

TÜRKİYE EMLAK KATILIM BANKASI ANONİM ŞİRKETİ

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES AT
JUNE 30, 2023 TOGETHER WITH INDEPENDENT AUDITOR'S
LIMITED REVIEW REPORT**

*(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS, RELATED DISCLOSURES
AND AUDIT REPORT ORIGINALLY ISSUED IN TURKISH – SEE SECTION
THREE NOTE I.A)*

Review Report on Interim Unconsolidated Financial Information

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

Introduction

We have reviewed the unconsolidated statement of financial position of Türkiye Emlak Katılım Bankası A.Ş. (“the Bank”) at June 30, 2023 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

Scope of Review

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

Basis for Conditional Conclusion

Disclosures and Footnotes to Unconsolidated Financial Statements Part Five II. As stated in Section 6.b, in the attached unconsolidated financial statements prepared as of June 30, 2023, there is a free provision of 642,414 thousand TL and 160,603 TL recognized for the provision in question, all of which was set aside in

the previous year by the Bank's management, outside the requirements of the BRSA Accounting and Financial Reporting Legislation. amount of deferred tax is included.

Conditional Result

Based on our review, except for the impact of the matter described in the basis for qualified conclusion paragraph above on the unconsolidated financial statements, the accompanying interim unconsolidated financial information is based on the unconsolidated financial position of Türkiye Emlak Katılım Bankası Anonim Şirketi as of June 30, 2023 and its six financial statements ending on the same date. Nothing has come to our attention that would lead us to conclude that the unconsolidated financial performance and unconsolidated cash flows for the monthly period are not presented fairly, in all material respects, in accordance with the BRSA Accounting and Financial Reporting Legislation.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of Türkiye Emlak Katılım Bankası A.Ş. at June 30, 2023, and the results of its operations and its unconsolidated cash flows for the three-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar GÜL, SMMM
Partner

May 22, 2023
Istanbul, Turkey

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE EMLAK KATILIM
BANKASI A.Ş. FOR THE SIX-MONTH PERIOD THEN ENDED JUNE 30, 2023**

Bank's headquarter address : Barbaros Mahallesi, Begonya Sk. No:9A,
34746 Ataşehir/İstanbul
Bank's phone number and facsimile : 0 (216) 266 26 26 - 0 (216) 275 25 25
Bank's website : www.emlakkatilim.com.tr
Electronic mail contact info : bilgi@emlakkatilim.com.tr

The six month unconsolidated report, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- AUDITORS' INTERIM REPORT
- INTERIM ACTIVITY REPORT

The unconsolidated financial statements and related disclosures and footnotes for the six month period; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and in compliance with the records of our Bank, have been independently reviewed and presented as attached.

Prof. Dr. Mehmet Emin BİRPINAR

Chairman of the Board of Directors

Mahmut KAÇAR

Head of the Audit Committee

Ramazan GÜNGÖR

Member of the Audit
Committee

Onur GÖK

General Manager

Tuğba GEDİKLİ

Deputy General Manager of
Finance

Hakan ULUS

Official Reporting
Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title : Hakan ULUS / Official Reporting Manager
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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 JUNE 30, 2023

(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 1 September 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 6 January 1988.

Denizcilik Bankası A.Ş. had transferred to Türkiye Emlak Bankası A.Ş. with the all of its assets and liabilities on 29 November 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 21 November 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.

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 JUNE 30, 2023

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

GENERAL INFORMATION (Continued)

I. History of the Bank Including Its Incorporation Date, Initial Legal Status and Amendments to Legal Status: (Continued)

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 Istanbul and there are 98 branches (including 1 e-branch) of the Bank as of March 31, 2023. (December 31, 2022: 80). The Bank is operating with 1.386 staff as of 30 June 2023 (December 31, 2022: 1.297).

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 | - |
| Mahmut KAÇAR(*) | Vice Chairman of the Board of Directors and Chairman of the Audit Committee | Bachelor | - |
| Hasan SUVER | Member of BOD | Master | - |
| Mustafa ERDEM | Member of BOD | Bachelor | - |
| Mehmet Nuri YAZICI | Member of BOD | Bachelor | - |
| Prof. Dr. Murat BALCI | Member of BOD | Doctorate | - |
| Ramazan GÜNGÖR(*) | Member of BOD and Audit Committee | Bachelor | - |
| Onur GÖK(**) | Member of BOD / General Manager | Master | - |
| Tuğba GEDİKLİ | Assistant General Manager Responsible for Finance | Bachelor | - |
| Ali Kemal KÜÇÜKCAN | Assistant General Manager Responsible for Treasury and International Banking | Master | - |
| Hüseyin Cahit BÜYÜKBAŞ | Assistant General Manager Responsible for Sales and Marketing | 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 | - |

(*) The decision of the 2022 Ordinary General Assembly held on 4 August 2023 was announced. Mr. Mahmut KAÇAR and Mr. Ramazan GÜNGÖR were appointed as Members of the Board of Directors of our Bank.

(**) He was appointed as General Manager and Board Member by the Board of Directors Decision dated July 14, 2023.

The Bank's Chairman and Members of the Board of Directors, Audit Committee Members, General Manager and Deputy General Managers do not have any payments in the Bank.

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 JUNE 30, 2023

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

GENERAL INFORMATION (Continued)

IV. Information on the Bank's qualified shareholders:

The 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 | %99,99999 | 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.

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.

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

**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 JUNE 30, 2023**

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

| ASSETS | Note (Fifth Section-I) | THOUSAND TL | | | THOUSAND TL | | |
|---|------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| | | CURRENT PERIOD | | | PRIOR PERIOD | | |
| | | (30/06/2023) | | | (31/12/2022) | | |
| | | TL | FC | TOTAL | TL | FC | TOTAL |
| I. FINANCIAL ASSETS (NET) | | 11.604.537 | 48.143.362 | 59.747.899 | 10.852.434 | 32.751.849 | 43.604.283 |
| 1.1 Cash and cash equivalents | | 1.956.835 | 43.120.268 | 45.077.103 | 1.646.250 | 29.281.090 | 30.927.340 |
| 1.1.1 Cash and Balances with Central Bank | (1) | 1.903.460 | 36.291.161 | 38.194.621 | 1.644.787 | 24.437.793 | 26.082.580 |
| 1.1.2 Banks | (2) | 54.579 | 6.891.991 | 6.946.570 | 2.447 | 4.885.384 | 4.887.831 |
| 1.1.3 Money Market Placements | | - | - | - | - | - | - |
| 1.1.4 Expected Loss Provisions (-) | | 1.204 | 62.884 | 64.088 | 984 | 42.087 | 43.071 |
| 1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL) | (3) | 1.281.478 | 1.602.573 | 2.884.051 | 1.274.498 | 943.463 | 2.217.961 |
| 1.2.1 Government Debt Securities | | 1.375 | 1.602.573 | 1.603.948 | 1.496 | 943.463 | 944.959 |
| 1.2.2 Equity Securities | | - | - | - | - | - | - |
| 1.2.3 Other Financial Assets | | 1.280.103 | - | 1.280.103 | 1.273.002 | - | 1.273.002 |
| 1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI) | (4) | 8.100.168 | 3.418.426 | 11.518.594 | 7.926.770 | 2.514.615 | 10.441.385 |
| 1.3.1 Government Debt Securities | | 8.092.509 | 3.418.426 | 11.510.935 | 7.919.111 | 2.514.615 | 10.433.726 |
| 1.3.2 Equity Securities | | 7.659 | - | 7.659 | 7.659 | - | 7.659 |
| 1.3.3 Other Financial Assets | | - | - | - | - | - | - |
| 1.4 Derivative Financial Assets | (5) | 266.056 | 2.095 | 268.151 | 4.916 | 12.681 | 17.597 |
| 1.4.1 Derivative Financial Assets Measured at FVTPL | | 266.056 | 2.095 | 268.151 | 4.916 | 12.681 | 17.597 |
| 1.4.2 Derivative Financial Assets Measured at FVOCI | | - | - | - | - | - | - |
| II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET) | | 45.511.679 | 19.062.308 | 64.573.987 | 37.583.957 | 16.495.311 | 54.079.268 |
| 2.1 Loans | (6) | 38.986.762 | 13.120.562 | 52.107.324 | 31.374.318 | 12.432.021 | 43.806.339 |
| 2.2 Lease Receivables | (8) | 442.280 | 129.478 | 571.758 | 373.586 | 112.696 | 486.282 |
| 2.3 Other Financial Assets Measured at Amortized Cost | (7) | 6.509.013 | 5.996.106 | 12.505.119 | 6.300.593 | 4.139.848 | 10.440.441 |
| 2.3.1 Government Debt Securities | | 6.509.013 | 5.996.106 | 12.505.119 | 6.300.593 | 4.139.848 | 10.440.441 |
| 2.3.2 Other Financial Assets | | - | - | - | - | - | - |
| 2.4 Expected Loss Provisions(-) | (6) | 426.376 | 183.838 | 610.214 | 464.540 | 189.254 | 653.794 |
| III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | (9) | 8.304 | - | 8.304 | 5.242 | - | 5.242 |
| 3.1 Asset Held for Sale | | 8.304 | - | 8.304 | 5.242 | - | 5.242 |
| 3.2 Assets of DisContinued Operations | | - | - | - | - | - | - |
| IV. PARTNERSHIP INVESTMENTS | | 22.600 | - | 22.600 | 100 | - | 100 |
| 4.1 Associates (Net) | (10) | 22.500 | - | 22.500 | - | - | - |
| 4.1.1 Associates Consolidated Under Equity Accounting | | - | - | - | - | - | - |
| 4.1.2 Unconsolidated Associates | | 22.500 | - | 22.500 | - | - | - |
| 4.2 Subsidiaries (Net) | | 100 | - | 100 | 100 | - | 100 |
| 4.2.1 Unconsolidated Financial Investments in Subsidiaries | | 100 | - | 100 | 100 | - | 100 |
| 4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries | | - | - | - | - | - | - |
| 4.3 Joint Ventures (Net) | | - | - | - | - | - | - |
| 4.3.1 Joint-Ventures Consolidated Under Equity Accounting | | - | - | - | - | - | - |
| 4.3.2 Unconsolidated Joint-Ventures | | - | - | - | - | - | - |
| V. TANGIBLE ASSETS (NET) | (11) | 580.319 | - | 580.319 | 432.288 | - | 432.288 |
| VI. INTANGIBLE ASSETS (NET) | (12) | 179.272 | - | 179.272 | 100.413 | - | 100.413 |
| 6.1 Goodwill | | - | - | - | - | - | - |
| 6.2 Other | | 179.272 | - | 179.272 | 100.413 | - | 100.413 |
| VII. INVESTMENT PROPERTY (NET) | (13) | - | - | - | - | - | - |
| VIII. CURRENT TAX ASSET | | - | - | - | - | - | - |
| IX. DEFERRED TAX ASSETS | (14) | 959.724 | - | 959.724 | 663.317 | - | 663.317 |
| X. OTHER ASSETS | (15) | 2.302.177 | 65.428 | 2.367.605 | 1.338.150 | 3.874 | 1.342.024 |
| TOTAL ASSETS | | 61.168.612 | 67.271.098 | 128.439.710 | 50.975.901 | 49.251.034 | 100.226.935 |

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 BALANCE SHEET (FINANCIAL POSITION)

AS OF JUNE 30, 2023

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

| LIABILITIES | Note (Fifth Section-II) | THOUSAND TL | | | THOUSAND TL | | |
|--|-------------------------------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| | | CURRENT PERIOD (30/06/2023) | | | PRIOR PERIOD (31/12/2022) | | |
| | | TL | FC | TOTAL | TL | FC | TOTAL |
| I. FUNDS COLLECTED | (1) | 41.903.294 | 58.042.264 | 99.945.558 | 34.941.257 | 44.282.608 | 79.223.865 |
| II. FUNDS BORROWED | (2) | 8.087.607 | 1.525.939 | 9.613.546 | 6.403.488 | 749.565 | 7.153.053 |
| III. MONEY MARKET FUNDS | | - | - | - | - | - | - |
| IV. SECURITIES ISSUED (Net) | | - | - | - | - | - | - |
| V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | | - | - | - | - | - | - |
| VI. DERIVATIVE FINANCIAL LIABILITIES | | 39.625 | 61 | 39.686 | 2.261 | 11.536 | 13.797 |
| 6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss | (3) | 39.625 | 61 | 39.686 | 2.261 | 11.536 | 13.797 |
| 6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | (5) | - | - | - | - | - | - |
| VII. LEASE PAYABLES (NET) | (4) | 366.414 | - | 366.414 | 278.248 | - | 278.248 |
| VIII. PROVISIONS | (6) | 914.589 | 229.883 | 1.144.472 | 938.875 | 106.829 | 1.045.704 |
| 8.1 General Provisions | | - | - | - | - | - | - |
| 8.2 Reserve for Employee Benefits | | 97.352 | - | 97.352 | 138.275 | - | 138.275 |
| 8.3 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 8.4 Other Provisions | | 817.237 | 229.883 | 1.047.120 | 800.600 | 106.829 | 907.429 |
| IX. CURRENT TAX LIABILITY | (7) | 626.622 | - | 626.622 | 1.368.458 | - | 1.368.458 |
| X. DEFERRED TAX LIABILITY | (8) | - | - | - | - | - | - |
| XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | (9) | - | - | - | - | - | - |
| 11.1 Held for Sale Purpose | | - | - | - | - | - | - |
| 11.2 Related to DisContinued Operations | | - | - | - | - | - | - |
| XII. SUBORDINATED DEBT INSTRUMENTS | (10) | - | 5.965.915 | 5.965.915 | - | 4.110.376 | 4.110.376 |
| 12.1 Loans | | - | 5.965.915 | 5.965.915 | - | 4.110.376 | 4.110.376 |
| 12.2 Other Debt Instruments | | - | - | - | - | - | - |
| XIII. OTHER LIABILITIES | (11) | 392.634 | 1.672.304 | 2.064.938 | 564.928 | 444.632 | 1.009.560 |
| XIV. SHAREHOLDERS' EQUITY | (12) | 8.659.438 | 13.121 | 8.672.559 | 6.001.650 | 22.224 | 6.023.874 |
| 14.1 Paid-in capital | | 1.026.915 | - | 1.026.915 | 1.026.915 | - | 1.026.915 |
| 14.2 Capital Reserves | | 33.186 | - | 33.186 | 33.186 | - | 33.186 |
| 14.2.1 Share Premium | | - | - | - | - | - | - |
| 14.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 14.2.3 Other Capital Reserve | | 33.186 | - | 33.186 | 33.186 | - | 33.186 |
| 14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss | | (19.114) | - | (19.114) | (19.114) | - | (19.114) |
| 14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss | | 1.176.911 | 13.121 | 1.190.032 | 1.520.003 | 22.224 | 1.542.227 |
| 14.5 Profit Reserves | | 630.711 | - | 630.711 | 630.711 | - | 630.711 |
| 14.5.1 Legal Reserves | | 287.778 | - | 287.778 | 287.778 | - | 287.778 |
| 14.5.2 Status Reserves | | - | - | - | - | - | - |
| 14.5.3 Extraordinary Reserves | | 342.933 | - | 342.933 | 342.933 | - | 342.933 |
| 14.5.4 Other Profit Reserves | | - | - | - | - | - | - |
| 14.6 Income or (Loss) | | 5.810.829 | - | 5.810.829 | 2.809.949 | - | 2.809.949 |
| 14.6.1 Prior Periods' Income or (Loss) | | 2.809.949 | - | 2.809.949 | - | - | - |
| 14.6.2 Current Period Income or (Loss) | | 3.000.880 | - | 3.000.880 | 2.809.949 | - | 2.809.949 |
| TOTAL LIABILITIES | | 60.990.223 | 67.449.487 | 128.439.710 | 50.499.165 | 49.727.770 | 100.226.935 |

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 JUNE 30, 2023

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

| STATEMENT OF OFF BALANCE SHEET | Note (Fifth Section- III) | THOUSAND TL | | | THOUSAND TL | | |
|---|---------------------------------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| | | CURRENT PERIOD (30/06/2023) | | | PRIOR PERIOD (31/12/2022) | | |
| | | TL | FC | TOTAL | TL | FC | TOTAL |
| A. OFF BALANCE SHEET COMMITMENTS (I+II+III) | | 18.949.780 | 11.839.790 | 30.789.570 | 13.582.886 | 17.334.633 | 30.917.519 |
| I. GUARANTEES AND SURETIES | (1) | 9.629.640 | 4.520.139 | 14.149.779 | 7.168.358 | 3.306.651 | 10.475.009 |
| 1.1 Letters of Guarantees | | 9.600.841 | 3.674.673 | 13.275.514 | 7.164.657 | 2.680.614 | 9.845.271 |
| 1.1.1 Guarantees Subject to State Tender Law | | - | - | - | - | - | - |
| 1.1.2 Guarantees Given for Foreign Trade Operations | | - | - | - | - | - | - |
| 1.1.3 Other Letters of Guarantee | | 9.600.841 | 3.674.673 | 13.275.514 | 7.164.657 | 2.680.614 | 9.845.271 |
| 1.2 Bank Loans | | 28.799 | 185.156 | 213.955 | 3.701 | 196.736 | 200.437 |
| 1.2.1 Import Letter of Acceptances | | 28.799 | 185.156 | 213.955 | 3.701 | 196.736 | 200.437 |
| 1.2.2 Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3 Letter of Credits | | - | 660.310 | 660.310 | - | 429.301 | 429.301 |
| 1.3.1 Documentary Letter of Credits | | - | 660.310 | 660.310 | - | 429.301 | 429.301 |
| 1.3.2 Other Letter of Credits | | - | - | - | - | - | - |
| 1.4 Prefinancing Given as Guarantee | | - | - | - | - | - | - |
| 1.5 Endorsements | | - | - | - | - | - | - |
| 1.5.1 Endorsements to the Central Bank of Turkey | | - | - | - | - | - | - |
| 1.5.2 Other Endorsements | | - | - | - | - | - | - |
| 1.6 Other Guarantees | | - | - | - | - | - | - |
| 1.7 Other Collaterals | | - | - | - | - | - | - |
| II. COMMITMENTS | (1) | 6.444.156 | 4.167.179 | 10.611.335 | 5.577.597 | 4.633.812 | 10.211.409 |
| 2.1 Irrevocable Commitments | | 6.444.156 | 4.167.179 | 10.611.335 | 5.577.597 | 4.633.812 | 10.211.409 |
| 2.1.1 Asset Purchase and Sale Commitments | | 75.373 | 3.707.502 | 3.782.875 | 67.720 | 4.301.368 | 4.369.088 |
| 2.1.2 Share Capital Commitment to Associates and Subsidiaries | | 67.500 | - | 67.500 | - | - | - |
| 2.1.3 Loan Granting Commitments | | 4.974.636 | - | 4.974.636 | 4.307.375 | - | 4.307.375 |
| 2.1.4 Securities Underwriting Commitments | | - | - | - | - | - | - |
| 2.1.5 Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.6 Payment Commitment for Cheques | | 294.147 | - | 294.147 | 170.002 | - | 170.002 |
| 2.1.7 Tax And Fund Liabilities from Export Commitments | | - | - | - | - | - | - |
| 2.1.8 Commitments for Credit Card Expenditure Limits | | - | - | - | - | - | - |
| 2.1.9 Commitments for Promotions Related with Credit Cards and Banking Activities | | - | - | - | - | - | - |
| 2.1.10 Receivables From Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.11 Payables for Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.12 Other Irrevocable Commitments | | 1.032.500 | 459.677 | 1.492.177 | 1.032.500 | 332.444 | 1.364.944 |
| 2.2 Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1 Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| 2.2.2 Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | | 2.875.984 | 3.152.472 | 6.028.456 | 836.931 | 9.394.170 | 10.231.101 |
| 3.1 Derivative Financial Instruments for Hedging Purposes | | - | - | - | - | - | - |
| 3.1.1 Fair Value Hedge | | - | - | - | - | - | - |
| 3.1.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 3.1.3 Hedge of Net Investment in Foreign Operations | | - | - | - | - | - | - |
| 3.2 Held for Trading Transactions | (3) | 2.875.984 | 3.152.472 | 6.028.456 | 836.931 | 9.394.170 | 10.231.101 |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions | | 648.081 | 827.714 | 1.475.795 | 463.718 | 448.315 | 912.033 |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy | | 328.869 | 413.824 | 742.693 | 225.427 | 231.190 | 456.617 |
| 3.2.1.2 Forward Foreign Currency Transactions-Sell | | 319.212 | 413.890 | 733.102 | 238.291 | 217.125 | 455.416 |
| 3.2.2 Other Forward Buy/Sell Transactions | | 2.227.903 | 2.324.758 | 4.552.661 | 373.213 | 8.945.855 | 9.319.068 |
| 3.3 Other | | - | - | - | - | - | - |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 444.782.025 | 41.437.897 | 486.219.922 | 329.532.626 | 27.260.409 | 356.793.035 |
| IV. ITEMS HELD IN CUSTODY | | 25.218.947 | 10.804.390 | 36.023.337 | 22.338.186 | 7.653.917 | 29.992.103 |
| 4.1 Assets Under Management | | - | - | - | - | - | - |
| 4.2 Investment Securities Held in Custody | | 7.514.453 | 965.643 | 8.480.096 | 5.748.785 | 679.660 | 6.428.445 |
| 4.3 Cheques Received for Collection | | 5.840.683 | 158.522 | 5.999.205 | 4.744.393 | 240.789 | 4.985.182 |
| 4.4 Commercial Notes Received for Collection | | 742.017 | - | 742.017 | 650.398 | - | 650.398 |
| 4.5 Other Assets Received for Collection | | - | - | - | - | - | - |
| 4.6 Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7 Other Items Under Custody | | 15.466 | - | 15.466 | 10.638 | - | 10.638 |
| 4.8 Custodians | | 11.106.328 | 9.680.225 | 20.786.553 | 11.183.972 | 6.733.468 | 17.917.440 |
| V. PLEDGED ITEMS | | 419.563.078 | 30.633.507 | 450.196.585 | 307.194.440 | 19.606.492 | 326.800.932 |
| 5.1 Marketable Securities | | 787.400 | - | 787.400 | 572.427 | - | 572.427 |
| 5.2 Guarantee Notes | | - | - | - | - | - | - |
| 5.3 Commodity | | 7.002.214 | 2.788.359 | 9.790.573 | 5.801.967 | 377.970 | 6.179.937 |
| 5.4 Warranty | | - | - | - | - | - | - |
| 5.5 Properties | | 56.272.458 | - | 56.272.458 | 37.477.419 | - | 37.477.419 |
| 5.6 Other Pledged Items | | 355.501.006 | 27.845.148 | 383.346.154 | 263.342.627 | 19.228.522 | 282.571.149 |
| 5.7 Pledged Items-Depository | | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | - | - | - | - | - | - |
| TOTAL OFF BALANCE SHEET ACCOUNTS (A+B) | | 463.731.805 | 53.277.687 | 517.009.492 | 343.115.512 | 44.595.042 | 387.710.554 |

