

TÜRKİYE EMLAK KATILIM BANKASI ANONİM ŞİRKETİ

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES AT
DECEMBER 31, 2023 TOGETHER WITH INDEPENDENT AUDITOR’S
REPORT**

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH
(See Note I.b of Section Three)
INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Türkiye Emlak Katılım Bankası Anonim Şirketi

A. Audit of the Unconsolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Türkiye Emlak Katılım Bankası Anonim Şirketi (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2023, 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 for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for qualified opinion paragraph below, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.



2. Basis for Qualified Opinion

As explained in Section Five Part II. 6.b of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2023 include a free provision amounting to TL 2.850.432 thousand which consist of TL 642.414 thousand provided in prior year and TL 2.208.108 thousand recognized in the current year and related deferred tax amounting to TL 855.130 thousand which consist of TL 160.603 thousand provided in prior year and TL 694.527 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements” section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Bank has total expected credit losses provision for loans and receivables amounting to TL 567.120 thousand in respect to total loans and receivables amounting to TL 67.925.162 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2023. Explanations and notes regarding the provision for impairment of loans are represented in Notes VII of Section Three, II of Section Four, VIII of Section Four and 1.6 of Section Five of the accompanying unconsolidated financial statements as at 31 December 2023.</p> <p>The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Bank with respect to classification of loans and receivables and the calculation of expected credit losses in accordance with the applicable regulations. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Bank's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology, we have assessed reasonability and tested model segmentation, lifetime probability of default model, exposure at default calculation, loss given default model and the approaches to reflecting macroeconomic expectations with our financial risk experts. We have assessed interpretation of expert opinion regarding reasonable and supportable forward-looking expectations (including macroeconomic factors).</p>

<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as historical loss experiences, current conditions, macro-economic expectations; the significance of the loans and receivables balances, the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<p>Our procedures also included the following:</p> <ul style="list-style-type: none"> • Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used. • We checked the suitability and accuracy of the data used in the expected credit loss approach to determine the Bank's impairment allowance. • We checked accuracy of resultant expected credit losses calculations on a sample basis. • To assess appropriateness of the Bank's determination of staging for credit risk in the framework of existing regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample. • We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans and receivables.



4. Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2022 were audited by another independent audit firm that expressed a qualified opinion in consequence of free provision and related deferred tax in the financial statements in audit report dated 10 March 2023.

5. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

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

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

6. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

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

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Talar Gül, SMMM
Independent Auditor

Istanbul, 7 March 2024

**UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE EMLAK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

Bank's headquarter address : Barbaros Mahallesi, Begonya Sk. No:9A,
34746 Ataşehir/İstanbul
Bank's phone number and facsimile : 00 90 216 266 26 26 - 00 90 216 275 25 25
Bank's website : www.emlakkatilim.com.tr
Electronic mail contact info : bilgi@emlakkatilim.com.tr

The unconsolidated year ended financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

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

The unconsolidated financial statements and related disclosures and footnotes; 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 audited and presented as attached.

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

Onur GÖK
General Manager

Mehmet Nuri YAZICI
Chairman of the Audit
Committee

Ramazan GÜNGÖR
Member of the Audit
Committee

Tuğba GEDİKLİ
Chief Financial Officer

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
Telephone : 00 90 216 275 24 74
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Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 December 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-Gazimemir 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 December 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 December 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 December 10, 2018.

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

The Bank's head office is located in Istanbul and there are 101 branches (including 1 e-branch) of the Bank as of December 31, 2023. (December 31, 2022: 80). The Bank is operating with 1.494 staff as of 31 December 2023 (December 31, 2022: 1.297).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

General information (Continued)

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
Prof. Dr. Mehmet Emin BİRPINAR	Chairman of BOD	Doctorate
Mahmut KAÇAR ^(*)	Vice Chairman of the Board of Directors	Bachelor
Hasan SUVER	Member of BOD	Master
Mahmut GÜRCAN ^(**)	Member of BOD	Bachelor
Mehmet Nuri YAZICI	Member of BOD and Chairman of the Audit Committee	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
Şenol ALTUNDAŞ ^(****)	Assistant General Manager Responsible for Sales and Marketing	Master
Nihat BULUT	Assistant General Manager Responsible for Credits Risk Management	Bachelor
Bülent KARACALAR ^(****)	Assistant General Manager Responsible for Credits Allocation	Bachelor
Serkan UMAN ^(*****)	Assistant General Manager Responsible for Digital Banking	Master
Yusuf OKUR	Assistant General Manager Responsible for Operations	Bachelor
Uğur KARA	Assistant General Manager Responsible for Human Resources	Master

^(*) He was appointed as a Member of the Board of Directors in accordance with the 2022 Ordinary General Assembly Decision held on 4 August 2023.

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

^(***) He was appointed Member of the Board of Directors by the decision of the Board of Directors dated December 8, 2023.

^(****) He was appointed as Assistant General Manager by the decision of the Board of Directors dated October 20, 2023.

^(*****) He was appointed as Assistant General Manager by the decision of the Board of Directors dated November 16, 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.

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	-	-

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

General information (Continued)

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 DECEMBER 31, 2023**

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

ASSETS	Note (Fifth Section-I)	THOUSAND TL			THOUSAND TL		
		CURRENT PERIOD (31/12/2023)			PRIOR PERIOD (31/12/2022)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. FINANCIAL ASSETS (NET)		26.431.481	72.995.979	99.427.460	10.852.434	32.751.849	43.604.283
1.1 Cash and cash equivalents		17.437.371	66.608.196	84.045.567	1.646.250	29.281.090	30.927.340
1.1.1 Cash and Balances with Central Bank	(1)	17.401.769	52.842.067	70.243.836	1.644.787	24.437.793	26.082.580
1.1.2 Banks	(2)	42.378	13.835.514	13.877.892	2.447	4.885.384	4.887.831
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Loss Provisions (-)		6.776	69.385	76.161	984	42.087	43.071
1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)	(3)	1.202.420	2.048.892	3.251.312	1.274.498	943.463	2.217.961
1.2.1 Government Debt Securities		1.420	2.017.761	2.019.181	1.496	943.463	944.959
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		1.201.000	31.131	1.232.131	1.273.002	-	1.273.002
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)	(4)	7.788.752	4.337.825	12.126.577	7.926.770	2.514.615	10.441.385
1.3.1 Government Debt Securities		7.781.093	4.337.825	12.118.918	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)	2.938	1.066	4.004	4.916	12.681	17.597
1.4.1 Derivative Financial Assets Measured at FVTPL		2.938	1.066	4.004	4.916	12.681	17.597
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		55.286.670	28.763.425	84.050.095	37.583.957	16.495.311	54.079.268
2.1 Loans	(6)	45.848.320	21.694.016	67.542.336	31.374.318	12.432.021	43.806.339
2.2 Lease Receivables	(8)	262.580	120.246	382.826	373.586	112.696	486.282
2.3 Other Financial Assets Measured at Amortized Cost	(7)	9.592.906	7.099.147	16.692.053	6.300.593	4.139.848	10.440.441
2.3.1 Government Debt Securities		9.592.906	7.099.147	16.692.053	6.300.593	4.139.848	10.440.441
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Loss Provisions(-)	(6)	417.136	149.984	567.120	464.540	189.254	653.794
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	8.283	-	8.283	5.242	-	5.242
3.1 Asset Held for Sale		8.283	-	8.283	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)	922.856	-	922.856	432.288	-	432.288
VI. INTANGIBLE ASSETS (NET)	(12)	250.364	-	250.364	100.413	-	100.413
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		250.364	-	250.364	100.413	-	100.413
VII. INVESTMENT PROPERTY (NET)	(13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(14)	1.713.189	-	1.713.189	663.317	-	663.317
X. OTHER ASSETS	(15)	2.477.240	10.439	2.487.679	1.338.150	3.874	1.342.024
TOTAL ASSETS		87.112.683	101.769.843	188.882.526	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 DECEMBER 31, 2023**

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

LIABILITIES	Note (Fifth Section-II)	THOUSAND TL			THOUSAND TL		
		CURRENT PERIOD (31/12/2023)			PRIOR PERIOD (31/12/2022)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. FUNDS COLLECTED	(1)	57.999.233	93.497.685	151.496.918	34.941.257	44.282.608	79.223.865
II. FUNDS BORROWED	(2)	10.174.836	1.004.966	11.179.802	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		27.199	-	27.199	2.261	11.536	13.797
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(3)	27.199	-	27.199	2.261	11.536	13.797
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5)	-	-	-	-	-	-
VII. LEASE PAYABLES (NET)	(4)	507.319	-	507.319	278.248	-	278.248
VIII. PROVISIONS	(6)	3.536.924	292.693	3.829.617	938.875	106.829	1.045.704
8.1 General Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		558.907	-	558.907	138.275	-	138.275
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		2.978.017	292.693	3.270.710	800.600	106.829	907.429
IX. CURRENT TAX LIABILITY	(7)	1.336.476	-	1.336.476	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)	-	7.078.467	7.078.467	-	4.110.376	4.110.376
12.1 Loans		-	7.078.467	7.078.467	-	4.110.376	4.110.376
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(11)	746.531	2.266.416	3.012.947	564.928	444.632	1.009.560
XIV. SHAREHOLDERS' EQUITY	(12)	10.304.897	108.884	10.413.781	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		39.272	-	39.272	33.186	-	33.186
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		39.272	-	39.272	33.186	-	33.186
14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		2.987	-	2.987	(19.114)	-	(19.114)
14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		671.615	108.884	780.499	1.520.003	22.224	1.542.227
14.5 Profit Reserves		3.434.574	-	3.434.574	630.711	-	630.711
14.5.1 Legal Reserves		428.276	-	428.276	287.778	-	287.778
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		3.006.298	-	3.006.298	342.933	-	342.933
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Income or (Loss)		5.129.534	-	5.129.534	2.809.949	-	2.809.949
14.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
14.6.2 Current Period Income or (Loss)		5.129.534	-	5.129.534	2.809.949	-	2.809.949
TOTAL LIABILITIES		84.633.415	104.249.111	188.882.526	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 DECEMBER 31, 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			PRIOR PERIOD		
		(31/12/2023)			(31/12/2022)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		30.623.995	18.872.890	49.496.885	13.582.886	17.334.633	30.917.519
I. GUARANTEES AND SURETIES	(1)	15.438.616	4.450.678	19.889.294	7.168.358	3.306.651	10.475.009
1.1 Letters of Guarantees		15.427.366	3.851.866	19.279.232	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		15.427.366	3.851.866	19.279.232	7.164.657	2.680.614	9.845.271
1.2 Bank Loans		11.250	6.905	18.155	3.701	196.736	200.437
1.2.1 Import Letter of Acceptances		11.250	6.905	18.155	3.701	196.736	200.437
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letter of Credits		-	591.907	591.907	-	429.301	429.301
1.3.1 Documentary Letter of Credits		-	591.907	591.907	-	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)	9.525.408	9.017.365	18.542.773	5.577.597	4.633.812	10.211.409
2.1 Irrevocable Commitments		9.525.408	9.017.365	18.542.773	5.577.597	4.633.812	10.211.409
2.1.1 Asset Purchase and Sale Commitments		17.597	8.492.543	8.510.140	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		9.126.506	-	9.126.506	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		313.805	-	313.805	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		-	524.822	524.822	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		5.659.971	5.404.847	11.064.818	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)	5.659.971	5.404.847	11.064.818	836.931	9.394.170	10.231.101
3.2.1 Forward Foreign Currency Buy/Sell Transactions		256.594	234.281	490.875	463.718	448.315	912.033
3.2.1.1 Forward Foreign Currency Transactions-Buy		128.879	117.149	246.028	225.427	231.190	456.617
3.2.1.2 Forward Foreign Currency Transactions-Sell		127.715	117.132	244.847	238.291	217.125	455.416
3.2.2 Other Forward Buy/Sell Transactions		5.403.377	5.170.566	10.573.943	373.213	8.945.855	9.319.068
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		648.260.645	57.007.019	705.267.664	329.532.626	27.260.409	356.793.035
IV. ITEMS HELD IN CUSTODY		30.723.306	13.172.276	43.895.582	22.338.186	7.653.917	29.992.103
4.1 Assets Under Management		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		7.639.437	1.464.484	9.103.921	5.748.785	679.660	6.428.445
4.3 Cheques Received for Collection		9.227.575	91.562	9.319.137	4.744.393	240.789	4.985.182
4.4 Commercial Notes Received for Collection		1.398.913	-	1.398.913	650.398	-	650.398
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		24.325	-	24.325	10.638	-	10.638
4.8 Custodians		12.433.056	11.616.230	24.049.286	11.183.972	6.733.468	17.917.440
V. PLEDGED ITEMS		617.537.339	43.834.743	661.372.082	307.194.440	19.606.492	326.800.932
5.1 Marketable Securities		817.400	-	817.400	572.427	-	572.427
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		10.073.899	3.175.397	13.249.296	5.801.967	377.970	6.179.937
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		89.186.170	-	89.186.170	37.477.419	-	37.477.419
5.6 Other Pledged Items		517.459.870	40.659.346	558.119.216	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)		678.884.640	75.879.909	754.764.549	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 DECEMBER 31, 2023

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

STATEMENT OF PROFIT AND LOSS		Note (Fifth Section-IV)	THOUSAND TL	THOUSAND TL
			Current period 1 January – 31 December 2023	Previous period 1 January – 31 December 2022
I.	PROFIT SHARE INCOME	(1)	16.659.286	8.298.261
1.1	Profit Share on Loans		10.896.178	5.279.189
1.2	Income Received from Reserve Deposits		764.274	97.472
1.3	Income Received from Banks		6.923	278
1.4	Income Received from Money Market Placements		-	340
1.5	Income Received from Marketable Securities Portfolio		4.886.791	2.873.286
1.5.1	Financial Assets at Fair Value Through Profit and Loss		421.352	113.003
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		2.836.885	2.147.341
1.5.3	Financial Assets Measured at Amortised Cost		1.628.554	612.942
1.6	Finance Lease Income		91.230	44.666
1.7	Other Profit Share Income		13.890	3.030
II.	PROFIT SHARE EXPENSE (-)	(2)	10.372.720	4.380.088
2.1	Expense on Profit Sharing Accounts		7.873.015	3.310.919
2.2	Profit Share Expense on Funds Borrowed		2.391.763	957.798
2.3	Profit Share Expense on Money Market Borrowings		12.621	60.868
2.4	Expense on Securities Issued		-	-
2.5	Lease Profit Share Expense		95.321	50.034
2.6	Other Profit Share Expenses		-	469
III.	NET PROFIT SHARE INCOME (I - II)		6.286.566	3.918.173
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		2.281.160	300.709
4.1	Fees and Commissions Received		2.445.021	436.515
4.1.1	Non-Cash Loans		171.865	79.677
4.1.2	Other		2.273.156	356.838
4.2	Fees and Commissions Paid (-)	(3)	163.861	135.806
4.2.1	Non-Cash Loans		263	169
4.2.2	Other	(3)	163.598	135.637
V.	DIVIDEND INCOME	(4)	-	-
VI.	NET TRADING INCOME	(5)	4.727.746	1.861.270
6.1	Capital Market Transaction Gains / (Losses)		44.950	12.868
6.2	Gains/ (Losses) from Derivative Financial Instruments		(809.649)	629.338
6.3	Foreign Exchange Gains / (Losses)		5.492.445	1.219.064
VII.	OTHER OPERATING INCOME	(6)	642.521	152.260
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		13.937.993	6.232.412
IX.	PROVISION FOR EXPECTED LOSS (-)	(7)	429.826	787.594
X.	OTHER PROVISION EXPENSES (-)	(7)	2.333.578	688.728
XI.	PERSONNEL EXPENSES (-)		1.582.049	616.358
XII.	OTHER OPERATING EXPENSES (-)	(8)	2.010.969	415.289
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		7.581.571	3.724.443
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 (±)		7.581.571	3.724.443
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(10)	2.452.037	914.494
18.1	Current Tax Provision		3.327.534	1.975.032
18.2	Deferred Tax Expense (+)		2.065.460	288.676
18.3	Deferred Tax Income (-)		2.940.957	1.349.214
XIX.	NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)	(9)	5.129.534	2.809.949
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)		5.129.534	2.809.949
	Earnings Per Share		4,9951	2,7363

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME AS OF DECEMBER 31, 2023**

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

	THOUSAND TL	THOUSAND TL
	CURRENT PERIOD (01/01/2023- 31/12/2023)	PRIOR PERIOD 01/01/2022- 31/12/2022)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. CURRENT PERIOD PROFIT/LOSS	5.129.534	2.809.949
II. OTHER COMPREHENSIVE INCOME	(739.627)	1.479.200
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	22.101	(17.703)
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	31.573	(23.722)
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	(9.472)	6.019
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	(761.728)	1.496.903
2.2.1 Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(1.088.189)	1.966.717
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	326.461	(469.814)
III. TOTAL COMPREHENSIVE INCOME (I+II)	4.389.907	4.289.149

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2023

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

					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Paid-in Capital	Share Premium	Share Cancellatio n Profits	Other Capital Reserves ^(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Except for Minority Interests	Total Shareholder s' Equity	
	Current Period (01.01.2023- 31.12.2023)															
I.	Balances at Beginning Period	1.026.915	-	-	33.186	-	(19.114)	-	-	1.542.227	-	630.711	-	2.809.949	6.023.874	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	6.023.874
IV.	Total Comprehensive Income	-	-	-	-	-	22.101	-	-	(761.728)	-	-	-	5.129.534	4.389.907	4.389.907
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	6.086	-	-	-	-	-	2.803.863	-	(2.809.949)	-	-	-
11.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	6.086	-	-	-	-	-	2.803.863	-	2.809.949	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV...+X+XI)	1.026.915	-	-	39.272	-	2.987	-	-	780.499	-	3.434.574	-	5.129.534	10.413.781	10.413.781

