

# **Türkiye Emlak Katılım Bankası Anonim Şirketi**

**Publicly Announced Consolidated Financial  
Statements and Related Disclosures at  
June 30, 2022 together with Independent Auditor's  
Limited Review Report**

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



**Building a better  
working world**

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

## **Review Report on Interim Consolidated Financial Information**

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

### ***Introduction***

We have reviewed the consolidated statement of financial position of Türkiye Emlak Katılım Bankası A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at June 30, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of this consolidated of interim financial information in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by BRSA Legislation; together referred as "BRSA Accounting and Financial Reporting Legislation". Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### ***Scope of Review***

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

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the consolidated financial position of The Group at June 30, 2022, and the results of its operations and its consolidated cash flows for the six-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

***Report on other regulatory requirements arising from legislation***

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

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

As explained in detail in Note Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Damla Harman, SMMM  
Partner

August 19, 2022  
Istanbul, Turkey

**THE CONSOLIDATED FINANCIAL REPORT OF TRKİYE EMLAK KATILIM BANKASI  
A.Ş. FOR THE SIX-MONTH PERIOD THEN ENDED JUNE 30, 2022**

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

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

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

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

**Subsidiaries**

- Emlak Varlık Kiralama Şirketi A.Ş.
- Emlak Katılım Varlık Kiralama Şirketi A.Ş.

<b>Prof. Dr. Mehmet Emin BİRPINAR</b>	<b>Nevzat BAYRAKTAR</b>	<b>Tuğba GEDİKLİ</b>
Chairman of the Board of Directors	General Manager	Budget and Financial Reporting Director

**Abdullah Erdem CANTİMUR**

Head of the Audit  
Committee

**Mehmet Nuri YAZICI**

Member of the Audit  
Committee

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

Name-Surname / Title : Tuğba GEDİKLİ / Budget and Financial Reporting Director  
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## **SECTION ONE**

### **General information**

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

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

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

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

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

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

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

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

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

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

The Parent Bank together with its consolidated ownerships is referred to as the "Group" in the accompanying consolidated financial statements.

The Parent Bank's head office is located in İstanbul and there are 76 branches of the Parent Bank as of June 30, 2022. (December 31, 2021: 70). The Parent Bank is operating with 1.156 staff as of 30 June 2022 (December 31, 2021: 1.107).

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

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

TL 1.026.915 portion of the capital amounting to TL 1.026.915 has been paid and TL 2,82 (full) portion has not been paid by the 33 real person.

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

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

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

He has been selected as a member of BOD at Ordinary General Meeting on March 21,2022

**IV. Information on the Parent Bank's qualified shareholders:**

The Parent Bank's paid in capital amounting to TL 1.026.915 consists of 102.691.549.916 number of shares with a nominal value of TL 0,01 (full) for each share.

Name/commercial name	Share amount	Share ratio	Paid shares	Unpaid shares
Ministry of Treasury and Finance	1.026.915	%99,99999	1.026.915	-
Other	-	%0,00001	-	-

**V. Summary on the Parent Bank's service activities and field of operations:**

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

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

- To buy or sell money or capital market instruments on the spot or in the term according to the legislation and interest-free banking principles, and to mediate their purchase and sale, to operate in stock exchanges,

Within the principles of interest-free banking; to allocate funds to the economy, to use loans in cash and non- cash in all types and forms,

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

- To make financial leasing transactions, to make operational leasing transactions,
- To make all kinds of payment and collection transactions, payment such as travel checks, credit cards the activities of the vehicles, to provide merchant services (POS), consultancy and advising, providing safe deposit services,
- Buying, acquiring, building any kind of real estate and transferring, renting them to other people when necessary and making all kinds of savings on them,
- For Companies and organizations (including insurance companies); giving services of representation, substitution and being agentship,
- To support Agricultural Credit Cooperatives and SMEs, to carry out activities to support urban transformation,
- To carry out portfolio management and management operations,
- Providing custody services,
- The Parent Bank, extends non-cash funds in the type of letter of guarantee, loan of acceptance, letter of credit.

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

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

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

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

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



## **SECTION TWO**

### **The consolidated financial statements**

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

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

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

**CONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION)**

**AS OF JUNE 30, 2022**

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

ASSETS	Note (5-I)	THOUSAND TL			THOUSAND TL		
		CURRENT PERIOD (30/06/2022)			PRIOR PERIOD (31/12/2021)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>7.912.579</b>	<b>16.435.150</b>	<b>24.347.729</b>	<b>3.982.037</b>	<b>9.109.377</b>	<b>13.091.414</b>
<b>1.1 Cash and cash equivalents</b>		<b>1.620.816</b>	<b>13.945.727</b>	<b>15.566.543</b>	<b>899.261</b>	<b>6.868.642</b>	<b>7.767.903</b>
1.1.1 Cash and Balances with Central Bank	(1)	1.619.506	9.489.037	11.108.543	897.830	5.338.605	6.236.435
1.1.2 Banks	(2)	1.587	4.460.350	4.461.937	1.593	1.531.522	1.533.115
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Loss Provisions (-)		277	3.660	3.937	162	1.485	1.647
<b>1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)</b>	(3)	<b>24.238</b>	<b>781.583</b>	<b>805.821</b>	<b>237.267</b>	<b>847.933</b>	<b>1.085.200</b>
1.2.1 Government Debt Securities		956	781.583	782.539	-	847.933	847.933
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		23.282	-	23.282	237.267	-	237.267
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)</b>	(4)	<b>6.191.322</b>	<b>1.707.489</b>	<b>7.898.811</b>	<b>2.783.631</b>	<b>1.389.522</b>	<b>4.173.153</b>
1.3.1 Government Debt Securities		6.183.663	1.707.489	7.891.152	2.775.972	1.389.522	4.165.494
1.3.2 Equity Securities		7.659	-	7.659	7.659	-	7.659
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>	(5)	<b>76.203</b>	<b>351</b>	<b>76.554</b>	<b>61.878</b>	<b>3.280</b>	<b>65.158</b>
1.4.1 Derivative Financial Assets Measured at FVTPL		76.203	351	76.554	61.878	3.280	65.158
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>21.844.715</b>	<b>12.303.593</b>	<b>34.148.308</b>	<b>12.156.411</b>	<b>12.132.116</b>	<b>24.288.527</b>
<b>2.1 Loans</b>	(6)	<b>21.033.308</b>	<b>8.783.177</b>	<b>29.816.485</b>	<b>12.307.401</b>	<b>9.417.079</b>	<b>21.724.480</b>
<b>2.2 Lease Receivables</b>	(8)	<b>155.962</b>	<b>98.121</b>	<b>254.083</b>	<b>108.644</b>	<b>74.200</b>	<b>182.844</b>
<b>Other Financial Assets Measured at Amortized Cost</b>	(7)	<b>1.035.023</b>	<b>3.518.150</b>	<b>4.553.173</b>	<b>-</b>	<b>2.713.586</b>	<b>2.713.586</b>
2.3.1 Government Debt Securities		1.035.023	3.518.150	4.553.173	-	2.713.586	2.713.586
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Loss Provisions(-)</b>	(6)	<b>379.578</b>	<b>95.855</b>	<b>475.433</b>	<b>259.634</b>	<b>72.749</b>	<b>332.383</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(9)	<b>3.119</b>	<b>-</b>	<b>3.119</b>	<b>8.000</b>	<b>-</b>	<b>8.000</b>
3.1 Asset Held for Sale		3.119	-	3.119	8.000	-	8.000
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. PARTNERSHIP INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Associates (Net)</b>	(10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	(11)	<b>369.021</b>	<b>-</b>	<b>369.021</b>	<b>330.398</b>	<b>-</b>	<b>330.398</b>
<b>VI. INTANGIBLE ASSETS (NET)</b>	(12)	<b>35.593</b>	<b>-</b>	<b>35.593</b>	<b>23.462</b>	<b>-</b>	<b>23.462</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		35.593	-	35.593	23.462	-	23.462
<b>VII. INVESTMENT PROPERTY (NET)</b>	(13)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	(14)	<b>127.859</b>	<b>-</b>	<b>127.859</b>	<b>66.894</b>	<b>-</b>	<b>66.894</b>
<b>X. OTHER ASSETS</b>	(15)	<b>359.653</b>	<b>14.558</b>	<b>374.211</b>	<b>232.129</b>	<b>4.979</b>	<b>237.108</b>
<b>TOTAL ASSETS</b>		<b>30.652.539</b>	<b>28.753.301</b>	<b>59.405.840</b>	<b>16.799.331</b>	<b>21.246.472</b>	<b>38.045.803</b>