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 JUNE 30, 2023

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

| | | Note (Fifth Section- IV) | THOUSAND TL | THOUSAND TL | THOUSAND TL | THOUSAND TL |
|------------------------------|---|-----------------------------------|---|--|---|---|
| | | | Current period 1 January – 30 June 2023 | Previous period 1 January – 30 June 2022 | Current period (for 3 months) 1 April – 30 June 2023 | current period (for 3 months) 1 April – 30 June 2022 |
| STATEMENT OF PROFIT AND LOSS | | | | | | |
| I. | PROFIT SHARE INCOME | (1) | 5.992.207 | 2.883.409 | 2.973.825 | 1.598.378 |
| 1.1 | Profit Share on Loans | | 3.764.799 | 1.828.668 | 1.918.533 | 1.060.386 |
| 1.2 | Income Received from Reserve Deposits | | 341.254 | 18.732 | 130.389 | 2.597 |
| 1.3 | Income Received from Banks | | 1.367 | 76 | 992 | 30 |
| 1.4 | Income Received from Money Market Placements | | - | 181 | - | 181 |
| 1.5 | Income Received from Marketable Securities Portfolio | | 1.828.759 | 1.017.488 | 893.732 | 525.431 |
| 1.5.1 | Financial Assets at Fair Value Through Profit and Loss | | 194.801 | 33.098 | 109.676 | 12.220 |
| 1.5.2 | Financial Assets at Fair Value through Other Comprehensive Income | | 1.029.932 | 876.210 | 487.134 | 437.541 |
| 1.5.3 | Financial Assets Measured at Amortised Cost | | 604.026 | 108.180 | 296.922 | 75.670 |
| 1.6 | Finance Lease Income | | 49.907 | 17.627 | 26.841 | 9.326 |
| 1.7 | Other Profit Share Income | | 6.121 | 637 | 3.338 | 427 |
| II. | PROFIT SHARE EXPENSE (-) | (2) | 3.396.768 | 1.613.371 | 1.851.931 | 912.823 |
| 2.1 | Expense on Profit Sharing Accounts | | 2.414.038 | 1.137.968 | 1.290.258 | 649.453 |
| 2.2 | Profit Share Expense on Funds Borrowed | | 928.316 | 403.589 | 537.520 | 215.889 |
| 2.3 | Profit Share Expense on Money Market Borrowings | | 12.144 | 51.200 | 1.630 | 35.543 |
| 2.4 | Expense on Securities Issued | | - | - | - | - |
| 2.5 | Lease Profit Share Expense | | 42.270 | 20.146 | 22.523 | 11.937 |
| 2.6 | Other Profit Share Expenses | | - | 468 | - | 1 |
| III. | NET PROFIT SHARE INCOME (I - II) | | 2.595.439 | 1.270.038 | 1.121.894 | 685.555 |
| IV. | NET FEES AND COMMISSIONS INCOME/EXPENSE | | 880.711 | 110.735 | 492.583 | 67.653 |
| 4.1 | Fees and Commissions Received | | 907.972 | 121.170 | 511.620 | 73.545 |
| 4.1.1 | Non-Cash Loans | | 63.555 | 30.471 | 34.338 | 17.229 |
| 4.1.2 | Other | (3) | 844.417 | 90.699 | 477.282 | 56.316 |
| 4.2 | Fees and Commissions Paid (-) | | 27.261 | 10.435 | 19.037 | 5.892 |
| 4.2.1 | Non-Cash Loans | | 64 | 77 | 45 | 41 |
| 4.2.2 | Other | (3) | 27.197 | 10.358 | 18.992 | 5.851 |
| V. | DIVIDEND INCOME | (4) | - | - | - | - |
| VI. | NET TRADING INCOME | (5) | 2.338.774 | 93.991 | 1.619.478 | 80.179 |
| 6.1 | Capital Market Transaction Gains / (Losses) | | 10.156 | 7.685 | 7.464 | 536 |
| 6.2 | Gains/ (Losses) from Derivative Financial Instruments | | (920.363) | 323.082 | (950.748) | 218.596 |
| 6.3 | Foreign Exchange Gains / (Losses) | | 3.248.981 | (236.776) | 2.562.762 | (138.953) |
| VII. | OTHER OPERATING INCOME | (6) | 271.800 | 55.525 | 136.483 | 15.422 |
| VIII. | TOTAL OPERATING PROFIT (III+IV+V+VI+VII) | | 6.086.724 | 1.530.289 | 3.370.438 | 848.809 |
| IX. | PROVISION FOR EXPECTED LOSS (-) | (7) | 202.161 | 217.645 | 52.336 | 61.310 |
| X. | OTHER PROVISION EXPENSES (-) | (7) | 102.248 | 33.368 | 82.561 | 15.214 |
| XI. | PERSONNEL EXPENSES (-) | | 426.115 | 196.363 | 229.943 | 86.579 |
| XII. | OTHER OPERATING EXPENSES (-) | (8) | 1.443.128 | 170.769 | 232.986 | 86.783 |
| XIII. | NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII) | | 3.913.072 | 912.144 | 2.772.612 | 598.923 |
| XIV. | INCOME RESULTED FROM MERGERS | | - | - | - | - |
| | GAIN/LOSS ON NET MONETARY POSITION | | | | | |
| XV. | PROFIT/LOSS FROM PARTNERSHIPS USING THE EQUITY METHOD | | - | - | - | - |
| XVI. | PROFIT/LOSS BEFORE TAXES (XIII+...+XV) | | - | - | - | - |
| XVII. | PROVISION FOR TAXES (±) | | 3.913.072 | 912.144 | 2.772.612 | 598.923 |
| XVIII. | TAX PROVISION FOR CONTINUING OPERATIONS (±) | (10) | 912.192 | 227.648 | 710.596 | 136.890 |
| 18.1 | Current Tax Provision | | 1.086.172 | 539.865 | 482.692 | 324.978 |
| 18.2 | Deferred Tax Expense (+) | | 1.137.517 | 88.077 | 408.804 | 48.401 |
| 18.3 | Deferred Tax Income (-) | | 1.311.497 | 400.294 | 180.900 | 236.489 |
| XIX. | NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII) | (9) | 3.000.880 | 684.496 | 2.062.016 | 462.033 |
| XX. | INCOME FROM DISCONTINUED OPERATIONS | | - | - | - | - |
| 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 | | - | - | - | - |
| XXI. | EXPENSES FROM DISCONTINUED OPERATIONS (-) | | - | - | - | - |
| 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 | | - | - | - | - |
| XXII. | PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX) | | - | - | - | - |
| XXIII. | PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±) | (9) | - | - | - | - |
| 23.1 | Current Tax Provision | | - | - | - | - |
| 23.2 | Deferred Tax Expense (+) | | - | - | - | - |
| 23.3 | Deferred Tax Income (-) | | - | - | - | - |
| XXIV. | NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII) | | - | - | - | - |
| XXV. | NET PROFIT/LOSS (XVIII+XXIII) | | 3.000.880 | 684.496 | 2.062.016 | 462.033 |
| | Earnings Per Share | | 0,02922 | 0,00667 | 0,02008 | 0,00450 |

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 JUNE 30, 2023**

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

| | THOUSAND TL | THOUSAND TL |
|---|---|--|
| | CURRENT PERIOD (01/01/2023- 30/06/2023) | PRIOR PERIOD 01/01/2022- 30/06/2022) |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | |
| I. CURRENT PERIOD PROFIT/LOSS | 3.000.880 | 684.496 |
| II. OTHER COMPREHENSIVE INCOME | (352.195) | 753.432 |
| 2.1 Other Income/Expense Items not to be Recycled to Profit or Loss | - | - |
| 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 | - | - |
| 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 | - | - |
| 2.2 Other Income/Expense Items to be Recycled to Profit or Loss | (352.195) | 753.432 |
| 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 | (473.735) | 1.004.364 |
| 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 | 121.540 | (250.932) |
| III. TOTAL COMPREHENSIVE INCOME (I+II) | 2.648.685 | 1.437.928 |

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 JUNE 30, 2023

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

| | Current Period (01.01.2023 – 30.06.2023) | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves(*) | 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 | | | Profit Reserves | Prior Periods' Profit/Loss | Current Period's Net Profit/Loss | Total Shareholders' Equity |
|---|---|--------------------|------------------|----------------------------------|---------------------------------|---|----------|---|---|------------------|---|--------------------|-------------------------------|-------------------------------------|----------------------------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 | 6 | | | | |
| I. Balances at Beginning Period(**) | 1.026.915 | - | - | - | 33.186 | - | (19.114) | - | - | 1.542.227 | - | 630.711 | - | 2.809.949 | 6.023.874 |
| II. Correction made as per TAS 8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Effect of Corrections | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effect of Changes in Accounting Policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted Balances at Beginning of Period (I+II) | 1.026.915 | - | - | - | 33.186 | - | (19.114) | - | - | 1.542.227 | - | 630.711 | - | 2.809.949 | 6.023.874 |
| IV. Total Comprehensive Income | - | - | - | - | - | - | - | - | - | (352.195) | - | - | - | 3.000.880 | 2.648.685 |
| 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 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2XI. Profit Distribution | - | - | - | - | - | - | - | - | - | - | - | - | 2.809.949 | (2.809.949) | - |
| 11.1 Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.2 Transfers to Reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.3 Others | - | - | - | - | - | - | - | - | - | - | - | - | 2.809.949 | (2.809.949) | - |
| Balances at end of the period (III+IV...+X+XI) | 1.026.915 | - | - | - | 33.186 | - | (19.114) | - | - | 1.190.032 | - | 630.711 | 2.809.949 | 3.000.880 | 8.672.559 |

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),

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 JUNE 30, 2023

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

| | Prior Period (01.01.2022 – 30.06.2022) | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves(*) | 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 | | | Profit Reserves | Prior Periods' Profit/Loss | Current Period's Net Profit/Loss | Total Shareholders' Equity |
|---|---|--------------------|------------------|----------------------------------|---------------------------------|---|---------|---|---|----------------|---|--------------------|-------------------------------|-------------------------------------|----------------------------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 | 6 | | | | |
| I. Balances at Beginning Period(**) | | 1.026.915 | - | - | 23.088 | - | (1.411) | - | - | 45.324 | - | 485.999 | 5.395 | 143.113 | 1.728.423 |
| II. Correction made as per TAS 8 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Effect of Corrections | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effect of Changes in Accounting Policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted Balances at Beginning of Period (I+II) | | 1.026.915 | - | - | 23.088 | - | (1.411) | - | - | 45.324 | - | 485.999 | 5.395 | 143.113 | 1.728.423 |
| IV. Total Comprehensive Income | | - | - | - | - | - | - | - | - | 753.432 | - | - | - | 684.496 | 1.437.928 |
| 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 | | - | - | - | 10.098 | - | - | - | - | - | - | (3.795) | - | - | 6.303 |
| XI. Profit Distribution | | - | - | - | - | - | - | - | - | - | - | 148.508 | (5.395) | (143.113) | - |
| 11.1 Dividends | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.2 Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | 148.508 | (148.508) | - | - |
| 11.3 Others | | - | - | - | - | - | - | - | - | - | - | - | 143.113 | (143.113) | - |
| Balances at end of the period (III+IV...+X+XI) | | 1.026.915 | - | - | 33.186 | - | (1.411) | - | - | 798.756 | - | 630.712 | - | 684.496 | 3.172.654 |

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),

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 JUNE 30, 2023

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

| | | THOUSAND TL | THOUSAND TL |
|-------------------------|--|---|---|
| STATEMENT OF CASH FLOWS | | CURRENT PERIOD (01/01/2023- 30/06/2023) | PRIOR PERIOD (01/01/2022- 30/06/2022) |
| A. | CASH FLOWS FROM BANKING OPERATIONS | | |
| 1.1 | Operating Profit Before Changes In Assets And Liabilities from Banking Operations | (1.146.831) | 4.244.634 |
| 1.1.1 | Profit Share Income Received | 5.572.835 | 2.704.781 |
| 1.1.2 | Profit Share Expense Paid | (3.154.453) | (1.491.890) |
| 1.1.3 | Dividend Received | - | - |
| 1.1.4 | Fees and Commissions Received | 907.972 | 121.170 |
| 1.1.5 | Other Income | 272.064 | 50.769 |
| 1.1.6 | Collections from Previously Written off Loans | 42.587 | - |
| 1.1.7 | Payments to Personnel and Service Suppliers | (1.596.095) | (279.874) |
| 1.1.8 | Taxes Paid | (836.299) | (249.277) |
| 1.1.9 | Others | (2.355.442) | 3.388.955 |
| 1.2 | Changes in Assets and Liabilities from Banking Operations | 10.225.385 | 8.120.671 |
| 1.2.1 | Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss | (664.922) | 816.461 |
| 1.2.2 | Net (Increase) Decrease in Due From Banks and Other Financial Institutions | (1.741.233) | (1.919.252) |
| 1.2.3 | Net (Increase) Decrease in Loans | (3.476.496) | (6.307.400) |
| 1.2.4 | Net (Increase) Decrease in Other Assets | (138.225) | 42.781 |
| 1.2.5 | Net Increase (Decrease) in Bank Deposits | (322.015) | 895.825 |
| 1.2.6 | Net Increase (Decrease) in Other Deposits | 16.170.962 | 16.219.731 |
| 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 | (2.345.869) | - |
| 1.2.9 | Net Increase (Decrease) in Matured Payables | - | - |
| 1.2.10 | Net Increase (Decrease) in Other Liabilities | 2.743.183 | (1.627.475) |
| I. | Net Cash Flows from Banking Operations | 9.078.554 | 12.365.305 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| II. | Net cash flow from investing activities | (1.369.146) | (7.417.693) |
| 2.1 | Cash Paid For Acquisition of Investments, Associates and Subsidiaries | (22.500) | - |
| 2.2 | Cash Obtained From Disposal of Investments, Associates and Subsidiaries | - | - |
| 2.3 | Purchases of Property and Equipment | (82.491) | 53.130 |
| 2.4 | Disposals of Property and Equipment | - | 16.946 |
| 2.5 | Purchase of Financial Assets at Fair Value Through Other Comprehensive Income | (2.546.009) | (5.013.638) |
| 2.6 | Sale of Financial Assets at Fair Value Through Other Comprehensive Income | 1.441.051 | 159.405 |
| 2.7 | Purchase of Financial Assets Measured at Amortised Cost | - | (2.625.696) |
| 2.8 | Sale of Financial Assets Measured at Amortised Cost | - | - |
| 2.9 | Other | (159.197) | (7.840) |
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| III. | Net Cash Flows from Financing Activities | 806.345 | 355.127 |
| 3.1 | Cash Obtained from Funds Borrowed and Securities Issued | 78.635.016 | 30.765.973 |
| 3.2 | Cash Used for Repayment of Funds Borrowed and Securities Issued | (77.636.966) | (30.300.498) |
| 3.3 | Issued Capital Instruments | - | - |
| 3.4 | Dividends Paid | - | - |
| 3.5 | Payments for Finance Leases | (191.705) | (110.348) |
| 3.6 | Other | - | - |
| IV. | Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents | 3.913.794 | 564.936 |
| V. | Net increase/(decrease) in cash and cash equivalents | 12.429.547 | 5.867.675 |
| VI. | Net (Decrease) Increase in Cash and Cash Equivalents | 17.247.813 | 3.262.469 |
| VII. | Cash and Cash Equivalents at the End of the period | 29.677.360 | 9.130.144 |

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 JUNE 30, 2023

(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 Bank prepares its financial statements according to the "Regulation on the Procedures and Principles Regarding the Accounting Practices of Banks and Storage of Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and other regulations published by the Banking Regulation and Supervision Board regarding the accounts and records of banks and the Banking Regulation and Supervision Agency. Turkish Accounting Standard 34 (TMS 34) Interim Financial Reporting Standard and Turkish Financial Reporting Standards (TMS 34), which were put into effect by the Public Oversight Accounting and Auditing Standards Authority ("KGK") in the circulars and statements of the Auditing Authority ("BRSA") and on matters not regulated by them. It is regulated in accordance with the "BRSA Accounting and Financial Reporting Legislation", which includes the provisions of "TFRS".

The format and contents of the unconsolidated financial statements to be disclosed to the public, as well as their explanations and footnotes, are in accordance with the "Communiqué on Financial Statements to be Announced to the Public by Banks and Related Disclosures and Footnotes" published in the Official Gazette dated 28 June 2012 and numbered 28337, and the communiqués that make additions and amendments to this communiqué. has been prepared appropriately. The Bank keeps its accounting records in Turkish currency, in accordance with the Banking Law, Turkish Commercial Code and Turkish tax legislation.

Financial statements have been prepared in TL on the basis of historical cost, except for financial assets, liabilities and revalued real estate that are shown at their fair values.

b. Accounting policies followed and valuation principles used in the preparation of financial statements:

The accounting policies followed and the valuation principles used in the preparation of financial statements are in accordance with the regulations, communiqués, explanations and circulars published by the BRSA regarding accounting and financial reporting principles, and in matters not regulated by these, within the scope of TFRS put into effect by the KGK (all "BRSA Accounting and Financial Reporting Legislation"). determined according to the principles set forth herein.

