liquidity risk management strategy is determined by considering both normal economic conditions and stress conditions.

Risk Management Presidency, liquidity risk; periodically reports to the relevant unit, the relevant committee and the senior management with the methods of measurement of liquidity risk in compliance with the standards. It manages liquidity risk in accordance with the Group's portfolio, strategic plans and policies and legal limits, and informs and coordinates the relevant parties on time. In accordance with the market conditions and the Group's structure, the relevant liquidity risk measurement methods establish, assumptions and parameters used in liquidity risk analyzes are reviewed. Liquidity risk analyzes and important liquidity indicators are regularly reported to senior management. In the stress conditions are carried out in the framework of "Emergency Funding Plan".

The Group's high level management to determine management strategies for liquidity risk;

- follows obligations arising from domestic and foreign currencies,
- determine the concentration risks of placements,
- actively follows funding sources,
- consider the portfolio diversity,
- follow up the fund flows related to assets and liabilities depending on the maturities.

Market conditions are continuously follow and access problems for the bank's fund requirements are analyzed and the impact of sudden changes in fund sources is evaluated. Liquidity adequacy is measured by applying stress test to the factors affecting liquidity. Liquidity Risk Stress Test analyzes the compliance of the Group's cash flow capacity to the cash flow capacity within the framework of the specified scenarios. The scenarios needed for stress tests are based on the changing balance sheet structure. The results are taken into consideration in determining the policies related to liquidity risk and in the preparation of an emergency action plan.

For the purpose of reducing the liquidity risk that the Group may be exposed to compliance with the strategies implemented (monitoring of concentration, diversification of funding sources, high quality liquid assets, etc.) is monitored effectively by the senior management of the Group taking into account legal and prudential limits. For non-mitigation risks, acceptance of the current risk level, reducing or terminating the risk-causing activity are evaluated.

The level of spread of Covid-19 virus worldwide and the negative effects (country risks and foreign bank limits / correspondent bank relations etc.) in areas such as real sector and banking sector are carefully monitored. In this regard, liquidity adequacy is constantly monitored by stress tests and scenario analyzes among risk management activities.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### IV. Explanations on consolidated liquidity risk (continued):

##### Liquidity on Consolidated Coverage Ratio

Current Period	Rate of "Percentage to be taken into account " not Implemented Total value <sup>(*)</sup>		Rate of "Percentage to be taken into account " Implemented Total value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 HIGH QUALITY LIQUID ASSETS			10.868.494	7.806.419
<b>CASH OUTFLOWS</b>				
2 Retail and Real Person Funds Collected	4.532.545	3.464.051	439.566	3.464.05
3 Stable Funds Collected	273.766	-	13.688	-
4 Less stable Funds Collected	4.258.779	3.464.051	425.878	3.464.05
5 Unsecured Funding other than Retail and Real Person	5.997.615	4.906.244	2.978.932	2.370.259
6 Customers Deposits	-	-	-	-
7 Operational Funds Collected	5.769.197	4.848.321	2.750.514	2.312.336
8 Non-Operational Funds Collected	228.418	57.923	228.418	57.923
9 Other Unsecured Funding	-	-	-	-
10 Secured funding	2.696.146	1.123.441	2.696.146	1.123.441
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.499.229	1.123.441	1.499.229	1.123.441
12 Debts related to the structured financial products	1.196.917	-	1.196.917	-
13 Commitment related to the structured financial markets and other off balance sheet liabilities	-	-	-	-
14 Unconditionally revocable off-balance sheet other liabilities and other contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	6.538.351	2.853.496	1.302.802	245.272
<b>16 TOTAL CASH OUTFLOWS</b>			<b>7.417.446</b>	<b>4.085.377</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	3.651.118	1.911.644	2.874.070	1.713.374
19 Other contractual cash inflows	1.422.810	1.258.229	1.422.810	1.258.229
<b>20 TOTAL CASH INFLOWS</b>	<b>5.073.928</b>	<b>3.169.873</b>	<b>4.296.880</b>	<b>2.971.603</b>
<b>Upper limit applied amounts</b>				
<b>21 TOTAL HQLA</b>			<b>10.868.494</b>	<b>7.806.419</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>3.120.566</b>	<b>1.113.774</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>348,29</b>	<b>700,90</b>

(\*) Simple arithmetic average calculated for the last three months of values calculated by taking the monthly simple arithmetic average.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period – 31.12.2021	
	TL+FC	FC
Lowest (%)	107,42	94,52
Date	December 7, 2021	December 7, 2021
Highest (%)	1.132,15	630,74
Date	December 17, 2021	December 18, 2021
Average	619,78	362,63

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#### IV.Explanations on consolidated liquidity risk (continued)

##### Liquidity on Consolidated Coverage Ratio (continued)

Prior Period	Rate of "Percentage to be taken into account " not Implemented Total value <sup>(1)</sup>		Rate of "Percentage to be taken into account " Implemented Total value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 HIGH QUALITY LIQUID ASSETS			5.696.669	3.804.332
<b>CASH OUTFLOWS</b>				
2 Retail and Real Person Funds Collected	1.368.430	905.390	132.318	90.539
3 Stable Funds Collected	90.486	-	4.524	-
4 Less stable Funds Collected	1.275.944	905.390	127.794	90.539
5 Unsecured Funding other than Retail and Real Person	2.330.059	1.528.565	1.342.954	902.562
6 Customers Deposits	-	-	-	-
7 Operational Funds Collected	2.167.553	1.527.434	1.180.448	901.431
8 Non-Operational Funds Collected	162.506	1.131	162.506	1.131
9 Other Unsecured Funding				
10 Secured funding	1.271.532	341.033	1.271.532	341.033
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	624.336	341.033	624.336	341.033
12 Debts related to the structured financial products	647.196	-	647.196	-
13 Commitment related to the structured financial markets and other off balance sheet liabilities	-	-	-	-
14 Unconditionally revocable off-balance sheet other liabilities and other contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	2.982.159	1.653.490	419.367	148.020
<b>16 TOTAL CASH OUTFLOWS</b>			<b>3.166.171</b>	<b>1.482.154</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	1.844.678	744.007	1.562.796	674.515
19 Other contractual cash inflows	528.201	475.135	528.201	475.135
<b>20 TOTAL CASH INFLOWS</b>	<b>2.372.879</b>	<b>1.219.142</b>	<b>2.090.997</b>	<b>1.149.650</b>
<b>Upper limit applied amounts</b>				
<b>21 TOTAL HQLA</b>			<b>5.696.669</b>	<b>3.804.332</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>1.075.174</b>	<b>332.504</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>529,84</b>	<b>1.144,15</b>

<sup>(1)</sup> It is the average of the liquidity coverage ratio calculated by taking the simple monthly arithmetic average for the last three months.

##### Liquidity Coverage Ratio (%)

	Prior Period – 31.12.2020	
	TL+FC	FC
Lowest (%)	54,75	87,15
Date	November 9, 2020	November 9, 2020
Highest (%)	1.560,35	1.116,98
Date	October 30, 2020	October 13, 2020
Average	807,55	602,07

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in 30 days maturity. Important balance sheet items that determined on the ratio can be listed as CBRT required reserves, receivables from banks and funds collected. These figures the fact that they have a high share in liquid assets and net cash outflows means that they are considered since they are high and can high and change over time, their effects on the liquidity coverage ratio are other more than figures. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages.



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#### IV. Explanations on liquidity risk (continued)

##### Liquidity coverage ratio (continued)

The Group's high quality liquid assets are composed of 6,03% cash, 38,57% deposits in central banks and 55,40% securities considered as high quality liquid assets.

The Group's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 75,36% funds collected, 7,54% funds borrowed and 17,10% subordinated debt instruments.

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated d	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	884.047	5.350.741	-	-	-	-	-	6.234.788
Banks	1.533.115	-	-	-	-	-	-	1.533.115
Financial Assets at Fair Value Through Profit and Loss	-	256.446	226.309	-	602.445	-	-	1.085.200
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets valued at fair value through other comprehensive income	-	2.132.501	334.494	193.591	1.388.236	124.331	-	4.173.153
Loans	-	913.402	1.590.102	8.022.736	9.661.668	1.387.033	-	21.574.941
Financial assets valued at amortised cost	-	-	-	-	2.713.586	-	-	2.713.586
Other Assets (*)	-	-	-	-	-	-	731.020	731.020
<b>Total Assets</b>	<b>2.417.162</b>	<b>8.653.090</b>	<b>2.150.905</b>	<b>8.216.327</b>	<b>14.365.935</b>	<b>1.511.364</b>	<b>731.020</b>	<b>38.045.803</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	-	581.502	-	-	-	-	-	581.502
Other current and profit sharing accounts	8.728.954	13.235.761	3.804.985	311.838	2.288	-	-	26.083.826
Funds provided from other financial institutions and subordinated loans	-	552.091	506.789	87.809	2.727.050	-	-	3.873.739
Money market borrowings	-	1.984.303	-	-	-	-	-	1.984.303
Marketable securities issued	-	903.100	1.204.755	754.526	-	-	-	2.862.381
Other liabilities (**)	-	91.647	-	-	-	-	2.568.405	2.660.052
<b>Total Liabilities</b>	<b>8.728.954</b>	<b>17.348.404</b>	<b>5.516.529</b>	<b>1.154.173</b>	<b>2.729.338</b>	<b>-</b>	<b>2.568.405</b>	<b>38.045.803</b>
<b>Liquidity Gap</b>	<b>(6.311.792)</b>	<b>(8.695.314)</b>	<b>(3.365.624)</b>	<b>7.062.154</b>	<b>11.636.597</b>	<b>1.511.364</b>	<b>(1.837.385)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(31.071)	(56.149)	(1.175)	-	-	-	(88.395)
Financial Derivative Liabilities	-	2.508.922	756.035	91.169	-	-	-	3.356.126
Financial Derivative Liabilities	-	2.539.993	812.184	92.344	-	-	-	3.444.521
<b>Non-cash Loans</b>	<b>1.354.438</b>	<b>1.108.447</b>	<b>343.855</b>	<b>1.578.062</b>	<b>495.818</b>	<b>-</b>	<b>-</b>	<b>4.880.620</b>
<b>Prior Period</b>								
Total Assets	1495.457	4.316.241	798.555	3.155.699	9.505.874	494.943	527.679	20.294.448
Total Liabilities	2.548.351	10.104.612	3.476.744	621.954	1.598.122	-	1.944.665	20.294.448
<b>Liquidity Gap</b>	<b>(1.052.894)</b>	<b>(5.788.371)</b>	<b>(2.678.189)</b>	<b>2.533.745</b>	<b>7.907.752</b>	<b>494.943</b>	<b>(1.416.986)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(158)	(52.174)	-	-	-	-	(52.332)
Financial Derivative Assets	-	145.589	565.389	-	-	-	-	710.978
Financial Derivative Liabilities	-	145.747	617.563	-	-	-	-	763.310
<b>Non-cash Loans</b>	<b>779.036</b>	<b>356.020</b>	<b>54.857</b>	<b>730.917</b>	<b>267.089</b>	<b>-</b>	<b>-</b>	<b>2.187.919</b>

(\*) Other non-distributable assets column consists of assets held for sale, partnership investments, tangible and intangible assets, current and deferred tax assets and other assets.

(\*\*) Other non-distributable liabilities column consists of equity and provision balances.

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#### V. Explanations on consolidated leverage ratio

As of December 31, 2021, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 8,51% (December 31, 2020: 11,70%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks".

#### Disclosure of Leverage ratio template:

	Current Period December 31, 2021 <sup>(*)</sup>	Prior Period December 31, 2020 <sup>(*)</sup>
<b>Balance sheet assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	33.036.737	19.077.462
2 (Assets deducted from Core capital)	103.381	97.904
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	32.933.356	18.979.558
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	-	-
5 Potential credit risk amount of derivative financial assets and credit derivatives	92.887	8.808
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	92.887	8.808
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	2.441.721	6.970.47
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	2.441.721	6.970.47
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	7.757.835	3.449.490
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	7.757.835	3.449.490
<b>Capital and total risk</b>		
13 Core Capital	3.679.879	2.706.097
14 Total risk amount (sum of lines 3, 6, 9 and 12)	43.225.799	23.134.903
<b>Leverage ratio</b>		
15 Leverage ratio (%)	8,51	11,70

<sup>(\*)</sup> Amounts in the table show quarterly averages.

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### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### VI. Explanations on consolidated regarding the fair value of financial assets and liabilities

##### a. Information on consolidated regarding the fair value of financial assets and liabilities

	Book Value		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Financial Assets</b>				
Due from Interbank Money Market	-	-	-	-
Banks	1.533.115	910.842	1.533.115	910.842
Financial Assets at Fair Value through Profit or Loss	1.085.200	523.051	1.085.200	523.051
Financial Assets at Fair Value Through Other Comprehensive Income	4.173.153	1.164.390	4.173.153	1.164.390
Financial Assets Valued Over Amortized Cost	2.713.586	1.568.929	2.537.586	1.575.410
Loans and financial lease receivables	21.907.324	13.599.033	25.922.905	14.674.682
<b>Financial Liabilities</b>				
Funds collected from banks through current accounts and participation accounts	581.502	-	581.502	-
Other current accounts and participation accounts	26.665.328	11.677.303	26.665.328	11.677.303
Funds from other financial institutions	4.066.708	3.977.409	4.566.889	4.101.166
Debts to Money Markets	1.984.303	1.069.349	1.984.303	1.069.356
Other Liabilities	430.365	207.364	430.365	207.364

##### b. Information on consolidated fair value measurements recognized in the financial statements

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes.

- At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values,
- At level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators,
- At level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered.

The financial instruments which are recognized with their fair values at the Group's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>512.920</b>	<b>572.280</b>	<b>-</b>	<b>1.085.200</b>
Government Debt Securities	275.653	572.280	-	847.933
Share Certificates	-	-	-	-
Other financial assets	237.267	-	-	237.267
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>962.858</b>	<b>3.202.636</b>	<b>-</b>	<b>4.165.494</b>
Equity Securities (*)	-	-	-	-
Government Debt Securities	962.858	3.202.636	-	4.165.494
Other financial assets	-	-	-	-
<b>Derivative Financial Assets</b>	<b>-</b>	<b>65.158</b>	<b>-</b>	<b>65.158</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	109.990	-	109.990

(\*) The financial assets whose fair value difference is reflected in other comprehensive income, the realization price has been reflected in the financial statements for the securities worth 7659 TL not being traded in an active market, and the related securities are not shown in this table.

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#### **VI. Explanations on consolidated regarding the fair value of financial assets and liabilities (continued)**

##### **b. Information on consolidated fair value measurements recognized in the financial statements (continued)**

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>182.021</b>	<b>341.030</b>	<b>-</b>	<b>523.051</b>
Government Debt Securities	182.021	341.030	-	523.051
Share Certificates	-	-	-	-
Other financial assets	-	-	-	-
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>378.858</b>	<b>777.873</b>	<b>-</b>	<b>1.156.731</b>
Equity Securities	-	-	-	-
Government Debt Securities	378.858	777.873	-	1.156.731
Other financial assets	-	-	-	-
<b>Derivative Financial Assets</b>	<b>-</b>	<b>1.731</b>	<b>-</b>	<b>1.731</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	43.286	-	43.286

#### **VIII. Explanations Regarding the Activities Carried Out on Behalf and Account of Other Persons**

The Group does not perform purchases, sales and custody services on behalf of its customers. The Group has no fiduciary transactions.