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

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

**CONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION)**

**AS OF JUNE 30, 2022**

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

LIABILITIES	Note (5-II)	THOUSAND TL CURRENT PERIOD (30/06/2022)			THOUSAND TL PRIOR PERIOD (31/12/2021)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FUNDS COLLECTED</b>	(1)	19.838.994	26.429.185	46.268.179	8.216.829	18.448.499	26.665.328
<b>II. FUNDS BORROWED</b>	(2)	121.080	974.498	1.095.578	101.296	1.103.031	1.204.327
<b>III. MONEY MARKET FUNDS</b>		20.070	-	20.070	1.984.303	-	1.984.303
<b>IV. SECURITIES ISSUED (Net)</b>	(3)	3.615.325	-	3.615.325	2.862.381	-	2.862.381
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(4)	16.892	8.188	25.080	106.180	3.810	109.990
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		16.892	8.188	25.080	106.180	3.810	109.990
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5)	-	-	-	-	-	-
<b>VII. LEASE PAYABLES (NET)</b>	(6)	240.023	-	240.023	191.498	-	191.498
<b>VIII. PROVISIONS</b>		91.871	91.949	183.820	66.636	51.603	118.239
8.1 General Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		18.764	-	18.764	26.592	-	26.592
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		73.107	91.949	165.056	40.044	51.603	91.647
<b>IX. CURRENT TAX LIABILITY</b>	(7)	378.968	-	378.968	81.210	-	81.210
<b>X. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(8)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED DEBT INSTRUMENTS</b>	(9)	-	3.485.662	3.485.662	-	2.669.412	2.669.412
12.1 Loans		-	3.485.662	3.485.662	-	2.669.412	2.669.412
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(10)	761.614	156.328	917.942	369.643	60.722	430.365
<b>XIV. SHAREHOLDERS' EQUITY</b>	(11)	3.210.881	(35.688)	3.175.193	1.740.202	(11.452)	1.728.750
14.1 Paid-in capital		1.026.915	-	1.026.915	1.026.915	-	1.026.915
14.2 Capital Reserves		33.186	-	33.186	23.088	-	23.088
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		33.186	-	33.186	23.088	-	23.088
14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(1.411)	-	(1.411)	(1.411)	-	(1.411)
14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		834.444	(35.688)	798.756	56.776	(11.452)	45.324
14.5 Profit Reserves		630.721	-	630.721	485.999	-	485.999
14.5.1 Legal Reserves		287.787	-	287.787	280.353	-	280.353
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		342.934	-	342.934	205.646	-	205.646
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Income or (Loss)		687.026	-	687.026	148.835	-	148.835
14.6.1 Prior Periods' Income or (Loss)		287	-	287	5.424	-	5.424
14.6.2 Current Period Income or (Loss)		686.739	-	686.739	143.411	-	143.411
<b>TOTAL LIABILITIES</b>		<b>28.295.718</b>	<b>31.110.122</b>	<b>59.405.840</b>	<b>15.720.178</b>	<b>22.325.625</b>	<b>38.045.803</b>

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

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

**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET AS OF JUNE 30, 2022**

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

STATEMENT OF OFF BALANCE SHEET	NOTE (5-III)	THOUSAND TL CURRENT PERIOD (30/06/2022)			THOUSAND TL PRIOR PERIOD (31/12/2021)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>9.769.466</b>	<b>9.087.739</b>	<b>18.857.205</b>	<b>6.343.425</b>	<b>8.723.299</b>	<b>15.066.724</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>(1)</b>	<b>4.823.205</b>	<b>3.874.859</b>	<b>8.698.064</b>	<b>3.024.434</b>	<b>3.136.467</b>	<b>6.160.901</b>
1.1 Letters of Guarantees		4.810.198	2.854.165	7.664.363	3.017.583	1.863.037	4.880.620
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		4.810.198	2.854.165	7.664.363	3.017.583	1.863.037	4.880.620
1.2 Bank Loans		13.007	334.440	347.447	3.500	754.257	757.757
1.2.1 Import Letter of Acceptances		13.007	334.440	347.447	-	-	-
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letter of Credits		-	686.254	686.254	3.351	519.173	522.524
1.3.1 Documentary Letter of Credits		-	686.254	686.254	3.351	519.173	522.524
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		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>(1)</b>	<b>1.931.747</b>	<b>911.570</b>	<b>2.843.317</b>	<b>1.478.944</b>	<b>626.232</b>	<b>2.105.176</b>
2.1 Irrevocable Commitments		1.931.747	911.570	2.843.317	1.478.944	626.232	2.105.176
2.1.1 Asset Purchase and Sale Commitments		263.379	615.762	879.141	249.690	390.845	640.535
2.1.2 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3 Loan Granting Commitments		1.508.784	-	1.508.784	1.121.875	-	1.121.875
2.1.4 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6 Payment Commitment for Cheques		159.584	-	159.584	107.379	-	107.379
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		-	295.808	295.808	-	235.387	235.387
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(3)</b>	<b>3.014.514</b>	<b>4.301.310</b>	<b>7.315.824</b>	<b>1.840.047</b>	<b>4.960.600</b>	<b>6.800.647</b>
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		3.014.514	4.301.310	7.315.824	1.840.047	4.960.600	6.800.647
3.2.1 Forward Foreign Currency Buy/Sell Transactions		558.203	532.852	1.091.055	238.767	310.648	549.415
3.2.1.1 Forward Foreign Currency Transactions-Buy		281.965	264.761	546.726	119.578	144.670	264.248
3.2.1.2 Forward Foreign Currency Transactions-Sell		276.238	268.091	544.329	119.189	165.978	285.167
3.2.2 Other Forward Buy/Sell Transactions		2.456.311	3.768.458	6.224.769	1.601.280	4.649.952	6.251.232
3.3 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>226.860.777</b>	<b>17.504.439</b>	<b>244.365.216</b>	<b>150.618.208</b>	<b>14.709.182</b>	<b>165.327.390</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>12.214.163</b>	<b>6.246.379</b>	<b>18.460.542</b>	<b>8.701.960</b>	<b>5.821.602</b>	<b>14.523.562</b>
4.1 Assets Under Management		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		2.901.765	266.648	3.168.413	2.615.342	664.085	3.279.427
4.3 Cheques Received for Collection		3.343.843	603.383	3.947.226	2.471.391	439.907	2.911.298
4.4 Commercial Notes Received for Collection		579.410	-	579.410	166.943	-	166.943
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		719	-	719	844	-	844
4.8 Custodians		5.388.426	5.376.348	10.764.774	3.447.440	4.717.610	8.165.050
<b>V. PLEDGED ITEMS</b>		<b>214.646.614</b>	<b>11.258.060</b>	<b>225.904.674</b>	<b>141.916.248</b>	<b>8.887.580</b>	<b>150.803.828</b>
5.1 Marketable Securities		567.400	-	567.400	207.150	-	207.150
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		5.063.133	60.717	5.123.850	2.242.206	22.511	2.454.717
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		22.858.143	-	22.858.143	13.002.677	-	13.002.677
5.6 Other Pledged Items		186.157.938	11.197.343	197.355.281	126.274.215	8.865.069	135.139.284
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>236.630.243</b>	<b>26.592.178</b>	<b>263.222.421</b>	<b>156.961.633</b>	<b>23.432.481</b>	<b>180.394.114</b>