In the preparation of financial statements in accordance with BRSA Reporting and Accounting Legislation, the Bank's management is required to make assumptions and estimates about the assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. These assumptions and estimates include fair value calculations of financial instruments, lawsuit provisions, deferred tax assets and liabilities, impairment of financial assets and valuation of real estate, and are reviewed regularly, necessary corrections are made and the effect of these corrections is reflected in the financial statements. The assumptions and estimates used are explained in the relevant footnotes. The accounting policies followed and the valuation principles used in the preparation of the financial statements have been determined and applied in accordance with the principles included in the "BRSA Accounting and Financial Reporting Legislation" and are consistent with the accounting policies applied in the annual financial statements prepared for the year ending 31 December 2022.

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 JUNE 30, 2023

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

ACCOUNTING POLICIES (Continued)

I. Explanations on basis of presentation: (Continued)

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

On January 20, 2022, the Public Oversight Authority made a statement regarding the Implementation and Enforcement of Financial Reporting in Economies with High Inflation within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium-Sized Enterprises. Accordingly, it has been stated that there is no need for businesses applying TFRS to make any corrections in their financial statements dated 31 December 2021 within the scope of TMS 29 Financial Reporting in High-Inflation Economies. As of the date of preparation of the financial statements, no new statement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made within the scope of TAS 29 Financial Reporting Standard in Highly Inflationary Economies in the unconsolidated financial statements dated 30 June 2023.

c. Comparative information and classifications:

Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period 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. Comparative information is restated when necessary in order to comply with the presentation 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.

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 Borsa İstanbul and resulting evaluation differences are reflected as foreign exchange gain or loss.

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 JUNE 30, 2023

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

ACCOUNTING POLICIES (Continued)

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:

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction. The commissions and fees other those whose amortised costs are integral part of their effective profit rate, are accounted for in accordance with the TFRS 15 Revenue from Contracts With Customer Standard.

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 commission 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 from Loans” in the statement of profit or loss.

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 JUNE 30, 2023

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

ACCOUNTING POLICIES (Continued)

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.

In addition, the appropriate value difference to be kept in the Bank's securities portfolio is considered as other comprehensive income financial assets given, financial assets held at fair value through profit or loss and amortization as financial assets saved at estimated cost government bonds. These securities are real coupon rates, and the effective interest rate is based on the index calculated by taking into account the inflation index and the estimated inflation rate at the time of issue they are valued and accounted for using the method. As stated in the Indexed Bonds Investor's Guide, the actual coupon payment of these securities is based on the CPI of two months ago, and the reference indices used in the calculation of the amounts are based on the CPI of two months ago.

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.

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF JUNE 30, 2023

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

ACCOUNTING POLICIES (Continued)

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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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF JUNE 30, 2023

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

ACCOUNTING POLICIES (Continued)

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 (Stage 3 / 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 (In this case, the customer is followed 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.

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ACCOUNTING POLICIES (Continued)

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 June 30, 2023, there is no goodwill in the financial statements of the Bank. The Bank’s intangible assets consist of softwares and intangible rights (December 31, 2022: 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.

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.

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ACCOUNTING POLICIES (Continued)

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:

| | Depreciation Rate (%) |
|----------------------------|------------------------------|
| 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 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 18% for leasing agreements denominated in Turkish liras.

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ACCOUNTING POLICIES (Continued)

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.

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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ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee rights:

The bank fulfills its obligations for severance pay and leave rights under "TAS 19 - Provided to Employees Benefits" and in the balance sheet "Provision for Employee Benefits" account.

According to Turkey's current labor laws, the Bank may resign and resign as specified in the Labor Law by making a certain lump sum payment to employees who are dismissed for reasons other than liable behavior.

Provision for severance pay, which is a probable liability under this law, is calculated over its present value using certain actuarial estimates and is reflected in the financial statements as actuarial losses and gains, in accordance with "TAS 19 - Employee Benefits" accounted for under equity. The leave fee obligation means that all personnel are legally entitled to leave each year in excess of the cumulative total of unused vacation days found by subtracting the is calculated.

Liability of T.C. Ziraat Bankası and T.Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 30 June 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be Continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

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ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee rights: (Continued)

Based on the Council of Ministers’ decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of “two years” in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as “four years” with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers’ decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506.

As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2022 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

XVI. Explanations on taxation:

Current tax:

In the financial statements as of June 30, 2023, the corporate tax rate is applied 25%. The corporate tax rate has been permanently increased to 25% for banks, consumer finance companies, factoring and financial leasing companies, capital market institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in accordance with the publication of the Law No. 7394 in the Official Gazette dated April 15,2022.

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ACCOUNTING POLICIES (Continued)

XVI. Explanations on taxation: (Continued)

As of June 30, 2023, the corporate tax rate has been applied as 25% in the financial statements. With the publication of Law No. 7394 in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The corporate tax rate has been permanently increased to 25%.

Dividends paid to the resident institutions are not subject to withholding tax in Türkiye. Withholding tax rate on the dividend payments other than these is 10%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

Corporations calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period.

The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt if such gains are added to paid-in capital or held in a special fund account under liability for five years.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Türkiye, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns until the last day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings and carry out sectorial investigations.

The monetary amount included in the financial statements Non-inflationary assets had to be adjusted for inflation in accordance with the reiterated article 298/A of the Tax Procedure Law (VUK). The provisional tax calculation 2021 and 2022 accounting periods, including the periods of inflation adjustment, are accepted as the accounting periods in which they are not realized as of January 29, 2022, and with the Law No. 7352 published in the Official Gazette No. 31734.

Changes have been made to the Tax Procedure Law with Law No. 7338, which was published in the Official Gazette on October 26, 2021. As a result, revaluation of immovables registered in the asset and economic assets subject to depreciation is possible. On January 14, 2023, a communiqué was published in the Official Gazette with the amendment of the Accounting System Implementation General Communiqués, different accounting and taxpayers subject to financial reporting standards rules are now also subject to Tax Procedure Law No. 213. revaluation is governed by Article 298's second paragraph (Ç) and the provisional Article 32. the application's eligibility requirements have been clarified.

Repetitive Article 298/ç and Provisional Article 32 of Tax Procedure Law Nos. 213 and 537 have been applied in relation to these and revaluation by the Bank in accordance with the General Communiqués of Tax Procedure Law No. 547 provisions. Adjusted in the corporate tax base for the 2022 accounting period Provisional Article 32, a tax of 2% is calculated on the value increase amount within the scope of the and paid, taking into account the TPL depreciation expenses determined over the values. Tax depreciation expense in corporate tax calculations for the fiscal year ending June 30, 2023 calculated using the net book values following revaluation. Revaluation of the remaining TPL net book values as a result of the revaluation of the economic assets subject to revaluation it will be depreciated over the course of its useful life.

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ACCOUNTING POLICIES (Continued)

XVI. Explanations on taxation: (Continued)

Deferred tax:

Deferred tax assets or liabilities, according to principles of “ Turkish Accounting Standards on Income Taxes” (“TAS 12”), are calculated as measuring the affect of the temporary difference that accours between the amount of assets and liabilities figured in financial tables and the amount calculated according to tax legislation, by considering tax rate for releated period.

Deferred tax is been figured in financial tables by netting assets and liabilities. While deferred tax liability can be calculated for all taxable temporary difference, deferred tax assets only can be calculated on the condition that if high possiibilty exists to take profit from difference occurs from deferred tax assets arises from reducable temporary differences to be profitable on taxes.

Deferred tax is calculated on the basis of the tax rates that are applicable to or are certain to have effect on the income statement for the period in which the asset is realized or the liability is settled and recorded as income or expense in the income statement. However, deferred tax is recognized directly in equity if the tax asset relates directly to equity in the same or different period. The bank 25% tax rate is used for temporary differences realized at the end of 2022 or after or expected to close.

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.

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.

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ACCOUNTING POLICIES (Continued)

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 regarding subsidiaries, affiliates and jointly controlled partnerships:

Subsidiaries and affiliates denominated in Turkish currency are accounted for at cost in accordance with the "Turkish Accounting Standard for Individual Financial Statements" ("TMS 27") and are reflected in the unconsolidated financial statements after deducting the provision for impairment, if any.

XXIII. Information on other issues:

None

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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 13.504.714 (December 31, 2022: TL 9.555.482) which calculated as of June 30, 2023 and the capital adequacy ratio is 29,70% (December 31, 2022: 27,98%). Bank’s capital adequacy standard ratio is above the minimum rate determined by related legislation.

a. Information about total capital items:

| | Current Period 30 June 2023 | Prior Period 31 December 2022 |
|---|--|--|
| COMMON EQUITY TIER 1 CAPITAL | | |
| 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 | 630.711 | 630.711 |
| Gains recognized in equity as per TAS | 1.073.599 | 1.440.881 |
| Profit | 5.810.829 | 2.809.949 |
| Current Period Profit | 3.000.880 | 2.809.949 |
| Prior Period Profit | 2.809.949 | - |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period | - | - |
| Common Equity Tier 1 Capital Before Deductions | 8.542.054 | 5.908.456 |
| Deductions from Common Equity Tier 1 Capital | | |
| Common Equity as per the 1 st 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 (-) | 19.114 | 19.114 |
| Leasehold improvements(-) | - | - |
| Goodwill (net of related tax liability) | 110.397 | 85.314 |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | - | - |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 178.209 | 100.413 |
| 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 | 136.291 | - |
| 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 | - | - |
| Total Deductions From Common Equity Tier 1 Capital | 444.011 | 204.841 |
| Total Common Equity Tier 1 Capital | 8.098.043 | 5.703.615 |

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on capital adequacy standard ratio (Continued):

a. Information about total capital items (Continued):

| | Current Period 30 June 2023 | Prior Period 31 December 2022 |
|---|--|--|
| ADDITIONAL TIER 1 CAPITAL | | |
| Preferred Stock not Included in Common Equity and the Related Share Premiums | - | - |
| Debt instruments and premiums approved by BRSA | 4.939.904 | 3.498.078 |
| Debt instruments and premiums approved by BRSA (Temporary Article 4) | - | - |
| Additional Tier I Capital before Deductions | 4.939.904 | 3.498.078 |
| Deductions from Additional Tier I Capital | | |
| 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 | - | - |
| Transition from the Core Capital to Continue to deduce Components | | |
| 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 (-) | - | - |
| Total Deductions From Additional Tier I Capital | - | - |
| Total Additional Tier I Capital | 4.939.904 | 3.498.078 |
| Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) | 13.037.947 | 9.201.693 |
| TIER 2 CAPITAL | | |
| 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) | 470.635 | 371.657 |
| Contribution Capital Before Discounts | 470.635 | 371.657 |
| Deductions From Tier II Capital | | |
| 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 (-) | - | - |
| Total Deductions from Tier II Capital | - | - |
| Total Tier II Capital | 470.635 | 371.657 |
| Total Capital (The sum of Tier I Capital and Tier II Capital) | 13.508.582 | 9.573.350 |
| Deductions from Capital | | |
| 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 | 3.868 | 17.869 |

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on capital adequacy standard ratio (Continued):

a. Information about total capital items (Continued):

| In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components | Current Period 30 June 2023 | Prior Period 31 December 2022 |
|--|--------------------------------|----------------------------------|
| 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 | - | - |
| Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital) | 13.504.714 | 9.555.482 |
| Total Risk Weighted Amounts | 45.476.566 | 34.146.697 |
| Capital Adequacy Ratios | | |
| Core Capital Adequacy Ratio (%) | 17,81 | 16,10 |
| Tier 1 Capital Adequacy Ratio (%) | 28,67 | 26,95 |
| Capital Adequacy Ratio (%) | 29,70 | 27,98 |
| BUFFERS | | |
| 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(%) | 13,31 | 12,20 |
| Amounts Lower Than Excesses as per Deduction Rules | | |
| 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 | 823.433 | - |
| Limits related to provisions considered in Tier II calculation | | |
| General provisions for standard based receivables (before tenthousandtwentyfive limitation) | 470.635 | 371.657 |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 470.635 | 371.657 |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | - | - |
| Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | - | - |
| Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022) | | |
| 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 subordinated 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 (Full Euro) with no fixed term and no profit share within the scope of additional main capital and loan from Türkiye Varlık Fonu Piyasal İstikrar ve Denge Alt Fonu with the approval of BRSA dated March 8, 2022, on March 9, 2022 amounting to 31.688.489 Euro (Full Euro) with no fixed term and no profit share within the scope of additional main capital.

"According to the Board Decision of the BRSA dated January 31, 2023 and numbered 10496; Board dated 28.04.2022 and numbered 9996 Capital of Banks, stated in its decision in accordance with the Regulation (Regulation) on the Measurement and Evaluation of Sufficiency, the basis for credit risk in the calculation of the amount; monetary and non-monetary assets valued at their historical cost valued amounts of non-currency items and related items in accordance with Turkish Accounting Standards The Central Bank of the Republic of Turkey (Central Bank) provided the foreign exchange buying rate for the date of 31.12.2021 when calculating the specific provision amounts; until a Board Decision to the contrary is taken, it is possible to continue by using the Central Bank's foreign exchange buying rate of 30.12.2022.

In addition, according to the BRSA's Decision dated 16 April 2020 and numbered 8999; Turkish Republic Center of Banks Measuring the Capital Adequacy of Banks for their receivables from their management and issued in FX, and Amount subject to credit risk in accordance with Standard Approach within the scope of Regulation on Evaluation It is possible to apply 0% risk weight in the calculation.

As of June 30, 2023, the Bank had taken advantage of these opportunities in its Capital Adequacy calculations. Board decisions have a 12.17% impact on the standard capital adequacy ratio."

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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 |
| 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) | 4.432.918 |
| Par Value of Instrument | 5.650.116 |
| 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 | Full 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 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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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on capital adequacy standard ratio (Continued):

b. Information on debt instruments to be included in the equity calculation (Continued)

| | |
|---|---|
| Issuer | Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu |
| Unique Identifier (CUSIP, ISIN etc.) | TRT250232F15 |
| 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) | 506.985 |
| Par Value of Instrument | 895.218 |
| Accounting Classification | Subordinated Loan |
| Original date of Issuance | 09.03.2022 |
| Perpetual or dated | Undated |
| Maturity date | 09.03.2022 |
| Issuer call subject to prior supervisory (BRSA) approval | Yes |
| Optional call date, contingent call dates and redemption amount | Geri Ödeme Opsiyon Tarihi: 09.03.2032 ve sonrası Geri Ödenecek Tutar 500.000 TL karşılığı Avro |
| 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 | Full 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 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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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on capital adequacy standard ratio (Continued):

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.

II. Explanations on credit risk

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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 June 30, 2023 - Balance sheet evaluation rate | 25,8786 | 28,2506 |
| As of June 27, 2023 | 25,8786 | 25,9350 |
| As of June 26, 2023 | 25,7281 | 28,0483 |
| As of June 23, 2023 | 25,2099 | 27,4307 |
| As of June 22, 2023 | 23,5675 | 23,9661 |
| As of June 21, 2023 | 25,8786 | 25,7289 |

- 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 23,5986 for 1 USD (December 2022: full TL 18,6587), full TL 25,4282 for 1 Euro (December 2023: full TL 19,7536).

The Bank is mainly exposed to USD and Euro currency risks.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on currency risk (Continued):

Information on the Bank's Currency Risk

| | EURO | USD | Other FC | Total |
|---|--------------------|--------------------|------------------|-------------------|
| Current Period | | | | |
| Assets | | | | |
| Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey(*) | 7.415.455 | 28.337.010 | 484.113 | 36.236.578 |
| Banks (*) | 1.114.642 | 1.979.599 | 3.789.449 | 6.883.690 |
| Financial assets at fair value through profit and loss | 113.159 | 440.897 | 1.048.517 | 1.602.573 |
| Money market placements | - | - | - | - |
| Financial Assets Valued At Fair Value Through Profit And Loss | 879.557 | 2.538.869 | - | 3.418.426 |
| Loans and financial lease receivable(**) | 6.163.853 | 6.902.349 | - | 13.066.202 |
| Subsidiaries, associates and joint ventures | - | - | - | - |
| Financial Assets Measured at Amortized Cost | 5.996.106 | - | - | 5.996.106 |
| Derivative financial assets for hedging purposes | - | - | - | - |
| Tangible assets | - | - | - | - |
| Intangible assets | - | - | - | - |
| Other assets | 3.771 | 59.638 | 4.114 | 67.523 |
| Total Assets | 21.686.543 | 40.258.362 | 5.326.193 | 67.271.098 |
| Liabilities | | | | |
| Current account and funds collected from banks via participation accounts | 35.349 | 3.251 | 46.809 | 85.409 |
| Other current and profit sharing accounts | 14.641.520 | 39.066.835 | 4.248.500 | 57.956.855 |
| Money market borrowings | - | - | - | - |
| Funds provided from other financial institutions and subordinated loans | 6.434.255 | 1.057.599 | - | 7.491.854 |
| Marketable securities issued | - | - | - | - |
| Miscellaneous payables | - | - | - | - |
| Derivative financial liabilities for hedging purposes | - | - | - | - |
| Other liabilities | 1.323.752 | 576.011 | 2.485 | 1.902.248 |
| Total liabilities | 22.434.876 | 40.703.696 | 4.297.794 | 67.436.366 |
| Net balance sheet position | (748.333) | (445.334) | 1.028.399 | (165.268) |
| Net balance sheet position | 798.947 | 559.961 | (996.311) | 362.597 |
| Derivative financial instruments assets | 1.431.760 | 1.794.747 | 409.337 | 3.635.844 |
| Derivative financial instruments liabilities | 632.813 | 1.234.786 | 1.405.648 | 3.273.247 |
| Non-cash loans (**) | 2.014.160 | 2.484.007 | 21.972 | 4.520.139 |
| Prior Period | | | | |
| Total assets | 17.484.857 | 27.908.585 | 3.844.911 | 49.238.353 |
| Total liabilities | 13.944.860 | 32.247.958 | 3.523.416 | 49.716.234 |
| Net balance sheet position | 3.539.997 | (4.339.373) | 321.495 | (477.881) |
| Net off balance sheet position | (3.555.105) | 4.308.704 | (319.605) | 433.994 |
| Derivative financial instruments assets | 847.434 | 5.724.853 | 492.479 | 7.064.766 |
| Derivative financial instruments liabilities | 4.402.539 | 1.416.149 | 812.084 | 6.630.772 |
| Non-cash loans | 1.368.835 | 1.921.118 | 16.698 | 3.306.651 |

(*) The currency risk calculation does not include an expected loss provision of TL 54.583 for Cash and the Central Bank and TL 8.301 for banks.

(**) The currency risk calculation excludes an expected loss provision of TL 183.838 for loans and financial lease receivables.

None (December 31, 2022: None).