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 DECEMBER 31, 2023

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

					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss							
	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders ' Equity	
Prior Period (01.01.2022 – 31.12.2022)															
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	-	-	-	-	-	(17.703)	-	-	1.496.903	-	-	-	2.809.949	4.289.149
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	-	-	-	-	-	-	(3.796)	-	-	6.302
2XI.	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	-	(19.114)	-	-	1.542.227	-	630.711	-	2.809.949	6.023.874

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 DECEMBER 31, 2023

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

	THOUSAND TL	THOUSAND TL
	CURRENT PERIOD	PRIOR PERIOD
	(01/01/2023-	(01/01/2022-
	31/12/2023)	31/12/2022)
STATEMENT OF CASH FLOWS		
A. CASH FLOWS FROM BANKING OPERATIONS		
I.1 Operating Profit Before Changes In Assets And Liabilities from Banking Operations	27.022.896	11.038.118
1.1.1 Profit Share Income Received	15.821.757	7.804.670
1.1.2 Profit Share Expense Paid	(8.848.990)	(3.918.184)
1.1.3 Dividend Received	-	-
1.1.4 Fees and Commissions Received	2.445.021	436.515
1.1.5 Other Income	305.522	146.493
1.1.6 Collections from Previously Written off Loans	304.568	34.943
1.1.7 Payments to Personnel and Service Suppliers	(1.582.049)	(504.267)
1.1.8 Taxes Paid	(2.553.136)	(977.970)
1.1.9 Others	21.130.203	8.015.918
I.2 Changes in Assets and Liabilities from Banking Operations	8.262.218	13.119.460
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(968.632)	(384.364)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions	(17.183.251)	(9.198.918)
1.2.3 Net (Increase) Decrease in Loans	(16.241.720)	(18.551.689)
1.2.4 Net (Increase) Decrease in Other Assets	276.007	(793.809)
1.2.5 Net Increase (Decrease) in Bank Deposits	4.276.685	(309.505)
1.2.6 Net Increase (Decrease) in Other Deposits	40.439.909	43.696.493
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	(4.026.749)	(2.384.498)
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	1.689.969	1.045.750
I. Net Cash Flows from Banking Operations	35.285.114	24.157.578
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(4.307.900)	(12.763.110)
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	(586.445)	(100.007)
2.4 Disposals of Property and Equipment	783	21.448
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(1.685.192)	(7.737.032)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	798.810	1.441.051
2.7 Purchase of Financial Assets Measured at Amortised Cost	(2.500.000)	(6.209.920)
2.8 Sale of Financial Assets Measured at Amortised Cost	-	-
2.9 Other	(313.356)	(178.650)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Flows from Financing Activities	(833.135)	1.572.956
3.1 Cash Obtained from Funds Borrowed and Securities Issued	166.134.526	79.242.788
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(166.941.418)	(77.636.966)
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(26.243)	(32.866)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	5.823.987	1.017.920
V. Net increase/(decrease) in cash and cash equivalents	35.968.066	13.985.344
VI. Cash and Cash Equivalents at the Beginnig of the period	17.247.813	3.262.469
VII. Cash and Cash Equivalents at the End of the period	53.215.879	17.247.813

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2023

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

STATEMENT OF PROFIT DISTRIBUTION	CURRENT PERIOD (*) December 31, 2023	PRIOR PERIOD December 31, 2022
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1. CURRENT YEAR INCOME	7.581.571	3.724.443
1.2. TAX AND DUTIES PAYABLE (-)	2.452.037	914.494
1.2.1. Corporate tax (Income tax)	3.327.534	1.975.032
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (**)	(875.497)	(1.060.538)
A. NET INCOME FOR THE YEAR (1.1-1.2)	5.129.534	2.809.949
1.3. PRIOR YEAR LOSSES (-)	-	-
1.4. First legal reserves (-)	-	140.497
1.5. Other statutory reserves (-)	-	6.087
B. DISTRIBUTABLE NET PERIOD INCOME [(A-(1.3+1.4+1.5))](*)	5.129.534	2.663.365
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. DIVIDEND TO PERSONNEL (-)	-	-
1.8. DIVIDEND TO BOARD OF DIRECTIONS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. SECOND LEGAL RESERVE (-)	-	-
1.11. STATUS RESERVE (-)	-	-
1.12. EXTRAORDINARY RESERVE	-	2.663.365
1.13. OTHER RESERVE	-	-
1.14. SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES		
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. SHARE TO SHAREHOLDERS (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. SHARED TO PERSONNEL (-)	-	-
2.5. SHARE TO BOARD OF DIRECTIONS (-)	-	-
III. EARNINGS PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES (***) (Full TL)	4.9951	2,7363
3.2. TO OWNERS OF ORDINARY SHARES (%)	500	274
3.3. TO OWNERS OF PREFERRED SHARES	-	-
3.4. TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES (Full TL)	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PREFERRED SHARES	-	-
4.4. TO OWNERS OF PREFERRED SHARES (%)	-	-

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

(**) Deferred tax income has not been subjected to profit distribution.

(***) Calculated by using the number of share certificates as of year-end.

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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. "BRSA Accounting and Financial Reporting Legislation", which includes the circulars and statements of the Auditing Authority ("BRSA") and the provisions of the Turkish Financial Reporting Standards ("TFRS") put into effect by the Public Oversight Accounting and Auditing Standards Authority ("KGK") on matters not regulated by them. It is organized in accordance with.

The format and contents of the unconsolidated financial statements to be disclosed to the public and 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 bring amendments and additions 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 and valuation principles applied in the preparation of unconsolidated 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.

With its announcement dated 23 November 2023, KGK stated that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting Standard in High Inflation Economies (“TMS 29”). He explained that institutions or organizations authorized to regulate and supervise their own fields may determine different transition dates for the implementation of TMS 29 provisions. Based on this announcement of the KGK, BRSA, with its decision numbered 10744 dated 12 December 2023, decided that the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TMS 29. In accordance with the BRSA's decision dated January 11, 2024 and numbered 10825; It has been decided that banks, financial leasing, factoring, financing, savings financing and asset management companies will switch to inflation accounting as of January 1, 2025. Accordingly, no inflation adjustment was made in the unconsolidated financial statements dated 31 December 2023 within the scope of TMS 29 Financial Reporting Standard in Highly Inflationary Economies.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

Accounting policies (Continued)

I. Explanations on basis of presentation: (Continued)

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.

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.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

Accounting policies (Continued)

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.

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.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

Accounting policies (Continued)

VI. Explanations on financial assets and liabilities: (Continued)

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.

Credits:

Loans are non-derivative financial assets that have fixed or determinable payments and are not traded in an active market. These loans are first recorded by adding transaction costs to the acquisition cost, which reflects their fair value, and are measured at their amortized cost using the "internal rate of return method" following their recording. The Bank periodically evaluates the provisions set aside for loans and other receivables in accordance with TFRS 9, based on their results, and makes updates to the staging rules and parameters used in the calculation of the relevant provision balances, if deemed necessary, as a result of these evaluations.

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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 reasonable, objective and supportable information available as of the reporting date, including estimates of past events and current conditions, weighted according to probabilities determined by taking into account expected credit losses. The bank could not develop an internal model to estimate these risk parameters due to insufficient historical data for modelling. In 12-month expected credit loss provision calculations, the average of annual default rates is used as the probability of default (PD) parameter, based on the year-end data announced to the public by participation banks after 2014. In lifetime expected loan loss provision calculations, the average of close monitoring provision ratios is used as the PD parameter, based on the year-end data announced to the public by participation banks after 2014. For the Loss in Case of Default (LWD) parameter, it uses a reasonable approach of 45%, in line with the Basic IDD approach in the Communiqué on the Calculation of the Amount Subject to Credit Risk with Internal Rating-Based Approaches published by BRSA. Calculation of expected credit losses consists of three main parameters: Probability of Default (PD), Loss Given Default (LDL), Amount at Default (TT).

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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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 (3rd Stage / Special Provision):

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

- Credits with a delay of 90 days from the date of the last installment (In this case, the customer is monitored as default on the 91st day),
- Restructured loans and classified as a performing loan and overdue more than 30 days during the one-year monitoring period (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 December 31, 2023, there is no goodwill in the financial statements of the Bank (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

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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
Buildings	2

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.

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Accounting policies (Continued)

XIII. Explanations on leasing transactions: (Continued)

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.

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.

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”.

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Accounting policies (Continued)

XIII. Explanations on leasing transactions: (Continued)

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.

XIV. Explanations on provision 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 Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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

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

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.

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Accounting policies (Continued)

XV. Explanations on liabilities regarding employee rights (Continued)

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 March 31, 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.

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

With the new Law, the participants of the Bank funds and those who receive pension or income and their rights holders will be transferred to the SSI within three years from the date of publication of the relevant article without the need for any further action and will be included within the scope of this Law, and the three-year transfer period will be limited to a maximum of two years by the decision of the Council of Ministers. It is stipulated that it can be extended for a year. In the said law, regarding the persons transferred as of the date of transfer, the cash value of the liabilities will be calculated by taking into account the income and expenses of the funds in terms of insurance branches within the scope of the said Law, and the technical interest rate to be used in the actuarial calculation of the cash value will be 9.80%, and also the monthly payments to the fund participants and It is stated that after the transfer of those who are dependent on income and/or income and their beneficiaries to SSI, other social rights and payments that are not covered even though they are included in the foundation deed to which these people are subject will continue to be covered by the funds and the organizations employing the fund participants.

Pursuant to the 58th and Provisional Articles 7 of the Banking Law, the provision stating that banks will no longer be able to transfer resources to cover the deficits of the said funds as of January 1, 2008, has been postponed for up to 5 years within the scope of the above-mentioned law. For the personnel of banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, stock exchanges or the unions they constitute, within the scope of the provisional article 20 of the Law No. 506, by the Decision of the Council of Ministers No. 2011/1559, published in the Official Gazette No. 27900 dated April 9, 2011. It has been decided to extend the period for the transfer of the participants of the established funds, those who receive a pension or income, and their beneficiaries to the Social Security Institution, for two years.

On the other hand, the phrase "two years" in the second sentence of the first paragraph of the provisional article 20 of the Law No. 5510 and the Law No. 6283 on the Amendments to the Social Insurance and General Health Insurance Law published in the Official Gazette No. 28227 dated March 8, 2012 has been replaced by "four years". was changed to "year". With the Decision of the Council of Ministers No. 2014/6042 published in the Official Gazette No. 28987 dated 30 April 2014, it was decided to extend the period for the transfer of the participants of the said funds, those who receive a pension or income, and their beneficiaries to the Social Security Institution by one year.

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Accounting policies (Continued)

XV. Explanations on liabilities regarding employee rights (Continued)

Finally; Article 51 of Law No. 6645 published in the Official Gazette dated April 23, 2015 and provisional Article 20 of Law No. 5510 regarding the transfer of Banks and Insurance Funds to SSI.

1st paragraph; "Participants of funds established for the personnel of banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, stock exchanges or the unions they form, within the scope of the provisional article 20 of Law No. 506, and those who receive a salary or income, and their beneficiaries, shall be subject to the Social Security Institution. The Council of Ministers is authorized to determine the transfer date. As of the date of transfer, fund participants are deemed to be insured within the scope of subparagraph (a) of the first paragraph of Article 4 of this law." has been changed to . Thus, with the amendment, the Council of Ministers was given the authority to determine the date of transfer of funds to SSI without imposing a time limit. Based on the decision of the Council of Ministers dated 24 February 2014; The transfer period was determined as May 2015. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Law on Amendments to the Occupational Health and Safety Law No. 6645 and Certain Laws and Decree Laws published in the Official Gazette No. 29335 dated April 23, 2015; The Council of Ministers is authorized to determine the transfer date, and the President is authorized to determine the transfer date in the Official Gazette No. 30473 dated July 9, 2018.

According to the technical balance sheet reports prepared within the framework of the New Law and using the specified technical rate of 9.80%, it has been reported that there is no technical deficit for the fund in question as of December 31, 2023. Since the Bank does not have a legal right to obtain the present value of the economic benefits arising from the repayments from the fund or decreases in future contributions, it does not have any assets recognized on its balance sheet.

XVI. Explanations on taxation:

Current tax:

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%. However, with Law No. 7456 published on July 15, 2023, the rate in question was increased to 30% to be applied to the cumulative bases included in the declarations that must be submitted as of October 1, 2023; The corporate tax rate will be applied as 30% in future periods, starting from the provisional corporate tax return to be submitted for the period 1 January 2023 - 30 September 2023. There is no withholding tax on dividends paid to institutions resident in Turkey. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered profit distribution and withholding tax is not applied.

Corporations calculate provisional tax based on their quarterly financial profits at the current rate and declare it by the 17th day of the second month following that period and pay it by the evening of the same day. The provisional tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of advance tax paid remains despite the offset, this amount can be refunded in cash or offset against other financial debts to the state.

Provided that 50% of the profits arising from the sale of subsidiary shares and real estate held for at least two years are added to the capital for real estate and 75% for subsidiaries, as stipulated in the Corporate Tax Law, or are kept in a special fund account in liabilities for 5 years. is exempt from tax. However, with the Law No. 7456 published on July 15, 2023, this exception has been abolished for real estates to be acquired after the publication date of the decision; If real estate acquired before this date is sold after the effective date of the decision, 25% of the real estate sales gain will be exempt from corporate tax.

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Accounting policies (Continued)

XVI. Explanations on taxation: (Continued)

Corporate tax returns are submitted to the relevant tax office by the evening of the last day of the fourth month following the month in which the accounting period closes. However, the authorities authorized for tax inspection may examine the accounting records within the 5 years before the current period, and if incorrect transactions are detected, the tax amounts to be paid may change and sectoral examinations may be carried out.

Within the framework of the provision of Article 298/A of the Tax Procedure Law, the conditions required for inflation adjustment in the corporate tax calculation have been met as of the end of the 2021 calendar year. However, with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" numbered 7352, published in the Official Gazette numbered 31734 dated January 29, 2022, provisional article 33 was added to the Tax Procedure Law numbered 213, including provisional tax periods. Financial statements will not be subject to inflation correction, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met for the 2021 and 2022 accounting periods (as of the accounting periods ending in 2022 and 2023 for those assigned a special accounting period) and the 2023 accounting period provisional tax periods, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met, and It has become law that the financial statements dated 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met or not, and the profit/loss differences arising from the inflation adjustment will be shown in the previous years' profit/loss account.

The assets falling within the scope of the temporary article 32 of the Tax Procedure Law No. 213 were valued and taxed at a rate of 2%. Assets within the scope of Article 298 are valued with the revaluation rate announced in the relevant year and no tax is paid on the resulting increase in value.

The assets falling within the scope of the temporary article 32 of the Tax Procedure Law No. 213 were valued and taxed at a rate of 2%. Assets within the scope of Article 298 are valued with the revaluation rate announced in the relevant year and no tax is paid on the resulting increase in value.

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 based on the tax rates that are valid or almost certain to come into force in the period when assets are created or liabilities are fulfilled and are recorded as expense or income in the statement of profit or loss. However, deferred tax is recognized directly in equity accounts if it relates to assets directly attributable to equity in the same or a different period. While preparing the financial statements dated December 31, 2023, the Bank used a 30% tax rate for temporary differences expected to be realized or closed.

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Accounting policies (Continued)

XVI. Explanations on taxation: (Continued)

Transfer pricing

Transfer pricing is regulated through the article 13 of Corporate Tax Law titled “Disguised Profit Distribution by way of Transfer Pricing”. Detailed information for the practice regarding the subject is found in the “General Communiqué on Disguised Profit Distribution by way of Transfer Pricing”.

According to the related regulation, in the case of making purchase or sales of goods or services with related persons/corporations at a price that is determined against “the arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not deductible in calculation of corporate tax.

XVII. Additional explanations on borrowings:

The Bank generates funds from debt certificates issued by the asset leasing company and these funds have been presented under “Funds Borrowed”. Borrowings, except for funds collected, are recognized at amortized cost using the effective internal rate of return method in the following periods after the initial recognition.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

The Bank aval and acceptances are carried out simultaneously with customers' payments and are shown in off-balance sheet obligations as possible debts and commitments.

XX. Explanations on government grants:

As of the balance sheet date, there are no government grants received by the Bank.

XXI. Explanations on segment reporting:

Business segment is a component of the Bank that engages in business activities from which the Bank may earn revenues and incur expenses, whose operating results are regularly reviewed by the Bank's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, which and for discrete financial available.

Segment reporting is disclosed in Section Four, Note IX.

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:

Equity amount and capital adequacy standard ratio are calculated within the framework of the "Regulation on Equity of Banks" and the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". The Bank's current period equity amount calculated as of December 31, 2023 is 15.359.347 TL and the capital adequacy standard ratio is 23,05%. The equity amount for 31 December 2022 is 9.555.482 TL and the capital adequacy standard rate is 27,98%. The Bank's capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation.

a. Information about total capital items:

	Current Period 31 December 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	3.434.574	630.711
Gains recognized in equity as per TAS	705.872	1.440.881
Profit	5.129.534	2.809.949
Current Period Profit	5.129.534	2.809.949
Prior Period Profit	-	-
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	10.296.895	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
Leasehold improvements(-)	-	-
Goodwill (net of related tax liability)	119.326	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)	248.862	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	720.318	-
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	1.088.506	204.841
Total Common Equity Tier 1 Capital	9.208.389	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 31 December 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	5.709.739	3.498.078
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	5.709.739	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	5.709.739	3.498.078
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	14.918.128	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)	444.659	371.657
Contribution Capital Before Discounts	444.659	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	444.659	371.657
Total Capital (The sum of Tier I Capital and Tier II Capital)	15.362.787	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	3.440	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 31 December 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)	15.359.347	9.555.482
Total Risk Weighted Amounts	66.640.318	34.146.697
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	13,82	16,10
Tier 1 Capital Adequacy Ratio (%)	22,39	26,95
Capital Adequacy Ratio (%)	23,05	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(%)	9,32	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	992.871	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	444.659	371.657
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	444.659	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.