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

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

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF JUNE 30, 2022**

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

STATEMENT OF PROFIT OR LOSS	Note (5-IV)	THOUSAND TL	THOUSAND TL	THOUSAND TL	THOUSAND TL
		CURRENT PERIOD (01/01/2022- 30/06/2022)	PRIOR PERIOD (01/01/2021- 30/06/2021)	CURRENT PERIOD (01/04/2022- 30/06/2022)	PRIOR PERIOD (01/04/2021- 30/06/2021)
<b>I. PROFIT SHARE INCOME</b>	(1)	<b>2.883.361</b>	<b>977.363</b>	<b>2.431.531</b>	<b>525.533</b>
1.1 Profit Share on Loans		1.828.668	789.361	1.462.013	422.706
1.2 Income Received from Reserve Deposits		18.732	20.865	11.094	13.227
1.3 Income Received from Banks		76	91	16	31
1.4 Income Received from Money Market Placements		181	-	181	-
1.5 Income Received from Marketable Securities Portfolio		1.017.440	159.005	941.417	82.982
1.5.1 Financial Assets at Fair Value Through Profit and Loss		33.050	32.798	16.023	15.771
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		876.210	88.359	834.935	47.084
1.5.3 Financial Assets Measured at Amortised Cost		108.180	37.848	90.459	20.127
1.6 Finance Lease Income		17.627	7.199	16.520	6.092
1.7 Other Profit Share Income		637	842	290	495
<b>II. PROFIT SHARE EXPENSE (-)</b>	(2)	<b>1.613.323</b>	<b>820.387</b>	<b>1.244.156</b>	<b>451.220</b>
2.1 Expense on Profit Sharing Accounts		1.136.930	478.889	914.670	256.629
2.2 Profit Share Expense on Funds Borrowed		94.359	48.944	71.338	25.923
2.3 Profit Share Expense on Money Market Borrowings		51.200	18.140	40.769	7.709
2.4 Expense on Securities Issued		310.220	262.371	202.201	154.352
2.5 Lease Profit Share Expense		20.146	12.043	14.710	6.607
2.6 Other Profit Share Expenses		468	-	468	-
<b>III. NET PROFIT SHARE INCOME (I - II)</b>		<b>1.270.038</b>	<b>156.976</b>	<b>1.187.375</b>	<b>74.313</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>113.748</b>	<b>28.591</b>	<b>103.740</b>	<b>18.583</b>
4.1 Fees and Commissions Received		124.183	37.521	108.584	21.922
4.1.1 Non-Cash Loans		30.471	12.541	24.598	6.668
4.1.2 Other	(3)	93.712	24.980	83.986	15.254
4.2 Fees and Commissions Paid (-)		10.435	8.930	4.844	3.339
4.2.1 Non-Cash Loans		77	29	65	17
4.2.2 Other	(3)	10.358	8.901	4.779	3.322
<b>V. DIVIDEND INCOME</b>	(4)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. NET TRADING INCOME</b>	(5)	<b>93.991</b>	<b>(10.278)</b>	<b>95.064</b>	<b>(9.205)</b>
6.1 Capital Market Transaction Gains / (Losses)		7.685	2.765	6.351	1.431
6.2 Gains/ (Losses) from Derivative Financial Instruments		323.082	(140.919)	337.572	(126.429)
6.3 Foreign Exchange Gains / (Losses)		(236.776)	127.876	(248.859)	115.793
<b>VII. OTHER OPERATING INCOME</b>	(6)	<b>56.119</b>	<b>110.712</b>	<b>9.668</b>	<b>64.261</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>1.533.896</b>	<b>286.001</b>	<b>1.395.847</b>	<b>147.952</b>
<b>IX. PROVISION FOR EXPECTED LOSS (-)</b>	(7)	<b>217.645</b>	<b>37.741</b>	<b>198.783</b>	<b>18.850</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	(7)	<b>33.368</b>	<b>5.100</b>	<b>30.184</b>	<b>1.916</b>
<b>XI. PERSONNEL EXPENSES (-)</b>	(8)	<b>196.363</b>	<b>122.789</b>	<b>134.192</b>	<b>60.618</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>		<b>171.455</b>	<b>96.049</b>	<b>127.058</b>	<b>51.652</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>915.065</b>	<b>24.322</b>	<b>905.630</b>	<b>14.916</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. PROFIT/LOSS BEFORE TAXES (XIII+...+XV)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. PROVISION FOR TAXES (±)</b>		<b>915.065</b>	<b>24.322</b>	<b>905.630</b>	<b>14.916</b>
<b>XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(9)	<b>228.326</b>	<b>4.541</b>	<b>226.818</b>	<b>3.033</b>
18.1 Current Tax Provision		540.543	44	540.543	44
18.2 Deferred Tax Expense (+)		88.077	36.706	61.640	10.269
18.3 Deferred Tax Income (-)		400.294	32.209	375.365	7.280
<b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>		<b>686.739</b>	<b>19.781</b>	<b>678.812</b>	<b>11.883</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20.1 Income from Assets Held for Sale		-	-	-	-
20.2 Income from Sale of Associates, Subsidiaries and Joint-Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Expenses on Assets Held for Sale		-	-	-	-
21.2 Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-	-	-	-
21.3 Expenses from Other Discontinued Operations		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense (+)		-	-	-	-
23.3 Deferred Tax Income (-)		-	-	-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSS (XVIII+XXIII)</b>		<b>686.739</b>	<b>19.781</b>	<b>678.812</b>	<b>11.883</b>
Minority Shares Profit/Loss (-)		0.00669	0.00019	0.00661	0.00217

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

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

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

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

**AS OF JUNE 30, 2022**

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSAND TL	THOUSAND TL
		CURRENT PERIOD (01/01/2022- 30/06/2022)	PRIOR PERIOD 01/01/2021- 30/06/2021)
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>686.739</b>	<b>19.781</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>753.432</b>	<b>8.127</b>
<b>2.1</b>	<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	-	-
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-	-
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	-	-
<b>2.2</b>	<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>753.432</b>	<b>8.127</b>
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	1.004.364	8.834
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	(250.932)	(707)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1.440.171</b>	<b>27.908</b>

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

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 2022**

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

	Paid-in Capital	Share Premium	Share Cancellati on Profits	Other Capital Reserves <sup>(*)</sup>	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Except for Minority Interests	Total Shareholders' Equity
					1	2	3	4	5	6					
<b>Current Period (01.01.2022- 30.06.2022)</b>															
<b>I. Balances at Beginning Period</b>	<b>1.026.915</b>	-	-	<b>23.088</b>	-	(1.411)	-	-	<b>45.324</b>	-	<b>485.999</b>	<b>5.424</b>	<b>143.411</b>	<b>1.728.750</b>	<b>1.728.750</b>
<b>II. Correction made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>	<b>1.026.915</b>	-	-	<b>23.088</b>	-	(1.411)	-	-	<b>45.324</b>	-	<b>485.999</b>	<b>5.424</b>	<b>143.411</b>	<b>1.728.750</b>	<b>1.728.750</b>
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	<b>753.433</b>	-	-	-	<b>686.739</b>	<b>1.440.171</b>	<b>1.440.171</b>
<b>V. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase from Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Adjustments to Paid-in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Other Changes</b>	-	-	-	<b>10.098</b>	-	-	-	-	-	-	<b>(3.796)</b>	-	-	<b>6.302</b>	<b>6.302</b>
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	<b>148.508</b>	<b>(5.137)</b>	<b>(143.411)</b>	<b>(30)</b>	<b>(30)</b>
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	<b>148.508</b>	<b>(148.508)</b>	-	<b>(30)</b>	<b>(30)</b>
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	<b>143.113</b>	<b>(143.411)</b>	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>	<b>1.026.915</b>	-	-	<b>33.186</b>	-	(1.411)	-	-	<b>798.757</b>	-	<b>630.711</b>	<b>287</b>	<b>686.739</b>	<b>3.175.193</b>	<b>3.175.193</b>

1. Revaluation surplus on tangible and intangible assets,

2. Defined Benefit Plans' Actuarial Gains/Losses,

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

4. Foreign Currency Translation Differences,

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

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

(\*) Includes the initial recognition effects of the subordinated loan provided by Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated April 22, 2019, on April 24, 2019 amounting to 200 million Euro (Full Euro) within the scope of additional main capital and financial assets and liabilities measured (23.088 TL) at amortized costs and the initial recognition effects of the subordinated loan provided by Türkiye Varlık Fonu and Denge Alt Fonu with the approval of BRSA dated March 8,2022, on March 9,2022 amounting to 31.688.489 million Euro (Full Euro) within the scope of additional main capital and financial assets s (Section 3 Note 6).

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

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 2022**

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

Audited	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves(*)	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Except for Minority Interests	Total Shareholders' Equity
					1	2	3	4	5	6					
Prior Period (01/01/2021-30/06/2021)															
I. Balances at Beginning Period(**)	1.026.915	-	-	28.591	-	(1.255)	-	-	(984)	-	396.085	9.317	80.626	1.539.295	1.539.295
II. Correction made as per TAS 8	-	-	-	(5.503)	-	-	-	-	5.503	-	-	5.395	-	5.395	5.395
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	5.395	-	5.395	5.395
2.2 Effect of Changes in Accounting Policies	-	-	-	(5.503)	-	-	-	-	5.503	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	1.026.915	-	-	23.088	-	(1.255)	-	-	4.519	-	396.085	14.712	80.626	1.544.690	1.544.690
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	8.127	-	-	-	19.781	27.908	27.908
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	89.914	(9.288)	(80.626)	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	89.914	(89.914)	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	80.626	(80.626)	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>	<b>1.026.915</b>	<b>-</b>	<b>-</b>	<b>23.088</b>	<b>-</b>	<b>(1.255)</b>	<b>-</b>	<b>-</b>	<b>12.646</b>	<b>-</b>	<b>485.999</b>	<b>5.424</b>	<b>19.781</b>	<b>1.572.598</b>	<b>1.572.598</b>

1. Revaluation surplus on tangible and intangible assets,
2. Defined Benefit Plans' Actuarial Gains/Losses,
3. Other (Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss),
4. Foreign Currency Translation Differences,
5. Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI,
6. Other (Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Group for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss),

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

(\*\*\*) Transition to the calculation of expected credit loss in TFRS 9 and the impact of changes in accounting policies explained in Section Three Note xxiii.