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. 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.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on liquidity risk (Continued):

Liquidity Coverage Ratio:

| Current Period | Rate of "Percentage to be taken into account " not Implemented Total value(*) | | Rate of "Percentage to be taken into account " Implemented Total value(*) | |
|---|---|-------------------|---|-------------------|
| | TL+FC | FC | TL+FC | FC |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 HIGH QUALITY LIQUID ASSETS | | | 54.364.844 | 41.628.003 |
| CASH OUTFLOWS | | | | |
| 2 Retail and Small Business Funds Collected | 25.258.187 | 21.089.980 | 2.486.491 | 2.108.998 |
| 3 Stable Funds Collected | 786.549 | - | 39.327 | - |
| 4 Less stable Funds Collected | 24.471.638 | 21.089.980 | 2.447.164 | 2.108.998 |
| 5 Unsecured Funding other than Retail and Small Business | 38.048.973 | 30.260.811 | 17.424.285 | 12.489.254 |
| 6 Customers Deposits | - | - | - | - |
| 7 Operational Funds Collected | 37.460.436 | 30.185.085 | 16.835.748 | 12.413.528 |
| 8 Non-Operational Funds Collected | 588.537 | 75.726 | 588.537 | 75.726 |
| 9 Other Unsecured Funding | | | - | - |
| 10 Secured funding | 5.521.519 | 3.049.258 | 5.521.519 | 3.049.258 |
| 11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions | 3.702.948 | 3.049.258 | 3.702.948 | 3.049.258 |
| 12 Debts related to the structured financial products | 1.818.571 | - | 1.818.571 | - |
| 13 Commitment related to the structured financial markets and other off balance sheet liabilities | - | - | - | - |
| 14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | - | - | - | - |
| 15 Other irrevocable or conditionally revocable commitments | 20.115.564 | 4.261.676 | 6.220.639 | 393.266 |
| 16 TOTAL CASH OUTFLOWS | | | 31.652.934 | 18.040.776 |
| CASH INFLOWS | | | | |
| 17 Secured Lending Transactions | - | - | - | - |
| 18 Unsecured Lending Transactions | 19.579.141 | 7.475.436 | 16.347.519 | 6.931.718 |
| 19 Other contractual cash inflows | 3.709.992 | 2.635.421 | 3.709.992 | 2.635.421 |
| 20 TOTAL CASH INFLOWS | 23.289.133 | 10.110.857 | 20.057.511 | 9.567.139 |
| | | | Upper limit applied amounts | |
| 21 TOTAL HQLA | | | 54.364.844 | 41.628.003 |
| 22 TOTAL NET CASH OUTFLOWS | | | 11.595.423 | 8.473.637 |
| 23 Liquidity Coverage Ratio (%) | | | 468,85 | 491,26 |

(*) It is the average of the liquidity coverage ratio calculated by taking the simple weekly arithmetic average for the last three months.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated 21 March 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 – 30.06.2023 | |
|------------------------------|-----------------------------|--------------|
| | TL+FC | FC |
| Lowest (%) | 366,41 | 378,82 |
| Month | 10 May 2023 | 1 April 2023 |
| Highest (%) | 608,79 | 741,69 |
| Month | 5 April 2023 | 15 May 2023 |
| Average | | |

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on liquidity risk (Continued):

| Prior Period | Rate of "Percentage to be taken into account " not Implemented Total value ^(*) | | Rate of "Percentage to be taken into account " Implemented Total value ^(*) | |
|---|---|-------------------|---|-------------------|
| | TL+FC | FC | TL+FC | FC |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 HIGH QUALITY LIQUID ASSETS | | | 49.255.131 | 37.802.121 |
| CASH OUTFLOWS | | | | |
| 2 Retail and Small Business Funds Collected | 21.168.971 | 18.329.076 | 2.091.230 | 1.832.908 |
| 3 Stable Funds Collected | 513.336 | - | 25.667 | - |
| 4 Less stable Funds Collected | 20.655.635 | 18.329.076 | 2.065.563 | 1.832.908 |
| 5 Unsecured Funding other than Retail and Small Business | 42.442.442 | 38.409.896 | 18.105.933 | 15.703.203 |
| 6 Customers Deposits | - | - | - | - |
| 7 Operational Funds Collected | 41.993.231 | 38.362.259 | 17.656.722 | 15.655.566 |
| 8 Non-Operational Funds Collected | 449.211 | 47.637 | 449.211 | 47.637 |
| 9 Other Unsecured Funding | | | - | - |
| 10 Secured funding | 9.752.822 | 4.242.376 | 9.752.822 | 4.242.376 |
| 11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions | 8.801.150 | 4.242.376 | 8.801.150 | 4.242.376 |
| 12 Debts related to the structured financial products | 951.672 | - | 951.672 | - |
| 13 Commitment related to the structured financial markets and other off balance sheet liabilities | - | - | - | - |
| 14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | - | - | - | - |
| 15 Other irrevocable or conditionally revocable commitments | 14.086.455 | 3.532.269 | 4.232.041 | 331.857 |
| 16 TOTAL CASH OUTFLOWS | | | 34.182.026 | 22.110.344 |
| CASH INFLOWS | | | | |
| 17 Secured Lending Transactions | - | - | - | - |
| 18 Unsecured Lending Transactions | 20.616.866 | 13.917.043 | 18.485.976 | 13.269.279 |
| 19 Other contractual cash inflows | 8.797.670 | 8.037.641 | 8.797.670 | 8.037.641 |
| 20 TOTAL CASH INFLOWS | 29.414.536 | 21.954.684 | 27.283.646 | 21.306.920 |
| | | | Upper limit applied amounts | |
| 21 TOTAL HQLA | | | 49.255.131 | 37.802.121 |
| 22 TOTAL NET CASH OUTFLOWS | | | 8.545.507 | 5.527.586 |
| 23 Liquidity Coverage Ratio (%) | | | 576,39 | 683,88 |

^(*) 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 – 31.12.2022 | |
|------------------------------|---------------------------|----------------|
| | TL+FC | FC |
| Lowest (%) | 428,87 | 524,40 |
| Month | October , 2022 | October , 2022 |
| Highest (%) | 493,47 | 695,05 |
| Month | November, 2022 | November, 2022 |
| Average | 458,96 | 606,64 |

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in 30 days maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, banks receivables and funds collected. 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 3,98% cash, 62,84% deposits in central banks and 33,18% 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 86,52% funds collected, 5,16% subordinated debt instruments and 8,32% funds borrowed.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on liquidity risk (Continued):

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 | Total |
|--|---------------------|--------------------|--------------------|-------------------|-------------------|------------------|---------------------|--------------------|
| Current Period | | | | | | | | |
| Assets | | | | | | | | |
| Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey | + | 15.440.275 | - | - | - | - | - | 38.138.914 |
| Banks | 6.938.189 | - | - | - | - | - | - | 6.938.189 |
| Financial Assets at Fair Value Through Profit and Loss | - | 49.633 | 71.306 | 1.907.051 | 856.061 | - | - | 2.884.051 |
| Money Market Placements | - | - | - | - | - | - | - | - |
| Financial assets valued at fair value through other comprehensive income | - | 634.274 | 53.354 | 2.888.113 | 7.087.787 | 847.407 | 7.659 | 11.518.594 |
| Loans | - | 10.370.376 | 11.296.295 | 16.194.818 | 10.725.354 | 3.505.274 | 22.266 | 52.114.383 |
| Financial assets valued at amortised cost | - | - | - | 5.484.313 | 3.406.271 | 3.569.020 | - | 12.459.604 |
| Other Assets ^(*) | - | - | - | - | - | - | 4.385.975 | 4.385.975 |
| Total Assets | 29.636.828 | 26.494.558 | 11.420.955 | 26.474.295 | 22.075.473 | 7.921.701 | 4.415.900 | 128.439.710 |
| Liabilities | | | | | | | | |
| Current account and funds collected from banks via participation accounts | 1.447.379 | 500.817 | - | - | - | - | - | 1.948.196 |
| Other current and profit sharing accounts | 55.315.851 | 24.924.534 | 13.708.319 | 3.829.190 | 219.468 | - | - | 97.997.362 |
| Funds provided from other financial institutions and subordinated loans | - | 4.937.482 | 1.661.697 | 2.543.855 | 470.512 | - | 5.965.915 | 15.579.461 |
| Money market borrowings | - | - | - | - | - | - | - | - |
| Marketable securities issued | - | - | - | - | - | - | - | - |
| Other liabilities ^(**) | - | 1.047.120 | - | - | - | - | 11.867.571 | 12.914.691 |
| Total Liabilities | 56.763.230 | 31.409.953 | 15.370.016 | 6.373.045 | 689.980 | - | 17.833.486 | 128.439.710 |
| Liquidity Gap | (27.126.402) | (4.915.395) | (3.949.061) | 20.101.250 | 21.385.493 | 7.921.701 | (13.417.586) | - |
| Net Off-balance sheet Position | - | 53.827 | 143.641 | 6.918 | - | - | - | 204.386 |
| Financial Derivative Assets | - | 1.637.787 | 1.193.159 | 285.475 | - | - | - | 3.116.421 |
| Financial Derivative Liabilities | - | 1.583.960 | 1.049.518 | 278.557 | - | - | - | 2.912.035 |
| Non-cash Loans | - | 235.856 | 837.775 | 5.448.955 | 2.505.151 | 30.899 | 4.216.878 | 13.275.514 |
| Prior Period | | | | | | | | |
| Total Assets | 17.223.401 | 18.677.995 | 7.006.179 | 18.691.905 | 30.432.739 | 5.562.363 | 2.632.353 | 100.226.935 |
| Total Liabilities | 44.490.798 | 23.125.353 | 11.884.199 | 6.434.919 | 1.349.078 | - | 12.942.588 | 100.226.935 |
| Liquidity Gap | (27.267.397) | (4.447.358) | (4.878.020) | 12.256.986 | 29.083.661 | 5.562.363 | (10.310.235) | - |
| Net Off-balance sheet Position | - | (7.959) | 128 | 744 | - | - | - | (7.087) |
| Financial Derivative Assets | - | 4.943.606 | 60.879 | 107.522 | - | - | - | 5.112.007 |
| Financial Derivative Liabilities | - | 4.951.565 | 60.751 | 106.778 | - | - | - | 5.119.094 |
| Non-cash Loans | - | 298.864 | 959.878 | 3.880.727 | 1.615.240 | 21.397 | 3.069.165 | 9.845.271 |

^(*) 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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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations on leverage ratio:

As of June 30, 2023, the Bank's leverage ratio calculated from the average amounts of the last three months is 7.20% (December 31, 2022: 6.49%). The Minimum Leverage Ratio must be maintained at a minimum of 3% in accordance with the "Regulation on Measurement and Evaluation of the Leverage Level of Banks".

| | Current Period June 30, 2023(*) | Prior Period December 31, 2022 (*) |
|--|--|---|
| Balance sheet assets | | |
| 1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals) | 120.492.073 | 107.854.252 |
| 2 (Assets deducted from Core capital) | 285.794 | 163.498 |
| 3 Total risk amount of balance sheet assets (sum of lines 1 and 2) | 120.206.279 | 107.690.754 |
| Derivative financial assets and credit derivatives | | |
| 4 Cost of replenishment for derivative financial assets and credit derivatives | - | - |
| 5 Potential credit risk amount of derivative financial assets and credit derivatives | 147.725 | 112.984 |
| 6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5) | 147.725 | 112.984 |
| Financing transactions secured by marketable security or commodity | | |
| 7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet) | 14.411.927 | 10.030.149 |
| 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) | 14.411.927 | 10.030.149 |
| Off-balance sheet transactions | | |
| 10 Gross notional amount of off-balance sheet transactions | 25.799.666 | 20.891.725 |
| 11 (Correction amount due to multiplication with credit conversion rates) | - | - |
| 12 Total risk of off-balance sheet transactions (sum of lines 10 and 11) | 25.799.666 | 20.891.725 |
| Capital and total risk | | |
| 13 Core Capital | 11.561.077 | 9.004.727 |
| 14 Total risk amount (sum of lines 3, 6, 9 and 12) | 160.565.597 | 138.725.612 |
| Leverage ratio | | |
| 15 Leverage ratio (%) | 7,20 | 6,49 |

(*) Amounts in the table show quarterly averages.

VI. Information regarding the fair value of financial assets and liabilities

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

VII. Explanations Regarding the Activities Carried Out on Behalf and Account of Other Persons

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

VIII. 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.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued)

a. 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) | 39.137.420 | 32.027.596 | 3.130.993 |
| 2 | Of which standardised approach (SA) | 39.137.420 | 32.027.596 | 3.130.993 |
| 3 | Of which internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 59.736 | 28.930 | 4.779 |
| 5 | Of which standardised approach for counterparty credit risk (SA-CCR) | 59.736 | 28.930 | 4.779 |
| 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 | 1.570.583 | 1.106.031 | 125.647 |
| 17 | Of which standardised approach (SA) | 1.570.583 | 1.106.031 | 125.647 |
| 18 | Of which internal model approaches (IMM) | - | - | - |
| 19 | Operational risk | 4.708.826 | 984.141 | 376.706 |
| 20 | Of which Basic Indicator Approach | 4.708.826 | 984.141 | 376.706 |
| 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 | - | - | - |
| 25 | Total (1+4+7+8+9+10+11+12+16+19+23+24) | 45.476.565 | 34.146.698 | 3.638.125 |

b. Links Between Financial Statements and Risk Amounts

The Communiqué on Changeable Disclosures to the Public Regarding Risk Management by Banks has not been prepared.

c. Credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued)

c.1.2. Credit Quality of Assets

| Current Period | | Gross carrying values of (according to TAS) | | Allowances/ impairments | Net values |
|----------------|-----------------------------|---|-------------------------|----------------------------|-------------------|
| | | Defaulted exposures | Non-defaulted exposures | | |
| 1 | Loans | 124.173 | 52.554.909 | 361.527 | 52.317.555 |
| 2 | Debt Securities | - | 26.907.764 | 108.618 | 26.799.146 |
| 3 | Off-balance sheet exposures | 28.711 | 14.121.068 | 94.112 | 14.055.667 |
| 4 | Total | 152.884 | 93.583.741 | 564.257 | 93.172.368 |

| Prior Period | | Gross amount valued in accordance with TAS included in the financial statements prepared according to legal consolidation | | Allowances/ impairments | Net values |
|--------------|-----------------------------|---|-------------------------|----------------------------|-------------------|
| | | Defaulted exposures | Non-defaulted exposures | | |
| 1 | Loans | 93.376 | 44.292.621 | 410.484 | 43.975.513 |
| 2 | Debt Securities | - | 23.099.787 | 94.510 | 23.005.277 |
| 3 | Off-balance sheet exposures | 28.711 | 9.816.560 | 84.428 | 9.760.843 |
| 4 | Total | 122.087 | 77.208.968 | 589.422 | 76.741.633 |

c.1.3. Changes in Stock of Defaulted Loans and Debt Securities

| | Current Period | Prior Period |
|---|----------------|----------------|
| 1 Defaulted loans and debt securities at end of the previous reporting period | 93.376 | 195.529 |
| 2 Loans and debt securities that have defaulted since the last reporting period | 30.797 | 74.049 |
| 3 Returned to non-defaulted status | - | - |
| 4 Amounts written off | - | 168.060 |
| 5 Other changes | - | (8.133) |
| 6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) | 124.173 | 93.376 |

c.1.4. Additional information on credit quality of assets:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

c.2.2. Credit Risk Mitigation Techniques

Overview

| Current Period | | Exposures unsecured: carrying amount (According to TAS) | Exposures secured by collateral | Exposures secured by collateral, of which: secured amount | Exposure s secured by financial guarantees | Collateralized amount of exposures secured by financial guarantees | Exposure s secured by credit derivatives | Collateralized amount of exposures secured by credit derivatives |
|----------------|-----------------------|--|---------------------------------------|---|---|---|---|---|
| 1 | Loans | 49.363.442 | 2.954.113 | 914.590 | 638.965 | 629.666 | - | - |
| 2 | Debt Securities | 26.799.146 | - | - | - | - | - | - |
| 3 | Total | 76.162.588 | 2.954.113 | 914.590 | 638.965 | 629.666 | - | - |
| 4 | Of which defaulted | 22.266 | - | - | - | - | - | - |

| Prior Period | | Exposures unsecured: carrying amount (According to TAS) | Exposures secured by collateral | Exposures secured by collateral, of which: secured amount | 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 | 59.245.007 | 5.725.731 | 3.099.977 | 5.150.797 | 2.501.983 | - | - |
| 2 | Debt Securities | 23.099.787 | - | - | - | - | - | - |
| 3 | Total | 82.344.794 | 5.725.731 | 3.099.977 | 5.150.797 | 2.501.983 | - | - |
| 4 | Of which defaulted | 93.376 | - | - | - | - | - | - |

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:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

c.3.2. Standardised Approach - Exposures by Asset Classes and Risk Weights

| 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 | |
|----------------|--|--|--------------------------|--|--------------------------|---|---------------|
| Risk Classes | | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| 1 | Exposures to central governments or central banks | 47.095.711 | - | 47.095.711 | - | - | 0,00% |
| 2 | Exposures to regional governments or local authorities | 126.590 | 1.268 | 126.590 | 634 | 63.479 | 50,00% |
| 3 | Exposures to public sector entities | 686.069 | 8.027 | 686.069 | 3.855 | 677.983 | 98,00% |
| 4 | Exposures to multilateral development banks | - | - | - | - | - | - |
| 5 | Exposures to international organisations | - | - | - | - | - | - |
| 6 | Exposures to institutions | 10.621.093 | 4.192 | 10.621.093 | 2.038 | 2.690.874 | 25,00% |
| 7 | Exposures to corporates | 16.773.167 | 12.727.174 | 16.773.167 | 6.071.277 | 25.661.681 | 112,00% |
| 8 | Retail exposures | 5.255.009 | 4.655.120 | 5.255.009 | 2.475.821 | 5.786.557 | 75,00% |
| 9 | Exposures secured by residential property | 776.738 | 100.675 | 776.738 | 56.235 | 288.189 | 35,00% |
| 10 | Exposures secured by commercial real estate | 728.693 | 633.705 | 728.693 | 368.966 | 750.672 | 68,00% |
| 11 | Past-due loans | 13.740 | - | 13.740 | - | 7.956 | 58,00% |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - |
| 13 | Exposures in the form of covered bonds | - | - | - | - | - | - |
| 14 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - |
| 15 | Exposures in the form of units or shares in collective investment undertakings | - | - | - | - | - | - |
| 16 | Other assets | 6.317.589 | - | 6.317.589 | - | 3.210.029 | 51,00% |
| 17 | Investments in equities | - | - | - | - | - | - |
| 18 | Total | 88.394.399 | 18.130.161 | 88.394.399 | 8.978.826 | 39.137.420 | 39,81% |

| 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 | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| 1 | Exposures to central governments or central banks | 37.311.333 | - | 37.348.816 | 272 | - | - |
| 2 | Exposures to regional governments or local authorities | 241.494 | 14.532 | 73.501 | 8.797 | 40.287 | 48,95% |
| 3 | Exposures to public sector entities | 15.133 | 4.765 | 25.372 | 4.772 | 15.052 | 49,93% |
| 4 | Exposures to multilateral development banks | - | - | - | - | - | - |
| 5 | Exposures to international organisations | - | - | - | - | - | - |
| 6 | Exposures to institutions | 6.997.303 | - | 7.227.877 | - | 2.297.744 | 31,79% |
| 7 | Exposures to corporates | 15.574.635 | 11.795.506 | 15.479.760 | 5.604.036 | 24.872.261 | 117,97% |
| 8 | Retail exposures | 2.245.737 | 1.948.396 | 2.230.534 | 995.769 | 2.280.653 | 70,69% |
| 9 | Exposures secured by residential property | 361.721 | 79.156 | 361.496 | 38.147 | 130.846 | 32,74% |
| 10 | Exposures secured by commercial real estate | 612.889 | 228.089 | 612.889 | 137.955 | 499.358 | 66,51% |
| 11 | Past-due loans | 9.573 | - | 9.573 | - | 4.916 | 51,35% |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - |
| 13 | Exposures in the form of covered bonds | - | - | - | - | - | - |
| 14 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - |
| 15 | Exposures in the form of units or shares in collective investment undertakings | - | - | - | - | - | - |
| 16 | Other assets | 3.710.773 | - | 3.710.773 | - | 1.885.946 | 50,82% |
| 17 | Investments in equities | - | - | - | - | - | - |
| 18 | Total | 67.080.591 | 14.070.444 | 67.080.591 | 6.789.748 | 32.027.063 | 43,36% |

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

c.3.3. Exposures by Asset Classes and Risk Weights

| Current Period | Asset classes/ Risk weight | 0% | 10% | 20% | 35% Secured by Real Estate Mortgage | 50% | 75% | 100% | 150% | 200% | Others | Total credit risk exposure amount (after CCF and CRM) |
|----------------|--|-------------------|----------|-------------------|--|------------------|------------------|-------------------|------------|----------|------------------|--|
| | | | | | | | | | | | | |
| 1 | Exposures to central governments or central banks | 47.095.711 | - | - | - | - | - | - | - | - | - | 47.095.711 |
| 2 | Exposures to regional governments or local authorities | 266 | - | - | - | 126.958 | - | - | - | - | - | 127.224 |
| 3 | Exposures to public sector entities | 11.941 | - | - | - | - | - | 677.983 | - | - | - | 689.924 |
| 4 | Exposures to multilateral development banks | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Exposures to international organisations | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Exposures to institutions | - | - | 9.771.061 | - | 230.818 | - | 621.252 | - | - | - | 10.623.131 |
| 7 | Exposures to corporates | 308.733 | - | 1.140.951 | - | 108.608 | - | 17.324.690 | - | - | 3.961.462 | 22.844.444 |
| 8 | Retail exposures | 183.443 | - | 94.120 | - | - | 7.401.127 | 10.083 | 994 | - | 41.063 | 7.730.830 |
| 9 | Exposures secured by residential property | 8.999 | - | 1.345 | 822.629 | - | - | - | - | - | - | 832.973 |
| 10 | Exposures secured by commercial real estate | - | - | - | - | 693.974 | - | 403.685 | - | - | - | 1.097.659 |
| 11 | Past-due loans | - | - | - | - | 11.568 | - | 2.172 | - | - | - | 13.740 |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Exposures in the form of covered bonds | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Exposures in the form of units or shares in collective investment undertakings | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Other assets | 1.673.967 | - | 1.791.994 | - | - | - | 2.851.628 | - | - | - | 6.317.589 |
| 17 | Investments in equities | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Total | 49.283.060 | - | 12.799.471 | 822.629 | 1.171.926 | 7.401.127 | 21.891.493 | 994 | - | 4.002.525 | 97.373.225 |