In the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Regulation) published in the Official Gazette dated 23 October 2015, specified in the Board Decision dated 28 April 2022 and numbered 9996, with the decision dated 31 January 2023 and numbered 10496; The application for using the foreign exchange buying rate of the Central Bank of the Republic of Turkey as of December 31, 2021, when calculating the valued amounts of monetary assets and non-monetary assets, other than foreign currency items measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts; It has been decided to continue using the CBRT foreign exchange buying rate of 30 December 2022 until a BRSA decision to the contrary is taken. As of December 31, 2023, the Bank used this opportunity in Capital Adequacy calculations.

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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 addition, in accordance with the BRSA's Decision No. 8999 dated April 16, 2020; In accordance with the Standard Approach within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, 0% risk weight can be applied to banks' receivables from the Central Government of the Republic of Turkey and regulated in foreign currency in the calculation of the amount subject to credit risk. As of December 31, 2023, the Bank used this opportunity in Capital Adequacy calculations.

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)	5.124.259
Par Value of Instrument	6.535.900
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)	585.479
Par Value of Instrument	1.035.933
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	Repayment Option Date: 09.03.2032 and later Amount to be Repaid: 500.000 TL equivalent in Euro
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

Credit risk is defined as the possibility of loss that the Bank may incur due to the credit customer not complying with the requirements of the contract and not being able to fulfill its obligations partially or completely on time.

Credit allocation authority essentially lies with the Board of Directors, and this authority can be delegated to subcommittees in accordance with the Banking Law. The Board of Directors determines credit policies and credit opening limits at the macro level. It creates policies regarding credit opening, approval and other administrative principles. Monitors compliance with policies, concentrations and limits and takes necessary measures. It creates a suitable environment for the healthy and effective functioning of the credit function. By providing sufficient personnel and software, authorities, roles and limits are clearly determined and necessary controls are established. Credit risk is measured, analyzed and reported periodically.

Preparations are made to use scoring and rating models that produce rating scores and probability of default in order to measure the credit risk of customers according to their segments. The ratings produced are used in making decisions about working with the customer and determining working conditions. Credit limit allocations are made separately for the customer or credit group, based on financial analysis and intelligence reports, rating grades given to the customer and segment. Allocated limits are reviewed at the periods specified in commercial and individual credit policies, and the customer's intelligence and rating report is renewed. Care is taken to ensure balanced sectoral distribution of loans and to ensure that TL resources are used in TL and foreign currency resources are used in FX, without causing any exchange rate mismatch. Credit limitations specified in the Banking Law and relevant legislation are complied with. Although the creditworthiness of the customer is essential, care is taken to provide collateral to reduce risk. Maximum care is taken to ensure that the maturity and currency of the loan and the collateral are compatible and that an independent valuation is carried out. The guarantees received are periodically evaluated and insured.

Provisions are made for defaulted loan receivables in accordance with TFRS 9 "Regulation on Procedures and Principles for Determining the Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside for These".

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Information on financial structure and risk management (Continued)

II. Explanations on credit risk (Continued):

	Risk Categories	Current Period Risk Amount	Average Risk Amount
1	Receivables from central governments or central banks	76.371.917	56.653.442
2	Receivables from regional or local governments	94.549	161.756
3	Receivables from administrative units and non-commercial enterprises	442.667	326.684
4	Receivables from multilateral development banks	-	-
5	Receivables from international organizations	-	-
6	Receivables from banks and brokerage houses	6.411.940	10.695.846
7	Receivables from corporates	29.274.530	23.894.089
8	Retail receivables	8.967.648	7.662.321
9	Receivables secured by mortgages on property	2.524.840	1.910.093
10	Past due receivables	30.284	19.585
11	Receivables defined in high risk category by BRSA	9.199.949	2.071.809
12	Securities collateralized by mortgages	-	-
13	Securitization positions	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-
15	Investments similar to collective investment funds	-	-
16	Equity security investments	-	-
17	Other Receivables	5.692.488	5.666.772
	Total^(*)	139.010.812	109.062.397

(*) Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2023.

	Risk Categories	Prior Period Risk Amount	Average Risk Amount
1	Receivables from central governments or central banks	37.317.894	23.837.427
2	Receivables from regional or local governments	256.026	119.693
3	Receivables from administrative units and non-commercial enterprises	19.898	50.916
4	Receivables from multilateral development banks	-	-
5	Receivables from international organizations	-	-
6	Receivables from banks and brokerage houses	7.099.200	6.899.190
7	Receivables from corporates	27.376.591	19.780.051
8	Retail receivables	4.194.133	4.484.206
9	Receivables secured by mortgages on property	1.281.855	1.335.252
10	Past due receivables	9.573	11.892
11	Receivables defined in high risk category by BRSA	-	-
12	Securities collateralized by mortgages	-	-
13	Securitization positions	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-
15	Investments similar to collective investment funds	-	-
16	Equity security investments	-	-
17	Other Receivables	3.710.773	1.946.027
	Total^(*)	81.265.943	58.464.654

(*) Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2022.

The Bank considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.

The Bank has credit lines in different countries within the scope of its banking activity and due inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines.

For the banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent bank and the size of Bank itself and concentration of risk is avoided. The Bank does not carry any serious risk in this respect.

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Information on financial structure and risk management (Continued)

II. Explanations on credit risk (Continued):

Geographical distribution of risk amounts disaggregated by significant risk classes in important regions; Distribution of risks, disaggregated by risk classes, by sectors or counterparties, and distribution of all risks by remaining maturities (Continued)

Profile on significant risks in significant regions: (Continued)

Current Period	Risk Categories*																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
1 Agriculture	-	-	-	-	-	-	150.419	73.190	800	-	92.832	-	-	-	-	-	-	299.434	17.807	317.241
1.1 Farming and stockbreeding	-	-	-	-	-	-	107.522	67.824	800	-	64.481	-	-	-	-	-	-	240.627	-	240.627
1.2 Forestry	-	-	-	-	-	-	6.780	5.319	-	-	25.399	-	-	-	-	-	-	37.498	-	37.498
1.3 Fishery	-	-	-	-	-	-	36.117	47	-	-	2.952	-	-	-	-	-	-	21.309	17.807	39.116
2 Manufacturing	-	-	-	-	-	-	10.849.504	2.439.363	437.151	7.752	1.568.132	-	-	-	-	-	9.755	8.515.907	6.795.750	15.311.657
2.1 Mining and quarrying	-	-	-	-	-	-	1.027.574	48.771	4.691	-	6.619	-	-	-	-	-	155	500.689	587.121	1.087.810
2.2 Production	-	-	-	-	-	-	8.245.925	2.326.078	408.961	7.752	1.341.903	-	-	-	-	-	8.631	7.282.999	5.056.250	12.339.249
2.3 Electricity, gas, water	-	-	-	-	-	-	1.576.005	64.514	23.499	-	219.610	-	-	-	-	-	969	732.219	1.152.379	1.884.598
3 Construction	-	-	427.099	-	-	-	4.070.578	1.240.052	880.779	5.351	595.240	-	-	-	-	-	2.365	6.622.812	598.651	7.221.463
4 Services	74.654.329	-	125	-	-	6.411.940	11.442.241	3.376.109	754.833	16.721	6.661.200	-	-	-	-	-	2.179.331	52.258.393	53.238.436	105.496.829
4.1 Wholesale and retail trade	-	-	106	-	-	-	6.289.190	2.376.144	463.775	15.845	2.372.898	-	-	-	-	-	614	8.143.292	3.375.280	11.518.572
4.2 Hotel, food and beverage services	-	-	-	-	-	-	60.961	97.740	1.991	-	443	-	-	-	-	-	1	158.146	2.990	161.136
4.3 Transportation and telecommunication	-	-	-	-	-	-	1.763.909	434.289	200.057	385	144.693	-	-	-	-	-	681	810.487	1.733.526	2.544.013
4.4 Financial institutions	74.654.329	-	-	-	-	6.411.940	1.096.323	9.046	2.526	-	3.273.832	-	-	-	-	-	111.706	37.662.011	47.897.690	85.559.701
4.5 Real estate and renting services	-	-	-	-	-	-	1.819.359	397.899	74.175	491	823.629	-	-	-	-	-	2.066.329	4.955.149	226.734	5.181.883
4.6 Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education services	-	-	19	-	-	-	44.230	21.157	919	-	30.973	-	-	-	-	-	-	97.299	-	97.299
4.8 Health and social services	-	-	-	-	-	-	368.269	39.834	11.390	-	14.732	-	-	-	-	-	-	432.009	2.216	434.225
5 Other	1.717.588	94.549	15.443	-	-	-	2.761.788	1.838.934	451.277	460	282.545	-	-	-	-	-	3.501.037	8.110.444	2.553.178	10.663.622
6 Total	76.371.917	94.549	442.667	-	-	6.411.940	29.274.530	8.967.648	2.524.840	30.284	9.199.949	-	-	-	-	-	5.692.488	75.806.990	63.203.822	139.010.812

(*) It refers to the risk classes included in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

- | | |
|---|--|
| 1 Conditional and unconditional receivables from central government and Central Banks | 10 Past due receivables |
| 2 Conditional and unconditional receivables from regional or local governments | 11 Receivables defined under high risk category by BRSA |
| 3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 12 Mortgage-backed securities |
| 4 Conditional and unconditional claims from multilateral development banks | 13 Securitization positions |
| 5 Contingent and unconditional receivables from international organizations | 14 Short-term receivables and short-term corporate receivables from banks and brokerage houses |
| 6 Conditional and unconditional receivables from banks and brokerage houses | 15 Investments that qualify as a collective investment institution |
| 7 Conditional and unconditional receivables from corporates | 16 Equity share investments |
| 8 Conditional and unconditional receivables from retail portfolios | 17 Other receivables |
| 9 Receivables secured by real estate mortgages | |

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

Information on financial structure and risk management (Continued)

II. Explanations on credit risk (Continued):

Profile on significant risks in significant regions (Continued):

Prior Period	Risk Categories*																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
1 Agriculture	-	-	-	-	-	-	138.395	12.824	4.327	-	-	-	-	-	-	-	-	-	155.546	155.546
1.1 Farming and stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Forestry	-	-	-	-	-	-	138.395	12.824	4.327	-	-	-	-	-	-	-	-	-	155.546	155.546
1.3 Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Manufacturing	-	-	-	-	-	-	8.993.687	1.033.317	253.075	2.220	-	-	-	-	-	-	4.624	3.399.968	6.886.955	10.286.923
2.1 Mining and quarrying	-	-	-	-	-	-	514.063	27.132	-	-	-	-	-	-	-	-	-	280.701	260.494	541.195
2.2 Production	-	-	-	-	-	-	7.756.851	945.908	251.561	2.135	-	-	-	-	-	-	4.472	2.841.548	6.119.379	8.960.927
2.3 Electricity, gas, water	-	-	-	-	-	-	722.773	60.277	1.514	85	-	-	-	-	-	-	152	277.719	507.082	784.801
3 Construction	-	-	-	-	-	-	4.906.377	755.746	395.387	2.916	-	-	-	-	-	-	84	758.794	5.301.716	6.060.510
4 Services	19.148.698	14.331	15.589	-	-	7.099.200	10.976.299	1.497.017	256.840	4.331	-	-	-	-	-	-	1.068.448	22.826.733	17.254.020	40.080.753
4.1 Wholesale and retail trade	-	-	-	-	-	-	5.782.904	1.112.137	141.647	3.911	-	-	-	-	-	-	428	1.008.641	6.032.386	7.041.027
4.2 Hotel, food and beverage services	-	-	-	-	-	-	60.318	30.372	4.500	-	-	-	-	-	-	-	-	-	95.190	95.190
4.3 Transportation and telecommunication	-	-	-	-	-	-	1.689.091	237.445	7.387	298	-	-	-	-	-	-	1	1.148.874	785.348	1.934.222
4.4 Financial institutions	19.148.698	-	-	-	-	7.099.200	1.010.138	8.933	-	-	-	-	-	-	-	-	35.380	20.298.718	7.003.631	27.302.349
4.5 Real estate and renting services	-	-	-	-	-	-	826.062	10.683	86.713	49	-	-	-	-	-	-	1.032.627	2.442	1.953.692	1.956.134
4.6 Self-employment services	-	6.825	15.576	-	-	-	1.250.920	74.177	531	74	-	-	-	-	-	-	10	359.246	988.867	1.348.113
4.7 Education services	-	-	14	-	-	-	51.053	4.573	7.978	-	-	-	-	-	-	-	-	-	63.618	63.618
4.8 Health and social services	-	7.506	-	-	-	-	305.813	18.697	8.084	-	-	-	-	-	-	-	-	8.812	331.288	340.100
5 Other	18.169.196	241.695	4.308	-	-	-	2.361.834	895.230	372.226	105	-	-	-	-	-	-	2.637.617	6.233.447	18.448.764	24.682.211
6 Total	37.317.894	256.026	19.898	-	-	7.099.200	27.376.592	4.194.134	1.281.855	9.573	-	-	-	-	-	-	3.710.771	33.218.942	48.047.001	81.265.943

(*) It refers to the risk classes included in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

- 1 Conditional and unconditional receivables from central government and Central Banks
- 2 Conditional and unconditional receivables from regional or local governments
- 3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
- 4 Conditional and unconditional claims from multilateral development banks
- 5 Contingent and unconditional receivables from international organizations
- 6 Conditional and unconditional receivables from banks and brokerage houses
- 7 Conditional and unconditional receivables from corporates
- 8 Conditional and unconditional receivables from retail portfolios
- 9 Receivables secured by real estate mortgages

- 10 Past due receivables
- 11 Receivables defined under high risk category by BRSA
- 12 Mortgage-backed securities
- 13 Securitization positions
- 14 Short-term receivables and short-term corporate receivables from banks and brokerage houses
- 15 Investments that qualify as a collective investment institution
- 16 Equity share investments
- 17 Other receivables

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

Information on financial structure and risk management (Continued)

II. Explanations on credit risk (Continued):

Distribution of risks with term structure according to remaining maturities:

Risk Categories – Current Period	Time to Maturity					Undistributable
	1 months	1-3 months	3-6 months	6-12 months	1 year and over	
1 Conditional and unconditional receivables from central governments or central banks	18.149.078	79.854	37.875	1.689.802	17.361.285	-
2 Conditional and unconditional receivables from regional or local governments	14.532	-	-	74.879	166.615	-
3 Conditional and unconditional receivables from administrative units and non-commercial enterprises	4.765	41	-	904	14.187	-
4 Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5 Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6 Conditional and unconditional receivables from banks and brokerage houses	6.288.018	-	101.897	-	709.285	-
7 Conditional and unconditional receivables from corporates	12.612.875	3.181.192	2.096.693	4.002.733	5.475.440	7.659
8 Conditional and unconditional retail receivables	2.053.296	304.163	388.186	675.360	773.129	-
9 Receivables secured by mortgages on property	332.617	37.121	96.580	182.235	633.302	-
10 Past due receivables	8.454	208	242	436	232	-
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-
13 Subject to the securitisation framework	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Equity share investments	-	-	-	-	-	-
17 Other receivables	3.710.773	-	-	-	-	-
Total	43.174.408	3.602.579	2.721.473	6.626.349	25.133.475	7.659

Risk Categories – Prior Period	Time to Maturity					Undistributable
	1 month	1-3 months	3-6 month	6-12 month	1 year and over	
1 Conditional and unconditional receivables from central governments or central banks	26.426.524	-	-	-	-	49.945.393
2 Conditional and unconditional receivables from regional or local governments	266	1.182	-	43.861	49.240	-
3 Conditional and unconditional receivables from administrative units and non-commercial enterprises	596	-	-	1.750	440.321	-
4 Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5 Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6 Conditional and unconditional receivables from banks and brokerage houses	129.252	-	-	-	495.941	5.786.747
7 Conditional and unconditional receivables from corporates	6.179.016	3.302.143	4.175.283	10.625.050	4.993.038	-
8 Conditional and unconditional retail receivables	1.800.333	1.015.912	1.057.677	2.812.958	2.280.768	-
9 Receivables secured by mortgages on property	307.219	186.921	295.260	1.052.424	683.016	-
10 Past due receivables	19.517	4.130	26	1.068	5.543	-
11 Receivables defined in high risk category by BRSA	234.992	1.072.783	663.169	3.368.822	586.351	3.273.832
12 Securities collateralized by mortgages	-	-	-	-	-	-
13 Securitization positions	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Equity share investments	-	-	-	-	-	-
17 Other receivables	-	-	-	-	-	5.692.488
Total	35.097.715	5.583.071	6.191.415	17.905.933	9.534.218	64.698.460

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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.)