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



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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS AS OF JUNE 30, 2022**

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

STATEMENT OF CASH FLOWS	THOUSAND TL	THOUSAND TL
	CURRENT PERIOD (01/01/2022- 30/06/2022)	PRIOR PERIOD (01/01/2021- 30/06/2021)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>	<b>4.135.539</b>	<b>(299.089)</b>
1.1.1 Profit Share Income Received	2.742.350	887.180
1.1.2 Profit Share Expense Paid	(1.644.365)	(784.654)
1.1.3 Dividend Received	-	-
1.1.4 Fees and Commissions Received	121.170	37.521
1.1.5 Other Income	50.769	92.731
1.1.6 Collections from Previously Written off Loans	-	-
1.1.7 Payments to Personnel and Service Suppliers	(279.874)	(157.033)
1.1.8 Taxes Paid	(249.277)	(10.282)
1.1.9 Others	3.394.766	(364.552)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>7.677.489</b>	<b>884.258</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	264.183	(130.322)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions	(1.919.252)	(513.664)
1.2.3 Net (Increase) Decrease in Loans	(6.307.400)	(1.374.044)
1.2.4 Net (Increase) Decrease in Other Assets	5.696	(30.152)
1.2.5 Net Increase (Decrease) in Bank Deposits	895.825	119.326
1.2.6 Net Increase (Decrease) in Other Deposits	16.349.914	2.320.335
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed	-	-
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(1.611.478)	492.779
<b>I. Net Cash Flows from Banking Operations</b>	<b>11.813.028</b>	<b>585.169</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash flow from investing activities</b>	<b>(7.417.693)</b>	<b>(926.945)</b>
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	53.130	(36.053)
2.4 Disposals of Property and Equipment	16.946	15.450
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(5.013.638)	(1.426.758)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	159.405	516.603
2.7 Purchase of Financial Assets Measured at Amortised Cost	(2.625.696)	-
2.8 Sale of Financial Assets Measured at Amortised Cost	-	-
2.9 Other	(7.840)	3.813
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Flows from Financing Activities</b>	<b>907.404</b>	<b>600.597</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued	31.318.250	190.350.330
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(30.300.498)	(189.709.752)
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(110.348)	(39.981)
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>564.936</b>	<b>140.892</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	<b>5.867.675</b>	<b>399.713</b>
<b>VI. Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>3.262.469</b>	<b>1.723.008</b>
<b>VII. Cash and Cash Equivalents at the End of the period</b>	<b>9.130.144</b>	<b>2.122.721</b>

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

### **SECTION THREE**

#### **Accounting policies**

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

##### **a. The preparation of the financial statements and related notes and explanations in accordance with the “Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks” Accounting Application and Safeguarding of Documents**

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain accounting estimates by the Group management to exercise its judgement on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

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

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

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

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS. The accounting policies and valuation principles related with current period are explained in Notes II to XXIII below.

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

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

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

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of June 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

The tension between Russia and Ukraine since January 2022 turned to be a crisis and hot conflict. The Bank does not carry out any activities in the two countries that are subject to this crisis. Considering the territories that the Bank carries out its activities, the effects brought by the crisis are monitored by the Bank and financial tables are prepared with best forecasting methods accordingly.

**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 Parent 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.

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

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

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

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

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

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 Istanbul Stock Exchange and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

### **III. Information on consolidated associates**

The Parent Bank and its subsidiaries Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş. It is included in the accompanying consolidated financial statements by using the full consolidation method. The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated 8 November 2006 and the "Consolidated Financial Statements" ("TFRS 10"). The Parent Bank and its consolidated financial subsidiaries are named together as "Group".

#### **a. Consolidation principles for subsidiaries**

Subsidiaries (including special purpose entity) are all entities, in which the Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle.

Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from the date control on their activities are transferred to the Group. Subsidiaries will be excluded from the scope of consolidation at the date that control is over. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been 100% consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority shares in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary.

Emlak Varlık Kiralama A.Ş. which is subsidiary of the Parent 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". Emlak Varlık Kiralama A.Ş. has been founded to operate lease certificate (III – 61.1) according to rulings of Capital Markets Board of Turkey which was dated 7 June 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. Emlak Varlık Kiralama A.Ş. was established on 5 August 2019 with TL 50 capital amount paid by the Parent Bank. It began to operate after the registration on 5 August 2019.

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**III. Information on consolidated associates (continued):**

**a. Consolidation principles for subsidiaries (continued):**

Emlak Katılım Varlık Kiralama A.Ş., 100% subsidiaries of the Parent 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.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Emlak Varlık Kiralama A.Ş.	Istanbul/Turkey	Lease Certificate Issue	100	100
Emlak Katılım Varlık Kiralama A.Ş.	Istanbul/Turkey	Lease Certificate Issue	100	100

**b. Presentation of affiliates, subsidiaries and joint ventures that are not in the scope of consolidation in the consolidated financial statements:**

"The Group has no consolidated subsidiaries, associates or joint ventures that are not in the scope of consolidation."

**IV. Explanations on forward, option contracts and derivative instruments:**

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

The Group'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.

Benchmark Interest Rate Reform – Phase 2 which introduces amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16 has been effective since January 2021 within allowance of early application of the changes. With amendments, certain exceptions are enabled in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes are effective from 1 January 2021. Items indexed to base interest rates and securities constitute assets and securities issued, derivative transactions and loans obtained through repo constitute liabilities in the Parent Bank's financial statements. These changes did not have a significant impact on the financial position or performance of the Parent Bank. As of 30 June 2022, the Bank has no hedging transactions based on base interest rates.

**V. Explanations on profit share income and expenses:**

*Profit share income*

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

*Profit share expense*

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

**VI. Explanations on fees, commission income and expenses:**

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

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

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

**VII. Explanations on financial assets and liabilities:**

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

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

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

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

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

**VII. Explanations on financial assets (continued):**

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

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

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

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

As of June 30, 2022 the Group has two subordinated debts 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 with TRT250232F15 with the initial date March 9, 2022 with at least ten-year repayment option with no fixed term, amounting to 31.688.489 Euro (Full Euro), the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition (Section 5 Part 2 Note 9 and Note 11).

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

**VIII. Explanations on expected credit losses:**

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

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

statements with considering all supportable information individually or collectively including reasonable and prospective information.

**VIII. Explanations on expected credit losses (continued):**

**Calculation of expected credit losses**

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

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

**Probability of Default (PD):**

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

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

**Loss Given Default (LGD):**

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

**Exposure at Default (EAD):**

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

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

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

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

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

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

The Group classifies financial assets as stage 2 by considering the following criterias:

- Loans with overdue days exceeding 30 days but not exceeding 90 days,
- Data received from the early warning system and the evaluation of the Parent Bank,



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- In order to determine whether the default risk of the customer has increased significantly since the first definition of the loan, the Parent Bank's management concludes that there is a significant increase in credit risk as a result of comparison with the risk of default in the loan,
- Loans whose reimbursement is totally collateralized and whose loans are below the net realizable value receivable amount.

**VIII. Explanations on expected credit losses (continued):**

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

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

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

**IX. Explanations on offsetting of financial instruments:**

Financial instruments are offset when the Group has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The Group does not have such offset financial assets and liabilities.

**X. Explanations on sale and repurchase agreements and lending of securities:**

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

**XI. Explanations on assets held for sale and discontinued operations and liabilities related to these assets:**

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

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

The Group has no discontinued operations.

**XII. Explanations on goodwill and other intangible assets:**

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of June 30, 2022, there is no goodwill in the financial statements of the Group. (December 31, 2021: None).

**XII. Explanations on goodwill and other intangible assets (continued):**

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

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

**XIII. Explanations on tangible assets:**

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

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

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

	<b>Depreciation Rate (%)</b>
Computers	10-33
Furniture and Equipment	20
Other Moveables	7-33
Vehicles	20
Intangible Assets (Rights)	7-33

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

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

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

**XIV. Explanations on leasing transactions:**

The Group applies the TFRS 16 leases standard.

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

**XIV. Explanations on leasing transactions (continued):**

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

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

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

**Existence of right to use**

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

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

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

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

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

**The lease obligations**

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

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Group measures the leasing liability as follows:

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

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

**XV. Explanations on provisions and contingent liabilities:**

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

Provisions are recognized when the 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.

**XV. Explanations on provisions and contingent liabilities (continued):**

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 The Parent 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.

**XVI. Explanations on liabilities regarding employee rights:**

i) *Defined benefit plans:*

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

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

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

Some of the Group employees were used to stated as a member of T.C. Ziraat Bankası A.Ş. ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı. . With the decision of BOD, numbered 42, dated February 14, 2022, all of the bank employees have been nominated to be member of T.C. Ziraat Bankası A.Ş. and T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

**XVII. Explanations on taxation:**

**Current tax:**

According to the law of Taxation of Immovable Property Owned by Treasury and Amendment on the Value Added Tax Law numbered 7394 dated April 15, 2022 , published on Official Gazette numbered 31810 and article 26 of law of Amendment on Certain laws and Secondary Laws and provisional article 13 of Corporate Tax Law, corporate tax rate is applied as %25 on entities' income .