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

c.3.3. Exposures by Asset Classes and Risk Weights (Continued)

| Current Period | | 35% Secured by Real Estate | | | | | | | | | | Total credit risk exposure amount (after CCF and CRM) |
|----------------|--|----------------------------------|-----|-----------|----------|-----------|-----------|------------|-------|-----------|--------|--|
| | Asset classes/ Risk weight | 0% | 10% | 20% | Mortgage | 50% | 75% | 100% | 150% | 200% | Others | |
| 1 | Exposures to central governments or central banks | 37.349.088 | - | - | - | - | - | - | - | - | - | 37.349.088 |
| 2 | Exposures to regional governments or local authorities | 1.723 | - | - | - | 80.575 | - | - | - | - | - | 82.298 |
| 3 | Exposures to public sector entities | 15.092 | - | - | - | - | - | 15.052 | - | - | - | 30.144 |
| 4 | Exposures to multilateral development banks | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Exposures to international organisations | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Exposures to institutions | - | - | 6.018.558 | - | 230.574 | - | 978.745 | - | - | - | 7.227.877 |
| 7 | Exposures to corporates | 599.375 | - | 320.331 | - | 1.194.463 | - | 13.782.919 | - | 5.168.499 | 18.209 | 21.083.796 |
| 8 | Retail exposures | 132.496 | - | 76.451 | - | - | 3.010.318 | 5.868 | 1.170 | - | - | 3.226.303 |
| 9 | Exposures secured by residential property | 17.616 | - | 19.092 | 362.935 | - | - | - | - | - | - | 399.643 |
| 10 | Exposures secured by commercial real estate | - | - | - | - | 502.972 | - | 247.872 | - | - | - | 750.844 |
| 11 | Past-due loans | - | - | - | - | 9.313 | - | 260 | - | - | - | 9.573 |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Exposures in the form of covered bonds | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Exposures in the form of units or shares in collective investment undertakings | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Other assets | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Investments in equities | 1.095.695 | - | 911.415 | - | - | - | 1.703.663 | - | - | - | 3.710.773 |
| 18 | Total | 39.211.085 | - | 7.345.847 | 362.935 | 2.017.897 | 3.010.318 | 16.734.379 | 1.170 | 5.168.499 | 18.209 | 73.870.339 |

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

d. Counterparty credit risk:

d.1. Qualitative disclosure on counterparty credit risk:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

d.2. Counterparty Credit Risk (CCR) Approach Analysis

| Current Period | Revaluation cost | Potential credit risk exposure | EEPE ^(*) | Alpha | Exposure after credit risk mitigation | Risk Weighted Amounts |
|--|------------------|--------------------------------|---------------------|-------|---------------------------------------|-----------------------|
| 1 Standardised Approach (for derivatives) | 268.150 | 60.484 | | - | 460.088 | 59.736 |
| 2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | - | - | - | - |
| 3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | - | - |
| 4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | - | - |
| 5 VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit | | | | | - | - |
| 6 Total | | | | | - | 59.736 |

(*) Effective expected positive risk amount

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

d.2. Counterparty credit risk (CCR) approach analysis (Continued):

| Prior Period | Revaluation cost | Potential credit risk exposure | EEPE | Alpha | Exposure after credit risk mitigation | Risk Weighted Amounts |
|--|------------------|--------------------------------|------|-------|---------------------------------------|-----------------------|
| 1 Standardised Approach (for derivatives) | (254) | 64.757 | | - | 114.908 | 28.929 |
| 2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | | |
| 3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | - | - |
| 4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | - | - |
| 5 VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit | | | | | - | - |
| 6 Total | | | | | | 28.929 |

(*) Effective expected positive risk amount

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

d.3. Capital requirement for credit valuation adjustment (CVA):

| | Current Period | | Prior Period | |
|--|--|--------------------------|---|--------------------------|
| | Exposure (After credit risk mitigation methods) | Risk Weighted Amounts | Exposure (After credit risk mitigation methods)) | Risk Weighted Amounts |
| Total portfolio value with comprehensive approach CVA capital adequacy | - | - | - | - |
| 1 (i) Value at risk component (3*multiplier included) | | - | | - |
| 2 (ii) Stressed Value at Risk (3*multiplier included) | | - | | - |
| 3 Total portfolio value with simplified approach CVA capital adequacy | 460.088 | 59.736 | 114.908 | 28.929 |
| 4 Total amount of CVA capital adequacy | 460.088 | 59.736 | 114.908 | 28.929 |

d.4. Standardised Approach of CCR Exposures by Regulatory Portfolio and Risk Weights

| Current Period | | | | | | | | | Total Credit Risk (*) |
|---|----------------|----------|---------------|---------------|----------|--------------|----------|----------|-----------------------------|
| Risk Weights/Risk Classes | %0 | %10 | %20 | %50 | %75 | %100 | %150 | Other | |
| Central governments and central banks receivables | 285.112 | - | - | - | - | - | - | - | 285.112 |
| Local governments and municipalities receivables | - | - | - | - | - | - | - | - | - |
| Administrative and non commercial receivables | - | - | - | - | - | - | - | - | - |
| Multilateral Development Bank receivables | - | - | - | - | - | - | - | - | - |
| International Organisations receivables | - | - | - | - | - | - | - | - | - |
| Banks and Intermediary Institutions receivables | - | - | 98.363 | 73.099 | - | - | - | - | 171.462 |
| Corporate receivables | - | - | - | - | - | 3.514 | - | - | 3.514 |
| Retail receivables | - | - | - | - | - | - | - | - | - |
| Non performing receivables | - | - | - | - | - | - | - | - | - |
| High risk defined receivables | - | - | - | - | - | - | - | - | - |
| Mortgage backed securities | - | - | - | - | - | - | - | - | - |
| Securitisation Positions | - | - | - | - | - | - | - | - | - |
| Short term credit rated banks and Intermediary Institutions receivables | - | - | - | - | - | - | - | - | - |
| Collective investment undertaking investments | - | - | - | - | - | - | - | - | - |
| Equity investments | - | - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - |
| Total | 285.112 | - | 98.363 | 73.099 | - | 3.514 | - | - | 460.088 |

(*) Total credit risk: Represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

d.4. Standardised Approach of CCR Exposures by Regulatory Portfolio and Risk Weights (Continued)

| Prior Period | | | | | | | | | Total Credit Risk |
|---|--------------|------------|---------------|--------------|------------|--------------|-------------|--------------|--------------------------|
| Risk Weights/Risk Classes | %0 | %10 | %20 | %50 | %75 | %100 | %150 | Other | |
| Central governments and central banks receivables | 6.561 | - | - | - | - | - | - | - | 6.561 |
| Local governments and municipalities receivables | - | - | - | - | - | - | - | - | - |
| Administrative and non commercial receivables | - | - | - | - | - | - | - | - | - |
| Multilateral Development Bank receivables | - | - | - | - | - | - | - | - | - |
| International Organisations receivables | - | - | - | - | - | - | - | - | - |
| Banks and Intermediary Institutions receivables | - | - | 94.896 | 7.001 | - | - | - | - | 101.897 |
| Corporate receivables | - | - | - | - | - | 6.450 | - | - | 6.450 |
| Retail receivables | - | - | - | - | - | - | - | - | - |
| Non performing receivables | - | - | - | - | - | - | - | - | - |
| High risk defined receivables | - | - | - | - | - | - | - | - | - |
| Mortgage backed securities | - | - | - | - | - | - | - | - | - |
| Securitisation Positions | - | - | - | - | - | - | - | - | - |
| Short term credit rated banks and Intermediary Institutions receivables | - | - | - | - | - | - | - | - | - |
| Collective investment undertaking investments | - | - | - | - | - | - | - | - | - |
| Equity investments | - | - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - |
| Total | 6.561 | - | 94.896 | 7.001 | - | 6.450 | - | - | 114.908 |

d.5. Collaterals for CCR:

The Bank does not have any collaterals used for CCR (December 31, 2022: None).

d.6. Information on the risks of the Bank arising from purchased or sold credit derivatives

The Bank does not have any risks arising from purchased or sold credit derivatives (December 31, 2022: None).

d.7. Information on risks of the Bank arising from central counterparty

The Bank does not have any risks arising from central counterparty (December 31, 2022: None).

e. Securitization explanations:

There is not any information to be announced to public on securitization (December 31, 2022: None).

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on risk management (Continued):

f. Market Risk

f.1. Qualitative disclosure on market risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

f.2. Market Risk Explanations-Standardised Approach

| | | Current Period RWA | Prior Period RWA |
|--------------------------|---|-------------------------------|-----------------------------|
| Outright products | | | |
| 1 | Interest rate risk (general and specific) | 869.481 | 579.309 |
| 2 | Equity risk (general and specific) | - | - |
| 3 | Foreign exchange risk | 354.622 | 259.477 |
| 4 | Commodity risk | 346.480 | 267.244 |
| Options | | | |
| 5 | Simplified approach | - | - |
| 6 | Delta-plus method | - | - |
| 7 | Scenario approach | - | - |
| 8 | Securitisation | - | - |
| Total | | 1.570.583 | 1.106.030 |

g. Operational risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

IX. 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 |
|---|-------------------|-------------------------------------|-------------------|----------------------|--------------------|
| Total Assets | 4.269.948 | 45.229.384 | 76.637.538 | 2.302.840 | 128.439.710 |
| Total Liabilities | 35.892.659 | 69.792.774 | 12.287.453 | 1.794.265 | 119.767.151 |
| Net profit share income/(expense) (*) | 264.116 | 1.511.581 | 796.110 | 23.632 | 2.595.439 |
| Net fees and commissions income/(expense) | 188.643 | 667.480 | (8.128) | 32.716 | 880.711 |
| Other operating income/(expense) | 850.196 | 867.363 | (62.274) | (1.016.202) | 639.083 |
| Provision expenses | (6.721) | (71.190) | (120.626) | (3.624) | (202.161) |
| Profit/(loss) before tax | 1.296.234 | 2.975.234 | 605.082 | (963.478) | 3.913.072 |
| Provision for tax | - | - | - | (912.192) | (912.192) |
| Net profit / (loss) for the period | 1.296.234 | 2.975.234 | 605.082 | (1.875.670) | 3.000.880 |
| Prior Period | Retail | Commercial and Corporate | Treasury | Undistributed | Total |
| Total Assets | 2.963.819 | 39.103.109 | 56.564.347 | 1.595.660 | 100.226.935 |
| Total Liabilities | 48.236.244 | 35.857.392 | 7.812.211 | 2.297.214 | 94.203.061 |
| Net profit share income/(expense) (*) | 486.592 | 2.659.158 | 712.796 | 59.627 | 3.918.173 |
| Net fees and commissions income/(expense) | 148.152 | 241.741 | (10.182) | (79.002) | 300.709 |
| Other operating income/(expense) | 1.540.904 | (554.805) | (808.377) | 115.433 | 293.155 |
| Provision expenses | (37.518) | (608.423) | (115.137) | (26.516) | (787.594) |
| Profit/(loss) before tax | 2.138.130 | 1.737.671 | (220.900) | 69.542 | 3.724.443 |
| Provision for tax | - | - | - | (914.494) | (914.494) |
| Net profit / (loss) for the period | 2.138.130 | 1.737.671 | (220.900) | (844.952) | 2.809.949 |

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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 | 50.858 | 315.307 | 63.660 | 188.870 |
| CBRT | 1.811.172 | 33.323.424 | 1.498.475 | 23.081.139 |
| Other (*) | 41.430 | 2.652.430 | 82.652 | 1.167.784 |
| Total | 1.903.460 | 36.291.161 | 1.644.787 | 24.437.793 |

(*) As of June 30, 2023 it includes precious metal deposit account amounting to TL 194.960 (December 31, 2022: TL 42.641) and money in transit account amounting to TL 2.498.899 (December 31, 2022: TL 1.207.795)

b. Information related to CBRT:

| | Current Period | | Prior Period | |
|-----------------------------|------------------|-------------------|------------------|-------------------|
| | TL | FC | TL | FC |
| Unrestricted demand deposit | 1.811.172 | 17.859.593 | 1.498.475 | 9.358.541 |
| Unrestricted time deposit | - | - | - | - |
| Restricted time deposit | - | - | - | - |
| Reserve requirements | - | 15.463.831 | - | 13.722.598 |
| Total | 1.811.172 | 33.323.424 | 1.498.475 | 23.081.139 |

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1" , banks operating in Türkiye are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding to Reserve Requirements, reserve requirements can be maintained in TL, USD and /or EURO and standard gold.

As of June 30,2023, the Bank's applicable rates for Turkish lira required reserves are between 0% and 8%, depending on the maturity structure for participation funds and other liabilities and the applicable rates for FX required reserves are between 5% and 26%, depending on the maturity structure of participation funds and other liabilities.

In accordance with the instruction dated 2 September 2022, the commission practice according to the share of Turkish lira deposits/funds collected in total deposits/funds collected has been changed to be applied as of December 23,2022. As per this amendment, banks with a share of Turkish Lira deposits/funds collected below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for real and legal persons. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposits/funds collected liabilities.

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. Explanations and notes related to assets: (Continued)

2. a. Information on banks:

| | Current Period | | Prior Period | |
|--------------|----------------|------------------|--------------|------------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 54.579 | 189.089 | 2.447 | 482.017 |
| Abroad | - | 6.702.902 | - | 4.403.367 |
| Total | 54.579 | 6.891.991 | 2.447 | 4.885.384 |

b. Information on foreign bank accounts:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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 June 30, 2023, there is no repurchase agreements in financial assets at fair value through profit and loss (December 31, 2022: None). The amount subject to guaranteed/blocked is TL 1.414.908 (December 31, 2022: TL 744.345).

b. Information on financial assets at fair value through profit/loss

| | Current Period | Prior Period |
|----------------------------------|------------------|------------------|
| Debt securities | 2.889.247 | 2.221.047 |
| Quoted on a stock exchange | 1.371.787 | 1.037.169 |
| Unquoted on a stock exchange (*) | 1.517.460 | 1.183.878 |
| Share certificates | - | - |
| Quoted on a stock exchange | - | - |
| Unquoted on a stock exchange | - | - |
| Impairment provision (-) | (5.196) | (3.086) |
| Total | 2.884.051 | 2.217.961 |

(*) Includes debt securities that are listed on the stock exchange but are not traded at the end of the relevant period.

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:

As of 30 June 2023, there is no amount subject to sale transactions with promises of repurchase in assets reflected in other comprehensive income financial statements. (December 31, 2022: None). The amount of those blocked given as collateral is TL 4.814.472 (December 31, 2022: TL 2.184.200).

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. Explanations and notes related to assets (Continued)

4. Information on Financial Assets at fair value through other comprehensive income (Continued)

b. Financial assets valued at fair value through other comprehensive income:

| | Current Period | Prior Period |
|--------------------------------|-------------------|-------------------|
| Debt securities | 11.578.482 | 10.481.318 |
| Quoted on a stock exchange (*) | 8.208.900 | 7.916.788 |
| Unquoted on a stock exchange | 3.369.582 | 2.564.530 |
| Share certificates | 7.659 | 7.659 |
| Quoted on a stock exchange (*) | - | - |
| Unquoted on a stock exchange | 7.659 | 7.659 |
| Impairment provision (-) | (67.547) | (47.592) |
| Total | 11.518.594 | 10.441.385 |

(*) 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 | 217.711 | - | 3.264 | 12.406 |
| Forward Transactions | 48.345 | 2.095 | 1.652 | 275 |
| Futures Transactions | - | - | - | - |
| Options | - | - | - | - |
| Other | - | - | - | - |
| Total | 266.056 | 2.095 | 4.916 | 12.681 |

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 to Bank Partners | 1.280.103 | - | 1.273.002 | - |
| Loans to Legal Person Partners | 1.280.103 | - | 1.273.002 | - |
| Loans to Real Person Partners | - | - | - | - |
| Indirect Loans to Bank Partners | 3.826 | - | 2.355 | - |
| Loans to Bank Members | 3.826 | - | 2.355 | - |
| Total | 1.283.929 | - | 1.275.357 | - |

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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.)

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

6. Information on loans (Continued)

b. Information on standard loans and loans under close monitoring including restructured or rescheduled loans:

b1. Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans:

| Cash Loans Current Period | Standard Loans | Loans Under Close Monitoring | | |
|------------------------------------|-------------------|--|--------------------------------------|-----------|
| | | Loans Not subject to restructured loans | Restructured Loans | |
| | | | Loans with Revised Contract Terms | Refinance |
| Loans | 51.800.234 | 52.289 | 120.780 | - |
| Export loans | - | - | - | - |
| Import loans | 3.319.561 | - | - | - |
| Business loans | 31.619.953 | 27.052 | 120.780 | - |
| Consumer loans | 2.873.815 | 1.631 | - | - |
| Credit cards | - | - | - | - |
| Loans given to financial sector | 8.105.855 | - | - | - |
| Other (*) | 5.881.050 | 23.606 | - | - |
| Other receivables | - | - | - | - |
| Total | 51.800.234 | 52.289 | 120.780 | - |

(*) The details of other loans are as follows:

| | |
|------------------------------|------------------|
| Installment Commercial Loans | 4.737.697 |
| Loans Extended Abroad | 128.179 |
| Other Investment Loans | 1.038.691 |
| Other | 89 |
| Total | 5.904.656 |

| Cash Loans Prior Period | Standard Loans | Loans Under Close Monitoring | | |
|------------------------------------|-------------------|--|--------------------------------------|-----------|
| | | Loans Not subject to restructured loans | Restructured Loans | |
| | | | Loans with Revised Contract Terms | Refinance |
| Loans | 43.578.249 | 35.147 | 95.567 | - |
| Export loans | - | - | - | - |
| Import loans | 3.335.018 | 307 | - | - |
| Business loans | 26.375.121 | 15.166 | 95.567 | - |
| Consumer loans | 1.163.239 | 783 | - | - |
| Credit cards | - | - | - | - |
| Loans given to financial sector | 6.631.080 | - | - | - |
| Other (*) | 6.073.791 | 18.891 | - | - |
| Other receivables | - | - | - | - |
| Total | 43.578.249 | 35.147 | 95.567 | - |

(*) The details of other loans are as follows:

| | |
|------------------------------|------------------|
| Installment Commercial Loans | 4.888.469 |
| Loans Extended Abroad | 43.842 |
| Other | 1.160.191 |
| | 180 |
| Total | 6.092.682 |

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets: (Continued)

6. Information on loans (Continued)

b2. Explanations on expected loss provisions for standard and closely monitored loans:

| <u>Current Period</u> | <u>Standard Loans</u> | <u>Loans Under Close Monitoring</u> |
|--|-----------------------|-------------------------------------|
| Expected loss of provision for 12 Months | 477.124 | - |
| Substantial increase in credit risk | - | 28.217 |
| <u>Prior Period</u> | <u>Standard Loans</u> | <u>Loans Under Close Monitoring</u> |
| Expected loss of provision for 12 Months | 552.189 | - |
| Substantial increase in credit risk | - | 21.734 |

c. Maturity analysis of cash loans:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

d. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

| <u>Current Period</u> | <u>Short-term</u> | <u>Medium and long-term</u> | <u>Total</u> |
|--|-------------------|-----------------------------|------------------|
| Consumer loans-TL | 53.361 | 2.818.259 | 2.871.620 |
| Housing loans | 21.119 | 2.658.341 | 2.679.460 |
| Vehicle loans | 4.563 | 126.154 | 130.717 |
| Consumer loans | 27.679 | 33.764 | 61.443 |
| Other | - | - | - |
| Consumer loans-FC indexed | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Consumer loans-FC | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Retail credit cards-TL | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Retail credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Personnel loans-TL | 372 | 3.454 | 3.826 |
| Housing loans | - | 2.076 | 2.076 |
| Vehicle loans | 359 | 1.199 | 1.558 |
| Consumer loans | 13 | 179 | 192 |
| Other | - | - | - |
| Personnel loans-FC indexed | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Personnel loans-FC | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Personnel credit cards-TL | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Personnel credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without-installment | - | - | - |
| Overdraft account-TL(Real Person) | - | - | - |
| Overdraft account-FC(Real Person) | - | - | - |
| Total | 53.733 | 2.821.713 | 2.875.446 |