#### **IX. Explanations on consolidated risk management**

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 on October 23, 2015 and became effective as of June 30, 2016. The tables related to 'Internal Rating-Based (IRB) Approach' are not presented due to the usage of standard approach for the calculation of capital adequacy.

##### **a. Consolidated risk management strategy and risk weighted amounts**

###### **a.1. Explanations on group's risk management**

The aim of the Group's Risk management system is basically to ensure identification, measurement, monitoring and controlling of risks exposed, through establishment of policies, implementation procedure and limits for monitoring, controlling and in case of need changing the risk/return structure of future cash flows, and accordingly nature and level of operations.

The Board of Directors has a responsibility of establishing and providing compatible, adequate and effective system on internal control, risk management and internal auditing as anticipated by the Banking Law for the purpose of monitoring and controlling risks emerging from operations.

The Board of Directors is responsible for establishing risk management policies and strategies. These policies are revised and evaluated periodically according to prevailing market conditions.

The general manager is responsible from ensuring that departments of the Group operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

The Board of Directors of the Parent Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and consolidated basis, setting up limit systems and procedures in the Parent Bank.

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#### **IX. Explanations on consolidated risk management (continued)**

##### **a. Consolidated risk management strategy and risk weighted amounts (continued)**

###### **a.1. Explanations on consolidated risk management (continued)**

The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the Group. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

Ultimate goal of the Group's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

The risks that the Group is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the Group's strategies to risk profile. The Group's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact.

The Group's risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the Group's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the Group, is the level of risk it identifies as acceptable.

The common feature of the Group's risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

By means of "Risk Appetite Policy" approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Parent Banks were identified. Limits, which are determined within the framework of risk profile of the Parent Bank in accordance with the Parent Bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the Group's financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the Parent Bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the Parent Bank.

Aiming to ensure capital allocation compatible with the risks of its functional operations and increase the capital yield set according to these risks to the maximum level, the Group evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

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#### **IX. Explanations on consolidated risk management (continued)**

##### **a. Consolidated risk management strategy and risk weighted amounts (continued)**

###### **a.1. Explanations on consolidated risk management (continued)**

###### **Market Risk**

The Parent Bank's market risk; refers to the probability of loss may be exposed to exchange rate risk, equity position risk, profit rate risk and commodity risk.

The Group measures its market risks by using the standard method in accordance with the provisions of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

Whether the market risk of our Group is in conformity with legal regulations and the determined limits is constantly monitored. Our foreign currency risk is discussed and evaluated at every Assets/Liabilities Committee meeting and our foreign currency strategy is based on holding this risk constant by holding to square foreign currency position (i.e. no short or long positions are taken).

###### **Liquidity risk**

The Group's liquidity risk, consists of funding related liquidity risk and market-related liquidity risk.

The liquidity risk is the situation whereby, as a result of any imbalances in the cash flows, there is a potential for not being able to meet the Participation Funds which have matured or other due liabilities in a timely manner due to shortage of liquid funds.

Market liquidity risk is an expression of the likelihood of the Parent Bank's suffering a loss because the Parent Bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis.

In order to manage liquidity risk, the Group monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis.

The Group applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity coverage ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets.

###### **Credit risk**

Credit risk is defined as the probability of losses to the Group due to customers failing to partially or completely pay their commitments to the Group in a timely manner, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value of the customers due to any deterioration in the financial position of the customer. The definition of credit risk includes not just the portfolios within the balance sheet, but also those kept off balance sheet.

The authority to approve credits belongs to the Board of Directors at our Group. The Board of Directors determines the policies concerning the utilization, approval, risk management of the credits and other related management principles. It then ensures the implementation and supervision of these policies, taking required measures when necessary. The Board of Directors has transferred some of its authority in approving credit lines to the Credit Committee and General Management within the framework of the procedures and principles determined by the legal provisions. The General Management uses that authority to utilize credits by means of the credit departments and Bank branches. At our Group, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors.

It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio. Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to "Regulation on Credit Policies and Implementation Procedures".

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#### **IX. Explanations on consolidated risk management (continued)**

##### **a. Consolidated risk management strategy and risk weighted amounts (continued)**

###### **a.1. Explanations on consolidated risk management (continued)**

###### **Operational risk**

Operational risk is a risk of loss caused by insufficient or unsuccessful internal processes, by persons and systems or external events, wherein the legal risks and compliance risks are included while the strategic (making wrong decisions at the wrong time) and reputational risk are excluded.

Operational risk is a type of risk present in all activities of the Group. It could arise from errors of the staff or the system, from such transactions as may have been made based on insufficient or incorrect legal information or documents, due to impediments in the flow of information between the divisions in the organizational structure of the Group, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds.

The Group classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks.

The Group also takes required measures to maintain operational risks at acceptable levels.

###### **Other risks**

The other risks that the Group could encounter include strategic and reputational risk, counterparty credit risk, country risk, and concentration risk.

For the management of strategic risk, the Group keeps a close watch on the domestic and international situation, on technological, financial, and social developments, on the legal and regulatory frameworks, and on the banking industry as a whole in order to make rational decisions and to change them as circumstances warrant.

The Group regards reputational risk as anything that might lead to the Group's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations. For the risk of reputation to be avoided and/or controlled by the Group's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Group's reputation or image is detected.

In addition, the Bank's operations in accordance with the principles of participation banking are also considered as a component of the bank's specific reputation risk management.

Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's cash flow sequence. The Group manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Bank enters into business relationships with foreign financial institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

Concentration risk is defined as the likelihood that a single risk or several risks that have some attribute in common may, if realized, cause losses that are capable of endangering the bank itself or its ability to carry out its essential activities. Policies aimed at managing concentration risk are formulated so as to deal with particular aspects of it such as sectoral concentration, collateral concentration, market risk concentration, types of loss concentration, and creditor concentration.



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#### IX. Explanations on consolidated risk management (continued)

##### a. Consolidated risk management strategy and risk weighted amounts (continued)

##### a.2 General overview of risk weighted amounts

	Risk weighted assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	12.883.435	9.415.352	1.030.675
2 Of which standardised approach (SA)	12.883.435	9.415.352	1.030.675
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	26.820	2.747	2.146
5 Of which standardised approach for counterparty credit risk (SA-CCR)	26.820	2.747	2.146
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity investments in funds – look-through approach	-	-	-
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – fall-back approach (1250% risk weight)	-	-	-
11 Settlement risk	-	-	-
12 Securitisation exposures in banking book	-	-	-
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	719.119	266.153	57.529
17 Of which standardised approach (SA)	719.119	266.153	57.529
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	724.962	511.718	57.997
20 Of which Basic Indicator Approach	724.962	511.718	57.997
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>14.354.336</b>	<b>10.195.970</b>	<b>1.148.347</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### IX. Explanations on consolidated risk management (continued)

##### b. Financial statements and regulatory exposures reconciliation

##### b.1. Differences and matching between accounting-related consolidation and legal consolidation

Current Period	Carrrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securativization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and balances at central bank	6.236.435	6.236.435	-	-	-	-
Banks	1.533.115	1.533.115	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Expected Loss Provisions (-)	1.647	1.647	-	-	-	-
Financial assets at fair value through profit or Loss	1.085.200	-	-	-	1.085.200	-
Financial assets at fair value through other comprehensive income	4.173.153	4.173.153	-	-	-	-
Derivative financial assets	65.158	-	65.158	-	65.158	-
Loans	21.724.480	21.724.480	-	-	-	-
Leasing receivables	182.844	182.844	-	-	-	-
Financial assets mausured at amortized cost	2.713.586	2.713.586	-	-	-	-
Expected loss provisions	332.383	332.383	-	-	-	-
Assets held for sale and discontinued operations (net)	8.000	8.000	-	-	-	-
Partnership investments	-	-	-	-	-	-
Tangible fixed asset (net)	330.398	330.398	-	-	-	-
Intangible asset (net)	23462	23462	-	-	-	23462
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deffered tax assets	66.894	66.894	-	-	-	-
Other assets	237.108	237.108	-	-	-	82.234
Total Assests	38.045.803	36.895.445	65.158	-	1.150.358	105.696
Liabilities						
Funds collected	26.665.328	-	-	-	-	-
Funds borrowed	1.204.327	-	-	-	-	-
Debt to Money markets	1.984.303	-	-	-	-	-
Debt securities in issue	2.862.381	-	-	-	-	2.862.381
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	109990	-	109990	-	109990	-
Liavilities from leases	191498	-	-	-	-	-
Provisions	118.239	-	-	-	-	-
Current tax liability	81.210	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Non-current assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	2.669412	-	-	-	-	-
Other liabilities	430.365	-	-	-	-	-
Equity	1.728.750	-	-	-	-	-
Total Liabilities	38.045.803	-	109990	-	109990	2.862.381

(\*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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#### IX. Explanations on consolidated risk management (continued)

##### b. Financial statements and regulatory exposures reconciliation

##### b.1. Differences and matching between accounting-related consolidation and legal consolidation

Prior Period	Carrying values of items in accordance with Turkish Accounting Standards (TAS)					Not subject to capital requirements or deducted from capital
	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Subject to credit risk	Subject to counterparty credit risk	Securitized positions	Subject to market risk (*)	
<b>Assets</b>						
Cash and balances at central bank	2.267.097	2.267.097	-	-	-	-
Banks	910.842	910.842	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Expected Loss Provisions (-)	1.217	1.217	-	-	-	-
Financial assets at fair value through profit or Loss	523.051	-	-	-	523.051	-
Financial assets at fair value through other comprehensive income	1.164.390	1.164.390	-	-	-	-
Derivative financial assets	1.731	-	1.731	-	1.731	-
Loans	13.570.624	13.570.624	-	-	-	-
Leasing receivables	284.09	284.09	-	-	-	-
Financial assets measured at amortized cost	1.568.929	1.568.929	-	-	-	-
Expected loss provisions	265.356	172.690	-	-	-	-
Assets held for sale and discontinued operations (net)	23.797	23.797	-	-	-	-
Partnership investments	-	-	-	-	-	-
Tangible fixed asset (net)	251.229	251.229	-	-	-	-
Intangible asset (net)	34.559	34.559	-	-	-	34.559
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deferred tax assets	73.853	73.853	-	-	-	-
Other assets	142.510	142.510	-	-	-	92.330
<b>Total Assets</b>	<b>20.294.448</b>	<b>19.862.332</b>	<b>1.731</b>	<b>-</b>	<b>524.782</b>	<b>126.889</b>
<b>Liabilities</b>						
Funds collected	11.677.303	-	-	-	-	-
Funds borrowed	948.757	-	-	-	-	-
Debt to Money markets	1.069.349	-	-	-	-	-
Debt securities in issue	3.028.652	-	-	-	-	3.028.652
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	43.286	-	43.286	-	43.286	-
Liabilities from leases	119.338	-	-	-	-	-
Provisions	94.223	-	-	-	-	-
Current tax liability	-	-	-	-	-	-
Deferred tax liability	20.900	-	-	-	-	-
Non-current assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	1.545.981	-	-	-	-	-
Other liabilities	207.364	-	-	-	-	-
Equity	1.539.295	-	-	-	-	-
<b>Total Liabilities</b>	<b>20.294.448</b>	<b>-</b>	<b>43.286</b>	<b>-</b>	<b>43.286</b>	<b>3.028.652</b>

(\*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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#### IX. Explanations on consolidated risk management (continued)

##### b. Financial statements and regulatory exposures reconciliation (continued)

##### b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS)

	Current Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk (*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	38.045.303	36.895.445	-	65.158	1.150.358
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	10.9990	-	-	10.9990	10.9990
3	<b>Total net amount within the scope of legal consolidation</b>	<b>37.935.813</b>	<b>36.895.445</b>	<b>-</b>	<b>(44.832)</b>	<b>1.040.368</b>
4	Off balance sheet amounts	15.066.724	4.434.395	-	3.599.735	3.599.735
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSAs applications	-	(8.479.729)	-	-	-
10	<b>Risk amounts</b>	<b>53.002.537</b>	<b>32.850.111</b>	<b>-</b>	<b>3.554.903</b>	<b>4.640.103</b>

(\*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

(\*\*) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

	Prior Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk (*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	20.294.448	19.862.332	-	1.731	524.782
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	43.286	-	-	43.286	43.286
3	<b>Total net amount within the scope of legal consolidation</b>	<b>20.251.162</b>	<b>19.862.332</b>	<b>-</b>	<b>(41.555)</b>	<b>481.496</b>
4	Off balance sheet amounts	5.298.147	5.298.147	-	7984	7984
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSAs applications	-	-	-	-	-
10	<b>Risk amounts</b>	<b>25.549.309</b>	<b>25.160.479</b>	<b>-</b>	<b>(33.571)</b>	<b>489.480</b>

(\*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

(\*\*) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

##### b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

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#### IX. Explanations on consolidated risk management (continued)

##### c. Credit risk

##### c.1. General information on credit risk

##### c.1.1. General qualitative information on credit risk

This information is already included in (II). Explanations on Credit Risk and (IX.a.I) The Group's risk management approach.

##### c.1.2. Credit quality of assets:

Current Period		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	195.529	21.711.795	332.857	21.574.467
2	Debt securities	-	797.1939	9487	7962.452
3	Off-balance sheet exposures	450	6.160.451	29.342	6.131.559
4	<b>Total</b>	<b>195.979</b>	<b>35.844.185</b>	<b>371.686</b>	<b>35.668.478</b>

Prior Period		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	172.697	13.426.336	267.236	13.331.797
2	Debt securities	-	1.687.441	5.502	1.681.939
3	Off-balance sheet exposures	-	3.161.362	23.382	3.137.980
4	<b>Total</b>	<b>172.697</b>	<b>18.275.139</b>	<b>296.120</b>	<b>18.151.716</b>

##### c.1.3. Changes in stock of default loans and debt securities

	Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	172.697
2	Loans and debt securities that have defaulted since the last reporting period	22.832
3	Receivables back to non-defaulted status	-
4	Amounts written off	(15.707)
5	Other changes	(29)
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>195.529</b>
		<b>172.697</b>

##### c.1.4. Additional information on consolidated credit quality of assets

The scope and definitions of past due receivables and the methods used by the Group to determine the provisions are mentioned in the Explanations on Credit risk. The Group may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk.

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#### IX. Explanations on consolidated risk management (continued)

##### c. Credit risk (continued)

##### c.1. General information on credit risk (continued)

##### c.1.4. Additional information on consolidated credit quality of assets (continued):

Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan. Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered II (Explanations on Credit Risk). Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below.

There are no financial assets that are overdue but not impaired by class of financial instruments. (December 31 2020: None).

##### Receivables that provisions are set in terms of geographical region

Current Period	Non-performing Loans <sup>(*)</sup>	Specific Provision <sup>(*)</sup>
Domestic	195.529	185.680
Off-shore Banking Countries	-	-
Other Countries	-	-
<b>General Total</b>	<b>195.529</b>	<b>185.680</b>

<sup>(\*)</sup> Represents amounts for cash loans.

Prior Period	Non-performing Loans <sup>(*)</sup>	Specific Provision <sup>(*)</sup>
Domestic	172.697	172.690
Off-shore Banking Countries	-	-
Other Countries	-	-
<b>General Total</b>	<b>172.697</b>	<b>172.690</b>

<sup>(\*)</sup> Represents amounts for cash loans.