Information on financial structure and risk management (Continued)

II. Explanations on credit risk (Continued):

Explanations for risk classes specified in Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks (Continued):

For the entire risk class of receivables from central governments or central banks, the ratings given by the international credit rating agency Islamic International Rating Agency (IIRA) are taken into account. Turkey's long-term foreign currency credit rating (BBB-), T.R. Foreign currency securities issued by the Treasury and Turkish Republic. It is also used for other foreign currency risks associated with the Central Government. According to capital adequacy regulations, in determining the risk weights of risk classes of receivables from banks and intermediary institutions, the ratings given by rating agencies authorized by the Board or directly recognized for receivables whose counterparties are located abroad are used. Receivables whose counterparty is located within the country are considered unrated and included in the capital adequacy calculation. The "Credit Quality Levels" corresponding to the ratings given by the rating institutions authorized by the Board or directly recognized are given in the table below.

The match-up of the ratings		Credit Quality stage	Fitch Ratings	Moody's Inandstor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
	Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA (lower)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A (high) to A (lower)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB (high) to BBB (lower)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	BB (high) to BB (lower)	BB+ to BB-
		5	B+ to B-	B1 to B3	B+ to B-	B+ to B-	B (high) to B (lower)	B+ to B-
		6	CCC+ and lower	Caa1 and lower	CCC+ and lower	CCC and lower	CCC (high) and lower	CCC+ and lower
	Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1	J-1	R-1 (high) to R-1 (lower)	A-1+ to A-1
		2	F2	P-2	A-2	J-2	R-2 (high) to R-2 (lower)	A-2
		3	F3	P-3	A-3	J-3	R-3	A-3
		4	F3 lower	NP	A-3 lower	J-3 lower	R-3 lower	A-3 lower
		5	-	-	-	-	-	-
		6	-	-	-	-	-	-
	Ratings for long term securitization positions	1	AAA to AA-	Aaa to Aa3	AAA to AA-	-	AAA to AA (lower)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	-	A (high) to A (lower)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	-	BBB (high) to BBB (lower)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	-	BB (high) to BB (lower)	BB+ to BB-
		5	B+ and lower	B1 and lower	B+ and lower	-	B (high) and lower	B+ and lower
	Ratings for short term securitization positions	1	F1+ to F1	P-1	A-1+ to A-1	-	R-1 (high) to R-1 (lower)	A-1+ to A-1
		2	F2	P-2	A-2	-	R-2 (high) to R-2 (lower)	A-2
		3	F3	P-3	A-3	-	R-3	A-3
		Others	F3 lower	NP	A-3 lower	-	R-3	A-3 lower
	The match-up for collective investment undertakings	1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m	-	-	-
		2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m	-	-	-
		3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m	-	-	-
		4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m	-	-	-
		5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m	-	-	-
		6	CCC+ and lower	Caa1 and lower	FCQR: CCC+f and lower; PSFR: CCC+m and lower	-	-	-

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Information on financial structure and risk management (Continued)

II. Explanations on credit risk (Continued):

Risk amounts according to risk weights:

Risk Weights- Current Period	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	76.868.620	-	7.446.969	785.356	3.270.394	8.973.311	32.466.213	3.308.878	5.820.551	70.520	910.159
2 Amount after credit risk mitigation	78.098.182	-	7.640.666	785.356	3.450.609	8.645.211	31.190.839	3.308.878	5.820.551	70.520	910.159
Risk Weights- Prior Period	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	38.413.589	-	7.024.868	440.876	2.088.526	4.187.095	23.923.116	1.170	5.168.499	18.209	222.710
2 Amount after credit risk mitigation	39.456.724	-	7.508.936	395.062	2.152.181	3.878.566	22.686.596	1.170	5.168.499	18.209	222.710

By sectors or counterparty type; Separately, impaired loan and overdue loan amounts, value adjustments and provisions, amounts related to value adjustments and provisions during the period:

As of December 31, 2023, the Bank has allocated lifetime expected loss provisions for loans classified as Stage 2, based on the risk assessments made within the scope of TFRS 9. A lifetime expected loss provision has been set aside for loans that are classified as Stage 3 and determined to be impaired.

As of December 31, 2023, loans that did not have a significant increase in credit risk when they were first included in the financial statements or later were classified as Stage 1 and a 12-month expected loss provision was allocated for these loans.

Current Period		Loans (*)		Provisions
		Impaired Credits (TFRS 9)		Expected Loss Provisions (TFRS9)
Important Sectors/Counterparties		Significant increase in credit risk (Stage 2)	Non-performing (Stage 3)	
1	Agriculture	-	-	-
1.1	Farming and stockbreeding	-	-	-
1.2	Forestry	-	-	-
1.3	Fishery	-	-	-
2	Manufacturing	158.870	104.718	105.573
2.1	Mining and quarrying	14.813	-	100
2.2	Production	144.057	104.718	105.473
2.3	Electricity, gas, water	-	-	-
3	Construction	127.762	40.792	30.403
4	Services	240.774	94.431	74.493
4.1	Wholesale and retail trade	42.144	83.602	53.591
4.2	Hotel, food and beverage services	321	-	1
4.3	Transportation and telecommunication	152.342	4.686	16.055
4.4	Financial institutions	-	-	-
4.5	Real estate and renting services	45.967	6.143	4.846
4.6	Self-employment services	-	-	-
4.7	Education services	-	-	-
4.8	Health and social services	-	-	-
5	Other	-	2.935	2.561
Total		527.406	242.876	213.030

(*) The breakdown of cash loans is given.

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Information on financial structure and risk management (Continued)

II. Explanations on credit risk (Continued):

By sectors or counterparty type; Separately, impaired loan and overdue loan amounts, value adjustments and provisions, amounts related to value adjustments and provisions during the period:

Prior Period	Important Sectors/Counterparties	Loans (*)		Provisions
		Impaired Credits (TFRS 9)		Expected Loss Provisions (TFRS9)
		Significant increase in credit risk (Stage 2)	Non-performing (Stage 3)	
1	Agriculture	-	-	-
1.1	Farming and stockbreeding	-	-	-
1.2	Forestry	-	-	-
1.3	Fishery	-	-	-
2	Manufacturing	21.648	47.477	61.285
2.1	Mining and quarrying	-	-	-
2.2	Production	20.032	47.090	60.857
2.3	Electricity, gas, water	1.616	387	428
3	Construction	9.417	17.845	14.812
4	Services	23.101	26.452	24.186
4.1	Wholesale and retail trade	18.700	22.785	19.909
4.2	Hotel, food and beverage services	-	-	-
4.3	Transportation and telecommunication	4.401	3.333	3.964
4.4	Financial institutions	-	-	-
4.5	Real estate and renting services	-	334	313
4.6	Self-employment services	-	-	-
4.7	Education services	-	-	-
4.8	Health and social services	-	-	-
5	Other	3.524	1.602	1.322
Total		57.690	93.376	101.605

(*) The breakdown of cash loans is given.

Information about value adjustment and change in provisions

Current Period		Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
	Opening Balance				
1	Third Stage	79.871	103.250	(41)	183.087
2	First and Second Stage	573.923	-	(189.890)	384.033
Prior Period		Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
	Opening Balance				
1	Third Stage	185.680	62.260	(168.069)	79.871
2	First and Second Stage	146.666	427.257	-	573.923

Risk involved in counter-cyclical capital buffer calculation

Current Period		Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Country where risk is ultimately taken				
Turkey		66.004.439	3.726.558	69.730.997
United Arab Emirates		648.056	-	648.056
Marshall Islands		957.360	-	957.360
Other Countries		132.219	-	132.219
Prior Period		Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Country where risk is ultimately taken				
Turkey		53.721.937	1.106.031	54.827.968
United Arab Emirates		11.697	-	11.697
Marshall Islands		1.169.125	-	1.169.125
Other Countries		57.985	-	57.985

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Information on financial structure and risk management (Continued)

III. Explanations on currency risk:

Foreign currency risk arises from the Bank's possible exposure to the changes in foreign currencies.

- a) The Bank is exposed to currency risks as a market risk and pay attention to keep at a minimum level by avoiding keeping any positions. The Bank calculates the Value at Risk for the foreign currency position on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and value at market risk is calculated on a monthly basis.
- b) The Bank does not have any derivative financial instruments held for hedging purposes.
- c) TL resources are used in TL and foreign currency resources are used in related currencies without causing any currency inconsistency in the use of loans. Due to uncertainty and volatility that may arise in the markets, foreign currency position limit that can be formed for strategic purposes is limited and monitored.
- d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of December 31, 2023 - Balance sheet evaluation rate	29,5461	32,6795
As of December 29, 2023	29,5461	32,6795
As of December 28, 2023	29,4473	32,9332
As of December 27, 2023	29,2104	32,1384
As of December 26, 2023	29,2084	32,1719
As of December 25, 2023	29,2084	32,1779

- 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 29,1176 for 1 USD (December 2022: full TL 18,6587), full TL 31,8008 for 1 Euro (December 2022: 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 ^(*)	14.730.022	37.919.304	192.741	52.842.067
Banks ^(*)	678.636	857.288	12.299.590	13.835.514
Financial assets at fair value through profit and loss	130.929	573.338	1.344.625	2.048.892
Money market placements	-	-	-	-
Financial Assets Valued At Fair Value Through Profit And Loss	1.017.694	3.320.131	-	4.337.825
Loans and financial lease receivable ^(**)	8.583.321	13.230.941	-	21.814.262
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	7.099.147	-	-	7.099.147
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ^(***)	2.351	8.249	905	11.505
Total Assets	32.242.100	55.909.251	13.837.861	101.989.212
Liabilities				
Current account and funds collected from banks via participation accounts	73.921	528.851	171.703	774.475
Other current and profit sharing accounts	24.196.152	58.046.786	10.480.272	92.723.210
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	8.049.291	34.142	-	8.083.433
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities ^(****)	390.099	439.290	1.838.604	2.667.993
Total liabilities	32.709.463	59.049.069	12.490.579	104.249.111
Net balance sheet position	(467.363)	(3.139.818)	1.347.282	(2.259.899)
Net balance sheet position	575.485	3.297.563	(1.368.325)	2.504.723
Derivative financial instruments assets	747.873	6.371.091	1.082.092	8.201.056
Derivative financial instruments liabilities	172.388	3.073.528	2.450.417	5.696.333
Non-cash loans	1.830.598	2.563.907	56.173	4.450.678
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

^(*) Expected loss provisions of 48.446 TL allocated for Cash Values and the Central Bank and 20.939 TL allocated for Banks are not included in the exchange rate risk calculation.

^(**) The currency risk calculation excludes an expected loss provision of TL 149.984 for loans and financial lease receivables.

^(***) Derivative financial assets are included in other assets.

^(****) Provisions and Shareholders' Equity are shown under other liabilities.

Explanations regarding stock position risk arising from banking accounts

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			75.297.535	55.105.123
CASH OUTFLOWS				
2 Retail and Small Business Funds Collected	35.459.748	29.504.308	3.503.855	2.950.431
3 Stable Funds Collected	842.402	-	42.120	-
4 Less stable Funds Collected	34.617.346	29.504.308	3.461.735	2.950.431
5 Unsecured Funding other than Retail and Small Business	62.359.481	55.332.483	26.923.191	22.628.418
6 Customers Deposits	-	-	-	-
7 Operational Funds Collected	61.557.980	55.269.466	26.121.690	22.565.401
8 Non-Operational Funds Collected	801.501	63.017	801.501	63.017
9 Secured Funding			-	-
10 Other Cash Outflows	8.672.244	4.814.675	8.672.244	4.814.675
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	6.832.228	4.814.675	6.832.228	4.814.675
12 Debts related to the structured financial products	1.840.016	-	1.840.016	-
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	25.576.887	5.021.127	9.250.992	481.350
16 TOTAL CASH OUTFLOWS			48.350.282	30.874.874
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	33.461.745	18.045.946	29.110.813	17.124.386
19 Other contractual cash inflows	6.890.985	6.286.784	6.890.985	6.286.784
20 TOTAL CASH INFLOWS	40.352.730	24.332.730	36.001.798	23.411.170
			Upper limit applied amounts	
21 TOTAL HQLA			75.297.535	55.105.123
22 TOTAL NET CASH OUTFLOWS			12.348.484	7.718.719
23 Liquidity Coverage Ratio (%)			609,77	713,92

(*) It is the average of the liquidity coverage ratio calculated by taking the simpleweekly 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 – 31.12.2023	
	TL+FC	FC
Lowest (%)	364,70	364,70
Month	December 29, 2023	December 29, 2023
Highest (%)	725,97	725,97
Month	October 27, 2023	October 27, 2023
Average	577,99	656,05

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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)			49.255.131	37.802.121
1 HIGH QUALITY LIQUID ASSETS				
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 Secured Funding			-	-
10 Other Cash Outflows	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 3,46% cash, 71,49% deposits in central banks and 25,05% 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 89,24% funds collected, 4,17% subordinated debt instruments and 6,59% 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 ^(*)	39.337.987	30.905.849	-	-	-	-	-	70.243.836
Banks ^(**)	13.877.892	-	-	-	-	-	-	13.877.892
Financial Assets at Fair Value Through Profit and Loss	-	904.964	818.123	683.139	695.882	149.204	-	3.251.312
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets valued at fair value through other comprehensive income	-	-	1.006.679	907.744	9.064.318	1.140.177	7.659	12.126.577
Loans	-	8.751.963	9.427.018	36.519.484	9.327.442	3.656.379	242.876	67.925.162
Financial assets valued at amortised cost	-	-	-	6.507.119	6.044.924	4.095.114	-	16.647.157
Other Assets ^(***)	-	-	-	-	-	-	5.408.975	5.408.975
Total Assets	53.215.879	40.562.776	11.251.820	44.617.486	25.132.566	9.040.874	5.659.510	189.480.911
Liabilities								
Current account and funds collected from banks via participation accounts	3.136.981	102.456	1.409.133	-	-	-	-	4.648.570
Other current and profit sharing accounts	87.776.228	39.183.258	14.653.965	4.997.426	237.471	-	-	146.848.348
Funds provided from other financial institutions and subordinated loans	-	2.958.843	4.423.529	3.155.899	641.531	-	7.078.467	18.258.269
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Other liabilities ^(****)	-	3.270.710	-	-	-	-	15.856.629	19.127.339
Total Liabilities	90.913.209	45.515.267	20.486.627	8.153.325	879.002	-	22.935.096	188.882.526
Liquidity Gap	(37.697.330)	(4.952.491)	(9.234.807)	36.464.161	24.253.564	9.040.874	(17.275.586)	598.385
Net Off-balance sheet Position	-	(285)	(232.726)	817	-	-	-	(232.194)
Financial Derivative Assets	1.329.288	4.024.789	62.235	-	-	-	5.416.312	1.329.288
Financial Derivative Liabilities	1.329.573	4.257.515	61.418	-	-	-	5.648.506	1.329.573
Non-cash Loans	461.967	1.182.872	6.822.917	4.725.789	165.948	5.919.739	19.279.232	461.967
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

(*) Expected loss provision of 55.160 TL allocated for Cash Values and the Central Bank and 21.001 TL allocated for Banks are not included in the exchange rate risk calculation.

(**) Expected loss provision of 522.224 TL allocated for loans and financial leasing receivables is not included in the exchange rate risk calculation.

(***) Other undistributable assets column consists of assets held for sale, partnership investments, tangible and intangible assets, current and deferred tax assets, derivative financial assets and other assets.

(****) Other undistributable assets column consists of assets held for sale, partnership investments, tangible and intangible assets, current and deferred tax assets, derivative financial assets and other assets.

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Information on financial structure and risk management (Continued)

V. Explanations on leverage ratio:

As of December 31, 2023, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 6,58%. (December 31, 2022: 6,49%) Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks".

	Current Period December 31, 2023(*)	Prior Period December 31, 2022 (*)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	180.715.357	107.854.252
2 (Assets deducted from Core capital)	(377.283)	(163.498)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	180.338.074	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	259.012	112.984
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	259.012	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)	15.949.481	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)	15.949.481	10.030.149
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	37.707.582	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)	37.707.582	20.891.725
Capital and total risk		
13 Core Capital	15.421.014	9.004.727
14 Total risk amount (sum of lines 3, 6, 9 and 12)	234.254.149	138.725.612
Leverage ratio		
15 Leverage ratio (%)	6,58	6,49

(*) Amounts in the table show quarterly averages.

VI. Explanations regarding the presentation of financial assets and liabilities at fair value

a. Information on the fair value of financial assets and liabilities

	Book Value		Fair Value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Financial Assets				
Due from Interbank Money Market	-	-	-	-
Banks	13.877.892	4.887.831	13.877.892	4.887.831
Financial Assets at Fair Value through Profit or Loss	3.251.312	2.217.961	3.251.312	2.217.961
Financial Assets at Fair Value Through Other Comprehensive Income	12.126.577	10.441.385	12.126.577	10.441.385
Financial Assets Valued Over Amortized Cost	16.692.053	10.440.441	17.622.009	10.440.441
Loans and financial lease receivables	67.925.162	44.292.621	71.712.537	53.760.934
Financial Liabilities				
Funds collected from banks through current accounts and participation accounts	4.648.570	302.929	4.648.570	581.502
Other current accounts and participation accounts	146.848.348	78.920.936	146.848.348	26.211.847
Funds from other financial institutions	18.258.269	7.153.053	19.171.444	4.566.889
Debts to Money Markets	-	-	-	-
Other Liabilities	3.012.947	1.009.560	3.012.947	429.545

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Information on financial structure and risk management (Continued)

VI. Explanations regarding the presentation of financial assets and liabilities at fair value (Continued):

b. Information on fair value measurements recognized in the financial statements

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes.

- a. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values,
- b. At level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators,
- c. At level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered.