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 |
|--|---------------|----------------------|------------------|
| Consumer loans-TL | 57.983 | 1.098.696 | 1.156.679 |
| Housing loans | 42.344 | 966.909 | 1.009.253 |
| Vehicle loans | 3.722 | 92.157 | 95.879 |
| Consumer loans | 11.917 | 39.630 | 51.547 |
| Other | - | - | - |
| Consumer loans-FC indexed | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Consumer loans-FC | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Retail credit cards-TL | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Retail credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Personnel loans-TL | 24 | 2.331 | 2.355 |
| Housing loans | - | 1.527 | 1.527 |
| Vehicle loans | - | 601 | 601 |
| Consumer loans | 24 | 203 | 227 |
| Other | - | - | - |
| Personnel loans-FC indexed | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Personnel loans-FC | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Personnel credit cards-TL | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Personnel credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without-installment | - | - | - |
| Overdraft account-TL(Real Person) | - | - | - |
| Overdraft account-FC(Real Person) | - | - | - |
| Total | 58.007 | 1.101.027 | 1.159.034 |

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.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 |
|--|-------------------|-----------------------------|------------------|
| Commercial installment loans-TL | 1.609.304 | 2.591.341 | 4.200.645 |
| Business loans | 19.909 | 279.042 | 298.951 |
| Vehicle loans | 1.246.548 | 981.419 | 2.227.967 |
| Consumer loans | 342.847 | 1.330.880 | 1.673.727 |
| Other | - | - | - |
| Commercial installment loans-FC indexed | - | - | - |
| Business loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Commercial installment Loans-FC | 2.795 | 231.454 | 234.249 |
| Business loans | - | 21.861 | 21.861 |
| Vehicle loans | 2.113 | 141.147 | 143.260 |
| Consumer loans | 682 | 68.446 | 69.128 |
| Other | - | - | - |
| Corporate credit cards-TL | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Corporate credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Overdraft account-TL (Legal Entity) | 239.376 | - | 239.376 |
| Overdraft account-FC(Legal Entity) | 63.427 | - | 63.427 |
| Total | 1.914.902 | 2.822.795 | 4.737.697 |

| Prior Period | Short-term | Medium and long-term | Total |
|--|-------------------|-----------------------------|------------------|
| Commercial installment loans-TL | 1.562.386 | 2.944.839 | 4.507.225 |
| Business loans | 99.111 | 418.452 | 517.563 |
| Vehicle loans | 1.152.172 | 1.253.937 | 2.406.109 |
| Consumer loans | 311.103 | 1.272.450 | 1.583.553 |
| Other | - | - | - |
| Commercial installment loans-FC indexed | - | - | - |
| Business loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Commercial installment Loans-FC | 9.256 | 314.997 | 324.253 |
| Business loans | - | 16.111 | 16.111 |
| Vehicle loans | 9.256 | 135.535 | 144.791 |
| Consumer loans | - | 163.351 | 163.351 |
| Other | - | - | - |
| Corporate credit cards-TL | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Corporate credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Overdraft account-TL (Legal Entity) | 3.111 | - | 3.111 |
| Overdraft account-FC(Legal Entity) | 53.880 | - | 53.880 |
| Total | 1.628.633 | 3.259.836 | 4.888.469 |

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. Explanations and notes related to assets (Continued):

6. Information on loans (Continued)

f. Allocation of loans by customers:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

g. Breakdown of domestic and foreign loans:

The distribution of loans excluding non-performing loans is as follows:

| | Current Period | Prior Period |
|----------------|-----------------------|---------------------|
| Domestic loans | 50.934.612 | 42.548.772 |
| Foreign loans | 1.038.691 | 1.160.191 |
| Total | 51.973.303 | 43.708.963 |

h. Loans granted to subsidiaries and associates:

Loans given to subsidiaries and affiliates are as follows:

| | Current Period | | Prior Period | |
|---|-----------------------|-----------|---------------------|-----------|
| | TL | FC | TL | FC |
| Direct loans to subsidiaries and affiliates | 1.280.103 | - | 1.273.002 | - |
| Indirect loans given to subsidiaries and affiliates | - | - | - | - |
| Total | 1.280.103 | - | 1.273.002 | - |

i. Default provisions for loans (3rd Stage) provisions:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Loans and Receivables with Limited Collectability | 4.697 | 35.433 |
| Doubtful Loans and Other Receivables | 52.907 | 18.045 |
| Uncollectible Loans and Receivables | 47.269 | 26.393 |
| Total | 104.873 | 79.871 |

j. Information on non-performing loans and receivables (net):

j.1. Non-performing loans and receivables which are restructured or rescheduled:

None (December 31, 2022: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued):

6. Information on loans (Continued)

j.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 |
| Current Period | | | |
| Closing balance of prior period | 35.852 | 27.204 | 30.320 |
| Additions in the current period (+) | 56.504 | 16.241 | 10.487 |
| Transfers from other categories of non-performing loans (+) | - | 62.144 | 27.715 |
| Transfers to other categories of non-performing loans (-) | 62.144 | 27.715 | - |
| Collections in the current period (-) | 20.254 | 9.427 | 12.906 |
| Write offs (-) | - | - | - |
| Sale (-) | - | - | - |
| Corporate and commercial loans | - | - | - |
| Retail loans | - | - | - |
| Credit cards | - | - | - |
| Other | - | - | - |
| Closing balance of the current period | 9.958 | 68.447 | 55.616 |
| Provision (-) | 4.697 | 52.907 | 47.269 |
| Net balance at the balance sheet | 5.261 | 15.540 | 8.347 |

| | III. Group | IV. Group | V. Group |
|---|---|--|-------------------------------------|
| | Loans and receivables with limited collectibility | Loans and receivables with doubtful collectibility | Uncollectible loans and receivables |
| Prior Period | | | |
| Closing balance of prior period | 8.312 | 13.071 | 174.144 |
| Additions in the current period (+) | 86.909 | 12.753 | 5.199 |
| Transfers from other categories of non-performing loans (+) | - | 41.874 | 24.418 |
| Transfers to other categories of non-performing loans (-) | 41.874 | 24.418 | - |
| Collections in the current period (-) | 17.397 | 14.020 | 3.526 |
| Write offs (-) | - | - | 168.069 |
| Sale (-) | - | - | - |
| Corporate and commercial loans | - | - | - |
| Retail loans | - | - | - |
| Credit cards | - | - | - |
| Other | - | - | - |
| Closing balance of the current period | 35.950 | 29.260 | 32.166 |
| Provisions (-) | 35.433 | 18.045 | 26.393 |
| Net balance at the balance sheet | 517 | 11.215 | 5.773 |

j.3. Non-performing loans and other receivables in foreign currencies:

None (December 31, 2022: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued):

6. Information on loans (Continued)

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 |
| Current Period (net) | 5.261 | 15.540 | 8.347 |
| Loans to individuals and corporates (gross) | 9.958 | 68.447 | 55.616 |
| Provision (-) | 4.697 | 52.907 | 47.269 |
| Loans to individuals and corporates (net) | 5.261 | 15.540 | 8.347 |
| Banks (gross) | - | - | - |
| Provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans (Gross) | - | - | - |
| Provision (-) | - | - | - |
| Other Loans (Net) | - | - | - |
| Prior Period (Net) | 517 | 11.215 | 5.773 |
| Loans to Real Persons and Legal Entities (Gross) | 35.950 | 29.260 | 32.166 |
| Specific provision (-) | 35.433 | 18.045 | 26.393 |
| Loans to Real Persons and Legal Entities (Net) | 517 | 11.215 | 5.773 |
| Banks (Gross) | - | - | - |
| Provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | - | - | - |
| Provision (-) | - | - | - |
| Other loans and receivables (Net) | - | - | - |

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. Grup | IV. Grup | V. Grup |
|---|--------------------------|----------------|--------------|
| | Limited Collection Loans | Doubtful Loans | Loss Loans |
| Current Period (Net) | 300 | 6.488 | 3.060 |
| Dividend Accruals and Rediscounts and Valuation Differences | 300 | 6.488 | 3.060 |
| Provisions (-) | - | - | - |
| Prior Period (Net) | 62 | 818 | 338 |
| Dividend Accruals and Rediscounts and Valuation Differences | 102 | 2.057 | 1.845 |
| Provisions (-) | 40 | 1.239 | 1.507 |

k. 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.

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. Explanations and notes related to assets (Continued):

6. Information on loans (Continued)

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. Deducting loans from records is an accounting practice that has no effect on withdrawal.

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. There is no cancellation of the loans brought because it is believed that it will not be possible to collect it in 2023. (December 31, 2022: None).

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 | 12.505.119 | 10.440.441 |
| Total | 12.505.119 | 10.440.441 |

b. Information on investment securities measured at amortized cost

| | Current Period | Prior Period |
|----------------------------|-----------------------|---------------------|
| Debt Securities | 12.505.119 | 10.440.441 |
| Quoted on a stock Exchange | 5.434.995 | 1.904.621 |
| Unquoted | 7.070.124 | 8.535.820 |
| Share certificates | - | - |
| Quoted on a stock exchange | - | - |
| Unquoted | - | - |
| Impairment Provision (-) | - | - |
| Total | 12.505.119 | 10.440.441 |

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. Explanations and notes related to assets (Continued):

7. Information on Financial Assets Measured at Amortized Cost (Continued):

c. Information on the movements of financial assets valued at amortized cost during the year:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at beginning of period | 10.440.441 | 2.713.586 |
| Foreign currency differences on monetary assets (*) | 2.064.678 | 1.533.167 |
| Purchases during period | - | 6.209.920 |
| Disposals through sales and redemptions | - | (16.232) |
| Impairment provision (-) | - | - |
| Closing Balance | 12.505.119 | 10.440.441 |

(*) This amount includes TL 590.464 (December 31, 2022: TL 737.115) income accrual.

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 a year | 253.136 | 235.937 | 61.869 | 58.166 |
| 1 to 4 years | 334.101 | 277.811 | 460.014 | 377.536 |
| More than 4 years | 63.887 | 58.010 | 55.961 | 50.580 |
| Total | 651.124 | 571.758 | 577.844 | 486.282 |

b. Information on net investments through finance lease:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Finance lease receivables (gross) | 651.124 | 577.844 |
| Unearned finance lease receivable (-) | 79.366 | 91.562 |
| Receivable from finance leases (net) | 571.758 | 486.282 |

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

| | | Leasing Receivables Under Close Monitoring | | | |
|---------------------------------|-----------------------|---|---|-----------|---|
| | | Leasing receivables not subject to restructured loans | Restructured or rescheduled | | |
| | | | Leasing Receivables with Revised Contract Terms | Refinance | |
| Finance Lease | Standard Loans | | | | |
| Current Period | | | | | |
| Finance lease receivables (Net) | 571.758 | - | - | - | - |
| Prior Period | | | | | |
| Finance lease receivables (Net) | 486.282 | - | - | - | - |

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 | 5.242 | 8.000 |
| Additions | 4.164 | 4.360 |
| Disposals | (1.102) | (7.118) |
| Transfers | - | - |
| Impairment (-) | - | - |
| Closing balance | 8.304 | 5.242 |

10. Information on associates

a. Associates (net):

a.1 Information on unconsolidated associates:

The Bank became a shareholder of Katılım Finans Kefalet A.Ş., which was established with the aim of creating a guarantee system in accordance with the principles and principles of Participation Banking, on April 30, 2023, with a participation fee of 22,500 TL. The total capital of the company is 600,000 TL and the Bank's total participation amount is 90,000 TL, which corresponds to 15%. The remaining 67,500 TL will be paid within 2 years. There is a member of the board of directors in the company to represent the Bank's shares.

| Title | Address (City/Country) | If the Parent Bank's Share Ratio is Different, Voting Ratio (%) | Share Ratio of Other Partners (%) |
|-----------------------------|-------------------------------|--|--|
| Katılım Finans Kefalet A.Ş. | İstanbul/Türkiye | %15 | %85 |

a.2 Information on consolidated associates:

None (December 31, 2022: None).

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued):

10. Information on associates(Continued)

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 30 June 2023 and 31 December 2022.

b.2 Information on consolidated subsidiaries

Emlak Varlık Kiralama A.Ş., which is a %100 subsidiaries of the Bank, 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 and began to operate on 5 August 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 20 January 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 | Adress (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 those of Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş.'s financial statements dated December 31, 2022 which have undergone reviewed.

| 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 |
|------|-----------------|-------------------------|-----------------------|---------------------------------------|--|-----------------------------------|------------------------------|------------|
| 1 | 5.736.949 | 6.899 | - | 658.646 | - | 2.706 | - | - |
| 2 | 7.981.399 | 49 | - | 732.501 | - | (1) | - | - |

b.2.1 Movement information on subsidiaries

| | Current Period | Prior Period |
|--|----------------|--------------|
| Amount at the beginning of the period | 100 | 100 |
| Movements inside the term | - | - |
| Purchases / new incorporations / capital increases (*) | - | - |
| Bonus shares | - | - |
| Profit received from current year share | - | - |
| Sales | - | - |
| Revaluation increases | - | - |
| Impairments | - | - |
| Amount at the end of the period | 100 | 100 |
| Capital commitments | - | - |
| Share of the capital at the end of the period (%) | 100 | 100 |

b.2.2 Information on investments in joint-ventures

None (31 December 2022: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued):

11. Information on tangible assets:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

12. Information on intangible assets:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

13. Information on investment property:

None (December 31, 2022: None).

14. Information related to deferred tax asset:

Information related to deferred tax asset of the Bank:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Lease certificates rediscount income | 1.494.247 | 660.802 |
| Prepaid wages and commissions and unearned income | 71.614 | 71.391 |
| Expected Loss Provisions | 194.023 | 197.527 |
| Securities valuation differences | 6.511 | 6.511 |
| Provisions for retirement premium and vacation pay liabilities | 39.551 | 34.569 |
| Derivative financial instruments | 12.859 | 3.449 |
| IFRS 16 allowance | 20.256 | 12.503 |
| Other debt and expense provisions | 252.667 | 169.984 |
| Deferred tax asset | 2.091.728 | 1.156.736 |
| Securities valuation differences | 357.488 | 479.028 |
| Derivative instruments | 69.438 | 1.296 |
| Profit share rediscount | 670.921 | 12.886 |
| Difference between book value and tax value of tangible fixed assets | 33.993 | - |
| Other | 164 | 209 |
| Deferred tax liability | 1.132.004 | 493.419 |
| Deferred tax asset (Net) | 959.724 | 663.317 |

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 does not exceed 10% of the balance sheet total.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|----------------|--|-------------------|
| I. Real Persons Current Accounts | | | | | | | | | |
| Non-Trade TL | 704.856 | - | - | - | - | - | - | - | 704.856 |
| II. Real Persons Participation Accounts Non-Trade TL(*) | - | 3.122.096 | 5.823.490 | 2.102.364 | 677.745 | 236.595 | 219.468 | - | 12.181.758 |
| III. Current Account other-TL | 4.467.221 | - | - | - | - | - | - | - | 4.467.221 |
| Public Sector | 24.981 | - | - | - | - | - | - | - | 24.981 |
| Commercial Institutions | 3.051.687 | - | - | - | - | - | - | - | 3.051.687 |
| Other Institutions | - | - | - | - | - | - | - | - | - |
| Commercial and Other Institutions | 28.584 | - | - | - | - | - | - | - | 28.584 |
| Banks and Participation Banks | 1.361.969 | - | - | - | - | - | - | - | 1.361.969 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | 1.361.969 | - | - | - | - | - | - | - | 1.361.969 |
| Participation Banks | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| IV. Participation Accounts-TL | - | 16.546.827 | 6.634.066 | 141.520 | 34.388 | 31.020 | - | - | 23.387.821 |
| Public Sector | - | 5.477.008 | 779.126 | 223 | 21.088 | - | - | - | 6.277.445 |
| Commercial Institutions | - | 9.472.708 | 4.027.405 | 136.765 | 13.300 | 31.020 | - | - | 13.681.198 |
| Other Institutions | - | 238.589 | 177.202 | - | - | - | - | - | 415.791 |
| Commercial and Other Institutions | - | 857.705 | 1.650.333 | 4.532 | - | - | - | - | 2.512.570 |
| Banks and Participation Banks | - | 500.817 | - | - | - | - | - | - | 500.817 |
| V. Real Persons Current Accounts Non- Trade FC | 20.470.770 | - | - | - | - | - | - | - | 20.470.770 |
| VI. Real Persons Participation Accounts Non-Trade FC | - | 2.789.574 | 407.654 | 32.592 | 22.179 | 12.195 | - | - | 3.264.194 |
| VII. Other Current Accounts FC | 29.725.038 | - | - | - | - | - | - | - | 29.725.038 |
| Residents in Turkey-Corporate | 8.382.334 | - | - | - | - | - | - | - | 8.382.334 |
| Residents Abroad-Corporate | 21.276.664 | - | - | - | - | - | - | - | 21.276.664 |
| Banks and Participation Banks | 66.040 | - | - | - | - | - | - | - | 66.040 |
| Central Bank of Turkey | 38.599 | - | - | - | - | - | - | - | 38.599 |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | 27.441 | - | - | - | - | - | - | - | 27.441 |
| Participation Banks | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| VIII. Participation Accounts other-FC | - | 1.755.148 | 273.664 | 892 | - | - | - | - | 2.029.704 |
| Public sector | - | 472.372 | - | - | - | - | - | - | 472.372 |
| Commercial institutions | - | 677.239 | 5.688 | 892 | - | - | - | - | 683.819 |
| Other institutions | - | 5.193 | - | - | - | - | - | - | 5.193 |
| Commercial and Other Institutions | - | 600.344 | 267.976 | - | - | - | - | - | 868.320 |
| Banks and Participation Banks | - | - | - | - | - | - | - | - | - |
| IX. Precious Metals Deposits | 1.395.345 | 823.877 | 312.270 | 13.596 | 4.373 | 3.097 | - | - | 2.552.558 |
| X. Participation Accounts Special Fund Pools TL | - | 387.829 | 257.175 | 516.634 | - | - | - | - | 1.161.638 |
| Residents in Turkey | - | 387.829 | 257.175 | 516.634 | - | - | - | - | 1.161.638 |
| Residents Abroad | - | - | - | - | - | - | - | - | - |
| XI. Participation Accounts Special Fund Pools – FC | - | - | - | - | - | - | - | - | - |
| Residents in Turkey | - | - | - | - | - | - | - | - | - |
| Residents Abroad | - | - | - | - | - | - | - | - | - |
| Total (I+II+.....+IX+X+XI) | 56.763.230 | 25.425.351 | 13.708.319 | 2.807.598 | 738.685 | 282.907 | 219.468 | - | 99.945.558 |