##### Breakdown according to sector:

Sectors / Counterparties	Non-performing loans	Provisions
<b>Current Period</b>		
<b>1 Agriculture</b>	-	-
1.1 Farming and stockbreeding	-	-
1.2 Forestry	-	-
1.3 Fishery	-	-
<b>2 Manufacturing</b>	<b>44.540</b>	<b>41.626</b>
2.1 Mining and quarrying	32.892	32.872
2.2 Production	11.648	8.754
2.3 Electricity, gas, water	-	-
<b>3 Construction</b>	<b>5.540</b>	<b>5.109</b>
<b>4 Services</b>	<b>129.022</b>	<b>122.518</b>
4.1 Wholesale and retail trade	9.107	5.673
4.2 Hotel, food and beverage services	-	-
4.3 Transportation and telecommunication	5.608	3.244
4.4 Financial institutions	-	-
4.5 Real estate and renting services	114.307	113.601
4.6 Self-employment services	-	-
4.7 Education services	-	-
4.8 Health and social services	-	-
<b>5 Other</b>	<b>16.427</b>	<b>16.427</b>
<b>Total</b>	<b>195.529</b>	<b>185.680</b>

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#### IX. Explanations on consolidated risk management (continued)

##### c. Credit risk (continued)

##### c.1. General information on credit risk (continued)

##### c.1.4. Additional information on consolidated credit quality of assets (continued):

Sectors / Counterparties			
Prior Period		Non-performing loans	Provisions
<b>1</b>	<b>Agriculture</b>	-	-
1.1	Farming and stockbreeding	-	-
1.2	Forestry	-	-
1.3	Fishery	-	-
<b>2</b>	<b>Manufacturing</b>	<b>32.892</b>	<b>32.892</b>
2.1	Mining and quarrying	32.892	32.892
2.2	Production	-	-
2.3	Electricity, gas, water	-	-
<b>3</b>	<b>Construction</b>	<b>118.969</b>	<b>118.969</b>
<b>4</b>	<b>Services</b>	<b>12</b>	<b>5</b>
4.1	Wholesale and retail trade	-	-
4.2	Hotel, food and beverage services	-	-
4.3	Transportation and telecommunication	12	5
4.4	Financial institutions	-	-
4.5	Real estate and renting services	-	-
4.6	Self-employment services	-	-
4.7	Education services	-	-
4.8	Health and social services	-	-
<b>5</b>	<b>Other</b>	<b>20.824</b>	<b>20.824</b>
<b>Total</b>		<b>172.697</b>	<b>172.690</b>

##### c.2. Credit risk mitigation

##### c.2.1. Qualitative disclosure on credit risk mitigation techniques

On and off balance sheet offsetting agreements are not utilized. The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below:

a) Financial Collaterals (Treasury Bills, Government Bonds, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)

b) Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Group are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

If there are indicators on significant decreases of real estate's value in comparison to general market prices, the real estate's valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.



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#### IX. Explanations on consolidated risk management (continued)

##### c. Credit risk (continued)

##### c.2. Credit risk mitigation (continued)

##### c.2.1. Qualitative disclosure on credit risk mitigation techniques (continued)

The Group monitors other banks' guarantees that are evaluated as risk mitigators within the framework of BRSA regulations on a regular basis and reviews the credibility of banks periodically.

The volatility in real estate market is monitored closely by the Group and the market fluctuations are considered in credit activities

##### c.2.2. Credit risk mitigation techniques

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collatera	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	29,297,479	4,365,490	1,854,133	3,886,645	1,367,928	-	-
2	Debt securities	8,773,462	-	-	-	-	-	-
3	<b>Total</b>	<b>37,032,151</b>	<b>4,365,490</b>	<b>1,854,133</b>	<b>3,886,645</b>	<b>1,367,928</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	195,529	-	-	-	-	-	-

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collatera	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	13,426,336	1,036,994	138,049	349,201	176,561	-	-
2	Debt securities	1,687,441	-	-	-	-	-	-
3	<b>Total</b>	<b>15,113,777</b>	<b>1,036,994</b>	<b>138,049</b>	<b>349,201</b>	<b>176,561</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	172,697	-	-	-	-	-	-

##### c.3. Credit risk under standardised approach

##### c.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote numbered (II) for Explanations on Credit Risk.

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#### IX. Explanations on consolidated risk management (continued):

##### c.3. Credit risk under standardised approach (continued):

##### c.3.2. Credit risk exposure and credit risk mitigation techniques

Current Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Receivables from central governments or central banks	9.545.746	43.308	9.552.334	43.446	-	-
Receivables from regional or local governments	74.578	14.000	12.466	7.015	9.741	%50,00
Receivables from administrative units and non-commercial enterprises	-	908	16.372	2.925	19.297	%100,00
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	1.039.558	53.973	1.225.378	53.973	340.890	%26,65
Receivables from corporates	786.7116	4.458.782	7725.201	2.662.046	9.725.964	%93,63
Retail receivables	1.769.226	1480.862	1.764.471	683.811	1.770.649	%72,32
Receivables secured by mortgages on property	247.268	39.555	247.268	25.628	93.446	%34,24
Receivables secured by mortgages on commercial property	310.930	4.004.53	310.930	222.805	337.217	%63,18
Past due receivables	6.224	-	6.224	-	4.508	%72,43
Receivables defined in high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	1.278.224	-	1.278.224	-	580.764	%45,44
Equity share investments	-	-	-	-	-	-
<b>Total</b>	<b>22.138.870</b>	<b>6.491.841</b>	<b>22.138.868</b>	<b>3.701.649</b>	<b>12.882.476</b>	<b>%49,85</b>

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Receivables from central governments or central banks	4.078.126	5.413	4.198.798	5.989	-	-
Receivables from regional or local governments	57.742	-	24.823	125	12.474	%50,00
Receivables from administrative units and non-commercial enterprises	61.467	81	63.295	49	63.318	%99,96
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	1.926.699	2.146	1.978.894	2.146	396.208	%20,00
Receivables from corporates	6.905.293	3.313.706	6.766.915	1.912.473	8.319.214	%95,85
Retail receivables	-	-	-	-	-	-
Receivables secured by mortgages on property	69.855	17.809	66.457	7.635	25.687	%34,67
Receivables secured by mortgages on commercial property	291.121	36.303	291.121	18.037	218.295	%70,61
Past due receivables	7	-	7	-	7	%100,00
Receivables defined in high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	1.014.133	-	1.014.133	-	382.833	%37,75
Equity share investments	-	-	-	-	-	-
<b>Total</b>	<b>14.404.443</b>	<b>3.375.458</b>	<b>14.404.443</b>	<b>1.946.454</b>	<b>9.418.036</b>	<b>%57,60</b>

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#### IX. Explanations on consolidated risk management (continued):

##### c.3. Credit risk under standardised approach (continued):

##### c.3.3. Exposures by asset classes and risk weights

Risk Classes/Risk Weighted											Total risk amount (post-CCF and CRM)
Current Period	%0	%10	%20	35% secured by Property mortgage	%50	%75	%100	%150	%200	Others	
1 Receivables from central governments or central banks	9595.780	-	-	-	-	-	-	-	-	-	9595.780
2 Receivables from regional or local governments	-	-	-	-	19481	-	-	-	-	-	19481
3 Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	19297	-	-	-	19297
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	-	-	982.090	-	269.269	-	27992	-	-	-	1.279.351
7 Receivables from corporates	406.598	-	83461	-	369112	-	9528.076	-	-	-	10.387.247
8 Retail receivables	52943	-	41926	-	-	2.349.920	224	3.269	-	-	2.448.282
9 Receivables secured by mortgages on property	5.313	-	1.389	266.194	-	-	-	-	-	-	272.896
10 Receivables secured by mortgages on commercial property	2900	-	8445	-	373.724	-	148.666	-	-	-	533.735
11 Past due receivables	-	-	-	-	3431	-	2.793	-	-	-	6.224
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16 Other receivables	-	-	-	-	-	-	-	-	-	-	-
17 Equity share investments	360.486	-	421.217	-	-	-	496.521	-	-	-	1.278.224
<b>18 Total</b>	<b>10.424.020</b>	<b>-</b>	<b>1.538.528</b>	<b>266.194</b>	<b>1.035.017</b>	<b>2.349.920</b>	<b>10.223.569</b>	<b>3.269</b>	<b>-</b>	<b>-</b>	<b>25.840.517</b>

Risk Classes/Risk Weighted											Total risk amount (post-CCF and CRM)
Current Period	%0	%10	%20	35% secured by Property mortgage	%50	%75	%100	%150	%200	Others	
1 Receivables from central governments or central banks	4.204.787	-	-	-	-	-	-	-	-	-	4.204.787
2 Receivables from regional or local governments	-	-	-	-	24.948	-	-	-	-	-	24.948
3 Receivables from administrative units and non-commercial enterprises	25	-	-	-	-	-	63.319	-	-	-	63.344
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	-	-	1.981.040	-	-	-	-	-	-	-	1.981.040
7 Receivables from corporates	33.158	-	408.769	-	-	-	8.237.461	-	-	-	8.679.388
8 Retail receivables	-	-	-	-	-	-	-	-	-	-	-
9 Receivables secured by mortgages on property	-	-	1.636	72.458	-	-	-	-	-	-	74.094
10 Receivables secured by mortgages on commercial property	-	-	-	-	181.725	-	127.433	-	-	-	309.158
11 Past due receivables	-	-	-	-	-	-	7	-	-	-	7
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16 Other receivables	-	-	-	-	-	-	-	-	-	-	-
17 Equity share investments	300.583	-	413.521	-	-	-	300.029	-	-	-	1.014.133
<b>18 Total</b>	<b>4.538.553</b>	<b>-</b>	<b>2.804.966</b>	<b>72.458</b>	<b>206.673</b>	<b>-</b>	<b>8.728.249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.350.899</b>

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#### IX. Explanations on consolidated risk management (continued)

##### d. Counterparty credit risk

##### d.1. Qualitative disclosure on counterparty credit risk

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with "Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated October 23, 2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The Group prepared "Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures" in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

##### d.2. Counterparty credit risk (CCR) approach analysis

	Current Period	Replacement cost	Potential Future exposure	EEPE <sup>(*)</sup>	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	(51.240)	36.510		-	98.334	26.820
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	<b>Total</b>						<b>26.820</b>

<sup>(\*)</sup> Effective Expected Positive Exposure

	Prior Period	Replacement cost	Potential Future exposure	EEPE <sup>(*)</sup>	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	(41.790)	7983		-	9.715	2.585
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	<b>Total</b>						<b>2.585</b>

<sup>(\*)</sup> Effective Expected Positive Exposure

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#### IX. Explanations on consolidated risk management (continued)

##### d. Counterparty credit risk (continued)

##### d.3. Capital requirement for credit valuation adjustment (CVA)

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1 (i) VaR component (including the 3×multiplier)		-		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-		-
3 All portfolios subject to the Standardised CVA capital obligation	98.334	26.820	9.715	2.585
4 Total subject to the CVA capital obligation	98.334	26.820	9.715	2.585

##### d.4. CCR exposures by risk class and risk weights

Current Period										
Risk Classes	Risk Weighted	%0	%10	%20	%50	%75	%100	%150	Other	Total credit exposure <sup>(1)</sup>
Receivables from central governments or central banks	43.308	-	-	-	-	-	-	-	-	43.308
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	12.042	31.493	-	-	-	-	-	43.535
Receivables from corporates	-	-	1.322	-	-	3.096	-	-	-	4.418
Retail receivables	-	-	-	-	7.073	-	-	-	-	7.073
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>43.308</b>	<b>-</b>	<b>13.364</b>	<b>31.493</b>	<b>7.073</b>	<b>3.096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98.334</b>

<sup>(1)</sup> Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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#### IX. Explanations on consolidated risk management (continued)

##### d. Counterparty credit risk (continued)

##### d.4. CCR exposures by risk class and risk weights (continued)

Prior Period										Total credit exposure <sup>(1)</sup>
Risk Classes	Risk Weighted	%0	%10	%20	%50	%75	%100	%150	Other	
Receivables from central governments or central banks		5.413	-	-	-	-	-	-	-	5.413
Receivables from regional or local governments		-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises		-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks		-	-	-	-	-	-	-	-	-
Receivables from international organizations		-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses		-	-	2.146	-	-	-	-	-	2.146
Receivables from corporates		-	-	-	-	-	2.156	-	-	2.156
Retail receivables		-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property		-	-	-	-	-	-	-	-	-
Past due receivables		-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA		-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages		-	-	-	-	-	-	-	-	-
Securitisation positions		-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates		-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds		-	-	-	-	-	-	-	-	-
Equity share investments		-	-	-	-	-	-	-	-	-
Other receivables		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>5.413</b>	<b>-</b>	<b>2.146</b>	<b>-</b>	<b>-</b>	<b>2.156</b>	<b>-</b>	<b>-</b>	<b>9.715</b>

<sup>(1)</sup> Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

##### d.5. Used collaterals for counterparty credit risk

None (December 31, 2020:None).

##### d.6. Information on the risks of the Group arising from purchased or sold credit derivatives

None (December 31, 2020:None).

##### d.7. Information on risks of the Group arising from central counterparty

None (December 31, 2020:None).

##### e. Information to be announced to public on Securitization

None (December 31, 2020:None).

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#### IX. Explanations on consolidated risk management (continued)

##### f. Market risk

##### f.1. Qualitative disclosure on market risk

The Group measures market risk by using the standard method in accordance with "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks" dated October 23, 2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and Group's strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, measure, prioritize, and reduce at an acceptable level and to manage the various risks that the Parent Bank is exposed to.

Risks that positions held by the Group under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows.

##### f.2. Market risk under standardised approach

		Current Period RWA	Prior Period RWA
<b>Outright products</b>			
1	Profit rate risk (general and specific)	344.740	115.971
2	Equity share (general and specific)	-	-
3	Foreign exchange risk	105.594	85.292
4	Commodity risk	268.785	64.890
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>719.119</b>	<b>266.153</b>

##### g. Operational risk

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks.

Current Period	2 PP Value	1 PP Tutar	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	272.916	500.377	802.518	525.270	%15	78.791
Amount subject to Operational Risk (Total*12,5)						984.882

Current Period	2 PP Value	1 PP Tutar	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	-	272.916	500.377	386.647	%15	57.997
Amount subject to Operational Risk (Total*12,5)						724.962



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#### IX. Explanations on consolidated risk management (continued)

##### h. Qualitative disclosure on profit rate risk arising from banking books

h.1. Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and offbalance sheet positions in the Group's banking books by standard shock method.