The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Assets at Fair Value Through Profit or (Loss)	1.697.936	1.553.376	-	3.251.312
Government Debt Securities	1.476.974	542.207	-	2.019.181
Share Certificates	-	-	-	-
Other financial assets	220.962	1.011.169	-	1.232.131
Financial Assets at Fair Value Through Other Comprehensive Income	8.077.356	4.049.221	-	12.126.577
Equity Securities (*)	8.077.356	4.041.562	-	12.118.918
Government Debt Securities	-	-	-	7.659
Other financial assets	-	-	-	-
Derivative Financial Assets	4.004	-	-	4.004
Financial liabilities				
Derivative financial liabilities	27.199	-	-	27.199

(*) The financial assets whose fair value difference is reflected in other comprehensive income, the realization price has been reflected in the financial statements for the securities worth 7.659 TL not being traded in an active market, and the related securities are not shown in this table.

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Assets at Fair Value Through Profit or (Loss)	1.036.560	1.181.401	-	2.217.961
Government Debt Securities	803.429	141.530	-	944.959
Share Certificates	-	-	-	-
Other financial assets	233.131	1.039.871	-	1.273.002
Financial Assets at Fair Value Through Other Comprehensive Income	7.916.625	2.517.101	-	10.433.726
Equity Securities	-	-	-	-
Government Debt Securities	7.916.625	2.517.101	-	10.433.726
Other financial assets	-	-	-	-
Derivative Financial Assets	17.597	-	-	17.597
Financial liabilities				
Derivative financial liabilities	13.797	-	-	13.797

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Information on financial structure and risk management (Continued)

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

The bank does not provide buying, selling, custody or fund management services on behalf of its customers. The bank does not enter into fiduciary transaction agreements.

VIII. Explanations regarding risk management

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 on October 23, 2015 and became effective as of June 30, 2016. The tables related to 'Internal Rating-Based (IRB) Approach' are not presented due to the usage of standard approach for the calculation of capital adequacy.

a. Risk management strategy and risk weighted amounts

a.1. Explanations on risk management

The aim of the Bank's Risk management system is basically to ensure identification, measurement, monitoring and controlling of risks exposed, through establishment of policies, implementation procedure and limits for monitoring, controlling and in case of need changing the risk/return structure of future cash flows, and accordingly nature and level of operations.

The Board of Directors has a responsibility of establishing and providing compatible, adequate and effective system on internal control, risk management and internal auditing as anticipated by the Banking Law for the purpose of monitoring and controlling risks emerging from operations.

The Board of Directors is responsible for establishing risk management policies and strategies. These policies are revised and evaluated periodically according to prevailing market conditions.

The general manager is responsible from ensuring that departments of the bank operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

The Board of Directors of the Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Bank.

The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

Ultimate goal of the bank's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

The risks that the Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the bank’s strategies to risk profile. The bank’s strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact.

The bank’s risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the bank’s readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the bank, is the level of risk it identifies as acceptable.

The common feature of the bank’s risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

By means of “Risk Appetite Policy” approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Banks were identified. Limits, which are determined within the framework of risk profile of the bank in accordance with the bank’s risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the bank’s financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the bank.

Aiming to ensure capital allocation compatible with the risks of its functional operations and increase the capital yield set according to these risks to the maximum level, the bank evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

Market Risk

The Bank’s market risk; refers to the probability of loss may be exposed to exchange rate risk, equity position risk, profit rate risk and commodity risk.

The Bank measures its market risks by using the standard method in accordance with the provisions of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”.

Whether the market risk of our Bank is in conformity with legal regulations and the determined limits is constantly monitored. Our foreign currency risk is discussed and evaluated at every Assets/Liabilities Committee meeting and our foreign currency strategy is based on holding this risk constant by holding to square foreign currency position (i.e. no short or long positions are taken).

Liquidity risk

The Bank’s liquidity risk, consists of funding related liquidity risk and market-related liquidity risk. The liquidity risk is the situation whereby, as a result of any imbalances in the cash flows, there is a potential for not being able to meet the Participation Funds which have matured or other due liabilities in a timely manner due to shortage of liquid funds.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

Market liquidity risk is an expression of the likelihood of the bank's suffering a loss because the bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis.

In order to manage liquidity risk, the Bank monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis.

The Bank applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity coverage ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets

Credit risk

Credit risk is defined as the probability of losses to the Bank due to customers failing to partially or completely pay their commitments to the Bank in a timely manner, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value of the customers due to any deterioration in the financial position of the customer. The definition of credit risk includes not just the portfolios within the balance sheet, but also those kept off balance sheet.

The authority to approve credits belongs to the Board of Directors at our Bank. The Board of Directors determines the policies concerning the utilization, approval, risk management of the credits and other related management principles. It then ensures the implementation and supervision of these policies, taking required measures when necessary. The Board of Directors has transferred some of its authority in approving credit lines to the Credit Committee and General Management within the framework of the procedures and principles determined by the legal provisions. The General Management uses that authority to utilize credits by means of the credit departments and Bank branches. At our Bank, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors.

It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio. Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to "Regulation on Credit Policies and Implementation Procedures".

Operational risk

Operational risk is a risk of loss caused by insufficient or unsuccessful internal processes, by persons and systems or external events, wherein the legal risks and compliance risks are included while the strategic (making wrong decisions at the wrong time) and reputational risk are excluded.

Operational risk is a type of risk present in all activities of the Bank. It could arise from errors of the staff or the system, from such transactions as may have been made based on insufficient or incorrect legal information or documents, due to impediments in the flow of information between the divisions in the organizational structure of the Bank, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds.

The Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks. The Bank also takes required measures to maintain operational risks at acceptable levels.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

Other risks

The other risks that the Bank could encounter include strategic and reputational risk, counterparty credit risk, country risk, and concentration risk.

For the management of strategic risk, the Bank keeps a close watch on the domestic and international situation, on technological, financial, and social developments, on the legal and regulatory frameworks, and on the banking industry as a whole in order to make rational decisions and to change them as circumstances warrant.

The Bank regards reputational risk as anything that might lead to the Bank’s suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations. For the risk of reputation to be avoided and/or controlled by the Bank’s Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Bank’s reputation or image is detected.

In addition, the Bank’s operations in accordance with the principles of participation banking are also considered as a component of the bank’s specific reputation risk management.

Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction’s cash flow sequence. The Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Bank enters into business relationships with foreign financial institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country’s economic conditions into account.

Concentration risk is defined as the likelihood that a single risk or several risks that have some attribute in common may, if realized, cause losses that are capable of endangering the bank itself or its ability to carry out its essential activities. Policies aimed at managing concentration risk are formulated so as to deal with particular aspects of it such as sectoral concentration, collateral concentration, market risk concentration, types of loss concentration, and creditor concentration.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

Other risks

a.2 General overview of risk weighted amounts

		Risk weighted assets		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	58.177.245	32.027.595	4.654.180
2	Of which standardised approach (SA)	58.177.245	32.027.595	4.654.180
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	27.689	28.930	2.215
5	Of which standardised approach for counterparty credit risk (SA-CCR)	27.689	28.930	2.215
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	3.726.558	1.106.031	298.125
17	Of which standardised approach (SA)	3.726.558	1.106.031	298.125
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)	66.640.318	34.146.697	5.331.226

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

b. Financial statements and regulatory exposures reconciliation

b.1. Differences and matching between accounting-related consolidation and legal consolidation

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and balances at central bank	70.243.836	70.243.836	-	-	-	-
Banks	13.877.892	13.877.892	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Expected Loss Provisions (-)	76.161	-	-	-	-	76.161
Financial assets at fair value through profit or Loss	3.251.312	-	-	-	3.251.312	-
Financial assets at fair value through other comprehensive income	12.126.577	12.126.577	-	-	-	-
Derivative financial assets	4.004	-	4.004	-	4.004	-
Loans	67.542.336	67.542.336	-	-	-	3.440
Leasing receivables	382.826	382.826	-	-	-	-
Financial assets measured at amortized cost	16.692.053	16.692.053	-	-	-	-
Expected loss provisions	567.120	183.087	-	-	-	460.868
Assets held for sale and discontinued operations (net)	8.283	8.283	-	-	-	-
Partnership investments	22.600	22.600	-	-	-	-
Tangible fixed asset (net)	922.856	803.530	-	-	-	119.326
Intangible asset (net)	250.364	-	-	-	-	250.364
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deferred tax assets	1.713.189	1.713.189	-	-	-	-
Other assets	2.487.679	2.487.679	-	-	-	-
Total Assets	188.882.526	185.717.714	4.004	-	3.255.316	(163.899)
Liabilities						
Funds collected	151.496.918	-	-	-	-	-
Funds borrowed	11.179.802	-	-	-	-	-
Debt to Money markets	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	27.199	-	-	-	27.199	-
Liabilities from leases	507.319	-	-	-	-	-
Provisions	3.829.617	1.175	-	-	-	-
Current tax liability	1.336.476	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Non-current assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	7.078.467	-	-	-	-	-
Other liabilities	3.012.947	-	-	-	-	-
Equity	10.413.781	-	-	-	-	-
Total Liabilities	188.882.526	1.175	-	-	27.199	-

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

b. Financial statements and regulatory exposures reconciliation

b.1. Differences and matching between accounting-related consolidation and legal consolidation

Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and balances at central bank	26.082.280	26.082.580	-	-	-	-
Banks	4.853.496	4.853.496	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Expected Loss Provisions (-)	43.071	43.071	-	-	-	-
Financial assets at fair value through profit or Loss	2.217.961	-	-	-	2.217.961	-
Financial assets at fair value through other comprehensive income	10.441.385	10.441.385	-	-	-	-
Derivative financial assets	17.597	-	17.597	-	17.597	-
Loans	43.806.339	43.806.339	-	-	-	-
Leasing receivables	486.282	486.282	-	-	-	-
Financial assets measured at amortized cost	10.440.441	10.440.441	-	-	-	-
Expected loss provisions	653.794	653.794	-	-	-	-
Assets held for sale and discontinued operations (net)	5.242	5.242	-	-	-	-
Partnership investments	100	100	-	-	-	-
Tangible fixed asset (net)	432.288	432.288	-	-	-	-
Intangible asset (net)	100.413	100.413	-	-	-	100.413
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deferred tax assets	663.317	663.317	-	-	-	-
Other assets	1.376.359	1.376.359	-	-	-	122.297
Total Assets	100.226.935	97.991.377	17.597	-	2.235.558	222.710
Liabilities						
Funds collected	79.170.901	-	-	-	-	-
Funds borrowed	7.153.053	-	-	-	-	-
Debt to Money markets	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	13.797	-	13.797	-	13.797	-
Liabilities from leases	278.248	-	-	-	-	-
Provisions	1.045.704	-	-	-	-	-
Current tax liability	1.368.458	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Non-current assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	4.110.376	-	-	-	-	-
Other liabilities	1.062.524	-	-	-	-	-
Equity	6.023.874	-	-	-	-	-
Total Liabilities	100.226.935	-	13.797	-	13.797	-

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

b. Financial statements and regulatory exposures reconciliation (Continued):

b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS)

	Current Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	188.882.526	185.717.714	-	4.004	3.255.316
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	1.175	1.175	-	-	-
3	Total net amount within the scope of legal consolidation	188.881.351	185.716.539	-	4.004	3.255.316
4	Off balance sheet amounts	49.496.885	29.329.605	-	23.685	-
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(76.037.682)	-	-	-
10	Risk amounts	238.380.586	139.010.812	-	27.689	3.255.316

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

	Prior Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	100.226.935	97.991.377	-	17.597	2.235.558
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	13.797	-	-	13.797	13.797
3	Total net amount within the scope of legal consolidation	100.213.138	97.991.377	-	3.800	2.221.761
4	Off balance sheet amounts	30.917.519	6.789.748	-	64.757	64.757
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(30.910.786)	-	-	-
10	Risk amounts	131.130.657	73.870.339	-	68.557	2.286.518

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

b. Financial statements and regulatory exposures reconciliation (Continued):

b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts:

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

c. Credit risk

c.1. General information on credit risk

c.1.1. General qualitative information on credit risk

This information is already included in (II). Explanations on Credit Risk and (IX.a.I) The Bank's risk management approach.

c.1.2. Credit quality of assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	242.876	67.682.288	522.224	67.402.938
2 Debt securities	-	32.069.942	132.392	31.937.550
3 Off-balance sheet exposures	6.184	29.323.421	131.301	29.198.304
4 Total	249.060	129.075.651	785.917	128.538.792

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	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 default 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	454.068	74.049
3 Receivables back to non-defaulted status	-	-
4 Amounts written off	-	(168.069)
5 Other changes	(304.568)	(8.133)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	242.876	93.376

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

c. Credit risk(Continued)

c.1.4. Additional information on credit quality of assets

The scope and definitions of past due receivables and the methods used by the bank to determine the provisions are mentioned in the Explanations on Credit risk. The Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk.

Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan. Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered II (Explanations on Credit Risk). Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below.

There are no financial assets that are overdue but not impaired by class of financial instruments. (December 31 2022: None).

Receivables that provisions are set in terms of geographical region

Current Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	242.876	183.087
Off-shore Banking Countries	-	-
Other Countries	-	-
Grand Total	242.876	183.087

(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	93.376	185.680
Off-shore Banking Countries	-	-
Other Countries	-	-
Grand Total	93.376	185.680

(*) Represents amounts for cash loans.

c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques

On and off balance sheet offsetting agreements are not utilized. The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at December 6, 2014 are stated below:

- Financial Collaterals (Treasury Bills, Government Bonds, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)
- Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued):

c. Credit risk (Continued):

c.2. Credit risk mitigation

If there are indicators on significant decreases of real estate's value in comparison to general market prices, the real estate's valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

The Bank monitors other banks' guarantees that are evaluated as risk mitigators within the framework of BRSA regulations on a regular basis and reviews the credibility of banks periodically.

The volatility in real estate market is monitored closely by the Bank and the market fluctuations are considered in credit activities

c.2.1. Qualitative disclosure on credit risk mitigation techniques

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collatera	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Current Period							
1 Loans	59.674.449	7.728.489	2.731.872	683.695	674.345	-	-
2 Debt securities	31.937.550	-	-	-	-	-	-
3 Total	91.611.999	7.728.489	2.731.872	683.695	674.345	-	-
4 Of which defaulted	242.876	-	-	-	-	-	-
Prior Period							
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

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote numbered (II) for Explanations on Credit Risk.

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VIII. Explanations regarding risk management (Continued):

c. Credit risk (Continued):

c.3. Credit risk under standardised approach (Continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques

Current Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Receivables from central governments or central banks	76.371.917	-	76.392.704	590	-	-
Receivables from regional or local governments	94.283	532	-	266	-	0,00%
Receivables from administrative units and non-commercial enterprises	440.321	4.880	440.321	2.346	433.999	98,04%
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	6.411.940	-	6.655.330	-	1.990.427	29,91%
Receivables from corporates	20.169.210	18.958.926	20.003.308	9.105.319	27.131.195	93,21%
Retail receivables	5.726.788	7.722.348	5.722.796	3.240.271	6.499.063	72,51%
Receivables secured by mortgages on property	722.796	126.095	722.796	64.683	275.936	35,04%
Receivables secured by mortgages on commercial property	1.272.753	839.679	1.272.753	464.608	1.164.048	67,00%
Past due receivables	30.284	-	30.284	-	21.007	69,37%
Receivables defined in high risk category by BRSA	9.199.949	-	9.199.949	-	16.974.184	184,32%
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	5.692.488	-	5.692.488	-	3.687.386	64,78%
Equity share investments	-	-	-	-	-	-
Total	126.132.729	27.652.460	126.132.729	12.878.083	58.177.245	41,84%

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Receivables from central governments or central banks	37.311.333	-	37.348.816	272	-	-
Receivables from regional or local governments	241.494	14.532	73.501	8.797	40.287	48,95%
Receivables from administrative units and non-commercial enterprises	15.133	4.765	25.372	4.772	15.052	49,93%
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	6.997.303	-	7.227.877	-	2.297.744	31,79%
Receivables from corporates	15.574.635	11.795.506	15.479.760	5.604.036	24.872.261	117,97%
Retail receivables	2.245.737	1.948.396	2.230.534	995.769	2.280.653	70,69%
Receivables secured by mortgages on property	361.721	79.156	361.496	38.147	130.846	32,74%
Receivables secured by mortgages on commercial property	612.889	228.089	612.889	137.955	499.358	66,51%
Past due receivables	9.573	-	9.573	-	4.916	51,35%
Receivables defined in high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	3.710.773	-	3.710.773	-	1.885.946	50,82%
Equity share investments	-	-	-	-	-	-
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 regarding risk management (Continued)

c. Credit risk (Continued):

c.3. Credit risk under standardised approach (Continued):

c.3.3. Exposures by asset classes and risk weights

Risk Classes/Risk Weighted		35% secured by Property mortgage									Total risk amount (post-CCF and CRM)	
Current Period	%0	%10	%20	%50	%75	%100	%150	%200	Others			
1	Receivables from central governments or central banks	76.393.294	-	-	-	-	-	-	-	-	76.393.294	
2	Receivables from regional or local governments	266	-	-	-	-	-	-	-	-	266	
3	Receivables from administrative units and non-commercial enterprises	8.668	-	-	-	-	433.999	-	-	-	442.667	
4	Receivables from multilateral devel banks	-	-	-	-	-	-	-	-	-	-	
5	Receivables from international orgs	-	-	-	-	-	-	-	-	-	-	
6	Receivables from banks and brokerage houses	-	-	5.369.047	-	739.331	-	546.952	-	-	6.655.330	
7	Receivables from corporates	972.740	-	290.880	-	1.543.976	-	26.301.031	-	-	29.108.627	
8	Retail receivables	226.511	-	97.007	-	-	8.639.549	-	-	-	8.963.067	
9	Receivables secured by mortgages on property	-	-	-	785.356	2.123	-	-	-	-	787.479	
10	Receivables secured by mortgages on commercial property	-	-	-	-	1.146.626	-	590.735	-	-	1.737.361	
11	Past due receivables	-	-	-	-	18.553	-	11.731	-	-	30.284	
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	3.308.878	5.820.551	87.686	9.199.949	
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	
16	Other receivables	-	-	-	-	-	-	-	-	-	-	
17	Equity share investments	496.703	-	1.883.731	-	-	5.663	3.306.391	-	-	5.692.488	
18	Total	78.098.182	-	7.640.665	785.356	3.450.609	8.645.212	31.190.839	3.308.878	5.820.551	87.686	139.010.812