In accordance by the Corporate Tax Law, temporary tax is calculated according to the corporate tax rate and paid in three-month term in compliance with principles stated in Income Tax Law. Temporary taxes are deducted from the corporate tax of the current taxation period.

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

**XVII. Explanations on taxation (continued):**

**Current tax (continued):**

Within the framework of the principles of the Corporate Tax Law No. 5520, while 75% of the income of corporation generated from participation stocks held to be in assets for least 2 years and sales of immovable properties and the income of immovable properties gained by bank's receivables and sales of participation stocks is exempted from tax obligation, it is reduced to 50% by the Law No.7061, article 89/a which has been released on December 5, 2017, published on Official Gazette No.30261 and Corporate Tax Law, amended articles 5.1.e and 5.1.f.

Inflation accounting practice has been deferred by Tax Procedure Law which has accepted by Türkiye Büyük Millet Meclisi on January 20, 2022 and Law on Amending Corporate Tax Law, starting from the balance sheet as of December 31, 2023.

**Deferred tax:**

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

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

Deferred tax is calculated on the basis of the tax rates that are applicable to or are certain to have effect on the income statement for the period in which the asset is realized or the liability is settled and recorded as income or expense in the income statement. However, deferred tax is recognized directly in equity if the tax asset relates directly to equity in the same or different period. Bank applied the tax rate as %25 during the prepration of the financial tables dated June 30,2022.

**Transfer pricing**

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

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

**XVIII. Additional explanations on borrowings:**

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

**XIX. Explanations on issued share certificates:**

None.

**XX. Explanations on acceptances and availed drafts:**

The Group carries out the payments of avals and acceptances simultaneously with the payments of the customers. Avals and acceptances are shown in off-balance sheet liabilities as possible liabilities and commitments.

**XXI. Explanations on government grants:**

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

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**XXII. Explanations on segment reporting:**

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

Segment reporting is disclosed in Section Four, Note X.

**XXIII. Explanations on investments in associates, subsidiaries and joint ventures**

Non-financial subsidiaries and associates (in Turkish Lira) are accounted at cost in the consolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

**XXIV. Information on other issues:**

None

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**SECTION FOUR**

**Information on consolidated financial structure and risk management**

**I. Explanations on consolidated capital adequacy standard ratio:**

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, and “Regulation Regarding Banks’ Shareholders’ Equity”. The Group’s common Equity Tier 1 Capital is TL 6.116.045 (December 31, 2021: 4.006.973) which calculated as of June 30, 2022 and the capital adequacy ratio is 26,37% (December 31, 2021: 27,91%). “The Group’s capital adequacy standard ratio is above the minimum ratio required by the legislation.”

**a. Information on consolidated total capital items:**

	Current Period 30 June 2022	Prior Period 31 December 2021
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.026.915	1.026.915
Share issue premiums	-	-
Reserves	630.722	485.999
Gains recognized in equity as per TAS	783.564	35.873
Profit	687.026	148.806
Current Period Profit	686.739	143.411
Prior Period Profit	287	5.395
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.128.226</b>	<b>1.697.593</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	1.411	1.411
Leasehold improvements(-)	73.887	76.233
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	35.593	22.693
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>110.891</b>	<b>100.337</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>3.017.336</b>	<b>1.597.256</b>



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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations on consolidated capital adequacy standard ratio (continued):**

**a) Information on consolidated total capital items (continued):**

<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	3.046.435	2.359.569
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>3.046.435</b>	<b>2.359.569</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity	-	-
Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>3.046.435</b>	<b>2.359.569</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>6.063.771</b>	<b>3.956.825</b>
<b>TIER 2 CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA ( Temporary Article 4 )	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	109.204	55.508
<b>Contribution Capital Before Discounts</b>	<b>109.204</b>	<b>55.508</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>109.204</b>	<b>55.508</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>6.172.975</b>	<b>4.012.333</b>
<b>Deductions from Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	6.930	5.360
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations on consolidated capital adequacy standard ratio (continued):**

**a) Information on consolidated total capital items (continued):**

<b>CAPITAL</b>		
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital )	<b>6.166.045</b>	<b>4.006.973</b>
Total Risk Weighted Amounts	<b>23.382.912</b>	<b>14.354.337</b>
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	12,90	11,13
Tier 1 Capital Adequacy Ratio (%)	25,93	27,57
Capital Adequacy Ratio (%)	26,37	27,91
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	2,5	2,5
a) Capital conservation buffer requirement (%)	2,5	2,5
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic important bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	7,79	6,63
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Limits related to provisions considered in Tier II calculation	-	-
Amount arising from deferred tax assets based on temporary differences	-	92.494
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	109.204	55.508
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	109.204	55.508
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(\*) The Group, 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.

The Banking Regulatory and Supervisory Authority ("BRSA") issued a press release on March 23, 2020 announcing certain measures due to financial market fluctuations caused by the COVID-19 pandemic. The Banks are entitled to use the year-end buying exchange in calculating the amount subject to credit risk as per the Regulation on the Calculation and the Evaluation of Banks' Capital Adequacy for the valuated amounts as per the Turkish Accounting Standards; and the relevant reserves to set aside related to its monetary and non-monetary assets, excluding the assets in foreign currency measured in historical cost.

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations on consolidated capital adequacy standard ratio (continued):**

**b) Information on consolidated debt instruments to be included in the equity calculation:**

Issuer	Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu
Unique Identifier (CUSIP, ISIN etc.)	TRT240424F22
Governing Law(s) of the Instrument	Regulation on Banks"Equity Communiqué on Principles Regarding Borrowing Instruments to be Included in Bank"Equity Calculation
<b>Special Consideration in the Calculation of Equity</b>	
As of 1 January 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Subordinated Loan
Amount recognized in regulatory capital (as of most recent reporting date)	2.732.510
Par Value of Instrument	3.471.460
Accounting Classification	Subordinated Loan
Original date of Issuance	24.04.2019
Perpetual or dated	Undated
Maturity date	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: 24.05.2024 Total Repayment Amount: EUR 200 million (full)
Subsequent call dates	-
<b>Profit Share/Dividends</b>	
Fixed or floating profit share/dividend	-
Profit share rate and any related index	-
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Full discretionary
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
<b>Convertible or Non-convertible</b>	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case of the ratio of core capital adequacy 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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations on capital adequacy standard ratio (continued):**

**b) Information on debt instruments to be included in the equity calculation:**

Issuer	Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu
Unique Identifier (CUSIP, ISIN etc.)	TRT250232F15
Governing Law(s) of the Instrument	Regulation on Banks' Equity Communique on Principles Regarding Borrowing Instruments to be Included in Bank's Equity Calculation
<b>Special Consideration in the Calculation of Equity</b>	
As of 1 January 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Subordinated Loan
Amount recognized in regulatory capital (as of most recent reporting date)	313.924
Par Value of Instrument	550.027
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	Last Payment Date: 09.03.2023 Total Repayment Amount: EUR 31.688.489 million (full)
Subsequent call dates	-
<b>Profit Share/Dividends</b>	
Fixed or floating profit share/dividend	-
Profit share rate and any related index	-
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Full discretionary
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
<b>Convertible or Non-convertible</b>	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case of the ratio of core capital adequacy 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

**I. Explanations on consolidated capital adequacy standard ratio (continued):**

**c. Explanations on consolidated reconciliation of equity items and balance sheet amounts**

The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from Stage 1 and Stage 2 expected credit losses, debt instruments, and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, Stage 1 and Stage 2 expected credit losses up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

**II. Explanations on consolidated credit risk**

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

**III. Explanations on consolidated currency risk:**

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

a) The Group is exposed to currency risks as a market risk and pay attention to keep at a minimum level by avoiding to keep any positions. The currency risk and the calculation of value at risk method are monitored on a daily basis. Net foreign currency position / shareholders' equity ratio is also controlled daily. While calculating the capital requirement for currency risk, all foreign currency assets liabilities and forward foreign exchange transactions of the Group are taken into consideration, and the amount subject to market risk used in legal reports is calculated monthly with the standard method.

b) The Group does not have any derivative financial instruments held for hedging purposes.

c) In loan allocations, attention is taken to ensure that TL resources are used in TL and foreign currency resources are used in the relevant currency without any currency mismatch. The foreign currency position limit that may occur for strategic purposes due to uncertainties and fluctuations in the markets is limited and followed.

d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Group are as follows:

	USD	EUR
As of June 30, 2022 - Balance sheet evaluation rate	16,6532	17,3573
As of June 29, 2022	16,6541	17,5038
As of June 28, 2022	16,6237	17,5734
As of June 27, 2022	16,6078	17,5571
As of June 24, 2022	17,3648	18,2883
As of June 23, 2022	17,3584	18,2542

e) The simple arithmetical average of the major foreign exchange buying rates of the Group for the thirty days before the balance sheet date is full TL 17,006 for 1 USD (December 2021: full TL 13,6246), full TL 17,9852 for 1 Euro (December 2021: full TL 15,3855).