The Group calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

h.2. Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method

Current Period Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TRY	(+) 500bp	(168.087)	(4,20)
TRY	(-) 400bp	158.893	3,97
USD Dolar	(+) 200bp	(59.535)	(1,49)
USD Dolar	(-) 200bp	65.639	1,64
EUR	(+) 200bp	(57.620)	(1,44)
EUR	(-) 200bp	61.148	1,53
<b>Total (For Negative Shocks)</b>	<b>-</b>	<b>(285.242)</b>	<b>(7,13)</b>
<b>Total (For Positive Shocks)</b>	<b>-</b>	<b>285.680</b>	<b>7,14</b>

Prior Period Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TRY	(+) 500bp	(184.891)	(6,41)
TRY	(-) 400bp	170.318	5,90
USD Dolar	(+) 200bp	(9.774)	(0,34)
USD Dolar	(-) 200bp	10.382	0,36
EUR	(+) 200bp	(64.633)	(2,24)
EUR	(-) 200bp	69.251	2,40
<b>Total (For Negative Shocks)</b>	<b>-</b>	<b>(259.299)</b>	<b>(8,99)</b>
<b>Total (For Positive Shocks)</b>	<b>-</b>	<b>249.951</b>	<b>8,66</b>

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### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### X. Explanations on consolidated business segments

The Group has operations in retail banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	<b>3.740.018</b>	<b>17.089.861</b>	<b>16.400.186</b>	<b>815.738</b>	<b>38.045.803</b>
<b>Total Liabilities</b>	<b>8.339.463</b>	<b>20.169.544</b>	<b>7.442.924</b>	<b>365.122</b>	<b>36.317.053</b>
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.728.750</b>	<b>1.728.750</b>
Net profit share income/(expense) <sup>(*)</sup>	173.067	593.194	(158.806)	(75.070)	532.385
Net fees and commissions income/(expense)	38.011	54.666	(9.655)	(38)	82.984
Other operating income/(expense)	46.140	69.612	(25.294)	(407.121)	(316.663)
Provision expenses	(10.129)	(84.511)	(5.001)	(10.601)	(110.242)
Profit/(loss) before tax	247.089	632.961	(198.756)	(492.830)	188.464
Provision for tax	-	-	-	(45.053)	(45.053)
<b>Net profit / (loss) for the period</b>	<b>247.089</b>	<b>632.496</b>	<b>(198.756)</b>	<b>(537.883)</b>	<b>143.411</b>

<sup>(\*)</sup> The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Group.

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	<b>1.278.373</b>	<b>10.700.997</b>	<b>6.235.014</b>	<b>2.080.064</b>	<b>20.290.448</b>
<b>Total Liabilities</b>	<b>3.538.235</b>	<b>8.168.769</b>	<b>6.636.877</b>	<b>411.272</b>	<b>18.755.153</b>
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.539.295</b>	<b>1.539.295</b>
Net profit share income/(expense) <sup>(*)</sup>	36.005	218.316	75.237	42.055	371.613
Net fees and commissions income/(expense)	7.133	22.414	(3.572)	(4.862)	21.113
Other operating income/(expense)	2.416	(2.962)	(16.166)	(184.386)	(201.098)
Provision expenses	(8.279)	(70.154)	(3.486)	(5.229)	(87.148)
Profit/(loss) before tax	37.275	167.614	52.013	(152.422)	104.480
Provision for tax	-	-	-	(23.854)	(23.854)
<b>Net profit / (loss) for the period</b>	<b>37.275</b>	<b>167.614</b>	<b>52.013</b>	<b>(176.276)</b>	<b>80.626</b>

<sup>(\*)</sup> The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Group.

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

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#### **SECTION FIVE**

#### **Explanations and notes on the consolidated financial statements**

#### **I. Explanations and notes related to consolidated assets**

#### **1. a) Cash and balances with the Central Bank of Republic of Turkey (CBRT)**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Foreign currency	27027	82.778	15.214	83.101
CBRT	860.099	4.490.642	231.489	1.450.436
Other <sup>(*)</sup>	10.704	765.185	8.666	478.191
<b>Total</b>	<b>897.830</b>	<b>5.338.605</b>	<b>255.369</b>	<b>2.011.728</b>

<sup>(\*)</sup> As of 31 December 2021 it includes precious metal deposit account amounting to TL 165.496 (31 December 2020: TL 36.982) and money in transit account amounting to TL 610.393 (31 December 2020: TL 449.875)

#### **b) Information related to CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	843.500	159	226.905	89
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Reserve requirements	16.599	4.490.483	4.584	1.450.347
<b>Total</b>	<b>860.099</b>	<b>4.490.642</b>	<b>231.489</b>	<b>1.450.436</b>

#### **c) Explanations on the required reserve application:**

In accordance with the CBRT's Communiqué on Required Reserves numbered 2013/15, banks establish required reserves at the CBRT for their TL and FX liabilities specified in the aforementioned communiqué. Required reserve ratios vary according to the maturity structure of the liabilities, and they are applied in the range of 3%-8% for TL deposits and other liabilities, 19-26% for FX deposits and 5%-21% for FX other liabilities. Required reserves are calculated every two weeks on Fridays and are established in 14-day increments. Pursuant to the relevant communiqué, the CBRT pays interest for required reserves established in TL.

According to the Communiqué on Required Reserves published in the Official Gazette dated 1 July 2021 and numbered 31528, the possibility of maintaining Turkish lira required reserves in foreign currency was terminated as of 1 October 2021.

Within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the conversion rate from USD, EUR and GBP denominated foreign currency deposit accounts and foreign exchange denominated participation fund accounts to time TL deposit and participation accounts is 10% as of the obligation date of 15 April 2022. It has been decided that an annual commission of 1.5% will not be applied to the banks, which have reached the level of 20% as of the liability date of 8 July 2022, up to the amount that should be kept for their liabilities until the end of 2022.

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#### 1. Explanations and notes related to consolidated assets (continued)

##### 2. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	1.593	254.853	4.130	726.458
Abroad	-	1.276.669	-	180.254
<b>Total</b>	<b>1.593</b>	<b>1.531.522</b>	<b>4.130</b>	<b>906.712</b>

##### b) Information on Foreign Bank Accounts

	Current Period		Prior Period	
	Unrestricted Period	Restricted Period	Unrestricted Period	Restricted Period
European Union Countries	710.956	-	178.705	-
USA, Canada	476.141	-	-	-
OECD Countries <sup>(*)</sup>	-	-	-	-
Off-shore Banking Regions	3.107	-	177	-
Other	86.465	-	1.372	-
<b>Total</b>	<b>1.276.669</b>	<b>-</b>	<b>180.254</b>	<b>-</b>

<sup>(\*)</sup> OECD countries except EU countries, USA and Canada.

#### 3. Financial assets measured at fair value through profit or loss

##### a. Information on financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked

As of December 31, 2021, there is no repurchase agreements in financial assets at fair value through profit and loss is not available (December 31, 2020: TL 193.303). As of December 31, 2021, amount subject to guaranteed/blocked is TL 355.782 (December 31, 2020: TL 167.722).

##### b. Information on financial assets at fair value through profit/loss

	Current Period	Prior Period
Debt securities	1.087.412	524.176
Quoted on a stock exchange	572.980	342.155
Unquoted on a stock exchange <sup>(*)</sup>	514.432	182.021
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	-	-
Impairment provision (-)	(2.212)	(1.125)
<b>Total</b>	<b>11.085.200</b>	<b>523.051</b>

<sup>(\*)</sup> Includes debt securities that are listed on the stock exchange but are not traded at the end of the relevant period.

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#### I. Explanations and notes related to assets (continued):

#### 4. Information on Financial Assets at fair value through other comprehensive income

a. Information on financial assets valued at fair value through other comprehensive income subject to repurchase transactions, given as a guarantee or blocked

Financial assets valued at fair value through other comprehensive income subject to repurchase transactions assets, which are subjected to repurchase agreements as of December 31, 2021: TL 2.073.137 (December 31, 2020: 903.249). As of December 31, 2020, amount subject to guaranteed/blocked is TL 326.675 (December 31, 2020: 220.521).

b. Financial assets valued at fair value through other comprehensive income

	Current Period	Prior Period
Debt securities	4.201.759	1.172.974
Quoted on a stock exchange <sup>(*)</sup>	3.221.985	794.112
Unquoted on a stock exchange	979.774	378.862
Share certificates	7.659	7.659
Quoted on a stock exchange <sup>(*)</sup>	-	-
Unquoted on a stock exchange	7.659	7.659
Impairment provision (-)	(36.265)	(16.243)
<b>Total</b>	<b>4.173.153</b>	<b>1.164.390</b>

<sup>(\*)</sup> Includes debt securities that are listed on the stock exchange but are not traded at the end of the relevant period.

#### 5. Information on derivative financial assets

a. Positive differences related to the derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Swap Transactions	29.633	419	1412	14
Forward Transactions	32.245	2.861	-	305
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>61.878</b>	<b>3.280</b>	<b>1.412</b>	<b>319</b>

#### 6. Information on loans

a. Information on all types of loans and advances given to shareholders and employees of the Group

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	714.824	-	95.629	-
Corporate shareholders	714.824	-	95.629	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	973	-	-	-
Loans granted to employees	973	-	-	-
<b>Total</b>	<b>715.797</b>	<b>-</b>	<b>95.629</b>	<b>-</b>

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#### I. Explanations and notes related to consolidated assets (continued):

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

b. Information on the first and second group loans including restructured loans

b1. Detail table on the first and second group loans including restructured loans

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not subject to restructured loans	Restructured Loans	
Current Period			Loans with Revised Contract Terms	Refinance
Loans	21.494.531	31.683	2.739	-
Export loans	-	-	-	-
Import loans	1.565.042	410	-	-
Business loans	15.289.593	26.755	2.739	-
Consumer loans	998.365	1.387	-	-
Credit cards	-	-	-	-
Loans given to financial sector	411.871	-	-	-
Other <sup>(*)</sup>	3.229.660	3.131	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>21.494.531</b>	<b>31.683</b>	<b>2.739</b>	<b>-</b>

<sup>(\*)</sup>The details of other loans are as follows:

Commercial loans with installments	2.969.857
Loans given to abroad	174.503
Other investment credits	84.140
Other	4.291
<b>Total</b>	<b>3.232.791</b>

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not subject to restructured loans	Restructured Loans	
Prior Period			Loans with Revised Contract Terms	Refinance
Loans	13.397.505	422	-	-
Export loans	-	-	-	-
Import loans	436.155	-	-	-
Business loans	9.358.930	422	-	-
Consumer loans	575.941	-	-	-
Credit cards	-	-	-	-
Loans given to financial sector	1.814.247	-	-	-
Other <sup>(*)</sup>	1.212.232	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>13.397.505</b>	<b>422</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup>The details of other loans are as follows:

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued):

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

##### b. Information on the first and second group loans including restructured loans (continued)

##### b1. Detail table on the first and second group loans including restructured loans (continued)

Commercial loans with installments	1.148.156
Loans given to abroad	38.318
Other	25.758
<b>Total</b>	<b>1.212.232</b>

##### b2. Detail table on the first and second group loans including restructured loans

Current Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	146482	-
Substantial increase in credit risk	-	184

Prior Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	92476	-
Substantial increase in credit risk	-	190

##### c. Maturity analysis of cash loans

Current Period	Standard Loans and Other receivables		Loans Under Follow-Up and Other receivables	
	Loans and Other receivables	Amendments to terms or contract	Loans and Other receivables	Amendments to terms or contract
<b>Cash Loans</b>				
Short term loans and other receivables	5.573.870	-	21469	72
Loans	5.573.870	-	21469	72
Other receivables	-	-	-	-
Medium and long-term loans and other receivables <sup>(*)</sup>	15.918.406	-	12.469	2.667
Loans	15.918.406	-	12.469	2.667
Other receivables	-	-	-	-
<b>Total</b>	<b>21.492.276</b>	<b>-</b>	<b>33.938</b>	<b>2.739</b>

<sup>(\*)</sup> Loans with original maturities of more than 1 year when first granted are classified as "Medium and long term loans".

Prior Period	Standard Loans and Other receivables		Loans Under Follow-Up and Other receivables	
	Loans and Other receivables	Amendments to terms or contract	Loans and Other receivables	Amendments to terms or contract
<b>Cash Loans</b>				
Short term loans and other receivables	3.099.571	-	422	-
Loans	3.099.571	-	422	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables <sup>(*)</sup>	10.297.934	-	-	-
Loans	10.297.934	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>13.397.505</b>	<b>-</b>	<b>422</b>	<b>-</b>

<sup>(\*)</sup> Loans with original maturities of more than 1 year when first granted are classified as "Medium and long term loans".



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

##### d. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards

Current Period	Short-Term	Medium and Long-Term	Total
<b>Consumer loans-TL</b>	<b>2.549</b>	<b>996.230</b>	<b>998.779</b>
Housing loans	945	913.481	914.426
Vehicle loans	1.228	36.953	38.181
Consumer loans	376	45.796	46.172
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>24</b>	<b>949</b>	<b>973</b>
Housing loans	-	833	833
Vehicle loans	-	48	48
Consumer loans	24	68	92
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2.573</b>	<b>997.179</b>	<b>999.752</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

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

d. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued)

Prior Period	Short-Term	Medium and Long-Term	Total
<b>Consumer loans-TL</b>	<b>867</b>	<b>575.074</b>	<b>575.941</b>
Housing loans	481	536429	536910
Vehicle loans	386	17761	18.147
Consumer loans	-	20.884	20.884
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>867</b>	<b>575.074</b>	<b>575.941</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

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

##### e. Information on commercial loans with installments and corporate credit cards

Current Period	Short-Term	Medium and Long-term	Total
<b>Commercial installment loans-TL</b>	<b>287.471</b>	<b>2.191.296</b>	<b>2.478.767</b>
Business loans	10.572	278.396	288.968
Vehicle loans	233.688	1.082.909	1.316.597
Consumer loans	43.211	829.991	873.202
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>116.377</b>	<b>329.601</b>	<b>445.978</b>
Business loans	1.137	9.375	10.512
Vehicle loans	-	136.500	136.500
Consumer loans	115.240	183.726	298.966
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>15.176</b>	<b>-</b>	<b>15.176</b>
<b>Overdraft account-FC(Legal Entity)</b>	<b>29.936</b>	<b>-</b>	<b>29.936</b>
<b>Total</b>	<b>448.960</b>	<b>2.520.897</b>	<b>2.969.857</b>

Prior Period	Short-Term	Medium and Long-term	Total
<b>Commercial installment loans-TL</b>	<b>73.049</b>	<b>1.030.075</b>	<b>1.103.124</b>
Business loans	-	674.60	674.60
Vehicle loans	70.123	492.855	562.978
Consumer loans	2.926	469.760	472.686
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>-</b>	<b>45.032</b>	<b>45.032</b>
Business loans	-	-	-
Vehicle loans	-	20.062	20.062
Consumer loans	-	24.970	24.970
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(Legal Entity)</b>	<b>9.109</b>	<b>-</b>	<b>9.109</b>
<b>Total</b>	<b>82.158</b>	<b>1.075.107</b>	<b>1.157.265</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

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

###### f. Loans according to types of borrowers

	Current Period	Prior Period
Public	946.228	1.560.499
Private	20.582.725	11.837.428
<b>Total</b>	<b>21.528.953</b>	<b>13.397.927</b>

###### g. International and domestic loans:

The distribution of loans excluding non-performing loans is as follows:

	Current Period	Prior Period
Domestic loans	21.354.450	13.323.170
Foreign loans	174.503	74.757
<b>Total</b>	<b>21.528.953</b>	<b>13.397.927</b>

###### h. Loans granted to subsidiaries and participations

None (December 31, 2020: None).

###### i. Default provisions for loans (Third Stage) provisions

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	4.162	-
Doubtful Loans and Other Receivables	7.835	5
Uncollectible Loans and Receivables	173.683	172.685
<b>Total</b>	<b>185.680</b>	<b>172.690</b>

###### j. Information on non-performing loans and receivables (net)

###### j.1. Non-performing loans and receivables which are restructured or rescheduled

None (December 31, 2020: None).