Classes/Risk Weighted		35% secured by Property mortgage									Total risk amount (post-CCF and CRM)
Prior Period	%0	%10	%20	%50	%75	%100	%150	%200	Others		
1 Receivables from central governments or central banks	37.349.088	-	-	-	-	-	-	-	-	37.349.088	
2 Receivables from regional or local governments	1.723	-	-	-	80.575	-	-	-	-	82.298	
3 Receivables from administrative units and non-commercial enterprises	15.092	-	-	-	-	-	15.052	-	-	30.144	
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	
6 Receivables from banks and brokerage houses	-	-	6.018.558	230.574	-	978.745	-	-	-	7.227.877	
7 Receivables from corporates	599.375	-	320.331	1.194.463	-	13.782.919	-	5.168.499	18.209	21.083.796	
8 Retail receivables	132.496	-	76.451	-	3.010.318	5.868	1.170	-	-	3.226.303	
9 Receivables secured by mortgages on property	17.616	-	19.092	362.935	-	-	-	-	-	399.643	
10 Receivables secured by mortgages on commercial property	-	-	-	502.972	-	247.872	-	-	-	750.844	
11 Past due receivables	-	-	-	9.313	-	260	-	-	-	9.573	
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	
13 Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	
15 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	
16 Other receivables	-	-	-	-	-	-	-	-	-	-	
17 Equity share investments	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 regarding risk management (Continued)

d. Counterparty credit risk

d.1. Qualitative disclosure on counterparty credit risk

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with "Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated October 23, 2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The Bank prepared "Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures" in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

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

		Replacemen t cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post- CRM	RWA
1	Standardised Approach - CCR (for derivatives)	4.004	23.685		-	27.689	27.689
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						27.689

(*) Effective Expected Positive Exposure

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued)

d. Counterparty credit risk

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

Prior Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	17.320	64.757		-	114.908	28.929
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						28.929

^(*) Effective Expected Positive Exposure

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

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1 (i) VaR component (including the 3×multiplier)		-		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-		-
3 All portfolios subject to the Standardised CVA capital obligation	27.689	27.689	114.908	28.929
4 Total subject to the CVA capital obligation	27.689	27.689	114.908	28.929

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued)

d. Counterparty credit risk (Continued):

d.4. CCR exposures by risk class and risk weights

Current Period									
Risk Classes	Risk Weighted								
	%0	%10	%20	%50	%75	%100	%150	Other	Total credit exposure(*)
Receivables from central governments or central banks	-	-	-	-	-	-	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	-	-	-	27.689	-	-	27.689
Receivables from corporates	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	27.689	-	-	27.689

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

Prior Period									
Risk Classes	Risk Weighted								
	%0	%10	%20	%50	%75	%100	%150	Other	Total credit exposure(*)
Receivables from central governments or central banks	6.561	-	-	-	-	-	-	-	6.561
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	94.896	7.001	-	-	-	-	6.561
Receivables from corporates	-	-	-	-	-	6.450	-	-	6.561
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	6.561	-	94.896	7.001	-	6.450	-	-	114.908

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

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VIII. Explanations regarding risk management (Continued)

d. Counterparty credit risk (Continued):

d.5. Used collaterals for counterparty credit risk

None (December 31, 2022:None).

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

None (December 31, 2022:None).

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

None (December 31, 2022:None).

e. Information to be announced to public on Securitization

None (December 31, 2022:None).

f. Market risk

f.1. Qualitative disclosure on market risk

The Bank measures market risk by using the standard method in accordance with "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks" dated October 23, 2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and Bank's strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, measure, prioritize, and reduce at an acceptable level and to manage the various risks that the Bank is exposed to.

Risks that positions held by the Bank under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows.

f.2. Market risk under standardised approach

		Current Period	Prior Period
		RWA	RWA
Outright products			
1	Profit rate risk (general and specific)	1.120.447	579.309
2	Equity share (general and specific)	-	-
3	Foreign exchange risk	2.199.503	259.477
4	Commodity risk	406.608	267.245
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	3.726.558	1.106.031

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Information on financial structure and risk management (Continued)

VIII. Explanations regarding risk management (Continued)

g. Operational risk

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks.

Current Period	2 PP Value	1 PP Tutar	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income Amount subject to Operational Risk (Total*12,5)	801.333	6.232.412	13.930.529	6.988.091	15	1.048.214

Current Period	2 PP Value	1 PP Tutar	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income Amount subject to Operational Risk (Total*12,5)	500.377	801.333	6.232.412	2.511.374	15	376.706

h. Qualitative disclosure on profit rate risk arising from banking books

h.1. Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and offbalance sheet positions in the Bank's banking books by standard shock method.

The Bank calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

h.2. Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method

Current Period

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TRY	(+) 500bp	(376.964)	-2,38
TRY	(-) 400bp	342.087	2,16
USD Dolar	(+) 200bp	(63.222)	-0,40
USD Dolar	(-) 200bp	72.869	0,46
EUR	(+) 200bp	60.526	0,38
EUR	(-) 200bp	(66.314)	-0,42
Total (For Negative Shocks)	-	348.642	2,20
Total (For Positive Shocks)	-	(379.660)	(2,40)

Prior Period

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TRY	(+) 500bp	(529.967)	(5,55)
TRY	(-) 400bp	499.974	5,23
USD Dolar	(+) 200bp	(49.947)	(0,52)
USD Dolar	(-) 200bp	64.836	0,68
EUR	(+) 200bp	101.384	1,06
EUR	(-) 200bp	(107.421)	(1,12)
Total (For Negative Shocks)	-	457.389	4,79
Total (For Positive Shocks)	-	(478.530)	(5,01)

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Information on financial structure and risk management (Continued)

IX. Explanations regarding business segments

The Bank has operations in retail banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas.

Current Period	Commercial and				Total
	Retail	Corporate	Treasury	Undistributed	
Total Assets	4.205.570	62.693.608	117.928.97	4.054.378	188.882.526
Total Liabilities	65.817.628	113.821.225	7.190.680	2.052.993	188.882.526
Net profit share income/(expense)	824.232	4.688.338	982.696	(208.700)	6.286.566
Net fees and commissions income/(expense)	519.594	1.796.913	(23.463)	(11.884)	2.281.160
Other operating income/(expense)	1.947.858	2.008.531	(2.941)	(4.509.777)	(556.329)
Provision expenses	(74.335)	(267.470)	(87.957)	(64)	(429.826)
Profit/(loss) before tax	3.217.349	8.226.312	868.335	(4.730.425)	7.581.571
Provision for tax	-	-	-	(2.452.037)	(2.452.037)
Net profit / (loss) for the period	3.217.349	8.226.312	868.335	(7.182.462)	5.129.534

(*) The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Bank.

Prior Period	Commercial and				Total
	Retail	Corporate	Treasury	Undistributed	
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	8.321.088	100.226.935
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 footnotes regarding the asset accounts of the balance sheet:

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	77.430	319.727	63.660	188.870
CBRT	17.215.441	49.495.840	1.498.475	23.081.139
Other (*)	108.898	3.026.500	82.652	1.167.784
Total	17.401.769	52.842.067	1.644.787	24.437.793

(*) As of December 31, 2023 it includes precious metal deposit account amounting to TL 186.469 (December 31, 2022: TL 42.641) and money in transit account amounting to TL 2.948.829 (December 31, 2022: TL 1.207.795)

b. Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	13.772.897	22.032.535	1.498.475	9.358.541
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Reserve requirements	3.442.544	27.463.305	-	13.722.598
Total	17.215.441	49.495.840	1.498.475	23.081.139

The Bank establishes required reserves at the CBRT for Turkish currency and foreign currency liabilities in accordance with the CBRT's Communiqué No. 2005/1 on Reserve Requirements. Required reserves can be kept in Turkish Lira, US Dollar and/or Euro and standard gold according to the "Communiqué on Required Reserves" at the CBRT.

As of December 31, 2023, the Bank's valid rates for Turkish currency required reserves are between 0% and 30%, depending on the maturity structure for participation funds and other liabilities; The applicable rates for foreign currency required reserves are between 5% and 30% for participation funds and other liabilities, depending on the maturity structure.

2. a. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	42.328	443.525	2.447	482.017
Foreign	50	13.391.989	-	4.403.367
Headquarters and Branches Abroad	-	-	-	-
Total	42.378	13.835.514	2.447	4.885.384

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Explanations and notes on the unconsolidated financial statements

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

b. Information on foreign bank accounts:

	Current Period		Prior Period	
	Unrestricted Period	Restricted Period	Unrestricted Period	Restricted Period
European Union Countries	2.840.346	-	1.562.962	-
USA, Canada	633.078	-	1.227.373	-
OECD Countries (*)	4.831	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	9.913.734	-	1.613.032	-
Total	13.391.989	-	4.403.367	-

(*) OECD countries except EU countries, USA and Canada.

3. Financial assets measured at fair value through profit or loss

a. Information on financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked:

As of December 31, 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 887.467 (December 31, 2022: TL 744.345).

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

	Current Period	Prior Period
Debt securities	3.255.346	2.221.047
Quoted on a stock exchange	1.699.889	1.037.169
Unquoted on a stock exchange (*)	1.555.457	1.183.878
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	-	-
Impairment provision (-)	4.034	3.086
Total	3.251.312	2.217.961

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

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Explanations and notes on the unconsolidated financial statements

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

4. Information on Financial Assets at fair value through other comprehensive income:

a. Information on financial assets valued at fair value through other comprehensive income subject to repurchase transactions, given as a guarantee or blocked:

As of 31 December 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 3.274.518 (December 31, 2022: TL 2.184.200).

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

	Current Period	Prior Period
Debt securities	12.145.754	10.481.318
Quoted on a stock exchange (*)	8.080.774	7.916.788
Unquoted on a stock exchange	4.064.980	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 (-)	26.836	47.592
Total	12.126.577	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	84	-	3.264	12.406
Forward Transactions	2.854	1.066	1.652	275
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	2.938	1.066	4.916	12.681

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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 footnotes regarding the asset accounts of the balance sheet: (Continued)

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	1.201.000	-	1.273.002	-
Loans to Legal Person Partners	1.201.000	-	1.273.002	-
Loans to Real Person Partners	-	-	-	-
Indirect Loans to Bank Partners	3.637	-	2.355	-
Loans to Bank Members	3.637	-	2.355	-
Total	1.204.637	-	1.275.357	-

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 Not subject to restructured loans	Loans Under Close Monitoring	
			Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Loans	66.772.054	345.887	181.519	-
Export loans	-	-	-	-
Import loans	4.744.240	7.575	-	-
Business loans	45.508.742	164.942	181.519	-
Consumer loans	2.769.781	1.699	-	-
Credit cards	-	-	-	-
Loans given to financial sector	6.345.775	-	-	-
Other (*)	7.403.516	171.671	-	-
Other receivables	-	-	-	-
Total	66.772.054	345.887	181.519	-

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

Installment Commercial Loans	5.808.797
Loans Extended Abroad	127.382
Other Investment Loans	1.606.919
Other(*)	32.089
Total	7.575.187

(*) Details of other loans are as follows:

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

6. Information on loans (Continued)

b1. Detail table on the first and second group loans including restructured loans (Continued):

Cash Loans Prior Period	Standard Loans	Loans Not subject to restructured loans	Loans Under Close Monitoring	
			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
Foreign loans	43.842
Other investment loans	1.160.191
Other(*)	180
Total	6.092.682

(*) Consists of compensated non-cash loan amounts.

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

Current Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	354.090	-
Substantial increase in credit risk	-	29.137
Prior Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	552.189	-
Substantial increase in credit risk	-	21.734

c. Maturity analysis of cash loans:

Cash Loans Current period	Standard Qualified Loans	Restructured	
		Those Not Included in the Scope of Restructuring	Restructured
Short Term Loans	35.738.341	214.978	91.577
Medium and Long Term Loans	31.033.713	130.909	89.942
Total	66.772.054	345.887	181.519

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

6. Information on loans (Continued)

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	29.773	2.738.346	2.768.119
Housing loans	11.877	2.596.558	2.608.435
Vehicle loans	5.470	120.900	126.370
Consumer loans	12.426	20.888	33.314
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	139	3.498	3.637
Housing loans	-	2.061	2.061
Vehicle loans	139	1.273	1.412
Consumer loans	-	164	164
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	29.912	2.741.844	2.771.756

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (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

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (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	2.069.630	3.501.720	5.571.350
Business loans	155.018	166.685	321.703
Vehicle loans	1.624.565	2.058.795	3.683.360
Consumer loans	290.047	1.276.240	1.566.287
Other	-	-	-
Commercial installment loans-FC indexed	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment Loans-FC	20.841	197.230	218.071
Business loans	-	23.065	23.065
Vehicle loans	18.409	112.867	131.276
Consumer loans	2.432	61.298	63.730
Other	-	-	-
Corporate credit cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	17.488	-	17.488
Overdraft account-FC(Legal Entity)	1.888	-	1.888
Total	2.109.847	3.698.950	5.808.797

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 footnotes regarding the asset accounts of the balance sheet (Continued):

6. Information on loans (Continued)

f. Allocation of loans by customers:

	Current Period	Prior Period
Public	5.232.563	3.344.569
Private	62.066.897	40.364.394
Total	67.299.460	43.708.963

g. Breakdown of domestic and foreign loans:

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

	Current Period	Prior Period
Domestic loans	65.692.541	42.548.772
Foreign loans	1.606.919	1.160.191
Total	67.299.460	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	1.201.000	-	-	-
Indirect loans given to subsidiaries and affiliates	-	-	-	-
Toplam	1.201.000	-	-	-

i. Default provisions for loans (Third Stage) provisions:

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	20.019	35.433
Doubtful Loans and Other Receivables	23.905	18.045
Uncollectible Loans and Receivables	139.163	26.393
Total	183.087	79.871

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

h.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 footnotes regarding the asset accounts of the balance sheet (Continued):

6. Information on loans (Continued)

h.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 (+)	205.681	125.511	122.876
Transfers from other categories of non-performing loans (+)	-	76.412	61.424
Transfers to other categories of non-performing loans (-)	76.412	61.424	-
Collections in the current period (-)	122.141	127.744	54.683
Write offs (-)	-	-	-
Sale (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	42.980	39.959	159.937
Provision (-)	20.019	23.905	139.163
Net balance at the balance sheet	22.961	16.054	20.774

	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

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

Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

6. Information on loans (Continued)

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

	III. Group Loans with Limited Collectability	IV. Group Doubtful Loans	V. Group Loss Loans
Current period			
End of period balance	-	11.228	16.121
Provision Amount (-)	-	6.917	11.926
Total	-	4.311	4.195
Prior period			
End of period balance	-	-	-
Provision Amount (-)	-	-	-

h.4. Gross and net non-performing loans and other receivables per customer categories:

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current Period (net)	22.961	16.054	20.754
Loans to individuals and corporates (gross)	42.980	39.959	159.937
Provision (-)	20.019	23.905	139.163
Loans to individuals and corporates (net)	22.961	16.054	20.774
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)	-	-	-

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

6. Information on loans (Continued)

h.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 Limited Collection Loans	IV. Grup Doubtful Loans	V. Grup Loss Loans
Current Period (Net)	1.469	1.049	1.488
Dividend Accruals and Rediscounts and Valuation Differences	2.416	2.637	8.124
Provisions (-)	947	1.588	6.636
Prior Period (Net)	62	818	338
Dividend Accruals and Rediscounts and Valuation Differences	102	2.057	1.845
Provisions (-)	40	1.239	1.507

i. 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.

l. 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	16.692.053	10.440.441
Total	16.692.053	10.440.441

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

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

b. Information on investment securities measured at amortized cost

	Current Period	Prior Period
Debt Securities	16.692.053	10.440.441
Quoted on a stock Exchange	9.592.906	1.904.621
Unquoted	7.099.147	8.535.820
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Impairment Provision (-)	-	-
Total	16.692.053	10.440.441

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 (*)	3.751.612	1.533.167
Purchases during period	2.500.000	6.209.920
Disposals through sales and redemptions	-	(16.232)
Impairment provision (-)	-	-
Closing Balance	16.692.053	10.440.441

(*) This amount includes TL 1.490.267 (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	131.241	118.085	61.689	58.166
1 to 4 years	298.224	255.068	460.014	377.536
More than 4 years	11.400	9.673	55.961	50.580
Total	440.865	382.826	577.844	486.282

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

8. Information on lease receivables (net): (Continued)

b. Information on net investments through finance lease:

	Current Period	Prior Period
Finance lease receivables (gross)	440.865	577.844
Unearned finance lease receivable (-)	58.039	91.562
Receivable from finance leases (net)	382.826	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.