(*) The participation account balance is 6,569,661 TL "Exchange Rate Protected Turkish Lira Term Deposit" opened within the scope of the announcement of the Ministry of Treasury and Finance of the Republic of Turkey dated 24 December 2021, the product published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, "Foreign Exchange Convertible Exchange Rate Protected Turkish It also includes the balances of 8,479,893 TL opened within the scope of "Lira Time Deposits" and 4,070,897 TL opened within the scope of the product "YUVAM Accounts" published in the Official Gazette dated 1 February 2022 and numbered 31737.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. 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 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|----------------|--|-------------------|
| I. Real Persons Current Accounts | | | | | | | | | |
| Non-Trade TL | 603.060 | - | - | - | - | - | - | - | 603.060 |
| II. Real Persons Participation Accounts Non-Trade TL | - | 2.753.986 | 4.186.617 | 1.396.878 | 176.120 | 85.103 | 166.189 | - | 8.764.893 |
| III. Current Account other-TL | 5.520.675 | - | - | - | - | - | - | - | 5.520.675 |
| Public Sector | 94.986 | - | - | - | - | - | - | - | 94.986 |
| Commercial Institutions | 5.119.251 | - | - | - | - | - | - | - | 5.119.251 |
| Other Institutions | - | - | - | - | - | - | - | - | - |
| Commercial and Other Institutions | 20.105 | - | - | - | - | - | - | - | 20.105 |
| Banks and Participation Banks | 286.333 | - | - | - | - | - | - | - | 286.333 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | 286.333 | - | - | - | - | - | - | - | 286.333 |
| Participation Banks | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| IV. Participation Accounts-TL | - | 13.033.699 | 3.444.170 | 1.497.705 | 1.366.908 | 123.474 | - | - | 19.465.956 |
| Public Sector | - | 5.865.629 | 949.950 | 1.056.924 | 3.117 | - | - | - | 7.875.620 |
| Commercial Institutions | - | 6.898.559 | 2.344.662 | 373.842 | 1.359.274 | 123.474 | - | - | 11.099.811 |
| Other Institutions | - | 125.552 | 31.418 | 2.034 | - | - | - | - | 159.004 |
| Commercial and Other Institutions | - | 143.959 | 118.140 | 64.905 | 4.517 | - | - | - | 331.521 |
| Banks and Participation Banks | - | - | - | - | - | - | - | - | - |
| V. Real Persons Current Accounts Non- Trade FC | 13.656.496 | - | - | - | - | - | - | - | 13.656.496 |
| VI. Real Persons Participation Accounts Non-Trade FC | - | 2.497.226 | 350.410 | 20.179 | 35.765 | 28.097 | - | - | 2.931.677 |
| VII. Other Current Accounts FC | 23.413.338 | - | - | - | - | - | - | - | 23.413.338 |
| Residents in Turkey-Corporate | 9.819.271 | - | - | - | - | - | - | - | 9.819.271 |
| Residents Abroad-Corporate | 13.583.612 | - | - | - | - | - | - | - | 13.583.612 |
| Banks and Participation Banks | 10.455 | - | - | - | - | - | - | - | 10.455 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | 10.455 | - | - | - | - | - | - | - | 10.455 |
| Participation Banks | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| VIII. Participation Accounts other-FC | - | 1.701.301 | 275.985 | 152.140 | 24.115 | 519 | - | - | 2.154.060 |
| Public sector | - | 3.670 | 74 | - | - | - | - | - | 3.744 |
| Commercial institutions | - | 696.248 | 177.986 | 152.140 | 24.115 | 519 | - | - | 1.051.008 |
| Other institutions | - | 6.842 | - | - | - | - | - | - | 6.842 |
| Commercial and Other Institutions | - | 994.541 | 97.925 | - | - | - | - | - | 1.092.466 |
| Banks and Participation Banks | - | - | - | - | - | - | - | - | - |
| IX. Precious Metals Deposits | 1.297.229 | 602.867 | 198.260 | 12.683 | 14.023 | 1.975 | - | - | 2.127.037 |
| X. Participation Accounts Special Fund Pools TL | - | 108.383 | 427.210 | 503 | 50.577 | - | - | - | 586.673 |
| Residents in Turkey | - | 108.383 | 427.210 | 503 | 50.577 | - | - | - | 586.673 |
| Residents Abroad | - | - | - | - | - | - | - | - | - |
| XI. Participation Accounts Special Fund Pools – FC | - | - | - | - | - | - | - | - | - |
| Residents in Turkey | - | - | - | - | - | - | - | - | - |
| Residents Abroad | - | - | - | - | - | - | - | - | - |
| Total (I+II+.....+IX+X+XI) | 44.490.798 | 20.697.462 | 8.882.652 | 3.080.088 | 1.667.508 | 239.168 | 166.189 | - | 79.223.865 |

(*) Balance of Participation Accounts includes TL 3.294.695 of FX- Protected Turkish Lira Time Deposit which was launched by Ministry of Treasury and Finance on December 24, 2021 and TL 6.689.223 of Conversion Supported FX protected Turkish Lira Time Deposit which was announced by TCMB on Official Gazette, numbered 31696 on December 21, 2021 and TL 2.920.463 of YUVAM accounts which was announced on February 1, 2022, Official Gazette numbered 31737 .

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. 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 | 3.673.863 | 1.872.374 | 35.784.239 | 26.084.753 |
| Turkish Lira accounts | 1.901.086 | 1.054.203 | 11.941.953 | 8.785.745 |
| Foreign currency accounts | 1.772.777 | 818.171 | 23.842.286 | 17.299.008 |
| Foreign branches' deposits subject to foreign authorities insurance | - | - | - | - |
| Off-shore deposits under foreign authorities' insurance | - | - | - | - |

Information on legal persons' current and participation accounts 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 |
| Legal persons' current and participation accounts | 2.002.889 | 967.011 | 49.623.654 | 41.922.324 |
| Turkish Lira accounts | 988.824 | 553.920 | 18.888.253 | 16.227.368 |
| Foreign currency accounts | 1.014.065 | 413.091 | 30.735.401 | 25.694.956 |
| 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 200 (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 | 3.166 | 9.763 |
| 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 | - | - |

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes related to liabilities (Continued):

1. Information on funds collected: (Continued)

Funds collected of legal 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 | 50.165 | 50.577 |
| 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 received loans:

a.1. Information on the type of loan received

| | Current Period | | Prior Period | |
|---|-----------------------|------------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Syndication loans | - | - | - | - |
| Wakale loans | 156.797 | 1.525.939 | 149.324 | 382.736 |
| Loans obtained from Issued Lease certificates (Sukuk) | 7.930.810 | - | 6.254.164 | - |
| Other | - | - | - | 366.829 |
| Total | 8.087.607 | 1.525.939 | 6.403.488 | 749.565 |

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 | 8.087.607 | 1.525.939 | 6.403.488 | 364.003 |
| Loans from foreign banks, institutions and funds | - | - | - | 385.562 |
| Total | 8.087.607 | 1.525.939 | 6.403.488 | 749.565 |

a.3 Maturity analysis of funds borrowed:

| | Current Period | | Prior Period | |
|----------------------|-----------------------|------------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Short-Term | 5.254.202 | 1.056.135 | 4.488.132 | 405.945 |
| Medium and Long-Term | 2.833.405 | 469.804 | 1.915.356 | 343.620 |
| Total | 8.087.607 | 1.525.939 | 6.403.488 | 749.565 |

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, 2022: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes related to liabilities (Continued):

3. Information on derivative financial liabilities held for trading:

| | Current Period | | Prior Period | |
|----------------------|----------------|-----------|--------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 39.625 | 61 | 1.652 | 275 |
| Swap Transactions | - | - | 3.264 | 12.406 |
| Futures Transactions | - | - | - | - |
| Options | - | - | - | - |
| Other | - | - | - | - |
| Total | 39.625 | 61 | 4.916 | 12.681 |

4. Lease payables:

| | Current Period | | Prior Period | |
|-------------------|----------------|----------|----------------|----------|
| | FC | TL | FC | FC |
| Less than 1 year | 60.057 | - | 50.502 | - |
| Between 1-5 years | 237.262 | - | 173.057 | - |
| Over 5 years | 69.095 | - | 54.689 | - |
| Total | 366.414 | - | 278.248 | - |

5. Information on hedging derivative financial liabilities:

None (December 31, 2022: None).

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 49.427 (December 31, 2022: TL 38.248), TL 18.775 (December 31, 2022: TL 10.027), vacation pay liability amounting to TL 29.150 (December 31, 2022: TL 90.000) performance premium provision, the Bank's total amount of provisions for employee rights is TL 97.352 (December 31, 2022: TL 138.275).

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.

| | Current Period | Prior Period |
|---|----------------|--------------|
| Discount rate (%) | 10,60 | 10,60 |
| Estimated increase rate of salary ceiling (%) | 8,80 | 8,80 |

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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.)

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes related to liabilities (Continued)

6. 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 | 38.248 | 8.170 |
| Change in the period | 11.179 | 6.356 |
| Actuarial (gain) / loss | - | 23.722 |
| Balance at the end of the period | 49.427 | 38.248 |

b. Other Provisions:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Provisions allocated from profit shares to be distributed to profit sharing accounts | 242.217 | 103.969 |
| Free provisions allocated for possible losses (*) | 642.414 | 642.414 |
| Provisions for cases on trial | 4.984 | 4.354 |
| Impairment provision | 1.095 | 4.059 |
| Non-cash loans first and second stage expected loss provisions | 156.410 | 152.633 |
| Total | 1.047.120 | 907.429 |

(*) The bank's management allocated TL 642,414 outside of the requirements of the BRSA Accounting and Financial Reporting Legislation, which includes free provision. (December 31, 2022 : TL 642.414)

c. Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

None (December 31, 2022: None).

7. Information on taxes payable:

a. Information on Tax Liability

a.1. Explanations on current tax liability:

As of June 30, 2023, the Bank does not have any tax debt remaining after deducting the corporate taxes paid. (December 31, 2022: None).

a.2. Information on taxes payable:

| | Current Period | Prior Period |
|----------------------------------|-----------------------|---------------------|
| Corporate Tax Payable | 482.692 | 1.215.294 |
| BSMV | 12.437 | 31.817 |
| Income tax deducted from wages | 39.463 | 33.449 |
| Income Tax on Securities | 12.453 | 10.447 |
| Foreign Exchange Transaction Tax | 37.436 | 45.618 |
| Value Added Tax Payable | 11.298 | 4.546 |
| Real Estate Capital Gains Tax | 1.082 | 770 |
| Other | 1.147 | 3.098 |
| Total | 598.008 | 1.345.039 |

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes related to liabilities (Continued):

7. Information on taxes payable (Continued):

a.3. Information on premiums:

| | Current Period | Prior Period |
|---|----------------|---------------|
| Social security premiums-employee | 69 | 59 |
| Social security premiums-employer | 101 | 87 |
| Unemployment insurance-employee | 9.966 | 8.296 |
| Unemployment insurance-employer | 14.620 | 12.148 |
| Bank pension fund premium- employees | - | - |
| Bank pension fund premium- employer | - | - |
| Pension fund membership fees and provisions-employees | 2.598 | 1.888 |
| Pension fund membership fees and provisions- employer | 1.260 | 941 |
| Other | - | - |
| Total | 28.614 | 23.419 |

8. Information on liabilities for non-current assets related to held for sale and discontinued operations

None (December 31, 2022: None).

9. Detailed explanations regarding the number of subordinated loans used by the Bank, their maturity, dividend ratio, the institution from which the loan was obtained and the option to convert into shares, if any:

| | Current Period | | Prior Period | |
|---|----------------|------------------|--------------|------------------|
| | TL | FC | TL | FC |
| Borrowing Instruments to be Included in | | | | |
| Additional Capital Calculation | - | 5.965.915 | - | 4.110.376 |
| Subordinated Loans | - | 5.965.915 | - | 4.110.376 |
| Subordinated Debt Instruments | - | - | - | - |
| Debt Instruments to be Included in the | | | | |
| Contribution Capital Calculation | - | - | - | - |
| Subordinated Loans | - | - | - | - |
| Subordinated Debt Instruments | - | - | - | - |
| Total | - | 5.965.915 | - | 4.110.376 |

As of June 30, 2023 the Bank has a 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) and a subordinated debt that creditor is Türkiye Varlık Fonu A.Ş. with an ISIN code of TRT250232F15, starting date of 9 March 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31,688.489 (Full Euro).

The related borrowing instrument has no option to pay dividends and convert to share certificates.

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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, 2022: None).

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

| | Current Period | Prior Period |
|-----------------|-----------------------|---------------------|
| 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:

The Bank's registered capital system did not apply as of 30 June 2023 and 31 December 2022.

c. Information on the share capital increases during the period and their sources; other information on increased capital in the current period:

There is no capital increase in the current period.

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 2021: 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's 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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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes related to liabilities (Continued):

11. Information on shareholders' equity (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 (*) | 1.176.911 | 13.121 | 1.520.003 | 22.224 |
| Foreign exchange difference | - | - | - | - |
| Total | 1.176.911 | 13.121 | 1.520.003 | 22.224 |

(*) The amount represents the net balance after deferred tax liability.

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 24 April 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR) and a subordinated debt that creditor is Türkiye Varlık Fonu A.Ş. with an ISIN code of TRT250232F15, starting date of 9 March 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31,688.489 (Full Euro) which are been 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 | 4.974.636 | 4.307.375 |
| Forward Asset Sale Commitments | 3.782.875 | 4.369.088 |
| Payment Commitments for Cheques | 294.147 | 170.002 |
| Tax and Fund Liabilities Arising from Export Commitments | - | - |
| Credit Cards Limit Commitments | 67.500 | - |
| Other Irrevocable Commitments | 1.492.177 | 1.364.944 |
| Total | 10.611.335 | 10.211.409 |

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

III. Explanations and notes related to off-balance sheet: (Continued)

1. Explanations on off balance sheet: (Continued)

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 |
|-------------------------------|-----------------------|---------------------|
| Guarantees | 13.275.514 | 9.845.271 |
| Letters of credit | 213.955 | 200.437 |
| Bank loans | 660.310 | 429.301 |
| Other guaranties and sureties | - | - |
| Total | 14.149.779 | 10.475.009 |

b.2. Revocable, irrevocable guarantees and other similar commitments and contingencies:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Temporary letters of guarantees | 439.633 | 523.772 |
| Advance letters of guarantees | 1.204.664 | 854.173 |
| Letters of guarantees given to customs | 543.904 | 334.379 |
| Definitive Letters of Guarantee | 7.661.541 | 5.651.877 |
| Letters of Guarantee Given for the Guarantee of Cash Loans | 3.417.591 | 2.475.291 |
| Other | 8.181 | 5.779 |
| Total | 13.275.514 | 9.845.271 |

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 | 3.417.591 | 2.475.291 |
| With original maturity of 1 year or less | 136.661 | 206.803 |
| With original maturity of more than 1 year | 3.280.930 | 2.268.488 |
| Other non-cash loans | 10.732.188 | 7.736.118 |
| Total | 14.149.779 | 10.211.409 |

c.2. Sectoral risk concentration of non-cash loans:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

c.3. Information on the non-cash loans classified in Group I and Group II:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

III. Explanations and notes related to off-balance sheet: (Continued)

2. Explanations on derivative transactions:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

3. Explanations on contingent assets and liabilities:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

4. Explanations on services rendered on behalf of third parties:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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 |
| Profit share received from loans | | | | |
| Short Term Loans | 1.912.689 | 321.481 | 755.463 | 65.361 |
| Medium and Long Term Loans | 1.376.735 | 152.571 | 868.113 | 138.572 |
| Profit Share on Non-Performing Loans | 1.190 | 133 | 1.159 | - |
| Total | 3.290.614 | 474.185 | 1.624.735 | 203.933 |

b. Information on profit share income received from banks:

| | Current Period | | Prior Period | |
|----------------------------------|----------------|----------|---------------|----------|
| | TL | FC | TL | FC |
| CBRT | 341.254 | - | 18.732 | - |
| Domestic Banks | 1.367 | - | 76 | - |
| Foreign Banks | - | - | - | - |
| Head Offices and Branches Abroad | - | - | - | - |
| Total | 342.621 | - | 18.808 | - |

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to 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) | 173.101 | 21.700 | 20.154 | 12.944 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) | 941.492 | 88.440 | 839.794 | 36.416 |
| Financial Assets Measured at Amortized Cost | 497.638 | 106.388 | 36.622 | 71.558 |
| Total | 1.612.231 | 216.528 | 896.570 | 120.918 |

d. Information on profit share income received from associates and subsidiaries:

| | Current Period | | Prior Period | |
|---|----------------|----------|--------------|----------|
| | TL | FC | TL | FC |
| Dividends received from subsidiaries and affiliates | 14.949 | - | 1.375 | - |
| Total | 14.949 | - | 1.375 | - |

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 years | More than 1 years | | | |
| TL | | | | | | | | | |
| Funds collected from banks through current and profit sharing accounts | 4.927 | 3.452 | - | - | - | - | - | - | 8.379 |
| Real persons' non-trading profit sharing accounts | 18.346 | 509.940 | 97.029 | - | 818 | 54.450 | - | - | 680.583 |
| Public sector profit sharing accounts | 430.975 | 114.160 | 67.732 | - | 965 | 1.325 | - | - | 615.157 |
| Commercial sector profit sharing accounts | 211.935 | 659.040 | 49.534 | - | 9.044 | 108.791 | - | - | 1.038.344 |
| Other institutions profit sharing accounts | 3.048 | 23.116 | 485 | - | - | - | - | - | 26.649 |
| Total | 669.231 | 1.309.708 | 214.780 | - | 10.827 | 164.566 | - | - | 2.369.112 |
| FC | | | | | | | | | |
| Banks | - | - | - | - | - | - | - | - | - |
| Real persons' non-trading profit sharing accounts | 3.269 | 9.984 | 473 | - | 6.752 | 146 | - | - | 20.624 |
| Public sector profit sharing accounts | 2.510 | 22 | - | - | - | - | - | - | 2.532 |
| Public sector profit sharing accounts | 2.949 | 9.172 | 89 | - | 7.952 | - | - | - | 20.162 |
| Other institutions profit sharing accounts | 12 | 19 | - | - | - | - | - | - | 31 |
| Precious metals deposits | 1.577 | - | - | - | - | - | - | - | 1.577 |
| Total | 10.317 | 19.197 | 562 | - | 14.704 | 146 | - | - | 44.926 |
| Grand Total | 679.548 | 1.328.905 | 215.342 | - | 25.531 | 164.712 | - | - | 2.414.038 |

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to the statement of income or loss (Continued):

2. Explanations on profit share expenses (Continued):

| Prior Period | Profit Sharing Accounts | | | | | | Accumulated participation accounts | Total |
|--|-------------------------|----------------|----------------|---------------|---------------|-------------------|------------------------------------|------------------|
| | Up to 1 month | Up to 3 month | Up to 6 month | Up to 9 month | Up to 1 years | More than 1 years | | |
| Account Name | | | | | | | | |
| TL | | | | | | | | |
| Funds collected from banks through current and profit sharing accounts | 2.128 | 48.053 | - | - | - | - | - | 50.181 |
| Real persons' non-trading profit sharing accounts | 10.804 | 142.168 | 5.452 | - | 431 | 10.443 | - | 169.298 |
| Public sector profit sharing accounts | 162.204 | 37.358 | 6.857 | - | 4.670 | - | - | 211.089 |
| Commercial sector profit sharing accounts | 102.696 | 320.588 | 98.345 | - | 4.343 | 3.271 | - | 529.243 |
| Other institutions profit sharing accounts | 5.193 | 43.785 | 4.212 | - | - | - | - | 53.190 |
| Total | 283.025 | 591.952 | 114.866 | - | 9.444 | 13.714 | - | 1.013.001 |
| FC | | | | | | | | |
| Banks | - | 3.818 | - | - | - | - | - | 3.818 |
| Real persons' non-trading profit sharing accounts | 3.965 | 24.120 | 1.845 | - | 520 | 158 | - | 30.608 |
| Public sector profit sharing accounts | - | 818 | - | - | - | - | - | 818 |
| Public sector profit sharing accounts | 6.172 | 72.455 | 7.454 | - | 59 | - | - | 86.140 |
| Other institutions profit sharing accounts | 1.730 | 655 | - | - | - | - | - | 2.385 |
| Precious metals deposits | 1.198 | - | - | - | - | - | - | 1.198 |
| Total | 13.065 | 101.866 | 9.299 | - | 579 | 158 | - | 124.967 |
| Grand Total | 296.090 | 693.818 | 124.165 | - | 10.023 | 13.872 | - | 1.137.968 |

b. Information on profit share expense paid to funds borrowed:

| | Current Period | | Prior Period | |
|----------------------------------|----------------|----------------|----------------|---------------|
| | TL | FC | TL | FC |
| Banks | 49.350 | 31.013 | 7.480 | 9.197 |
| CBRT | - | - | - | - |
| Domestic banks | 49.350 | 15.931 | 7.480 | 4.483 |
| Foreign banks | - | 15.083 | - | 4.714 |
| Head offices and branches abroad | - | - | - | - |
| Other institutions | 732.501 | 115.452 | 309.541 | 77.371 |
| Total | 781.851 | 146.465 | 317.021 | 86.568 |

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to the statement of income or loss (Continued):

2. Explanations on profit share expenses (Continued):

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 | 732.501 | - | 145.633 | - |
| Total | 732.501 | - | 145.633 | - |

d. Profit share expenses paid to marketable securities issued:

None (June 30, 2022: 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 |
|---|-----------------------|---------------------|
| Service package revenues | 483.674 | 51.233 |
| Remittance Commissions | 201.472 | 14.057 |
| Fees and commissions from correspondents | 81.496 | 3.603 |
| Import commissions | 18.442 | 4.467 |
| Appraisal fees | 10.429 | 3.748 |
| Insurance and brokerage commissions | 9.355 | 1.087 |
| Early closing commission income | 7.209 | 3.376 |
| Limit allocation commission | 5.753 | 1.613 |
| Fees and commissions from member merchant pos | 3.512 | 491 |
| Safe deposit box revenues | 719 | 308 |
| Other commission and service income received | 22.356 | 6.716 |
| Total | 844.417 | 90.699 |

| Other Fees and Commissions Given | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Expenses and commissions given to correspondents | 17.188 | 7.073 |
| Fees and commissions for Swift, EFT and money transfer | 2.573 | 1.077 |
| Commissions given to credits used | 1.258 | 186 |
| Fees and commissions given for loans used | 182 | 48 |
| Other commissions and fees | 5.996 | 1.974 |
| Total | 27.197 | 10.358 |

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to the statement of income or loss (Continued):

4. Information on dividend income:

None (June 30, 2022: None).