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

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

##### j. Information on non-performing loans and receivables (net)

##### j.2. Movements of non-performing loans

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
<b>Current Period</b>			
Closing balance of prior period	-	12	172.685
Additions in the current period (+)	24.057	305	100
Transfers from other categories of non-performing loans (+)	-	15.647	1403
Transfers to other categories of non-performing loans (-)	15.647	1403	-
Collections in the current period (-)	96	1490	44
Write offs (-)	-	-	-
Sales (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	8.314	13.071	174.144
Provision (-)	4.162	7835	173.683
<b>Net balance at the balance sheet</b>	<b>4.152</b>	<b>5.236</b>	<b>461</b>

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
<b>Prior Period</b>			
Closing balance of prior period	-	-	188.322
Additions in the current period (+)	-	12	99
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections in the current period (-)	-	-	29
Write offs (-)	-	-	15.707
Sales (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	-	12	172.685
Provisions (-)	-	5	172.685
<b>Net balance at the balance sheet</b>	<b>-</b>	<b>7</b>	<b>-</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

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

##### j.3. Non-performing loans and other receivables in foreign currencies

None (December 31, 2020: None).

##### j.4. Gross and net non-performing loans and other receivables per customer categories

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
<b>Current Period (net)</b>	<b>7.324</b>	<b>1.269</b>	<b>1.254</b>
Loans to individuals and corporates (gross)	8.314	13.071	174.144
Provision (-)	4.162	7.835	173.683
<b>Loans to individuals and corporates (net)</b>	<b>4.152</b>	<b>5.236</b>	<b>461</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>	<b>-</b>	<b>7</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	-	12	172.685
Specific provision (-)	-	5	172.685
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>-</b>	<b>7</b>	<b>-</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans and receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### j.5. Information on profit share accrual accruals and valuation differences calculated for non-performing loans by banks allocating expected credit losses according to TFRS 9 and their equivalents

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit share accruals and valuation differences	-	-	-
Provisions (-)	-	-	-
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit share accruals and valuation differences	-	-	-
Provision (-)	-	-	-

##### k. Liquidation policy for uncollectible loans and receivables

The Parent Bank initiates a legal process for the collection of receivables arising from credit transactions. The debtor's and debtor related's assets' together with process of cash conversion of the collaterals which constitute of the Parent Bank receivables will be processed by the Parent Bank and in addition to this process the Parent Bank will try to collect and liquidate its receivables through administrative ways.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

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

###### I. Information on "Write-off" policies

In accordance with Article 8 of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them", loans classified under "Fifth Group Loans of Loss" and which does not have reasonable expectations regarding the recovery of loans with a lifetime expected due to the default of the debtor or the provision of special provisions can be deducted from the records within the scope of TFRS 9 as of the first reporting period following their classification in this group.

It is an accounting practice to deduct loans that do not have the possibility to collect from the records within the scope of the above provision, does not mean that result in giving up the right to receivable.

The general policy of the Parent Bank is to write-off the receivables which are deemed to be impossible to collect during the legal follow-up process from the assets in accordance with the decision taken by the top management of the Parent Bank. The amount of TL 15.707 for loans deemed impossible to collect in 2021 has been written-off due to the decision taken by the Parent Bank's management (December 31, 2020: 15.707).

#### 7. Information on Financial Assets Measured at Amortized Cost

##### a. Information on government debt securities measured at amortized cost

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(*)</sup>	2.713.586	1.568.929
<b>Total</b>	<b>2.713.586</b>	<b>1.568.929</b>

<sup>(\*)</sup> Consists of non-profit special category state domestic borrowing notes issued by Ministry of Treasury and Finance and purchased from the Türkiye Varlık Fonu A.Ş. and Piyasa ve İstikrar Denge Alt Fonu A.Ş.

##### b. Information on investment securities measured at amortized cost

	Current Period	Prior Period
Debt Securities	2.713.586	1.568.929
Quoted on a stock Exchange	-	-
Unquoted <sup>(*)</sup>	2.713.586	1.568.929
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>2.713.586</b>	<b>1.568.929</b>

<sup>(\*)</sup> Consists of non-profit special category state domestic borrowing notes issued by Ministry of Treasury and Finance and purchased from the Türkiye Varlık Fonu A.Ş. and Piyasa ve İstikrar Denge Alt Fonu A.Ş.

	Current Period	Prior Period
<b>Balance at beginning of period <sup>(*)</sup></b>	<b>1.568.929</b>	<b>1.097.529</b>
Foreign currency differences on monetary assets <sup>(**)</sup>	1.128.426	471.400
Purchases during period	16.231	-
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>2.713.586</b>	<b>1.568.929</b>

<sup>(\*)</sup> Consists of non-profit special category state domestic borrowing notes issued by Ministry of Treasury and Finance and purchased from the Türkiye Varlık Fonu A.Ş. and Piyasa ve İstikrar Denge Alt Fonu A.Ş.

<sup>(\*\*)</sup> 308.308 TL income rediscount is included in this amount. (December 31, 2020: 115.089 TL)



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

##### 8. Information on lease receivables (net)

###### a. Presentation of remaining maturities of funds lent under finance lease method

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	8.922	8.799	-	-
1 to 4 years	141.131	118.381	34.295	28.409
More than 4 years	62.322	55.664	-	-
<b>Total</b>	<b>212.375</b>	<b>182.844</b>	<b>34.295</b>	<b>28.409</b>

###### b. Information on net investments through finance lease

	Current Period	Prior Period
Finance lease receivables (gross)	212.375	34.295
Unearned finance lease receivable (-)	29.531	5.886
<b>Receivable from finance leases (net)</b>	<b>182.844</b>	<b>28.409</b>

###### c. General explanation on finance lease contracts

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

###### Information on leasing receivables:

	Leasing Receivables Under Close Monitoring			
	Standard Loans	Leasing receivables not subject to restructured loans	Restructured or rescheduled	
Finance Lease			Leasing Receivables with Revised Contract Terms	Refinance
<b>Current Period</b>				
Finance lease receivables (Net)	182.844	-	-	-
<b>Prior Period</b>				
Finance lease receivables (Net)	28.409	-	-	-

##### 9. Information on assets held for sale and assets of discontinued operations

Financial assets held for sale consist of tangible assets acquired due to receivables.

	Current Period	Prior Period
Opening balance	23.797	35.200
Additions	-	5
Disposals	(15.797)	(11.408)
Transfers	-	-
Impairment Provision (-)	-	-
<b>Closing balance</b>	<b>8.000</b>	<b>23.797</b>

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

##### 10. Information on associates

###### a. Associates (net)

###### a.1. Information on consolidated associates

None (December 31, 2020: None).

###### a.2 Information on consolidated associates

None (December 31, 2020: None).

###### b. Information on subsidiaries (net)

###### b.1 Information on consolidated subsidiaries

Emlak Menkul Değerler A.Ş., which is owned by the Parent Bank by 50%, has been reported to be bankrupt in the Audit Report prepared by Court of Account dated 31 October 2018. Emlak Menkul Değerler A.Ş. has not been consolidated as of December 31, 2021 and December 31, 2020.

###### b.2 Information on consolidated subsidiaries

Emlak Varlık Kiralama A.Ş., 100% subsidiaries of the Bank was established and registered to the trade registry in August 5, 2019 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Emlak Varlık Kiralama A.Ş. has been founded to operate lease certificate according to rulings of Capital Markets Board of Turkey which was dated June 7, 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. Emlak Varlık Kiralama A.Ş. was established and began to operate on August 5, 2019 with TL 50 capital amount paid by the Main Shareholder Parent Bank.

Emlak Katılım Varlık Kiralama A.Ş., 100% subsidiaries of the Parent Bank was established and registered to the trade registry in January 20, 2020 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Within the framework of the CMB's Communiqué on Lease Certificates (III-61.1) published in the Official Gazette dated June 7, 2013 and numbered 28760, Emlak Katılım Varlık Kiralama A.Ş. was established on December 16, 2019, with a capital of TL 50 and started its activity.

Name	Address (City/Country)	Operating Subject	Bank's share percentage (%)	Direct and Indirect Share Percentages (%)
Emlak Varlık Kiralama A.Ş.	Istanbul/TURKEY	Issuance Of Lease Certificate	100	100
Emlak Katılım Varlık Kiralama A.Ş.	Istanbul/TURKEY	Issuance Of Lease Certificate	100	100

The values stated in the table below are taken from financial statements in audited report of Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş.'s dated December 31, 2021.

Name	Total Assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income /loss	Prior period income /loss	Fair Value
Emlak Varlık Kiralama A.Ş.	1.248483	347	-	42403	-	297	-	-
Emlak Katılım Varlık Kiralama A.Ş.	3.577353	50	-	569706	-	-	-	-

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

##### 10. Information on associates (continued)

###### b.2.1 Movement information on subsidiaries

	Current Period	Prior Period
Amount at the beginning of the period	100	50
Movements inside the term	-	50
Purchases / new incorporations	-	50
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	100	100
Capital commitments	-	-
<b>Share of the capital at the end of the period (%)</b>	<b>100</b>	<b>100</b>

###### c. Information on investments in joint-ventures

None (December 31, 2020: None).

##### 11. Information on tangible assets

Current Period	Immovables <sup>(1)</sup>	Leased tangible assets	Vehicles	Other TA	Total
<b>Cost</b>					
<b>Opening Balance: 1 January 2021</b>	<b>118.749</b>	<b>-</b>	<b>20.208</b>	<b>151.873</b>	<b>290.830</b>
Additions	81.884	-	4.346	61.414	147.644
Revaluation differences	-	-	-	-	-
Disposals	(879)	-	(84)	(2.376)	(3.339)
Impairment losses(-)/					
Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Ending Balance: 31 December 2021</b>	<b>199.754</b>	<b>-</b>	<b>24.470</b>	<b>210.911</b>	<b>435.135</b>
<b>Accumulated depreciation (-)</b>					
<b>Opening balance: 1 January 2021</b>	<b>10.957</b>	<b>-</b>	<b>5.250</b>	<b>23.394</b>	<b>39.601</b>
Depreciation expense	21.318	-	6.468	37.652	65.438
Reversal of depreciation of the disposed assets	(85)	-	(2)	(215)	(302)
Transfers	-	-	-	-	-
<b>Ending balance: 31 December 2021</b>	<b>32.190</b>	<b>-</b>	<b>11.716</b>	<b>60.831</b>	<b>104.737</b>
<b>Total cost at the end of the year</b>	<b>199.754</b>	<b>-</b>	<b>24.470</b>	<b>210.911</b>	<b>435.135</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(32.190)</b>	<b>-</b>	<b>(11.716)</b>	<b>(60.831)</b>	<b>(104.737)</b>
<b>Closing net book values</b>	<b>167.564</b>	<b>-</b>	<b>12.754</b>	<b>150.080</b>	<b>330.398</b>

<sup>(1)</sup> As of December 31, 2021, historical value of movables and real estates that are accounted for as a right of use is amounting to TL 199.754 (December 31, 2020: 118.749 TL), in accordance with the "TFRS 16 Leases" standard, and the depreciation amount is TL 61.861 (December 31, 2020: 10.957 TL)

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

##### 11. Information on tangible assets (continued)

Prior Period	Immovables <sup>(*)</sup>	Leased tangible assets	Vehicles	Other TA	Total
<b>Cost</b>					
<b>Opening Balance: 1 January 2020</b>	<b>32.581</b>	<b>-</b>	<b>11.660</b>	<b>66.219</b>	<b>110.460</b>
Additions	86.689	-	8.676	129.093	224.458
Revaluation differences	-	-	-	-	-
Disposals	(521)	-	(128)	(434.39)	(44.088)
Impairment losses(-)/Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Ending Balance: 31 December 2020</b>	<b>118.749</b>	<b>-</b>	<b>20.208</b>	<b>151.873</b>	<b>290.830</b>
<b>Accumulated depreciation (-)</b>					
<b>Opening balance: 1 January 2020</b>	<b>2.099</b>	<b>-</b>	<b>1.962</b>	<b>4.689</b>	<b>8.750</b>
Depreciation expense	8.986	-	3.320	19.089	31.395
Reversal of depreciation of the disposed assets	(128)	-	(32)	(384)	(544)
Transfers	-	-	-	-	-
<b>Ending balance: 31 December 2020</b>	<b>10.957</b>	<b>-</b>	<b>5.250</b>	<b>23.394</b>	<b>39.601</b>
<b>Total cost at the end of the year</b>	<b>118.749</b>	<b>-</b>	<b>20.208</b>	<b>151.873</b>	<b>290.830</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(10.957)</b>	<b>-</b>	<b>(5.250)</b>	<b>(23.394)</b>	<b>(39.601)</b>
<b>Closing net book values</b>	<b>107.792</b>	<b>-</b>	<b>14.958</b>	<b>128.479</b>	<b>251.229</b>

<sup>(\*)</sup> As of December 31, 2020, historical value of movables and real estates that are accounted for as a right of use is amounting to TL 118.749 TL (December 31, 2020: 32.581 TL), in accordance with the "TFRS 16 Leases" standard, and the depreciation amount is TL 10.957 (December 31, 2020: 2.099 TL).

##### 12. Information on intangible assets

Current Period	Intangible Assests
<b>Cost</b>	
<b>Opening balance: 1 January 2021</b>	<b>34.559</b>
Additions	30.999
Disposals	-
<b>Ending balance: 31 December 2021</b>	<b>65.558</b>
<b>Accumulated depreciation(-)</b>	
<b>Opening balance: 1 January 2021</b>	<b>(25.109)</b>
Depreciation expense	(16.987)
Reversal of depreciation of the disposed assets	-
<b>Ending balance: 31 December 2021</b>	<b>(42.096)</b>
<b>Total cost at the end of the year</b>	<b>65.558</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(42.096)</b>
<b>Closing Net Book Value</b>	<b>23.462</b>

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### I. Explanations and notes related to consolidated assets (continued)

##### 12. Information on intangible assets (continued)

Prior Period	Intangible Assests
<b>Cost</b>	
<b>Opening balance: 1 January 2020</b>	<b>39.802</b>
Additions	19.866
Disposals	-
<b>Ending balance: 31 December 2020</b>	<b>59.668</b>
<b>Accumulated depreciation(-)</b>	
<b>Opening balance: 1 January 2020</b>	<b>(9.265)</b>
Depreciation expense	(15.844)
Reversal of depreciation of the disposed assets	-
<b>Ending balance: 31 December 2020</b>	<b>(25.109)</b>
<b>Total cost at the end of the year</b>	<b>59.668</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(25.109)</b>
<b>Closing Net Book Value</b>	<b>34.559</b>

##### 13. Information on investment property:

None (December 31, 2020: None).

##### 14. Information related to deferred tax assets

	Current Period	Prior Period
Deferred tax provision for transferred financial loss	-	29.521
Prepaid wages and commissions and unearned income	25.317	28.709
Expected loss provisions	24.274	8.953
Securities valuation differences	5.167	4.056
Provisions for retirement premium and vacation pay liabilities	5.740	2.476
Derivative financial instruments	23.286	8.649
TFRS 16 allowance	3.528	920
Other provisions for debt and expenses	5.182	5.180
<b>Deferred tax asset</b>	<b>92.494</b>	<b>88.464</b>
Valuation differences on marketable securities	9.214	7.786
Difference between carrying value and tax base of fixed assets	2.584	4.938
Derivative financial instruments	13.599	1.398
Other	523	489
<b>Deferred tax liability</b>	<b>25.920</b>	<b>14.611</b>
<b>Deferred tax asset (Net)</b>	<b>66.574</b>	<b>73.853</b>

##### 15. Breakdown of items in other assets except commitments presented in off-balance sheet, which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total

Other assets of the balance sheet don't exceed %10 of the balance sheet total.