Information on leasing receivables:

		Leasing Receivables Under Close Monitoring		
		Leasing receivables not subject to restructured loans	Restructured or rescheduled	
Finance Lease	Standard Loans		Leasing Receivables with Revised Contract Terms	Refinance
Current Period				
Finance lease receivables (Net)	382.826	-	-	-
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	1.123	(7.118)
Transfers	-	-
Impairment (-)	-	-
Closing balance	8.283	5.242

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

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, with a participation fee of 22.500 TL on April 30, 2023. 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 Rate (%)	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).

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 31 December 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.

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

10. Information on associates (Continued)

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, 2023 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	7.225.012	17.909	-	1.642.207	-	13.717	3.846	-
2	9.932.223	50	-	1.967.200.	-	-	-	-

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 footnotes regarding the asset accounts of the balance sheet (Continued):

11. Information on tangible assets:

Current Period	Immovables(*)	Leased tangible assets	Vehicles	Other TA	Total
Cost					
Opening Balance: January 1, 2023	274.238	-	76.793	277.823	628.854
Additions	464.198	-	105.625	69.108	638.931
Revaluation differences	-	-	-	-	-
Disposals	(800)	-	(1.019)	-	(1.819)
Impairment losses(-)/					
Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
Ending Balance: December 31, 2023	737.636	-	181.399	346.931	1.265.966
Accumulated depreciation (-)					
Opening balance: January 1, 2023	67.955	-	20.089	108.522	196.566
Depreciation expense	62.284	-	19.451	64.584	146.319
Reversal of depreciation of the disposed assets	-	-	133	92	225
Transfers	-	-	-	-	-
Ending balance: December 31, 2023	130.239	-	39.673	173.198	343.110
Total cost at the end of the year	737.636	-	181.399	346.931	1.265.966
Total accumulated depreciation at the end of the year	(130.239)	-	(39.673)	(173.198)	(343.110)
Closing net book values	607.397	-	141.726	173.733	922.856

(*) As of December 31, 2023, historical value of movables and real estates that are accounted for as a right of use is amounting to TL 737.636 (December 31, 2022: TL 274.238), in accordance with the "IFRS 16 Leases" standard, and the depreciation amount is TL 130.239. (December 31, 2022: TL 67.995)

Prior Period	Immovables(*)	Leased tangible assets	Vehicles	Other TA	Total
Cost					
Opening Balance: January 1, 2022	199.754	-	24.470	210.911	435.135
Additions	74.484	-	52.323	69.339	196.146
Revaluation differences	-	-	-	-	-
Disposals	-	-	-	(2.427)	(2.427)
Impairment losses(-)/Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
Ending Balance: December 31, 2022	274.238	-	76.793	277.823	628.854
Accumulated depreciation (-)					
Opening balance: January 1, 2022	32.190	-	11.716	60.831	104.737
Depreciation expense	35.765	-	8.373	47.913	92.051
Reversal of depreciation of the disposed assets	-	-	-	(222)	(222)
Transfers	-	-	-	-	-
Ending balance: December 31, 2022	67.955	-	20.089	108.522	196.566
Total cost at the end of the year	274.238	-	76.793	277.823	628.854
Total accumulated depreciation at the end of the year	(67.955)	-	(20.089)	(108.522)	(196.566)
Closing net book values	206.283	-	56.704	169.301	432.288

(*) As of December 31, 2022, historical value of movables and real estates that are accounted for as a right of use is amounting to TL 274.238 (December 31, 2021: TL 199.754), in accordance with the "IFRS 16 Leases" standard, and the depreciation amount is TL 67.955 (December 31, 2021: TL 32.190)

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

12. Information on intangible assets:

Current Period	Intangible Assets
Cost	
Opening balance: January 1, 2023	151.026
Additions	163.405
Disposals	-
Ending balance: December 31, 2023	314.431
Accumulated depreciation(-)	
Opening balance: January 1, 2023	(50.613)
Depreciation expense	(13.454)
Reversal of depreciation of the disposed assets	-
Ending balance: December 31, 2023	(64.067)
Total cost at the end of the year	314.431
Total accumulated depreciation at the end of the year	(64.067)
Closing Net Book Value	250.364
Prior Period	Intangible Assets
Cost	
Opening balance: January 1, 2022	65.558
Additions	85.468
Disposals	-
Ending balance: December 31, 2022	151.026
Accumulated depreciation(-)	
Opening balance: January 1, 2022	(42.096)
Depreciation expense	(8.517)
Reversal of depreciation of the disposed assets	-
Ending balance: December 31, 2022	(50.613)
Total cost at the end of the year	151.026
Total accumulated depreciation at the end of the year	(50.613)
Closing Net Book Value	100.413

13. Information on investment property:

None (December 31, 2022: None).

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Explanations and notes on the unconsolidated financial statements (Continued)

I. Explanations and footnotes regarding the asset accounts of the balance sheet (Continued):

14. Information related to deferred tax asset:

Information related to deferred tax asset of the Bank:

	Current Period	Prior Period
Lease certificates rediscount income	1.060.819	660.802
Prepaid wages and commissions and unearned income	110.388	71.391
Expected Loss Provisions	187.412	197.527
Securities valuation differences	72.000	6.511
Provisions for retirement premium and vacation pay liabilities	96.952	34.569
Derivative financial instruments	8.160	3.449
IFRS 16 allowance	19.999	12.503
Other debt and expense provisions	1.288.910	169.984
Deferred tax asset	2.844.640	1.156.736
Securities valuation differences	307.628	479.028
Derivative instruments	769	1.296
Profit share rediscount	796.854	12.886
Difference between book value and tax value of tangible fixed assets	26.200	-
Other	-	209
Deferred tax liability	1.131.451	493.419
Deferred tax asset (Net)	1.713.189	663.317

(*) It also includes the recognized deferred tax asset in accordance with the Tax Procedure Law General Communiqué numbered 555, which came into force on 30 December 2023.

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

As of the balance sheet date, the Bank's total other assets are 2.487.679 TL (31 December 2022: 1.342.024 TL) and do not exceed 10% of the total liabilities.

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Explanations and notes on the unconsolidated financial statements (Continued)

II. Explanations and footnotes regarding the liability accounts of the balance sheet:

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	781.376	-	-	-	-	-	-	-	781.376
II. Real Persons Participation									
Accounts Non-Trade TL(*)	-	9.436.238	3.687.463	883.373	190.795	713.409	227.127	-	15.138.405
III. Current Account other-TL	6.319.101	-	-	-	-	-	-	-	6.319.101
Public Sector	95.068	-	-	-	-	-	-	-	95.068
Commercial Institutions	3.824.771	-	-	-	-	-	-	-	3.824.771
Other Institutions	1	-	-	-	-	-	-	-	1
Commercial and Other Institutions	36.755	-	-	-	-	-	-	-	36.755
Banks and Participation Banks	2.362.506	-	-	-	-	-	-	-	2.362.506
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	2.362.506	-	-	-	-	-	-	-	2.362.506
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	21.335.831	10.912.720	509.179	19.617	2.040.700	-	-	34.818.047
Public Sector	-	5.997.846	1.334.736	244.220	-	6.063	-	-	7.582.865
Commercial Institutions	-	12.512.878	5.327.649	139.351	14.952	1.591.822	-	-	19.586.652
Other Institutions	-	1.699.819	37.316	-	-	-	-	-	1.737.135
Commercial and Other Institutions	-	1.022.832	2.803.886	125.608	4.665	442.815	-	-	4.399.806
Banks and Participation Banks	-	102.456	1.409.133	-	-	-	-	-	1.511.589
V. Real Persons Current Accounts									
Non- Trade FC	26.522.486	-	-	-	-	-	-	-	26.522.486
VI. Real Persons Participation									
Accounts Non-Trade FC	-	3.493.552	248.923	42.297	61.886	33.363	10.344	-	3.890.365
VII. Other Current Accounts FC	55.255.620	-	-	-	-	-	-	-	55.255.620
Residents in Turkey-Corporate	17.684.685	-	-	-	-	-	-	-	17.684.685
Residents Abroad-Corporate	36.804.911	-	-	-	-	-	-	-	36.804.911
Banks and Participation Banks	766.024	-	-	-	-	-	-	-	766.024
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	766.024	-	-	-	-	-	-	-	766.024
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	3.661.601	570.150	55.690	135	855	-	-	4.288.431
Public sector	-	153.936	-	-	-	-	-	-	153.936
Commercial institutions	-	2.821.103	507.954	55.690	135	855	-	-	3.385.737
Other institutions	-	6.013	1.963	-	-	-	-	-	7.976
Commercial and Other Institutions	-	680.549	60.233	-	-	-	-	-	740.782
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
IX. Precious Metals Deposits	2.034.626	1.089.434	389.630	22.634	1.508	2.953	-	-	3.540.785
X. Participation Accounts Special									
Fund Pools TL	-	269.058	254.212	-	404.524	14.508	-	-	942.302
Residents in Turkey	-	269.058	254.212	-	404.524	14.508	-	-	942.302
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	90.913.209	39.285.714	16.063.098	1.513.173	678.465	2.805.788	237.471	-	151.496.918

The participation account balance is 3.393.717 TL "Exchange Rate Protected Turkish Lira Time 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 5.629.942 TL opened within the scope of "Lira Time Deposit" and 7.524.046 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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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

Explanations and notes on the unconsolidated financial statements (Continued)

II. Explanations and footnotes regarding the liability accounts of the balance sheet (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

The participation account balance is 3.294.695 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 6.689.223 TL opened within the scope of "Turkish Lira Time Deposit" and 2.920.463 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)

II. Explanations and footnotes regarding the liability accounts of the balance sheet (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	3.892.726	1.872.374	46.003.044	26.084.753
Turkish Lira accounts	1.722.154	1.054.203	15.134.112	8.785.745
Foreign currency accounts	2.170.572	818.171	30.868.932	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	2.342.310	967.011	86.433.036	41.922.324
Turkish Lira accounts	1.122.028	553.920	28.429.929	16.227.368
Foreign currency accounts	1.220.282	413.091	58.003.107	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 400 (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	2.263	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 footnotes regarding the liability accounts of the balance sheet (Continued):

1. Information on funds collected: (Continued)

b.2 Funds collected which are not under the guarantee of insurance fund:

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	17.944	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	242.905	1.004.966	149.324	382.736
Loans obtained from Issued Lease certificates (Sukuk)	9.931.931	-	6.254.164	-
Other	-	-	-	366.829
Total	10.174.836	1.004.966	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	10.174.836	472.290	6.403.488	364.003
Loans from foreign banks, institutions and funds	-	532.676	-	385.562
Total	10.174.836	1.004.966	6.403.488	749.565

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Explanations and notes on the unconsolidated financial statements (Continued)

II. Explanations and footnotes regarding the liability accounts of the balance sheet (Continued):

2. Information on received loans:

a.3 Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	5.952.220	547.638	4.488.132	405.945
Medium and Long-Term	4.222.616	457.328	1.915.356	343.620
Total	10.174.836	1.004.966	6.403.488	749.565

a.4 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).

3. Information on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2.612	-	2.261	-
Swap Transactions	24.587	-	-	11.536
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	27.199	-	2.261	11.536

4. Lease payables:

	Current Period		Prior Period	
	FC	TL	FC	FC
Less than 1 year	83.294	-	50.502	-
Between 1-5 years	330.463	-	173.057	-
Over 5 years	93.562	-	54.689	-
Total	507.319	-	278.248	-

5. Information on hedging derivative financial liabilities:

None (December 31, 2022: None).

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Explanations and notes on the unconsolidated financial statements (Continued)

II. Explanations and footnotes regarding the liability accounts of the balance sheet (Continued):

6. Information on provisions:

a. Information on provisions for employee rights:

As of the balance sheet date, the Bank's severance pay provision amounting to 32.146 TL (31 December 2022: 38.248 TL) and leave wages provision amounting to 25.761 TL (31 December 2022: 10.027 TL) (31 December 2022: 90.000 TL) for a total of 501.000 TL (31 December 2022: 90.000 TL). December 2022: 138.275 TL) has provision for employee rights.

The bank reflected the severance pay provision in the financial statements using the actuarial valuation method specified in TAS 19. In this context, the following actuarial assumptions were used in calculating total liabilities.

	Current Period	Prior Period
Discount rate (%)	24,60	10,60
Estimated increase rate of salary ceiling (%)	21,56	8,80

	Current Period	Prior Period
Prior period ending balance	38.248	8.170
Change in the period	25.471	6.356
Actuarial (gain) / loss	(31.573)	23.722

Balance at the end of the period	32.146	38.248
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b. Other Provisions:

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts	281.150	103.969
Free provisions allocated for possible losses (*)	2.850.432	642.414
Provisions for cases on trial	4.552	4.354
Impairment provision	3.275	4.059
Non-cash loans first and second stage expected loss provisions	131.301	152.633
Total	3.270.710	907.429

(*) The bank's management allocated TL 2.850.432 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).

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Explanations and notes on the unconsolidated financial statements (Continued)

II. Explanations and footnotes regarding the liability accounts of the balance sheet (Continued):

7. Information on taxes payable:

a. Information on Tax Liability

a.1. Explanations on current tax liability:

As of December 31, 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	1.082.213	1.215.294
BSMV	83.987	31.817
Income tax deducted from wages	21.857	33.449
Income Tax on Securities	28.205	10.447
Foreign Exchange Transaction Tax	69.303	45.618
Value Added Tax Payable	11.876	4.546
Real Estate Capital Gains Tax	1.335	770
Other	2.021	3.098
Total	1.300.797	1.345.039

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3	87
Social security premiums-employer	2	59
Unemployment insurance-employee	12.392	8.296
Unemployment insurance-employer	18.158	12.148
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	3.422	1.888
Pension fund membership fees and provisions- employer	1.702	941
Other	-	-
Total	35.679	23.419

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

None (December 31, 2022: None).

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Explanations and notes on the unconsolidated financial statements (Continued)

II. Explanations and footnotes regarding the liability accounts of the balance sheet (Continued):

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	-	7.078.467	-	4,110.376
Subordinated Loans	-	7.078.467	-	4.110.376
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Total	-	7.078.467	-	4.110.376

As of December 31, 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.

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:

As of the balance sheet date, the Bank's total other liabilities are 3.012.947 TL (31 December 2022: 1.009.560 TL) and do not exceed 10% of the total liabilities.

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 31 December 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.

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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Explanations and notes on the unconsolidated financial statements (Continued)

II. Explanations and footnotes regarding the liability accounts of the balance sheet (Continued):

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 2022: 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.

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 (*)	671.615	108.884	1.520.003	22.224
Foreign exchange difference	-	-	-	-
Total	671.615	108.884	1.520.003	22.224

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

i. Information on other capital reserves:

The Bank's Creditor Institution as of December 31, 2023 is Türkiye Varlık Vakfı Yönetimi A.Ş. with ISIN code TRT240424F22, with a starting date of April 24, 2019, with a five-year repayment option at the earliest and a maturity value of 200.000.000 Euros (Full Euros) and the Creditor Institution is Turkey Wealth Fund Management A.Ş. There are two subordinated debt instruments in total amounting to 31.688.489 Euros (Full Euro) with a starting date of March 9, 2022, with a ten-year repayment option at the earliest and with a maturity date of 31.688.489 Euros (Full Euro). The financial liability in question is reflected in the records at its fair value and its cost value The difference between the fair value and the fair value was accounted for in the 'Other Capital Reserves' account in shareholders' equity at the date of initial acquisition.

In addition, regarding this transaction, current public securities with 0% return were classified as 'financial assets carried at amortized cost' in line with the decision taken by the Bank Management and were included in the balance sheet with the amount discounted by the public security return rates. The difference between the initial acquisition date cost value and the discounted amount is accounted for in the 'Other Capital Reserves' account within shareholders' equity.

In accordance with the decision of the Bank's Ordinary General Assembly held on August 4, 2023, it was decided to transfer 140.498 TL of the 2022 period decision, which is 2.809.949 TL, to legal reserves and the remaining amount to extraordinary reserves.