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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**III. Explanations on consolidated currency risk (continued):**

**Information on the Group's Currency Risk**

	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Current Period</b>				
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	3.845.348	5.413.965	227.719	9.487.032
Banks (****)	1.807.928	1.478.196	1.172.571	4.458.695
Financial assets at fair value through profit and loss	69.536	77.688	634.359	781.583
Money market placements	-	-	-	-
Financial Assets Valued At Fair Value Through Profit And Loss	540.490	1.166.999	-	1.707.489
Loans and financial lease receivable(*)	5.061.170	3.724.273	-	8.785.443
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	3.518.150	-	-	3.518.150
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	1.750	12.211	597	14.558
<b>Total Assets</b>	<b>14.844.371</b>	<b>11.873.332</b>	<b>2.035.246</b>	<b>28.752.950</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	314.369	108.919	143	423.431
Other current and profit sharing accounts (**)	10.011.664	13.573.805	2.420.285	26.005.754
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	4.000.480	459.680	-	4.460.160
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	83.836	105.635	23.118	212.589
<b>Total liabilities</b>	<b>14.410.349</b>	<b>14.248.039</b>	<b>2.443.546</b>	<b>31.101.934</b>
<b>Net balance sheet position</b>	<b>434.023</b>	<b>(2.374.707)</b>	<b>(408.300)</b>	<b>(2.348.984)</b>
<b>Net balance sheet position</b>	<b>(312.431)</b>	<b>2.277.914</b>	<b>450.963</b>	<b>2.416.446</b>
Derivative financial instruments assets	21.957	2.885.958	450.963	3.358.878
Derivative financial instruments liabilities	334.388	608.044	-	942.432
Non-cash loans (**)	1.295.543	2.544.057	35.259	3.874.859
<b>Prior Period</b>				
Total assets	<b>11.996.492</b>	<b>8.011.515</b>	<b>1.235.185</b>	<b>21.243.192</b>
Total liabilities	<b>10.706.239</b>	<b>10.155.169</b>	<b>1.460.407</b>	<b>22.321.815</b>
<b>Net balance sheet position</b>	<b>1.290.253</b>	<b>(2.143.654)</b>	<b>(225.222)</b>	<b>(1.078.623)</b>
<b>Net off balance sheet position</b>	<b>(1.191.464)</b>	<b>2.218.808</b>	<b>258.800</b>	<b>1.286.144</b>
Derivative financial instruments assets	5.987	2.617.311	500.074	3.123.372
Derivative financial instruments liabilities	1.197.451	398.503	241.274	1.837.228
Non-cash loans	1.405.454	1.731.014	-	3.136.468

(\*) Includes expected loss provisions amounting to TL 95.856 in the balance sheet..

(\*\*) Non-cash loans are not taken into account in the calculation of foreign currency position.

(\*\*\*\*) Precious metals are also shown in the "Other FC" column.

(\*\*\*\*\*) Includes expected loss provisions amounting to TL 2.005 in the balance sheet..

(\*\*\*\*\*) TL 351 (December 31, 2021: TL 3.280) exchange rate income accruals and TL 8.188 (December 31, 2021: TL 3.810) currency expense accruals of derivative financial instruments are not included

**III. Explanations on consolidated currency risk (continued):**

**Explanations of the Stock Position Risk Caused by Banking Accounts**

None (December 31, 2021: None).

**IV. Explanations on consolidated liquidity risk:**

Liquidity Risk is managed by Asset and Liability Committee ("ALCO") in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Group.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Group's risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Group is exposed to and considering the Group's strategy and conditions of competition and pursues the implementations.

The liquidity structure is evaluated in the framework of ALCO decisions for liquidity management and a placement strategy is developed. Liquidity risk management strategy is determined by considering both normal economic conditions and stress conditions.

Risk Management Presidency, liquidity risk; periodically reports to the relevant unit, the relevant committee and the senior management with the methods of measurement of liquidity risk in compliance with the standards. It manages liquidity risk in accordance with the Group's portfolio, strategic plans and policies and legal limits, and informs and coordinates the relevant parties on time. In accordance with the market conditions and the Group's structure, the relevant liquidity risk measurement methods establish, assumptions and parameters used in liquidity risk analyzes are reviewed. Liquidity risk analyzes and important liquidity indicators are regularly reported to senior management. In the stress conditions are carried out in the framework of "Emergency Funding Plan".

The Group's high level management to determine management strategies for liquidity risk;

- follows obligations arising from domestic and foreign currencies,
- determine the concentration risks of placements,
- actively follows funding sources,
- consider the portfolio diversity,
- follow up the fund flows related to assets and liabilities depending on the maturities.

Market conditions are continuously follow and access problems for the Group's fund requirements are analyzed and the impact of sudden changes in fund sources is evaluated. Liquidity adequacy is measured by applying stress test to the factors affecting liquidity. Liquidity Risk Stress Test analyzes the compliance of the Group's cash flow capacity to the cash flow capacity within the framework of the specified scenarios. The scenarios needed for stress tests are based on the changing balance sheet structure. The results are taken into consideration in determining the policies related to liquidity risk and in the preparation of an emergency action plan.

For the purpose of reducing the liquidity risk that the Group may be exposed to compliance with the strategies implemented (monitoring of concentration, diversification of funding sources, high quality liquid assets, etc.) is monitored effectively by the senior management of the Group taking into account legal and prudential limits. For non-mitigation risks, acceptance of the current risk level, reducing or terminating the risk-causing activity are evaluated.

The level of spread of Covid-19 virus worldwide and the negative effects (country risks and foreign bank limits / correspondent bank relations etc.) in areas such as real sector and banking sector are carefully monitored. In this regard, liquidity adequacy is constantly monitored by stress tests and scenario analyzes among risk management activities.

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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**IV. Explanations on consolidated liquidity risk (continued):**

**Consolidated Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account " not Implemented Total value <sup>(*)</sup>		Rate of "Percentage to be taken into account " Implemented Total value <sup>(*)</sup>	
Current Period		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	HIGH QUALITY LIQUID ASSETS			<b>18.286.837</b>	<b>12.411.026</b>
<b>CASH OUTFLOWS</b>					
2	Retail and Small Business Funds Collected	7.356.502	5.823.331	720.469	582.333
3	Stable Funds Collected	303.608	-	15.180	-
4	Less stable Funds Collected	7.052.894	5.823.331	705.289	582.333
5	Unsecured Funding other than Retail and Small Business	9.555.557	7.760.522	4.419.083	3.493.772
6	Customers Deposits	-	-	-	-
7	Operational Funds Collected	9.216.123	7.627.107	4.079.649	3.360.357
8	Non-Operational Funds Collected	339.434	133.415	339.434	133.415
9	Other Unsecured Funding			-	-
10	Secured funding	3.234.948	1.042.048	3.234.948	1.042.048
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.049.175	1.042.048	2.049.175	1.042.048
12	Debts related to the structured financial products	1.185.773	-	1.185.773	-
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 Group and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	9.763.056	4.089.883	1.980.448	337.962
16	<b>TOTAL CASH OUTFLOWS</b>			<b>10.354.948</b>	<b>5.456.115</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.295.457	5.073.783	6.019.523	4.658.124
19	Other contractual cash inflows	2.081.991	1.883.351	2.081.991	1.883.351
20	<b>TOTAL CASH INFLOWS</b>	<b>9.377.448</b>	<b>6.957.134</b>	<b>8.101.514</b>	<b>6.541.475</b>
		Upper limit applied amounts			
21	<b>TOTAL HQLA</b>			<b>18.286.837</b>	<b>12.411.026</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2.588.737</b>	<b>1.364.029</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>706,40</b>	<b>909,88</b>

<sup>(\*)</sup> It is the average of the liquidity coverage ratio calculated by taking the simple monthly arithmetic average for the last three months.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated 21 March 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period		30.06.2022
	TL+FC	FC	
Lowest (%)	376,94	673,86	
Month	April 8,2022	June 24,2022	
Highest (%)	1.002,77	1.209,44	
Month	June 9,2022	June 9,2022	
Average	609,65	350,72	



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**IV. Explanations on consolidated liquidity risk (continued):**

**Consolidated Liquidity Coverage Ratio (continued):**

Prior Period	Rate of "Percentage to be taken into account " not Implemented Total value <sup>(*)</sup>		Rate of "Percentage to be taken into account " Implemented Total value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 HIGH QUALITY LIQUID ASSETS			<b>10.868.494</b>	<b>7.806.419</b>
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Funds Collected	4.532.545	3.464.051	439.566	346.405
3 Stable Funds Collected	273.766	-	13.688	-
4 Less stable Funds Collected	4.258.779	3.464.051	425.878	346.405
5 Unsecured Funding other than Retail and Small Business	5.997.615	4.906.244	2.978.932	2.370.259
6 Customers Deposits	-	-	-	-
7 Operational Funds Collected	5.769.197	4.848.321	2.750.514	2.312.336
8 Non-Operational Funds Collected	228.418	57.923	228.418	57.923
9 Other Unsecured Funding			-	-
10 Secured funding	2.696.146	1.123.441	2.696.146	1.123.441
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.499.229	1.123.441	1.499.229	1.123.441
12 Debts related to the structured financial products	1.196.917	-	1.196.917	-
13 Commitment related to the structured financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Group and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	6.538.351	2.853.496	1.302.802	245.272
<b>16 TOTAL CASH OUTFLOWS</b>			<b>7.417.446</b>	<b>4.085.377</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	3.651.118	1.911.644	2.874.070	1.713.374
19 Other contractual cash inflows	1.422.810	1.258.229	1.422.810	1.258.229
<b>20 TOTAL CASH INFLOWS</b>	<b>5.073.928</b>	<b>3.169.873</b>	<b>4.296.880</b>	<b>2.971.603</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA</b>			<b>10.868.494</b>	<b>7.806.419</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>3.120.566</b>	<b>1.113.774</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>348,29</b>	<b>700,90</b>

<sup>(\*)</sup> It is the average of the liquidity coverage ratio calculated by taking the simple monthly arithmetic average for the last three months.