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to consolidated liabilities

##### 1. Information on funds collected

##### a. Information on maturity structure of funds collected

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>261.953</b>	-	-	-	-	-	-	-	<b>261.953</b>
<b>II. Real Persons Participation Accounts Non-Trade TL<sup>(*)</sup></b>	<b>-</b>	<b>640.189</b>	<b>149.084</b>	<b>72.343</b>	<b>916</b>	<b>3.254</b>	<b>2.288</b>	<b>-</b>	<b>868.074</b>
<b>III. Current Account other-TL</b>	<b>837.668</b>	-	-	-	-	-	-	-	<b>837.668</b>
Public Sector	49965	-	-	-	-	-	-	-	49965
Commercial Institutions	779810	-	-	-	-	-	-	-	779810
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	7893	-	-	-	-	-	-	-	7893
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	<b>-</b>	<b>4.949.969</b>	<b>1.186.818</b>	<b>970.62</b>	<b>15.001</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>6.249.136</b>
Public Sector	-	931.137	314.755	39.643	-	-	-	-	1.285.535
Commercial Institutions	-	3.106.700	827.738	574.19	15.001	286	-	-	4.007.144
Other Institutions	-	357.165	44.325	-	-	-	-	-	401.490
Commercial and Other Institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	554.967	-	-	-	-	-	-	554.967
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>1.127.672</b>	-	-	-	-	-	-	-	<b>1.127.672</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	<b>-</b>	<b>2.405.228</b>	<b>288.573</b>	<b>17.012</b>	<b>21.082</b>	<b>47.266</b>	<b>-</b>	<b>-</b>	<b>2.779.161</b>
<b>VII. Other Current Accounts FC</b>	<b>5.814.741</b>	-	-	-	-	-	-	-	<b>5.814.741</b>
Residents in Turkey-Corporate	5.146.221	-	-	-	-	-	-	-	5.146.221
Residents Abroad-Corporate	668.520	-	-	-	-	-	-	-	668.520
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	<b>-</b>	<b>5.376.311</b>	<b>1.995.286</b>	<b>3.063</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.374.793</b>
Public sector	-	149.763	-	-	-	-	-	-	149.763
Commercial institutions	-	4.775.270	1.966.786	3.063	133	-	-	-	6.745.252
Other institutions	-	215.860	3976	-	-	-	-	-	219.838
Commercial and Other Institutions	-	208.883	24.524	-	-	-	-	-	233.407
Banks and Participation Banks	-	26.535	-	-	-	-	-	-	26.535
<b>IX. Precious Metals Deposits</b>	<b>686.920</b>	<b>445.566</b>	<b>185.224</b>	<b>32.389</b>	<b>320</b>	<b>1.711</b>	<b>-</b>	<b>-</b>	<b>1.352.130</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>8.728.954</b>	<b>13.817.263</b>	<b>3.804.985</b>	<b>221.869</b>	<b>37.452</b>	<b>52.517</b>	<b>2.288</b>	<b>-</b>	<b>26.665.328</b>

<sup>(\*)</sup>Participation account balance consists of TL 110,692 "Turkish Lira Time Deposits with Currency Protection" opened within the scope of the announcement of the Ministry of Treasury and Finance dated 24 December 2021 and the product "Turkish Lira Time Deposit with Currency Conversion Currency Protection" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696. It also includes the balances of TL 57.150 opened within the scope of "Deposit".

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to consolidated liabilities (continued)

##### 1. Information on funds collected (continued)

##### a. Information on maturity structure of funds collected (continued)

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>59.133</b>	-	-	-	-	-	-	-	<b>59.133</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>268.498</b>	<b>164.897</b>	<b>10.172</b>	<b>361</b>	<b>33.666</b>	<b>62</b>	-	<b>477.656</b>
<b>III. Current Account other-TL</b>	<b>430.153</b>	-	-	-	-	-	-	-	<b>430.153</b>
Public Sector	19783	-	-	-	-	-	-	-	19783
Commercial Institutions	407457	-	-	-	-	-	-	-	407457
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	2913	-	-	-	-	-	-	-	2913
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>3.788.582</b>	<b>573.049</b>	<b>2.164</b>	<b>1.310</b>	<b>594</b>	-	-	<b>4.365.699</b>
Public Sector	-	1137437	224999	-	-	-	-	-	1362436
Commercial Institutions	-	2464499	218.831	2.164	1.310	594	-	-	2.687.398
Other Institutions	-	186.646	129.219	-	-	-	-	-	315.865
Commercial and Other Institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
<b>V. Real Persons Current Accounts Non-Trade FC</b>	<b>204.192</b>	-	-	-	-	-	-	-	<b>204.192</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>463.136</b>	<b>92.005</b>	<b>2.025</b>	<b>4.046</b>	<b>5.928</b>	-	-	<b>567.140</b>
<b>VII. Other Current Accounts FC</b>	<b>1.632.745</b>	-	-	-	-	-	-	-	<b>1.632.745</b>
Residents in Turkey-Corporate	1.580.076	-	-	-	-	-	-	-	1.580.076
Residents Abroad-Corporate	52.669	-	-	-	-	-	-	-	52.669
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	<b>2.725.426</b>	<b>699.720</b>	-	-	<b>1.016</b>	-	-	<b>3.426.162</b>
Public sector	-	37	200	-	-	-	-	-	237
Commercial institutions	-	2.698.247	691.232	-	-	1.016	-	-	3.390.495
Other institutions	-	4.854	3.729	-	-	-	-	-	8.583
Commercial and Other Institutions	-	22.288	4.559	-	-	-	-	-	26.847
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
<b>IX. Precious Metals Deposits</b>	<b>222.128</b>	<b>118.261</b>	<b>151.151</b>	<b>19.513</b>	<b>501</b>	<b>2.869</b>	-	-	<b>514.423</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>2.548.351</b>	<b>7.363.903</b>	<b>1.680.822</b>	<b>33.874</b>	<b>6.218</b>	<b>44.073</b>	<b>62</b>	-	<b>11.677.303</b>



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to consolidated liabilities (continued)

##### 1. Information on funds collected

##### b. Saving deposits and other deposits accounts insured by Saving Deposit Insurance Fund

##### b.1 Exceeding the limit of Insurance Fund

Information on real persons' current and participation accounts not subject to trading transactions under the guarantee of insurance and exceeding the limit of Insurance Fund:

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions	706.887	301.009	5.170.627	1.325.300
Turkish Lira accounts	316.828	119.247	813.201	417.542
Foreign currency accounts	390.059	181.762	4.357.426	907.758
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 150 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

##### b.2 Funds collected which are not under the guarantee of insurance fund

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	1.651	2.616
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

#### 2. Information on borrowings

##### a.1 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	101.296	799.706	21.889	881.319
Loans from foreign banks, institutions and funds	-	303.325	-	45.549
<b>Total</b>	<b>101.296</b>	<b>1.103.031</b>	<b>21.889</b>	<b>926.868</b>

##### a.2 Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	101.296	1.074.109	21.899	926.868
Medium and Long-Term	-	28.922	-	-
<b>Total</b>	<b>101.296</b>	<b>1.103.031</b>	<b>21.899</b>	<b>926.868</b>

Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **II. Explanations and notes related to consolidated liabilities (continued)**

##### **2. Information on borrowings (continued)**

###### **b. Additional disclosures on concentration areas of Parent Bank's liabilities**

The Parent Bank does not have concentration on customer or sector group providing funds (December 31, 2020: None).

##### **3. Information on securities issues**

Emlak Katılım Varlık Kiralama A.Ş., the subsidiary of the Group to raise funds from various investors. The Lease Certificate issuance transactions carried out through the company are as follows:

<b>Date of issues</b>	<b>Amount of issues</b>	<b>Sort of Money</b>	<b>Maturity</b>	<b>Share of Profit Rate %<sup>(*)</sup></b>
November 4, 2020 Wednesday	50.000	TL	November 3, 2022 Thursday	Unstable
March 8, 2021 Monday	222.190	TL	March 29, 2022 Tuesday	Unstable
March 19, 2021 Friday <sup>(*)</sup>	46.890	TL	June 17, 2022 Friday	Unstable
April 19, 2021 Monday	161.003	TL	May 5, 2022 Thursday	Unstable
June 29, 2021 Tuesday	30.000	TL	July 5, 2022 Tuesday	Unstable
July 14, 2021 Wednesday	40.000	TL	July 7, 2022 Thursday	Stable
July 29, 2021 Thursday	82.774	TL	August 22, 2022 Monday	Stable
August 3, 2021 Tuesday	75.000	TL	January 28, 2022 Friday	Stable
September 8, 2021 Wednesday	27800	TL	September 9, 2022 Friday	Unstable
September 8, 2021 Wednesday	63.221	TL	January 6, 2022 Thursday	Stable
September 30, 2021 Thursday	50.000	TL	January 4, 2022 Tuesday	Stable
October 5, 2021 Tuesday	30.000	TL	January 13, 2022 Thursday	Stable
October 6, 2021 Wednesday	20.000	TL	April 5, 2022 Tuesday	Stable
October 21, 2021 Thursday	62497	TL	January 27, 2022 Thursday	Stable
October 26, 2021 Tuesday	106.100	TL	February 1, 2022 Tuesday	Stable
November 3, 2021 Wednesday	65.000	TL	February 1, 2022 Tuesday	Stable
November 8, 2021 Monday	71.000	TL	February 8, 2022 Tuesday	Stable
November 10, 2021 Wednesday	51.800	TL	November 16, 2022 Wednesday	Unstable
November 15, 2021 Monday	75.000	TL	February 1, 2022 Tuesday	Stable
November 17, 2021 Wednesday	200.000	TL	February 8, 2022 Tuesday	Stable
November 17, 2021 Wednesday	250.000	TL	January 4, 2022 Tuesday	Stable
November 17, 2021 Wednesday	300.000	TL	February 1, 2022 Tuesday	Stable
November 18, 2021 Thursday	50.500	TL	February 16, 2022 Wednesday	Stable
November 25, 2021 Thursday	70.023	TL	May 25, 2022 Wednesday	Stable
November 30, 2021 Tuesday	150.000	TL	February 1, 2022 Tuesday	Stable
December 1, 2021 Wednesday	30.000	TL	May 5, 2022 Thursday	Stable
December 9, 2021 Thursday	250.000	TL	February 8, 2022 Tuesday	Stable
December 14, 2021 Tuesday	114.100	TL	June 13, 2022 Monday	Stable
December 16, 2021 Thursday	350.000	TL	March 1, 2022 Tuesday	Stable
December 21, 2021 Tuesday	61.870	TL	March 23, 2022 Wednesday	Stable
December 28, 2021 Tuesday	326.080	TL	March 29, 2022 Tuesday	Stable
December 28, 2021 Tuesday	35.004	TL	September 27, 2022 Tuesday	Stable

<sup>(\*)</sup>The calculated annual gross simple return rate of the 95/5 profit sharing ratio Special Fund Account pool, which forms the basis for the issuance of a lease certificate with the TRDEVKS62216 ISIN code, has been calculated as 19.18513%. In this respect, the 1st period annual simple gross return rate of the aforementioned lease certificate was determined as 19.18513%, and the 91-day periodic rate of return was determined as 4.78314%.

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to consolidated liabilities (continued)

##### 3. Information on securities issues (continued)

###### a. Spreadsheet on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Lease Certificate	2.862.381	-	3.028.652	-
<b>Total</b>	<b>2.862.381</b>	<b>-</b>	<b>3.028.652</b>	<b>-</b>

##### 4. Information on derivative financial liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	28.560	-	1.710	7
Swap Transactions	77.620	3.810	41.569	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>106.180</b>	<b>3.810</b>	<b>43.279</b>	<b>7</b>

##### 5. Information on Finance Lease Payables (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 year	29.067	-	17.179	-
Between 1-5 years	110.855	-	67.791	-
Over 5 years	51.576	-	34.368	-
<b>Total</b>	<b>191.498</b>	<b>-</b>	<b>119.338</b>	<b>-</b>

##### 6. Information on hedging derivative financial liabilities

None (December 31, 2020: None).

##### 7. Information on provisions

###### a. Information on provisions for employee rights

Provisions for Group's employee benefits consist of reserve for employee termination benefits amounting to TL 8.170 (December 31, 2020: TL 4.265), vacation pay liability amounting to TL 4.543 (December 31, 2020: TL 2.400), 13.879 TL (December 31, 2020: 7.817 TL) performance premium provision, the Bank's total amount of provisions for employee rights is TL 26.592 (December 31, 2020: TL 14.482).

The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	19,10	11,80
Estimated increase rate of salary ceiling (%)	15,80	9,50

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to consolidated liabilities (continued)

##### 7. Information on provisions (continued)

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	Current Period	Prior Period
Prior period ending balance	4.265	2.282
Change in the period	4.011	1.217
Actuarial (gain)/loss(	106)	-766
<b>Balance at the end of the period</b>	<b>8.170</b>	<b>4.265</b>

##### b. Other Provisions:

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts	52.475	50.792
Provisions for cases on trial	5.090	5.331
Impairment provision	1.871	236
Expected expected credit loss for Stage 1 and Stage 2 for non-cash loans	32.211	23.382
<b>Total</b>	<b>91.647</b>	<b>79.741</b>

##### c. Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables

None (December 31, 2020: None).

#### 8. Information on taxes payable

##### a. Explanations on current tax liability

##### a.1. Explanations on the provision for money

As of December 31, 2021, the Group does not have any tax debt remaining after deducting the corporate taxes paid (December 31, 2020: None).

##### a.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	38.994	-
Banking insurance transaction tax	11.335	5.134
Income tax deducted from wages	9.571	4.443
Taxation on securities income	8.068	4.420
Foreign exchange transaction tax	2.230	425
Value added tax payable	1.116	1.173
Taxation on real estate income	480	129
Other	414	345
<b>Total</b>	<b>72.208</b>	<b>16.069</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to consolidated liabilities (continued)

##### 8. Information on taxes payable (continued)

###### a. Explanations on current tax liability (continued)

###### a.3. Information on premiums

	Current Period	Prior Period
Social security premiums-employee	4.840	2.580
Social security premiums-employer	3.305	1.762
Unemployment insurance-employee	-	-
Unemployment insurance-employer	-	-
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	480	258
Pension fund membership fees and provisions- employer	240	129
Other	137	102
<b>Total</b>	<b>9.002</b>	<b>4.831</b>

#### 9. Liabilities for assets held for sale and discontinued operations

None (December 31, 2020: None).

#### 10. Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing Instruments to be Included in Additional				
Capital Calculation	-	2.669.412	-	1.545.981
Subordinated Loans	-	2.669.412	-	1.545.981
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution				
Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.669.412</b>	<b>-</b>	<b>1.545.981</b>

As of December 31, 2021 the Group has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR). The related borrowing instrument has no option to pay dividends and convert to share certificates.

#### 11. Breakdown of items in other liabilities which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total

None (December 31, 2020: None).

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **II. Explanations and notes related to consolidated liabilities (continued)**

##### **12. Information on shareholders' equity**

###### **a. Presentation of paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	1.026.915	1.026.915
Preferred stock	-	-

b. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Group and if so, amount of the registered share capital ceiling

<b>Share Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital	1.026.915	1.026.915

c. Information on the share capital increases during the period and their sources; other information on increased capital in the current period

None.