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Explanations and notes on the unconsolidated financial statements (Continued)

III. Explanations and footnotes regarding off-balance sheet accounts:

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Guaranteed Loan Allocation Commitments	9.126.506	4.307.375
Forward Asset Value Purchase and Sale Commitments	8.510.140	4.369.088
Our Payment Commitments for Cheques	313.805	170.002
Tax and Fund Obligations Resulting from Export Commitments	-	-
Credit Card Spending Limit Commitments	-	-
Participation Capital Commitments	67.500	-
Other Irrevocable Commitments	524.822	1.364.944
Total	18.542.773	10.211.409

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	19.279.232	9.845.271
Letters of credit	18.155	200.437
Bank loans	591.907	429.301
Other guaranties and sureties	-	-
Total	19.889.294	10.475.009

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

	Current Period	Prior Period
Temporary letters of guarantees	549.398	523.772
Advance letters of guarantees	11.488.909	854.173
Letters of guarantees given to customs	1.914.180	334.379
Definitive Letters of Guarantee	749.671	5.651.877
Letters of Guarantee Given for the Guarantee of Cash Loans	41.058	2.475.291
Other	4.536.016	5.779
Total	19.279.232	9.845.271

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Explanations and notes on the unconsolidated financial statements (Continued)

III. Explanations and footnotes regarding off-balance sheet accounts:

1. Explanations on off balance sheet:

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	4.536.016	2.475.291
With original maturity of 1 year or less	89.679	206.803
With original maturity of more than 1 year	4.446.337	2.268.488
Other non-cash loans	15.353.278	7.999.718
Total	19.889.294	10.475.009

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

	Current Period			
	TL	(%)	FC	(%)
Agricultural	204.487	1,32	(1)	-
Farming and stockbreeding	60.331	0,39	-	-
Forestry	144.156	0,93	(1)	-
Fishery	-	-	-	-
Manufacturing	3.700.318	23,97	1.410.682	31,70
Mining	10.650	0,07	-	-
Production	2.971.307	19,25	1.271.667	28,58
Electricity, gas and water	718.361	4,65	139.015	3,12
Construction	4.831.498	31,29	419.397	9,42
Services	5.830.995	37,77	1.776.313	39,91
Wholesale and retail trade	3.943.018	25,54	918.941	20,65
Hotel, food and beverage services	124.776	0,81	4.902	0,11
Transportation and telecommunication	326.164	2,11	728.043	16,36
Financial Institutions	5.076	0,03	22.160	0,50
Real estate and renting services	21.514	0,14	3.457	0,08
Self-employment services	223.475	1,45	-	-
Education services	748.775	4,85	45.564	1,02
Health and social services	438.197	2,84	53.246	1,20
Other	871.318	5,65	844.287	18,96
Total	15.438.616	100	4.450.678	100

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)

III. Explanations and footnotes regarding off-balance sheet accounts (Continued):

1. Explanations on off balance sheet(Continued):

c. Within the Non-cash Loans(Continued):

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

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	154.962	2,16	1.795	0,05
Farming and stockbreeding	300	-	-	-
Forestry	154.662	2,16	1.795	0,05
Fishery	-	-	-	-
Manufacturing	1.603.247	22,37	1.408.056	42,58
Mining	58.961	0,82	-	-
Production	1.452.500	20,26	1.335.765	40,40
Electricity, gas and water	91.786	1,28	72.291	2,19
Construction	2.308.052	32,20	399.337	12,08
Services	2.513.432	35,06	1.134.294	34,30
Wholesale and retail trade	1.657.571	23,12	531.343	16,07
Hotel, food and beverage services	44.996	0,63	-	-
Transportation and telecommunication	265.923	3,71	459.846	13,91
Financial Institutions	2.748	0,04	16.070	0,49
Real estate and renting services	15.725	0,22	4.241	0,13
Self-employment services	82.786	1,15	-	-
Education services	225.191	3,14	74.659	2,26
Health and social services	218.492	3,05	48.135	1,46
Other	588.665	8,21	363.169	10,98
Total	7.168.358	100	3.306.651	100,00

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	15.426.191	4.450.678	12.425	-
Letters of guarantee	15.414.941	3.851.866	12.425	-
Bank loans	11.250	6.905	-	-
Letters of credit	-	591.907	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	-	-	-
Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	2.993.110	3.136.467	30.874	-
Letters of guarantee	7.131.703	2.680.614	4.243	-
Bank loans	3.701	196.736	-	-
Letters of credit	-	429.301	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	-	-	-

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Explanations and notes on the unconsolidated financial statements (Continued)

III. Explanations and footnotes regarding off-balance sheet accounts: (Continued)

3. Explanations on derivative transactions:

	Derivative transactions according to purpose December 31,2023	Derivative transactions according to purpose December 31, 2022
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	11.064.818	10.231.101
Currency Forwards-Purchases, sales	490.875	912.033
Currency Swaps-Purchases, sales	10.573.943	9.319.068
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	11.064.818	10.231.101
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	11.064.818	10.231.101

4. Explanations on credit derivatives and risk beared due to these:

None (31 December 2022: None).

5. Explanations on contingent assets and liabilities:

The Bank has set aside a provision of 4.552 TL (31 December 2022: 4.354 TL) for the lawsuits filed against it by various persons and institutions, which have a high probability of realization and may require a cash outflow, and the said provision is shown under the "Other Provisions" note numbered II.6.b in the Fifth section.

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

The Bank does not engage in placement activities on behalf of real and legal persons, foundations, pension insurance funds and other institutions.

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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)

IV. Explanations and footnotes regarding the statement of profit 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	6.229.961	754.023	2.497.502	244.533
Medium and Long Term Loans	3.539.537	369.114	2.234.902	299.835
Profit Share on Non-Performing Loans	3.186	357	2.389	28
Total	9.772.684	1.123.494	4.734.793	544.396

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	764.274	-	97.472	-
Domestic Banks	6.923	-	278	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	771.197	-	97.750	-

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)	364.982	56.370	88.026	24.977
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.622.799	214.086	2.052.998	94.343
Financial Assets Measured at Amortized Cost	1.370.745	257.809	452.189	160.753
Total	4.358.526	528.265	4.358.526	280.073

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	20.670	-	37.480	-
Total	20.670	-	37.480	-

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Explanations and notes on the unconsolidated financial statements (Continued)

IV. Explanations and footnotes regarding the statement of profit or loss:

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	49.619	114.831	9.133	-	-	-	-	-	173.583
Real persons' non-trading profit sharing accounts	59.820	1.520.590	413.327	-	3.174	227.630	-	-	2.224.541
Public sector profit sharing accounts	1.018.961	403.044	95.576	-	1.500	334	-	-	1.519.415
Commercial sector profit sharing accounts	437.786	2.704.638	295.202	-	22.120	177.012	-	-	3.636.758
Other institutions profit sharing accounts	7.040	222.676	1.176	-	-	-	-	-	230.892
Total	1.573.226	4.965.779	814.414	-	26.794	404.976	-	-	7.785.189
FC									
Banks	-	-	-	-	-	-	-	-	-
Real persons' non-trading profit sharing accounts	6.341	17.881	812	-	7.400	251	-	-	32.685
Public sector profit sharing accounts	4.455	149	-	-	-	-	-	-	4.604
Public sector profit sharing accounts	15.881	22.158	291	-	9.143	-	-	-	47.473
Other institutions profit sharing accounts	16	37	-	-	-	-	-	-	53
Precious metals deposits	3.011	-	-	-	-	-	-	-	3.011
Total	29.704	40.225	1.103	-	16.543	251	-	-	87.826
Grand Total	1.602.930	5.006.004	815.517	-	43.337	405.227	-	-	7.873.015

Prior 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	4.534	80.875	-	-	-	-	-	-	85.409
Real persons' non-trading profit sharing accounts	27.241	514.730	109.435	-	1.181	40.814	-	-	693.401
Public sector profit sharing accounts	479.517	96.766	60.927	-	5.868	195	-	-	643.273
Commercial sector profit sharing accounts	285.590	910.833	189.831	-	8.262	104.180	-	-	1.498.696
Other institutions profit sharing accounts	7.989	85.391	5.538	-	-	-	-	-	98.918
Total	804.871	1.688.595	365.731	-	15.311	145.189	-	-	3.019.697
FC									
Banks	-	6.204	-	-	-	-	-	-	6.204
Real persons' non-trading profit sharing accounts	11.177	54.868	4.559	-	5.046	392	-	-	76.042
Public sector profit sharing accounts	-	2.693	-	-	-	-	-	-	2.693
Public sector profit sharing accounts	11.088	151.118	35.165	-	1.616	-	-	-	198.987
Other institutions profit sharing accounts	1.761	2.680	-	-	-	-	-	-	4.441
Precious metals deposits	2.855	-	-	-	-	-	-	-	2.855
Total	26.881	217.563	39.724	-	6.662	392	-	-	291.222
Grand Total	831.752	1.906.158	405.455	-	21.973	145.581	-	-	3.310.919

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Explanations and notes on the unconsolidated financial statements (Continued)

IV. Explanations and footnotes regarding the statement of profit or loss:

2. Explanations on profit share expenses:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	76.747	67.707	26.733	28.479
CBRT	-	-	-	-
Domestic banks	76.747	36.254	26.733	13.009
Foreign banks	-	31.453	-	15.470
Head offices and branches abroad	-	-	-	-
Other institutions	1.967.200	280.109	728.624	173.962
Total	2.043.947	347.816	755.357	202.441

f. Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expense given to associates and subsidiaries	1.967.200	-	728.302	-
Total	1.967.200	-	728.302	-

g. Profit share expenses paid to marketable securities issued:

None (December 31, 2022: None).

4. 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	1.344.480	150.588
Remittance Commissions	512.421	113.306
Fees and commissions from correspondents	228.003	27.086
Import commissions	45.350	14.633
Appraisal fees	22.623	7.516
Insurance and brokerage commissions	50.658	8.218
Early closing commission income	15.476	6.020
Limit allocation commission	7.106	8.633
Fees and commissions from member merchant pos	7.646	1.814
Safe deposit box revenues	1.251	848
Other commission and service income received	38.142	18.176
Total	2.273.156	202.183

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

Explanations and notes on the unconsolidated financial statements (Continued)

IV. Explanations and footnotes regarding the statement of profit or loss (Continued):

3. The Other Items in Net Fees and Commission Income / Expenses, which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement (Continued)

Other Fees and Commissions Given	Current Period	Prior Period
Expenses and commissions given to correspondents	78.693	20.223
Fees and commissions for Swift, EFT and money transfer	63.758	105.299
Commissions given to credits used	5.905	2.720
Fees and commissions given for loans used	2.340	1.087
Fees and commissions paid to member workplaces	366	235
Other commissions and fees	12.536	6.073
Total	163.598	135.637

4. Information on dividend income:

None (December 31, 2022: None).

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

	Current Period	Prior Period
Income	21.060.342	11.285.906
Income from capital market transactions	46.209	14.414
Income from derivative financial instruments	1.109.649	1.585.983
Foreign exchange income	19.904.484	9.685.509
Loss (-)	16.332.596	9.424.636
Loss on capital market transactions	1.259	1.546
Loss on derivative financial instruments	1.919.298	956.645
Foreign exchange losses	14.412.039	8.466.445
Trading income/loss (net)	4.727.746	1.861.270

6. Explanations related to other operating income:

	Current Period	Prior Period
Provision cancellations for previous years	582.642	113.828
Income from sales of assets	5.127	29.157
Other income	54.744	9.267
Lease income	8	8
Total	642.521	152.260

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Explanations and notes on the unconsolidated financial statements (Continued)

IV. Explanations and footnotes regarding the statement of profit or loss (Continued):

7. Expected loss provision expenses and other provision expenses:

	Current Period	Prior Period
Expected Credit Loss	429.826	787.594
12 month expected credit loss (stage 1)	288.960	690.040
Significant increase in credit risk (stage 2)	18.941	22.259
Non-performing loans (stage 3)	121.925	75.295
Marketable Securities Impairment Expense	1.773	3.065
Financial Assets at Fair Value through Profit or Loss	1.773	3.065
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 (*)	2.331.805	685.663
Total	2.763.404	1.476.322

(*) It consists of 834 TL of litigation provisions, 2,208,018 TL of free reserves set aside outside the requirements of BRSA Accounting and Financial Reporting Legislation, and 122,953 TL of provision expenses set aside for profits to be distributed to participation accounts.

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability (*)	23.651	6.356
Accumulated allowance amount (*)	21.321	-
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	164.405	95.790
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	13.454	8.517
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	1.535.595	209.578
Lease expenses related to TFRS 16 exemptions	2.823	1.898
Operating Maintenance expenses	49.827	22.438
Advertisement expenses	118.272	73.151
Other expenses ⁽¹⁾	1.364.673	112.091
Loss on sale of assets	-	-
Other⁽²⁾	297.515	101.404
Total	2.055.941	421.645

(*) 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.

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Explanations and notes on the unconsolidated financial statements (Continued)

IV Explanations and footnotes regarding the statement of profit or loss (Continued):

8. Information on other operating expenses (Continued):

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

	Current Period	Prior Period
Charity and donations	57.069	23.260
Communication expenses	57.571	18.886
Cleaning expenses	27.759	18.449
Heating, lighting and water expenses	24.644	4.852
Representation and hosting expenses	15.387	9.615
Vehicle expenses	635	8.399
Securities insurance expenses	10.388	974
Stationery expenses	3.901	2.837
Expenses for participating in common expenses	2.690	1.253
Litigation and court expenses	1.077.681	628
Other	86.948	22.938
Total	1.364.673	112.091

(2) Other balance details are as below table:

	Current Period	Prior Period
Taxes, Duties, Charges and Funds	180.568	47.472
Audit and Consultancy Fees	45.385	15.895
Participation Share Expenses	9.810	4.624
Saving Deposit Insurance Fund	38.960	12.666
Other	22.792	20.747
Total	297.515	101.404

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

6.286.566 TL (December 31, 2022: 3.918.173 TL) of the Bank's pre-tax profit consists of net dividend income. 2.281.160 TL (December 31, 2022: 300.709 TL) consists of net fee and commission income. and other the total of operating expenses amounts to 2.010.969 TL (December 31, 2022: 415.289 TL).

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

As of 31 December 2023, the Bank has deferred tax income of 2.940.957 TL (31 December 2022: 1.349.214 TL) and deferred tax expense of 2.065.460 TL (31 December 2022: 288.676 TL). As of December 31, 2023, the Bank's current tax provision is 3.327.534 TL (December 31, 2022: 1.975.032 TL).

Since the Bank does not have any discontinued operations, there is no tax provision regarding this. (December 31, 2022: None).

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Explanations and notes on the unconsolidated financial statements (Continued)

IV Explanations and footnotes regarding the statement of profit or loss (Continued):

11. Explanations on net income/loss from Continued and disContinued operations:

The Bank has no disContinued operations. As a result of deducting the period tax provision expense of 2.452.037 TL (31 December 2022: 914.194 TL) from the continuing operating profit of 7.581.571 TL (31 December 2022: 3.734.443 TL), the net profit for the period is 5.129.534 TL (31 December 2022: 914.194 TL). amounted to 2.809.949 TL).

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. (December 31, 2022: None).

- b. The effect of the change in accounting estimates to the net income/loss; including the effects on the future period:**

None. (December 31, 2022: None).

- c. Profit / loss attributable to minority rights:**

None.

13. Fees for Services Received from Independent Auditor/Independent Audit Firm

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below. These fees also include audit fees of the Bank's subsidiaries. The fee information given in the table is excluding VAT.

	Current Period	Prior Period
Independent audit fee for the reporting period	7.608	1.134
Fees for tax consultancy services	-	-
Fee for other assurance services	-	-
Fee for other services other than independent audit	-	-
Total	7.608	1.134

V. Explanations and footnotes regarding the statement of changes in equity

There is no dividend amount declared after the balance sheet date but before the announcement of the financial statements.

Dividend distribution will be decided at the General Assembly meeting, and the General Assembly has not yet been held as of the date of finalization of the attached financial statements.

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Explanations and notes on the unconsolidated financial statements (Continued)

VI. Explanations and footnotes regarding the cash flow statement

1. Components of cash and cash equivalents and accounting policy applied in their determination

Cash, cash deposit, money in transit and purchased bank checks and T.R. Demand deposits in banks including the Central Bank are classified as "Cash"; Interbank money market placements and time deposits in banks with an original maturity of less than three months are defined as "Cash equivalent assets".

Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	39.337.987	1.729.354
Cash in TL/foreign currency	583.626	275.301
Cash in transit	2.948.929	610.394
CBRT	35.805.432	843.659
Cash equivalents	13.877.892	1.533.115
Domestic banks	485.853	256.446
Foreign banks	13.392.039	1.276.669
Total cash and cash equivalents	53.215.879	3.262.469

2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:

Restricted time deposits held at the Central Bank of Turkey and blockaged amount arising from POS are not considered as cash and cash equivalent items.

3. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents

The "Other" item amounting to 21.130.203 TL (31 December 2022: 8.015.918 TL) included in the "Operating profit before changes in assets and liabilities within the scope of banking activity" consists mainly of provision expense and other operating expenses.

The item "Net increase/decrease in other payables" amounting to 1.689.969 TL (31 December 2022: 1.045.750 TL) included in the "Change in assets and liabilities subject to banking activities" includes liabilities from leasing transactions, other foreign resources and taxes, duties, and fees to be paid, and changes in premiums.

The effect of the change in foreign exchange rates on cash and cash equivalent assets was determined to be approximately 5.823.987 TL (31 December 2022: 1.017.920 TL) in the accounting period ending on 31 December 2023

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Explanations and notes on the unconsolidated financial statements (Continued)

VII. Explanations regarding the risk group the Bank belongs to

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	1.201.000	-	3.637	-	-	-
Dividend and Commission Income Received (*)	20.670	-	364	-	-	-

(*) 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	-	-	-

(*) Defined in Article 49 of the Banking Law No. 5411 and Article 4 of the "Regulation on Credit Transactions of Banks" published on 1 November 2006.

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	17.944	51.265	-	-	-	-
Profit share expense	4.195	14.180	-	-	-	-

d. 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.

e. 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 December 31, 2023 is TL 24.872 (December 31, 2022: TL 17.396).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

Explanations and notes on the unconsolidated financial statements (Continued)

VIII. Disclosures regarding the Bank's domestic, foreign, off-shore branches or subsidiaries and foreign representative offices

1. Information on the domestic and foreign branches and representative offices of the Bank:

	Number	Number of personnel			
Domestic Branches(*)	101	1.494			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

(*) The number of head office personnel is included in the number of domestic branch employees.

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure

The Bank has not open branches abroad in 2023. The Bank has opened 10 branches in different regions in the country.

IX. Explanations and footnotes regarding post-balance sheet matters:

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 DECEMBER 31, 2023
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. Other explanations on operations of the Bank

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 DECEMBER 31, 2023

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

SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. Explanations on the Independent Auditor’s Report

The unconsolidated financial statements and footnotes of the Bank, which were disclosed to the public as of 31 December 2023 and for the period ending on the same date, were subject to independent audit by the independent audit firm titled PwC Bağımsız Denetim ve SMMM A.Ş. and dated 7 March 2024. The independent audit report is presented before the financial statements.

II. Explanations and footnotes prepared by the independent auditor

None.

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