Liquidity Coverage Ratio (%)	Prior Period		31.12.2021	
	TL+FC	FC	TL+FC	FC
Lowest (%)	107,42	94,52		
Month	December 7,2021	December 7,2021		
Highest (%)	1.132,15	630,74		
Month	October 17,2021	December 18,2021		
Average	619,78	362,63		

IV. Explanations on consolidated liquidity risk (continued):

Consolidated Liquidity coverage ratio (continued)

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Group 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, marketable securities that are not subject to repurchase agreements or not given as collateral, banks receivables, funds collected, funds borrowed. 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 Group's high quality liquid assets are composed of 5,97% cash, 38,51% deposits in central banks and 55,52% securities considered as high quality liquid assets.

The Group's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 84,92% funds collected, 6,40% subordinated debt instruments and 8,68% funds borrowed.

Presentation of assets and liabilities according to their remaining maturities:

	Demand	(i) Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	4.202.101	6.904.161	-	-	-	-	-	11.106.262
Banks	4.460.281	-	-	-	-	-	-	4.460.281
Financial Assets at Fair Value Through Profit and Loss	-	-	-	78.013	727.808	-	-	805.821
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets valued at fair value through other comprehensive income	-	104.494	-	112.272	7.330.392	343.994	7.659	7.898.811
Loans	-	962.074	1.978.102	13.320.396	11.516.956	1.817.576	31	29.595.135
Financial assets valued at amortised cost	-	-	-	-	4.553.173	-	-	4.553.173
Other Assets <sup>(*)</sup>	-	-	-	-	-	-	986.357	986.357
<b>Total Assets</b>	<b>8.662.382</b>	<b>7.970.729</b>	<b>1.978.102</b>	<b>13.510.681</b>	<b>24.128.329</b>	<b>2.161.570</b>	<b>994.047</b>	<b>59.405.840</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	163.071	893.271	20.033	-	-	-	-	1.076.375
Other current and profit sharing accounts	15.438.223	21.766.541	6.470.448	1.443.324	73.268	-	-	45.191.804
Funds provided from other financial institutions and subordinated loans	-	451.172	17.606	607.028	19.772	-	3.485.662	4.581.240
Money market borrowings	-	20.070	-	-	-	-	-	20.070
Marketable securities issued	-	2.109.193	826.983	652.752	26.397	-	-	3.615.325
Other liabilities <sup>(**)</sup>	-	165.056	-	-	-	-	4.755.970	4.921.026
<b>Total Liabilities</b>	<b>15.601.294</b>	<b>25.405.303</b>	<b>7.335.070</b>	<b>2.703.104</b>	<b>119.437</b>	<b>-</b>	<b>8.241.632</b>	<b>59.405.840</b>
<b>Liquidity Gap</b>	<b>(6.938.912)</b>	<b>(17.434.574)</b>	<b>(5.356.968)</b>	<b>10.807.577</b>	<b>24.008.892</b>	<b>2.161.570</b>	<b>(7.247.585)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>23.374</b>	<b>(32.284)</b>	<b>(26.880)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35.790)</b>
Financial Derivative Assets	-	1.903.740	1.043.631	692.646	-	-	-	3.640.017
Financial Derivative Liabilities	-	1.880.366	1.075.915	719.526	-	-	-	3.675.807
<b>Non-cash Loans</b>	<b>1.978.392</b>	<b>237.495</b>	<b>518.614</b>	<b>2.283.173</b>	<b>842.505</b>	<b>25.360</b>	<b>1.778.824</b>	<b>7.664.363</b>
<b>Prior Period</b>								
Total Assets	2.417.162	8.653.090	2.150.905	8.216.327	14.365.935	1.511.364	731.020	38.045.803
Total Liabilities	8.728.954	17.348.404	5.516.529	1.154.173	2.729.338	-	2.568.405	38.045.803
<b>Liquidity Gap</b>	<b>(6.311.792)</b>	<b>(8.695.314)</b>	<b>(3.365.624)</b>	<b>7.062.154</b>	<b>11.636.597</b>	<b>1.511.364</b>	<b>(1.837.385)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(31.071)</b>	<b>(56.149)</b>	<b>(1.175)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(88.395)</b>
Financial Derivative Assets	-	2.508.922	756.035	91.169	-	-	-	3.356.126
Financial Derivative Liabilities	-	2.539.993	812.184	92.344	-	-	-	3.444.521
<b>Non-cash Loans</b>	<b>1.354.438</b>	<b>1.108.447</b>	<b>343.855</b>	<b>1.578.062</b>	<b>495.818</b>	<b>-</b>	<b>-</b>	<b>4.880.620</b>

<sup>(\*)</sup> Other non-distributable assets column consists of assets held for sale, partnership investments, tangible and intangible assets, current and deferred tax assets and other assets.

<sup>(\*\*)</sup> Other non-distributable liabilities column consists of equity and provision balances.

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**V. Explanations on consolidated leverage ratio:**

As of June 30, 2022, leverage ratio of the Group calculated from the arithmetic average of the last 6 months is 7,96.(December 31, 2021: 8,45%) Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks".

**Consolidated Leverage Ratio Public Disclosure Template:**

	Current Period June 30, 2022(*)	Prior Period December 31, 2021(*)
<b>Balance sheet assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	55.291.146	33.036.737
2 (Assets deducted from Core capital)	102.507	103.381
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	55.188.639	32.933.356
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	-	-
5 Potential credit risk amount of derivative financial assets and credit derivatives	109.106	92.887
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	109.106	92.887
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	3.921.341	2.441.721
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)	3.921.341	2.441.721
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	11.092.397	7.757.835
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	11.092.397	7.757.835
<b>Capital and total risk</b>		
13 Core Capital	5.595.681	3.679.879
14 Total risk amount (sum of lines 3, 6, 9 and 12)	70.311.483	43.225.799
<b>Leverage ratio</b>		
15 Leverage ratio (%)	7,96	8,51

(\*) Amounts in the table show quarterly averages.

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

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

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

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

**VIII. Explanations on consolidated risk management**

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Group 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.

**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)	20.777.904	12.883.435	1.662.232
2	Of which standardised approach (SA)	20.777.904	12.883.435	1.662.232
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	16.617	26.820	1.329
5	Of which standardised approach for counterparty credit risk (SA-CCR)	16.617	26.820	1.329
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – fall-back approach (1250% risk weight)	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	1.598.558	719.119	127.885
17	Of which standardised approach (SA)	1.598.558	719.119	127.885
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	984.882	724.962	78.791
20	Of which Basic Indicator Approach	984.882	724.962	78.791
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>23.377.961</b>	<b>14.354.336</b>	<b>1.870.237</b>

**VIII. Explanations on consolidated risk management (continued):**

**a. Credit risk:**

**a.1. General information on credit risk:**

**a.1.1. General qualitative information on credit risk:**

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

**a.1.2. Credit Quality of Assets**

Current Period	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	226.506	29.844.062	473.186	29.597.382
2 Debt Securities	-	13.423.949	21.234	13.402.715
3 Off-balance sheet exposures	28.711	8.669.353	64.075	8.633.989
<b>4 Total</b>	<b>255.217</b>	<b>51.937.364</b>	<b>558.495</b>	<b>51.634.086</b>

Prior Period	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	195.529	21.711.795	332.857	21.574.467
2 Debt Securities	-	8.686.763	9.487	8.677.276
3 Off-balance sheet exposures	450	6.160.451	29.342	6.131.559
<b>4 Total</b>	<b>195.979</b>	<b>36.559.009</b>	<b>371.686</b>	<b>36.383.302</b>