###### **d. Information on share capital increases from capital reserves during the current period**

There is no share capital increase from capital reserves during the current period.

e. Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments (December, 31 2020: None).

f. Estimated effects on the shareholders equity of the Group , of predictions to be made by taking into account previous period indicators regarding the Bank's income, profitability and liquidity, and uncertainties regarding such indicators

The Group continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through transfer to reserves. Moreover, the Group's shareholders' equity is invested in liquid and earning assets.

###### **g. Information on privileges given to stocks representing the capital**

There is no privilege given to stocks representing the capital.

###### **h. Information on marketable securities valuation reserve**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	56.776	(11.452)	(952)	(32)
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>56.776</b>	<b>(11.452)</b>	<b>(952)</b>	<b>(32)</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### II. Explanations and notes related to consolidated liabilities (continued)

##### 12. Information on shareholders' equity (continued)

###### i. Information on other capital reserves

The Group has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR), the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition.

In addition, government securities with no fixed term and with 0% return are classified as 'financial assets carried at amortized cost' and recorded to the balance sheet with the reduced amount of government securities' rate of return, in accordance with the decision taken by the Parent Bank's Management. The difference between the initial acquisition date cost value and the reduced amount is recorded under 'Other Capital Reserves' account in shareholders' equity.

#### III. Explanations and notes related to consolidated off-balance sheet:

##### 1. Explanations on off balance sheet:

###### a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Forward Asset Purchase Commitments	1.121.875	323.542
Forward Asset Sale Commitments	640.535	175.454
Payment Commitments for Cheques	107.379	31.642
Tax and Fund Liabilities Arising from Export Commitments	-	-
Credit Cards Limit Commitments	-	-
Other Irrevocable Commitments	235.387	131.859
<b>Total</b>	<b>2.105.176</b>	<b>662.497</b>

###### b. Type and amount of possible losses and commitments arising from off-balance sheet items:

b.1. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:

	Current Period	Prior Period
Letters of Guarantees	4.880.620	2.187.919
Letters of Credit	522.524	850.386
Bank Loans	757.757	123.057
Other Guarantees and Sureties	-	-
<b>Total</b>	<b>6.160.901</b>	<b>3.161.362</b>

###### b.2. Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Temporary letters of guarantees	220.690	152.583
Advance letters of guarantees	494.061	93.831
Letters of guarantees given to customs	74.950	18.563
Long standing letters of guarantees	2.597.998	1.922.942
Letters of guarantees given for obtaining cash loans	1460.050	-
Other	32.871	-
<b>Total</b>	<b>4.880.620</b>	<b>2.187.919</b>



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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### III. Explanations and notes related to off-balance sheet (continued)

##### 1. Explanations on off balance sheet (continued)

###### c. Within the Non-cash Loans:

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1460.050	-
With original maturity of 1 year or less	305.832	-
With original maturity of more than 1 year	1.154.218	-
Other non-cash loans	645.126	662.497
<b>Total</b>	<b>2.105.176</b>	<b>662.497</b>

###### c.2. Sectoral risk concentration of non-cash loans:

	Current Period			
	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>14.579</b>	<b>0,48</b>	<b>20.775</b>	<b>0,66</b>
Farming and stockbreeding	-	-	-	-
Forestry	14.579	0,48	20.775	0,66
Fishery	-	-	-	-
<b>Manufacturing</b>	<b>302.892</b>	<b>10,01</b>	<b>1.908.559</b>	<b>60,85</b>
Mining	-	-	-	-
Production	277.305	9,17	1.876.943	59,84
Electricity, gas and water	25.587	0,85	31.616	1,01
<b>Construction</b>	<b>1.430.970</b>	<b>47,31</b>	<b>100.610</b>	<b>3,21</b>
<b>Services</b>	<b>973.518</b>	<b>32,20</b>	<b>638.102</b>	<b>20,35</b>
Wholesale and retail trade	661.215	21,86	497.166	15,85
Hotel, food and beverage services	40.192	1,33	-	-
Transportation and telecommunication	93.819	3,10	34.708	1,11
Financial Institutions	232	0,01	14.949	0,48
Real estate and renting services	64.99	0,21	-	-
Self-employment services	20.939	0,71	-	-
Education services	90.298	2,99	32.873	1,05
Health and social services	60.324	1,99	58.406	1,87
<b>Other</b>	<b>302.475</b>	<b>10,00</b>	<b>468.421</b>	<b>14,93</b>
<b>Total</b>	<b>3.024.434</b>	<b>100,00</b>	<b>3.136.467</b>	<b>100,00</b>

	Prior Period			
	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>40.415</b>	<b>2,88</b>	<b>10.822</b>	<b>0,62</b>
Farming and stockbreeding	3.863	0,28	-	-
Forestry	36.552	2,61	10.822	0,62
Fishery	-	-	-	-
<b>Manufacturing</b>	<b>183.692</b>	<b>13,10</b>	<b>727.493</b>	<b>41,36</b>
Mining	300	0,02	-	-
Production	117.125	8,35	727.493	41,36
Electricity, gas and water	66.267	4,73	-	-
<b>Construction</b>	<b>790.882</b>	<b>56,40</b>	<b>399.45</b>	<b>2,26</b>
<b>Services</b>	<b>363.209</b>	<b>25,90</b>	<b>788.415</b>	<b>44,82</b>
Wholesale and retail trade	270.513	19,29	682.734	38,81
Hotel, food and beverage services	26.461	1,89	89.858	5,11
Transportation and telecommunication	30.237	2,16	6.991	0,40
Financial Institutions	-	-	-	-
Real estate and renting services	11.414	0,81	-	-
Self-employment services	-	-	-	-
Education services	22.862	1,63	5.079	0,29
Health and social services	1.722	0,12	3.753	0,21
<b>Other</b>	<b>24.083</b>	<b>1,72</b>	<b>192.406</b>	<b>10,94</b>
<b>Total</b>	<b>1.402.281</b>	<b>100,00</b>	<b>1.759.081</b>	<b>100,00</b>

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### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### III. Explanations and notes related to consolidated off-balance sheet (continued)

##### c. Within the Non-cash Loans (continued)

##### c.3. Information on the non-cash loans classified in Group I and Group II

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>2.993.110</b>	<b>3.136.467</b>	<b>30.874</b>	<b>-</b>
Letters of guarantee	2.988.872	1.863.037	28.261	-
Bank loans	-	-	-	-
Letters of credit	738	519.173	2.613	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	3.500	754.257	-	-

Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>1.402.281</b>	<b>1.759.081</b>	<b>-</b>	<b>-</b>
Letters of guarantee	1.298.020	889.899	-	-
Bank loans	-	-	-	-
Letters of credit	73.261	49.796	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	31.000	819.386	-	-

#### 2. Explanations on derivative transactions

	Derivative transactions according to purpose 31 December 2021	Derivative transactions according to purpose 31 December 2020
<b>Trading Derivatives</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>6.800.647</b>	<b>1.474.288</b>
Currency Forwards-Purchases, sales	549.415	214.345
Currency Swaps-Purchases, sales	6.251.232	1.259.943
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
<b>Profit share Rate Related Derivative Transactions (II)</b>	<b>-</b>	<b>-</b>
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
<b>Other Trading Derivatives (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivatives (I + II + III)</b>	<b>6.800.647</b>	<b>1.474.288</b>
<b>Hedging Derivatives</b>	<b>-</b>	<b>-</b>
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
<b>B. Total Hedging Derivatives</b>	<b>-</b>	<b>-</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>6.800.647</b>	<b>1.474.288</b>

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### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **III. Explanations and notes related to off-balance sheet (continued)**

##### **3. Explanations on credit derivatives and risk beared due to these**

None (December 31, 2020: None).

##### **4. Explanations on contingent assets and liabilities**

The Group has made a provision amounting to TL 5.090 (December 31, 2020: TL 5.331), as presented under "Other Provisions" note in Section Five Note II.6 .b, for the lawsuits opened by various real persons and legal entities against the Group with high probability of realization and cash outflows.

##### **5. Explanations on services rendered on behalf of third parties**

The Group has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

#### **IV. Explanations and notes related to consolidated the statement of income or loss:**

##### **1. Information on profit share income:**

###### **a. Information on profit share income received from loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Profit share received from loans</b>				
Short Term Loans	624.070	35.777	279.772	5.673
Medium and Long Term Loans	1.019.648	150.686	384.051	122.417
Profit Share on Non Performing Loans	456	-	-	-
<b>Total</b>	<b>1.644.174</b>	<b>186.463</b>	<b>663.823</b>	<b>128.090</b>

###### **b. Information on profit share income received from banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	53.119	-	10.681	-
Domestic Banks	153	-	535	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>53.272</b>	<b>-</b>	<b>11.216</b>	<b>-</b>

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#### IV. Explanations and notes related to consolidated the statement of income or loss (continued):

##### 1. Information on profit share income (continued):

##### c. Information on profit share income received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	41.372	20.595	35.764	19.033
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	249.306	294.16	70.549	5444
Financial Assets Measured at Amortized Cost	-	86.046	-	62.122
<b>Total</b>	<b>290.678</b>	<b>136.057</b>	<b>106.313</b>	<b>86.599</b>

##### d. Information on profit share income received from associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Income received from associates and subsidiaries	4.116	-	1.241	-
<b>Total</b>	<b>4.116</b>	<b>-</b>	<b>1.241</b>	<b>-</b>

##### 2. Explanations on profit share expenses:

##### a. Distribution of profit share expense on funds collected based on maturity of funds collected

Current Period		Profit Sharing Accounts						
Account Name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	More than 1 year	Accumulated participation accounts	Total
<b>TL</b>								
Funds collected from banks through current and profit sharing accounts	735	40.765	-	-	-	-	-	41.500
Real persons' non-trading profit sharing accounts	15.617	58.244	1445	-	227	4.803	-	80.336
Public sector profit sharing accounts	56.929	76.085	10.808	-	2.757	-	-	146.579
Commercial sector profit sharing accounts	105.549	462.828	12.225	-	8.521	9.802	-	598.925
Other institutions profit sharing accounts	3.028	59.696	14.117	-	-	-	-	76.841
<b>Total</b>	<b>181.858</b>	<b>697.618</b>	<b>38.595</b>	<b>-</b>	<b>11.505</b>	<b>14.605</b>	<b>-</b>	<b>944.181</b>
<b>FC</b>								
Banks	-	570	725	-	-	-	-	1.295
Real persons' non-trading profit sharing accounts	2.068	16.460	1.092	-	229	103	-	199.52
Public sector profit sharing accounts	-	98	-	-	-	-	-	98
Public sector profit sharing accounts	2.501	52.794	4.516	-	418	-	-	60.229
Other institutions profit sharing accounts	29	737	-	-	-	-	-	766
Precious metals deposits	2.285	-	-	-	-	-	-	2.285
<b>Total</b>	<b>6.883</b>	<b>70.659</b>	<b>6.333</b>	<b>-</b>	<b>647</b>	<b>103</b>	<b>-</b>	<b>84.625</b>
<b>Grand Total</b>	<b>188.741</b>	<b>768.277</b>	<b>44.928</b>	<b>-</b>	<b>12.152</b>	<b>14.708</b>	<b>-</b>	<b>1.028.806</b>

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### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IV. Explanations and notes related to consolidated the statement of income or loss (continued):

##### 2. Explanations on profit share expenses (continued):

###### a. Distribution of profit share expense on funds collected based on maturity of funds collected:

Prior Period	Profit Sharing Accounts							
Account Name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 years	Accumulated participation accounts	Total
<b>TL</b>								
Funds collected from banks through current and profit sharing accounts	-	-	-	-	-	-	-	-
Real persons' non-trading profit sharing accounts	2.166	25.195	2.530	-	438	1466	-	31.795
Public sector profit sharing accounts	23.242	32.758	10.766	-	404	-	-	67.170
Commercial sector profit sharing accounts	17023	196.581	7407	-	1.198	104	-	222.313
Other institutions profit sharing accounts	928	15.020	5.979	-	-	-	-	21.927
<b>Total</b>	<b>43.359</b>	<b>269.554</b>	<b>26.682</b>	<b>-</b>	<b>2.040</b>	<b>1.570</b>	<b>-</b>	<b>343.205</b>
<b>FC</b>								
Banks	-	3.773	-	-	-	-	-	3.773
Real persons' non-trading profit sharing accounts	362	2.849	96	-	54	6	-	3.367
Public sector profit sharing accounts	-	311	-	-	-	-	-	311
Public sector profit sharing accounts	1.094	43.893	1.510	-	705	417	-	47.619
Other institutions profit sharing accounts	17	3.008	-	-	-	-	-	3.025
Precious metals deposits	927	-	-	-	-	-	-	927
<b>Total</b>	<b>2.400</b>	<b>53.834</b>	<b>1.606</b>	<b>-</b>	<b>759</b>	<b>423</b>	<b>-</b>	<b>59.022</b>
<b>Grand Total</b>	<b>45.759</b>	<b>323.388</b>	<b>28.288</b>	<b>-</b>	<b>2.799</b>	<b>1.993</b>	<b>-</b>	<b>402.227</b>

###### b. Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7.959	114.56	3.151	5.178
CBRT	-	-	-	-
Domestic banks	7.959	7.374	3.151	3.506
Foreign banks	-	4.082	-	1.672
Head offices and branches abroad	-	-	-	-
Other institutions	1.146	93.014	-	67.112
<b>Total</b>	<b>9.105</b>	<b>104.470</b>	<b>3.151</b>	<b>72.290</b>

###### c. Profit share expense paid to associates and subsidiaries:

None (December 31, 2020 :None)

###### d. Profit share expenses paid to marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expense paid to marketable securities issued	575.568	-	111.112	-
<b>Total</b>	<b>575.568</b>	<b>-</b>	<b>111.112</b>	<b>-</b>

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### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### IV. Explanations and notes related to consolidated the statement of income or loss (continued):

#### 3. The Other Items in Net Fees and Commission Income / Expenses, which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement

Other Fees and Commissions Received	Current Period	Prior Period
Banking service package commissions	16.056	280
Foreign trade service package commissions	15.836	291
Remittance Commissions	10.492	5.819
Appraisal fees	4.153	1.360
Advance import transfer commissions	3.548	301
Fees and commissions from correspondents	2.744	443
Insurance and brokerage commissions	2.401	2.051
Early closing commission income	2.390	2.772
Import commissions against documents	2.078	6.681
Collection disbursement commissions	1.915	884
Import letter of credit commissions	1.613	968
Commercial customer credit limit allocation commission	962	1.024
Bill of collection/check commissions	623	217
Mortgage release and facility fee income	444	120
Fees and commissions from member merchant pos	345	-
Safe deposit box revenues	293	44
Credit card fees and commissions	218	39
Export letter of credit commissions	176	15
Bill of collection/check commissions	157	23
Fees and commissions from correspondents	37	5
Gr gold delivery and purchase commissions	33	18
Import commissions against goods	31	5
Commissions from special package services	2	136
Other commissions	4.006	1.557
<b>Total</b>	<b>70.553</b>	<b>25.053</b>

Other Fees and Commissions Given	Current Period	Prior Period
Expenses and commissions given to correspondents abroad	12.735	2.508
Required reserve commissions given for CBRT FX	1.274	6.577
Commissions and fees given for EFT	1.071	450
Gold precious metal expense	583	128
Commissions and fees given to the clearing house	449	220
Collection disbursement commissions	446	232
Commissions and fees given for credit cards	296	340
Commissions and fees given for Swift	243	227
Commissions given to credits used	138	138
Commissions and fees for Merchant POS	56	-
Commissions of collection note / check commissions	22	5
Safe deposit box fees paid to banks and branches	6	3
Exchange registration expenses	4	-
Commissions on Money market transactions	-	9
Remittance commissions	-	3
Other commissions and fees	755	1.652
<b>Total</b>	<b>18.078</b>	<b>12.492</b>

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### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### IV. Explanations and notes related to consolidated the statement of income or loss (continued):

##### 4. Information on dividend income:

None (December 31, 2020: None).