5. Explanations on trading income/loss (net):

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Income | 9.525.452 | 2.781.930 |
| Income from capital market transactions | 10.698 | 8.755 |
| Income from derivative financial instruments | 748.802 | 1.012.437 |
| Foreign exchange income | 8.765.952 | 1.760.738 |
| Loss (-) | 7.186.678 | 2.687.939 |
| Loss on capital market transactions | 542 | 1.070 |
| Loss on derivative financial instruments | 1.669.165 | 689.355 |
| Foreign exchange losses | 5.516.971 | 1.997.514 |
| Trading income/loss (net) | 2.338.774 | 93.991 |

6. Explanations related to other operating income:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Cancellation of expected loss provisions for previous years | 214.270 | 25.262 |
| Income from the sale of assets | 1.140 | 25.395 |
| Income from provisions set aside in previous years | 30.787 | 1.541 |
| Cancellation of provision for communication expenses | 221 | 81 |
| Lease income | 4 | 4 |
| Other income | 25.378 | 3.242 |
| Total | 271.800 | 55.525 |

7. Expected loss provision expenses and other provision expenses:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Expected Credit Loss | 202.161 | 217.645 |
| 12 month expected credit loss (stage 1) | 161.525 | 176.380 |
| Significant increase in credit risk (stage 2) | 8.468 | 11.787 |
| Non-performing loans (stage 3) | 32.168 | 29.478 |
| Marketable Securities Impairment Expense | 2.369 | 3.063 |
| Financial Assets at Fair Value through Profit or Loss | 2.369 | 3.063 |
| Financial Assets at Fair Value through Other Comprehensive Income | - | - |
| Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease | - | - |
| Investments in Associates | - | - |
| Subsidiaries | - | - |
| Joint Ventures | - | - |
| Investments Held to Maturity | - | - |
| Other (*) | 99.879 | 30.305 |
| Total | 304.409 | 251.013 |

(*) Other provision expenses include provision expenses for litigation provisions and profits to be distributed to participation accounts.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to the statement of income or loss (Continued):

8. Information on other operating expenses:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Provision for retirement pay liability (*) | 11.180 | 3.328 |
| Accumulated allowance amount (*) | 9.769 | - |
| Deficit provision for pension fund (*) | - | - |
| Impairment expenses of tangible assets | - | - |
| Depreciation expenses of tangible assets | 69.753 | 42.925 |
| Impairment expenses of intangible assets | - | - |
| Impairment expense of goodwill | - | - |
| Amortization expenses of intangible assets | 1.479 | 4.564 |
| 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 | 1.252.202 | 83.508 |
| Lease expenses related to TFRS 16 exemptions | 1.461 | 255 |
| Operating Maintenance expenses | 20.489 | 8.643 |
| Advertisement expenses | 60.272 | 28.966 |
| Other expenses ⁽¹⁾ | 1.169.980 | 45.644 |
| Loss on sale of assets | - | - |
| Other ⁽²⁾ | 119.694 | 36.444 |
| Total | 1.464.077 | 170.769 |

(*) The amount of severance pay and accumulated vacation provisions shown in other provisions in the profit or loss statement, which are not included in other operating expenses, are also included in this table.

(1) Details of "Other Expenses" balance under Other Operating Expenses are as follows:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Communication Expenses | 25.862 | 10.032 |
| Cleaning Expenses | 24.564 | 7.874 |
| Heating, Lighting and Water Expenses | 12.722 | 6.465 |
| Vehicle Expenses | 7.614 | 3.190 |
| Representation and Hospitality expenses | 5.111 | 4.181 |
| Securities insurance expenses | 3.908 | 67 |
| Stationary supplies expenses | 1.800 | 1.941 |
| Aid and donations | 1.046.181 | 935 |
| Participation on common expenses | 1.359 | 580 |
| Litigation and court expenses | 330 | 468 |
| Other Expenses | 40.529 | 9.911 |
| Total | 1.169.980 | 45.644 |

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 JUNE 30, 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to the statement of income or loss (Continued):

8. Information on other operating expenses (Continued):

(2) Other balance details are as below table:

| | Current Period | Prior Period |
|----------------------------------|-----------------------|---------------------|
| Taxes, Duties, Charges and Funds | 66.659 | 19.990 |
| Audit and Consultancy Fees | 17.304 | 6.457 |
| Participation Share Expenses | 6.210 | 1.851 |
| Saving Deposit Insurance Fund | 18.358 | 3.885 |
| Other | 11.163 | 4.261 |
| Total | 119.694 | 36.444 |

9. Explanations on income/loss from Continued operations before taxes:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

10. Explanations on tax provision for continued and discontinued operations:

As of 30 June 2023, the Bank has deferred tax income of 1,311,497 TL (30 June 2022: 400,264 TL) and deferred tax expense of 1,137,517 TL (30 June 2022: 88,077 TL). As of 30 June 2023, the Bank's current tax provision is 1,086,172 TL (30 June 2022: 539,865 TL).

Since the Bank does not have any discontinued operations, there is no tax provision regarding this. (30 June 2022: Not available).

11. income/loss from Continued and discontinued operations:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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 rights:

None.

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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.)

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and notes related to the statement of changes in shareholders’ equity

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

VI. Explanations and notes related to the statement of cash flows

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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 (*) | 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 |
| Loans and Other Receivables | | | | | | |
| Balance at the beginning of period | 1.273.002 | - | 2.355 | - | - | - |
| Balance at the end of period | 1.280.103 | - | 3.826 | - | - | - |
| Dividend and Commission Income Received (*) | 14.949 | - | 114 | - | - | - |

(*) It is defined in Article 49 of the Banking Law No. 5411 and Article 4 of the “Regulation on Credit Transaction 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 |
| Loans and Other Receivables | | | | | | |
| Balance at the beginning of period | 714.824 | - | 973 | - | - | - |
| Balance at the end of period | 1.273.002 | - | 2.355 | - | - | - |
| Dividend and Commission Income Received | 37.480 | - | 200 | - | - | - |

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 JUNE 30, 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations related to the risk group of the Bank (Continued)

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 (Continued)

c. 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 | 51.265 | 128.021 | - | - | - | - |
| Balance at the end of period | 51.285 | 51.265 | - | - | - | - |
| Profit share expense | 412 | 14.180 | - | - | - | - |

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 / sale contracts with the risk group it is included.

d. Information on the benefits provided to the top management of the bank

The total amount of the remuneration and benefits provided to the top management of the Bank for the accounting period ended June 30, 2023 is TL 10.380 (June 30, 2022: TL 1.886).

VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

IX. Explanations and notes on matters after balance sheet:

Article 19 of the Law on the Creation of Additional Motor Vehicle Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on February 6, 2023 and Amending Certain Laws and the Decree Law No. 375, which was officially published by being published in the Official Gazette No. 32249 dated July 15, 2023. With the article 22, the exemption rate of the gains arising from the sale of immovable properties has been abolished, and with the article 22, 25% of the gains arising from the sale of immovable properties that were in their assets before the law came into force are exempted. The Corporate Tax rate specified in Article 21 of the same law and the first paragraphs of Article 32 of the Corporate Tax Law No. 5520 will be applied as 30%. This change will be valid for the taxation of earnings for the period starting from January 1, 2023, starting from the required declaration starts as of October 1, 2023.

With the amendment to the Reserve Requirement communiqué published in the Official Gazette dated 21 July 2023 and numbered 32255, a 15% Reserve Requirement rate was applied to Exchange Rate Protected Deposit accounts for all maturities. It will first begin to be installed on August 4, 2023 for the programming period of July 21, 2023.

In the decision of the Bank's Ordinary General Assembly held on August 4, 2023, it was decided to transfer 140,497 TL of the 2022 period profit of 2,809,949 TL to the legal reserves and the remaining amounts to extraordinary reserves.

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 JUNE 30, 2023

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

SECTION SIX

Independent Auditor’s Review Report

I. Explanations on the Independent Auditor’s Review Report

The unconsolidated financial statements and footnotes of the Bank, as of June 30, 2023, which were disclosed to the public, and for the period ending on the same date, are prepared by PwC Independent Audit and Free Accounting Mali Müşavirlik A.Ş. and the limited audit report dated 14 August 2023 was presented before the unconsolidated financial statements.

II. Explanations on the Independent Auditor’s Review Report

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.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF JUNE 30, 2023

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. Message from the Chairman of the Board of Directors and CEO about activities related the interim period

a. Message from the Chairman of the Board of Directors

Dear stakeholders,

Q2 2023 was witness to a number of significant developments both at home and abroad. While the Russia-Ukraine war that has been afflicting our region for about a year and a half continues with somewhat reduced intensity, Russia’s withdrawal from the grain corridor agreement and Ukraine’s procurement of long-range weapons make the prospects of anything like a peace process unlikely anytime soon.

With markets looking volatile, the US Federal Reserve Bank raised the federal funds rate to 5.25%, the highest in years. The downward trend in inflation is seen as a positive development but the Fed’s signal that it could increase rates twice more this year suggests that the fight against inflation is not over yet. A similar inflation-interest rate relationship still prevails in EU markets. A series of European Central Bank interest rate hikes aimed at combating inflation are keeping it under control but the upward pressure on energy and food prices caused by the ongoing conflict to the east remains a serious threat to the euro area’s economy.

Our own country has been busy healing the wounds of the February 6 earthquake while also having to deal with presidential and parliamentary elections and their results. The appointment of a new Minister of Treasury and Finance led to immediate steps being taken to address the country’s fundamental economic problems. Reverting to a more orthodox approach, CBT took action in line with market expectations and raised interest rates to 15% at its first meeting. Upward pressure from exchange rate movements, especially the USD and EUR, are pushing up production costs and is seen as a major obstacle in the fight against inflation.

The second quarter saw the Turkish banking industry continuing to perform flat. The sector's assets topped TL 17 trillion and remained strongly structured while banks remained cautious about their lendings. Although the stagnation in credit has curbed momentum in bank profits, the sector as a whole remains robust.

Emlak Katılım continues to grow and make progress in line with its strategies. In the second quarter of the year we increased the number of our branches to 98 and the cities in which we have a presence to 39. Emlak Katılım is now positioned to deliver uninterrupted service to every corner of our country. With 1,400 people on its payroll and total assets of TL 128 billion, Emlak Katılım contributed significantly to the national economy and employment in Q2 2023.

Going forward, our bank will continue to supply the participation finance sector with innovative and sustainable financing, to satisfy customer expectations, to strengthen its technological infrastructure, and to further develop its digital banking products and services.

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

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 JUNE 30, 2023

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

INTERIM ACTIVITY REPORT (Continued)

I. Message from the Chairman of the Board of Directors and CEO about activities related the interim period (Continued)

b. Message from the CEO

Dear Cu With the appointment of a new Treasury and finance minister in the wake of national elections, new anti-inflation strategies were identified and the first steps to implement them were taken. Policies are being developed to support investment, employment, production, and export-oriented growth with the ultimate goal of achieving macro-financial and price stability. In line with this, CBT had recourse to interest rate hikes once again and raised its one-week borrowing rate to 15%. The exchange rate volatilities expected as a result of this however are likely to drive up producer prices and perpetuate inflationary pressures.

The International Monetary Fund has forecast global growth of around 2.8% for 2023, down from 3.4% in 2022, but says that the slowdown in developed economies can be expected to be even more pronounced. However the United Nations is saying that the 2023 slowdown in global growth is likely to be less severe than previously foreseen and that this is due primarily to increased household spending in the United States and the European Union, to a rebound in China, and to no reversals in previous forecasts for India.

In Q2 2023, US markets were once again at the top of most observers' agendas. The US Federal Reserve's decision to raise interest rates to 5.25% has had a significant impact on the financial sector, particularly banks. Meanwhile, the contraction of US inflation to around 4% in June is a sign of a cooling economy. The Fed's remarks that two more rate hikes may be necessary in 2023 suggest that economic tightening will continue.

Looking at our own country's banking sector we see that a contraction in the credit supply has been accompanied by Continued growth in banking operations across the board. With assets of over TL 17 trillion and a robust capital structure, Turkey's banking industry is moving confidently forward. Although tighter credit makes it more difficult for individuals and small businesses to borrow, it also contributes significantly to efforts to bring down inflation.

Emlak Katılım continues to move confidently on its way. In Q2 2023 we increased the number of our branches to 98, the number of cities in which we have operations to 39, and the number of our employees to 1,400. As of midyear our total assets and total funds collected amounted to TL 128 billion and TL 100 billion respectively while our TL 3 billion in total profit has surpassed what we booked in all of last year.

We will continue to expand our customer base and service network and also contribute to the national economy and employment by diversifying the innovative products and services that we offer through our digital channels.

Very truly yours, stomers and Business Partners,

Onur GÖK
Board Member and CEO

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 JUNE 30, 2023

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

INTERIM ACTIVITY REPORT (Continued)

I. Message from the Chairman of the Board of Directors and CEO about activities related the interim period (Continued)

c. Capital and Shareholder Structure

| Name and Surname/ Trade name | Share Amounts | Share Rates | Paid Shares | Unpaid Shares |
|----------------------------------|---------------|-------------|-------------|---------------|
| Ministry of Treasury and Finance | 1.026.915 | %99,99999 | 1.026.915 | - |
| Other | - | %0,00001 | - | - |

d. The amendments in the articles of association during period of January 1, 2023 – June 30, 2023

None.

e. Branch and Personal Information

The Bank's total number of branches is 98 (including 1 e-branch) and the total number of personnel is 1.386 at 30 June 2023.

f. Board of Directors and Executive Management

| Name and Surname | Administrative Function and Responsibility | Educational Degree | Ownership Percentage(%) |
|--------------------------------|--|--------------------|-------------------------|
| Prof. Dr. Mehmet Emin BİRPINAR | Chairman of BOD | Doctorate | - |
| Mahmut KAÇAR(*) | Vice Chairman of the Board of Directors and Chairman of the Audit Committee | Bachelor | - |
| Hasan SUVER | Member of BOD | Master | - |
| Mustafa ERDEM | Member of BOD | Bachelor | - |
| Mehmet Nuri YAZICI | Member of BOD | Bachelor | - |
| Prof. Dr. Murat BALCI | Member of BOD | Doctorate | - |
| Ramazan GÜNGÖR(*) | Member of BOD and Audit Committee | Bachelor | - |
| Onur GÖK(**) | Member of BOD / General Manager | Master | - |
| Tuğba GEDİKLİ | Assistant General Manager Responsible for Finance | Bachelor | - |
| Ali Kemal KÜÇÜKCAN | Assistant General Manager Responsible for Treasury and International Banking | Master | - |
| Hüseyin Cahit BÜYÜKBAŞ | Assistant General Manager Responsible for Sales and Marketing | 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 | - |

(*) He was elected as a member of the board of directors as a result of the 2022 Ordinary General Assembly held on 04.08.2023.

(**) He was appointed as General Manager and Board Member by the Board of Directors' decision dated 14.07.2023.

The Bank's Chairman and Members of the Board of Directors, Audit Committee Members, General Manager and Deputy General Managers do not have any payments in the Bank.

h. Managers of Internal Systems

| Name and Surname | Professional Experience | Seniority in the Field of Responsibility | Education | Area of Responsibility |
|--------------------|-------------------------|--|-----------|---|
| Abdulkadir CEBECİ | 17 year 3 mounth | 17 year 3 mounth | Master | Head of Inspection Committee |
| Halil İbrahim ÖZER | 17 year 1 month | 10 year | Master | Head of Internal Control and Compliance |
| Erhan ŞANLI | 16 year 8 month | 2 year 6 month | Bachelor | Head of Risk Management |

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 JUNE 30, 2023

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

INTERIM ACTIVITY REPORT (Continued)

I. Message from the Chairman of the Board of Directors and CEO about activities related the interim period (Continued)

i. Committee and committee members formed after the distribution of duties among the board members

AUDIT COMITEE

Mahmut KAÇAR (Head)
Ramazan GÜNGÖR

CREDIT COMITEE

Prof. Dr. Murat BALCI (Head)
Onur GÖK ()
Mustafa ERDEM (Asıl Üye)
Prof. Dr. Mehmet Emin BİRPINAR (Yedek Üye)
Hasan SUVER (Yedek Üye)

CORPORATE GOVERNANCE COMMITTEE

Mahmut KAÇAR (Head)
Prof. Dr. Murat BALCI
Mustafa ERDEM

REMUNERATION COMMITTEE

Hasan SUVER (Head)
Mehmet Nuri YAZICI
Ramazan GÜNGÖR

EXECUTIVE COMMITTEE

Prof. Dr. Mehmet Emin BİRPINAR (Head)
Onur GÖK
Hasan SUVER

j. Türkiye Emlak Katılım Bankası A.Ş. Selected Financial Indicators as of June 30, 2023

| Assets | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Loans and Financial Leasing Receivables | 52.679.082 | 44.292.621 |
| Total Securites | 26.907.764 | 23.099.787 |
| Total of Selected Assets | 79.586.846 | 67.392.408 |
| Liabilities | Current Period | Prior Period |
| Funds Collected | 99.945.558 | 79.223.865 |
| Funds Borrowed | 9.613.546 | 7.153.053 |
| Shareholders' Equity | 8.672.559 | 6.023.874 |
| Total of Selected Liabilities | 118.231.663 | 92.400.792 |

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 JUNE 30, 2023

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

INTERIM ACTIVITY REPORT (Continued)

I. Message from the Chairman of the Board of Directors and CEO about activities related the interim period (Continued)

| Income and Expense Items | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Profit Share Income | 5.992.207 | 2.883.409 |
| Profit Share Expense | 3.396.768 | 1.613.371 |
| Net Profit Share Income/Expenses | 2.595.439 | 1.270.038 |
| Net Fees and Commissions Income/Expenses | 880.711 | 110.735 |
| Personnel Expenses | 426.115 | 196.363 |
| Trading Income/Loss | 2.338.774 | 93.991 |
| Other Operating Income | 271.800 | 55.525 |
| Loans and Other Receivables from Provision for Losses | 202.161 | 217.645 |
| Other Operating Expenses | 1.443.128 | 170.769 |
| Profit Before Tax and Provisions | 3.913.072 | 912.144 |
| Tax Provisions | (912.192) | (227.648) |
| Net Profit/Losses | 3.000.880 | 684.496 |
| Ratios (%) | Current Period | Prior Period |
| Total Loans/Total Assets (*) | 41,01 | 44,19 |
| Total Loans/Total Deposits (*) | 52,71 | 55,91 |
| Capital Adequacy Ratio | 29,70 | 27,98 |

(*) Financial Leasing Receivables are included in the Total Loans figure.

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