##### 5. Explanations on trading income/loss (net):

	Current Period	Prior Period
<b>Income</b>	<b>3.720.748</b>	<b>1.151.063</b>
Income from capital market transactions	27.770	7.117
Income from derivative financial instruments	606.380	128.284
Foreign exchange income	3.086.598	1.015.662
<b>Loss (-)</b>	<b>3.664.246</b>	<b>1.128.802</b>
Loss on capital market transactions	24.922	112
Loss on derivative financial instruments	722.551	319.573
Foreign exchange losses	2.916.773	809.117
<b>Trading income/loss (net)</b>	<b>56.502</b>	<b>22.261</b>

##### 6. Explanations related to other operating income:

	Current Period	Prior Period
Income from provisions made in previous years	77.669	31.868
Income from sales of assets <sup>(*)</sup>	43.017	42.499
Revenues from provisions allocated in previous years	274	124
Cancellation of communication expenses provision	24	-
Lease income	8	8
Other income	9.655	10.891
<b>Total</b>	<b>130.647</b>	<b>85.390</b>

<sup>(\*)</sup> Included 30.517 Turkish Lira from sales of the shares of the Vakıf in return of the debt of Emlak Menkul Değerler A.Ş. before its liquidation between 1998 to 1999.

##### 7. Expected loss provision expenses and other provision expenses:

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>110.213</b>	<b>87.148</b>
12-month expected credit loss (stage 1)	96.440	86.858
Significant increase in credit risk (stage 2)	549	191
Non-performing loans (stage 3)	13.224	99
<b>Marketable Securities Impairment Expense</b>	<b>6.024</b>	<b>25.503</b>
Financial Assets at Fair Value through Profit or Loss	6.024	25.503
Financial Assets at Fair Value through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held to Maturity	-	-
<b>Other</b>	<b>9.087</b>	<b>14.188</b>
<b>Total</b>	<b>125.324</b>	<b>126.868</b>



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#### IV. Explanations and notes related to consolidated the statement of income or loss (continued):

##### 8. Information on other operating expenses:

	Current Period	Prior Period
Provision for severance pay liability	3.709	414
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	65.438	30.916
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	16.987	15.844
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	-	-
Other operating expenses	71.377	49.592
Lease expenses related to TFRS 16 exemptions	13	14
Operating Maintenance expenses	9.633	4.521
Advertisement expenses	10.052	13.122
Other expenses <sup>(1)</sup>	51.679	31.935
Loss on sale of assets	-	-
Other <sup>(2)</sup>	46.302	22.412
<b>Total</b>	<b>203.813</b>	<b>119.178</b>

<sup>(1)</sup> Details of "Other Expenses" balance under Other Operating Expenses are as follows:

	Current Period	Prior Period
Communication Expenses	13.685	9.264
Cleaning Expenses	9.102	5.000
Heating, Lighting and Water Expenses	5.608	3.372
Insurance Expenses	2.979	1.592
Vehicle Expenses	2.915	1.319
Representation and Hospitality expenses	2.705	1.307
Donations and grants	1.444	1.018
Stationery expenses	836	1.012
Participation on common expenses	771	397
Litigation and court expenses	565	1.405
Other	11.069	6.249
<b>Total</b>	<b>51.679</b>	<b>31.935</b>

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

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#### **IV. Explanations and notes related to consolidated the statement of income or loss (continued):**

<sup>(2)</sup> Other balance details are as below table:

	<b>Current Period</b>	<b>Prior Period</b>
Taxes, Duties, Charges and Funds	25.995	13.750
Audit and Consultancy Fees	7.835	3.563
Participation Share Expenses	2.886	2.649
Saving Deposit Insurance Fund	3.749	1.118
Other	5.837	1.332
<b>Total</b>	<b>46.302</b>	<b>22.412</b>

#### **Fees for services obtained from independent auditor/independent audit firm:**

In accordance with the decision of the KGK dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or our independent audit firm is given in the table below. The fees for services rendered to the Parent Bank's domestic subsidiaries, as well as the Parent Bank, are included in the aforementioned fees, which are stated as VAT excluded.

	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fee for the reporting period	908	743
<b>Total</b>	<b>908</b>	<b>743</b>

#### **9. Explanations on income/loss from continued operations before taxes:**

The portion of the Group's profit before tax amounting to TL 532.385 (December 31, 2020: TL 371.613) consists of net profit share income and TL 82.984 (December 31, 2020: TL 21.113) consists of net fee and commission expenses, and the total of other operating expenses is 203.813. TL (December 31, 2020: TL 119.177).

#### **10. Explanations on tax provision for continued and discontinued operations:**

As of December 31, 2021, the Group has deferred tax income amounting to TL 100.119 (December 31, 2020: TL 94.719), deferred tax expense amounting to TL 94.228 (December 31, 2020: TL 70.865). As of December 31, 2021, the Group's current tax provision is TL 39.162 (31 December 2020: None).

Since the Group does not have any discontinued operations, there is no tax provision for discontinued operations (December 31, 2020: None).

#### **11. Explanations on net income/loss from continued and discontinued operations:**

The Group has no discontinued operations. The net profit for the period has been recorded as TL 188.464 (December 31, 2020: TL 104.480) as a result of deducting the period tax provision expense from TL 45.053 (31 December, 2020: TL 23.855) to TL 143.411 (31 December, 2020: TL 80.626).

#### **12. Explanations on net income/ loss**

a. The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period

None.

b. The effect of the change in accounting estimates to the net income/loss; including the effects on the future period

None.

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#### **IV. Explanations and notes related to consolidated the statement of income or loss (continued):**

##### **12. Explanations on net income/ loss (continued):**

###### **c. Profit / loss attributable to minority shares**

None.

#### **V. Explanations and notes related to the statement of changes in shareholders' equity**

The Bank has not notified amount of profit shares notified after the balance sheet date but before the announcement of the financial statements.

The dividend distribution will be decided at the General Assembly meeting and the General Assembly has not been held as of the date of the attached financial statements. In the current period, the Bank has compensated TL 750.000 of the previous year's loss of TL 1.026.915 from other profit reserves with the decision of the General Assembly dated December 7, 2020.

##### **1. Due to the application of the accounting for financial instruments in the current period information on increases that have occurred**

###### **a. Information on the increases that occurred after the revaluation of financial assets at fair value difference is reflected in other comprehensive income**

None (December 31, 2020: None).

###### **b. Information on increases in cash flow hedging items**

None (December 31, 2020: None).

###### **c. Increase after revaluation of tangible assets**

None (December 31, 2020: None).

##### **2. Due to the application of the accounting for financial instruments in the current period information about the decreases occurring**

###### **a. Information on the decreases occurring after the revaluation of financial assets at fair value difference is reflected in other comprehensive income**

In the current period, increase occurring after the revaluation of financial assets at fair value difference in other comprehensive income is TL 984 (December 31, 2020: None).

###### **b. Information on decreases in cash flow hedging items**

None (December 31, 2020: None).

##### **3. Information about dividends**

###### **a. Notified profit shares after the balance sheet date but before the announcement of the financial statements**

As of the date of this report, the Group has not made any dividend notification.

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#### **V. Explanations and notes related to the statement of changes in shareholders' equity (continued)**

##### **3. Information about dividends (continued)**

b. Period net profit shares per share proposed to be distributed to shareholders after the balance sheet date

None.

##### **4. Information on share issuance**

a. For all capital share classes of the Bank; Rights, priorities and constraints related to this item, including restrictions on dividend distribution and reimbursement of capital

None (December 31, 2020: None).

b) Explanations on other capital increase items in the statement of changes in equity

None.

#### **VI. Explanations and notes related to consolidated the statement of cash flows:**

##### **1. Components of cash and cash equivalents and accounting policy applied in their determination**

"Cash" is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. "Cash equivalents" is defined as money market placements and time deposits at banks with original maturities less than three months.

Cash and cash equivalents at the beginning of the period:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>812.166</b>	<b>89.551</b>
Cash in TL/foreign currency	135.297	17.505
Cash in transit	449.875	-
CBRT	226.994	72.046
<b>Cash equivalents</b>	<b>910.842</b>	<b>162.057</b>
Domestic banks	730.588	152.078
Foreign banks	180.254	9979
<b>Total cash and cash equivalents</b>	<b>1.723.008</b>	<b>251.608</b>

Cash and cash equivalents at the end of the period:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>1.729.354</b>	<b>812.166</b>
Cash in TL/foreign currency	275.301	135.297
Cash in transit	610.394	449.875
CBRT	843.659	226.994
<b>Cash equivalents</b>	<b>1.533.115</b>	<b>910.842</b>
Domestic banks	256.446	730.588
Foreign banks	1.276.669	180.254
<b>Total cash and cash equivalents</b>	<b>3.262.469</b>	<b>1.723.008</b>

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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#### VI. Explanations and notes related to consolidated the statement of cash flows:

##### 2. Cash and cash equivalent items which are restricted for the usage of the Group by legal or other limitations:

Restricted time deposits held at the Central Bank of Turkey and blockaged amount arising from POS are not considered as cash and cash equivalent items.

##### 3. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents

Included in "Banking activity subject to assets and liabilities prior to change in operating profit" Other item amounting to TL 1.537.670 (December 31, 2020: TL (73.818)) mainly consists of general provisions expense and other operating expenses.

The "net increase / decrease in other liabilities" item in the "change in assets and liabilities subject to banking activities" amounting to TL 1438 (December 31, 2020: TL 1.359.093 ) consists of changes in lease payables, other foreign resources and taxes, duties, fees and premiums.

The effect of the change in foreign exchange rate on cash and cash equivalents was determined to be approximately TL 661.570 (December 31 2020: TL 375.282) in the accounting period ended on 31 December 2019.

#### VII. Explanations related to the risk group of the Parent Bank

##### 1. The volume of transactions related to the risk group that the Parent Bank belongs to, credit and fund transactions collected at the end of the period, income and expenses for the period

###### a. Current Period

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Profit Share and Commission Income</b>	-	-	-	-	-	-

<sup>(\*)</sup> It is defined in Article 49 of the Banking Law No. 5411 and Article 4 of the "Regulation on Credit Transactions of Banks" published on 1 November 2006.

###### b. Prior Period

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Profit Share and Commission Income</b>	-	-	-	-	-	-

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## TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

### NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### VII. Explanations related to the risk group of the Parent Bank (continued)

##### 1. The volume of transactions related to the risk group that the Parent Bank belongs to, credit and fund transactions collected at the end of the period, income and expenses for the period (continued)

c.1. Information on current and profit sharing accounts of the Parent Bank's risk group:

Risk Group of the Parent Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Profit share expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

c.2. Information on forward and option agreements and other similar agreements with the risk group of the Parent Bank:

The Parent Bank does not have any forward foreign exchange purchase / sales contracts with the risk group it is included.

d. Information on benefits provided to the top management of the Parent Bank:

The total amount of wages and benefits provided to the top management of the Parent Bank for the period ended December 31, 2021 is TL 6.317 (December 31, 2020: TL 5442).

#### VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices

##### 1. Information on the domestic and foreign branches and representative offices of the Parent Bank:

	Number	Number of personnel			
Domestic Branches <sup>(*)</sup>	70	1.107			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

<sup>(\*)</sup> The number of personnel in the Head Office is included in the number of domestic branch employees.

##### 2. Information on the Parent Bank's branch or representative office openings, closings, significant changes in the organizational structure

The Parent Bank has not open branches abroad in 2021. The Bank has opened 20 branches in different regions in the country.

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## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **IX. Explanations related to subsequent events**

The Parent Bank will be a resource institution / fund user, and by Emlak Katılım Varlık Kiralama A.Ş., domestically, limited to TL 20.000.000, orderly, in Turkish Lira, Based on the lease certificate structure based on the Management Contract foreseen in the terms of 1-60 months and the Communiqué on Lease Certificates (III-61.1), the application to the Capital Markets Board (CMB) regarding the issuance of lease certificates to be sold to the allocated and / or qualified investor was approved by the CMB's decision dated February 3, 2022 and numbered 6/166. Within the scope of the relevant lease certificate issue ceiling, by Emlak Katılım Varlık Kiralama A.Ş., in February 3, 2022, within the scope of the approval of a consistent regular issuance of TL 20.000.000 from the CMB for sale to qualified investors,

- On January 4, 2022, TL 200.000 with 56 days maturity for domestic qualified investors,
- On January 6, 2022, TL 74.298 with 92 days maturity, for domestic qualified investors,
- On January 11, 2022, TL 52.195 with 91 days maturity, for domestic qualified investors,
- On January 24, 2022, TL 400.000 with 92 days maturity, for domestic qualified investors,
- On January 31, 2022, TL 500.000 with 63 days maturity, for domestic qualified investors,
- On January 31, 2022, TL 215.000 with 63 days maturity, for domestic qualified investors,
- On February 1, 2022, TL 250.000 with 79 days maturity, for domestic qualified investors,
- On February 2, 2022, TL 50.000 with 62 days maturity, for domestic qualified investors,
- On October 3 2022, 209- day maturity, TL 60.000 as allocated in the country,
- On February 8, 2022, TL 150.000 with 65 days maturity, for domestic qualified investors,
- On February 10, 2022 in domestic market for qualified investors with 64 days maturity TL 160,000 worth of lease certificate were issued.

In the issuance of the lease certificates the Parent Bank was involved as the authorized investment institution.

Regulation on Banks' Participation account balance consists of TL 110,692 "Turkish Lira Time Deposits with Currency Protection" opened within the scope of the announcement of the Ministry of Treasury and Finance dated 24 December 2021 and the product "Turkish Lira Time Deposit with Currency Conversion Currency Protection" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696. It also includes the balances of TL 57150 Equity and Debt Instruments to be Included in the Equity Calculation of Banks published by the Banking Regulation and Supervision Agency ("BDDK"), equal to the amount in Euros, equivalent to 500.000 Turkish Lira equivalent of the fund affiliated to the Turkey Wealth Fund, to be converted at the current exchange rate on the value date. Negotiations continue regarding the provision of an additional capital loan within the scope of the Communiqué on the Principles.



Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

## **TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**

### **NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

#### **SECTION SIX**

##### **Other explanations**

###### **I. Other explanations on operations of the Group**

None.

#### **SECTION SEVEN**

##### **Independent Auditor's Report**

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

The consolidated financial statements of the Group for the year-ended December 31, 2021 were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and Auditors' Report dated March 1, 2022 is presented in the introduction of this report.

###### **II. Explanations on the Independent Auditor's Report**

None.

## Contact

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Trade Registry Number	: 241701-0
Central Registration System Number	: 0879 0015 2770 0040

## Our Branches

You can reach our Bank's branch list and contact information at  
<https://www.emlakkatilim.com.tr/en/our-branches>



Please scan the QR code to reach  
Emlak Katılım's website.

## TÜRKİYE EMLAK KATILIM BANKASI

### Head Office

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