**a.1.3. Changes in Stock of Defaulted Loans and Debt Securities**

	Current Period	Prior Period
<b>1 Defaulted loans and debt securities at end of the previous reporting period</b>	<b>195.529</b>	<b>172.697</b>
2 Loans and debt securities that have defaulted since the last reporting period	30.977	22.832
3 Returned to non-defaulted status	-	-
4 Amounts written off	-	-
5 Other changes	-	-
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>226.506</b>	<b>195.529</b>

**a.1.4. Additional information on credit quality of assets:**

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

**a.2. Credit risk mitigation**

**a.2.1. Qualitative disclosure on credit risk mitigation techniques:**

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

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**VIII. Explanations on consolidated risk management (continued):**

**a.2.2. Credit Risk Mitigation Techniques**

**Overview**

Current Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	40.437.000	6.797.363	2.212.441	6.371.776	1.494.283	-	-
2 Debt Securities	13.423.949	-	-	-	-	-	-
3 <b>Total</b>	<b>53.860.949</b>	<b>6.797.363</b>	<b>2.212.441</b>	<b>6.371.776</b>	<b>1.494.283</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	226.506	-	-	-	-	-	-

Prior Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	29.297.479	4.365.490	1.854.133	3.886.645	1.367.928	-	-
2 Debt Securities	8.686.763	-	-	-	-	-	-
3 <b>Total</b>	<b>37.984.242</b>	<b>4.365.490</b>	<b>1.854.133</b>	<b>3.886.645</b>	<b>1.367.928</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	172.697	-	-	-	-	-	-

**a.3. Credit risk under standardised approach:**

**a.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:**

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

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**VIII. Explanations on consolidated risk management (continued):**

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

Current Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post- Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
Risk Classes		On- balance sheet amount	Off- balance sheet amount	On- balance sheet amount	Off- balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	20.127.873	85.543	20.180.712	85.659	-	-
2	Exposures to regional governments or local authorities	103.801	14.515	9.807	7.712	8.631	49%
3	Exposures to public sector entities	18.023	4.549	22.266	3.494	8.332	32%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	4.377.198	38.256	4.648.359	31.868	1.222.110	26%
7	Exposures to corporates	11.041.384	6.301.019	10.828.786	3.727.595	15.525.241	107%
8	Retail exposures	2.375.430	3.110.147	2.353.983	1.247.460	2.605.420	72%
9	Exposures secured by residential property	333.476	27.537	333.273	16.131	118.511	34%
10	Exposures secured by commercial real estate	578.270	212.137	578.270	140.594	466.199	65%
11	Past-due loans	12.689	-	12.689	-	9.856	78%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-
16	Other assets	1.941.937	-	1.941.937	-	828.640	43%
17	Investments in equities	-	-	-	-	-	-
<b>18</b>	<b>Total</b>	<b>40.910.081</b>	<b>9.793.703</b>	<b>40.910.082</b>	<b>5.260.513</b>	<b>20.792.940</b>	<b>45.04%</b>

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**VIII. Explanations on consolidated risk management (continued):**

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

Prior Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post- Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
On-balance sheet amount		Off- balance sheet amount	On- balance sheet amount	On- balance sheet amount	Off- balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	9.545.746	43.308	9.552.334	43.446	-	-
2	Exposures to regional governments or local authorities	74.578	14.000	12.466	7.015	9.741	50,00%
3	Exposures to public sector entities	-	908	16.372	2.925	19.297	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	1.039.558	53.973	1.225.378	53.973	340.890	26,65%
7	Exposures to corporates	7.867.116	4.458.782	7.725.201	2.662.046	9.725.964	93,63%
8	Retail exposures	1.769.226	1.480.862	1.764.471	683.811	1.770.649	72,32%
9	Exposures secured by residential property	247.268	39.555	247.268	25.628	93.446	34,24%
10	Exposures secured by commercial real estate	310.930	400.453	310.930	222.805	337.217	63,18%
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-
16	Other assets	1.278.224	-	1.278.224	-	580.764	45,44%
17	Investments in equities	-	-	-	-	-	-
<b>18</b>	<b>Total</b>	<b>22.138.870</b>	<b>6.491.841</b>	<b>22.138.868</b>	<b>3.701.649</b>	<b>12.882.476</b>	<b>49,85%</b>



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**VIII. Explanations on consolidated risk management (continued):**

**c.3.3. Exposures by Asset Classes and Risk Weights**

Current Period		35% Secured by Real Estate Mortgage										Total credit risk exposure amount (after CCF and CRM)
	Asset classes/ Risk weight	0%	10%	20%		50%	75%	100%	150%	200%	Others	
1	Exposures to central governments or central banks	20.266.371	-	-	-	-	-	-	-	-	-	20.266.371
2	Exposures to regional governments or local authorities	257	-	-	-	17.262	-	-	-	-	-	17.519
3	Exposures to public sector entities	17.428	-	-	-	-	-	8.332	-	-	-	25.760
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	3.993.470	-	526.682	-	160.075	-	-	-	4.680.227
7	Exposures to corporates	359.979	-	211.536	-	308.239	-	12.024.440	-	1.652.187	-	14.556.381
8	Retail exposures	79.769	-	68.067	-	-	3.450.832	959	1.816	-	-	3.601.443
9	Exposures secured by residential property	8.238	-	5.979	335.187	-	-	-	-	-	-	349.404
10	Exposures secured by commercial real estate	-	-	-	-	505.329	-	213.535	-	-	-	718.864
11	Past-due loans	-	-	-	-	5.667	-	7.022	-	-	-	12.689
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Other assets	463.932	-	811.706	-	-	-	666.199	-	-	-	1.941.837
17	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
18	Total	21.195.974	-	5.090.758	335.187	1.363.179	3.450.832	13.080.561	1.816	1.652.187	-	46.170.495

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**VIII. Explanations on consolidated risk management (continued):**

**a.3.3. Exposures by Asset Classes and Risk Weights**

	Prior Period	35% Secured by Real Estate Mortgage										Total credit risk exposure amount (after CCF and CRM)
	Asset classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	200 %	Others		
1	Exposures to central governments or central banks	9.595.780	-	-	-	-	-	-	-	-	9.595.780	
2	Exposures to regional governments or local authorities	-	-	-	-	19.481	-	-	-	-	19.481	
3	Exposures to public sector entities	-	-	-	-	-	19.297	-	-	-	19.297	
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	
6	Exposures to institutions	-	-	982.090	-	269.269	-	27.992	-	-	1.279.351	
7	Exposures to corporates	406.598	-	83.461	-	369.112	-	9.528.076	-	-	10.387.247	
8	Retail exposures	52.943	-	41.926	-	-	2.349.920	224	3.269	-	2.448.282	
9	Exposures secured by residential property	5.313	-	1.389	266.194	-	-	-	-	-	272.896	
10	Exposures secured by commercial real estate	2.900	-	8.445	-	373.724	-	148.666	-	-	533.735	
11	Past-due loans	-	-	-	-	3.431	-	2.793	-	-	6.224	
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	
15	Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	
16	Other assets	360.486	-	421.217	-	-	-	496.521	-	-	1.278.224	
17	Investments in equities	-	-	-	-	-	-	-	-	-	-	
18	Total	9.595.780	-	-	-	-	-	-	-	-	9.595.780	

VIII. Explanations on consolidated risk management (continued):

b. Counterparty credit risk:

b.1. Qualitative disclosure on counterparty credit risk:

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

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

	Current Period	Revaluation cost	Potential credit risk exposure	EEPE (*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standardised Approach (for derivatives)	50.380	42.254		-	118.811	16.617
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	<b>Total</b>						<b>16.617</b>

(\*)Effective expected positive risk amount

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**VIII. Explanations on consolidated risk management (continued):**

**b.2. Counterparty credit risk (CCR) approach analysis (continued):**

	Prior Period	Revaluation cost	Potential credit risk exposure	EEPE(*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standardised Approach (for derivatives)	(51.240)	36.510		-	98.338	26.820
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
<b>6</b>	<b>Total</b>						<b>26.820</b>

(\*)Effective expected positive risk amount

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**VIII. Explanations on risk management (continued):**

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

	Current Period		Prior Period	
	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1 (i) Value at risk component (3*multiplier included)		-		-
2 (ii) Stressed Value at Risk (3*multiplier included)		-		-
3 Total portfolio value with simplified approach CVA capital adequacy	118.811	16.617	98.334	26.820
<b>4 Total amount of CVA capital adequacy</b>	<b>118.811</b>	<b>16.617</b>	<b>98.334</b>	<b>26.820</b>

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

Current Period									
Risk Weights/Risk Classes	%0	%10	%20	%50	%75	%100	%150	Other	Total Credit Risk <sup>(1)</sup>
Central governments and central banks receivables	85.543	-	-	-	-	-	-	-	85.543
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	13.399	11.864	-	166	-	-	25.429
Corporate receivables	-	-	-	-	-	7.839	-	-	7.839
Retail receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	85.543	-	13.399	11.864	-	8.005	-	-	118.811

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

**VIII. Explanations on consolidated risk management (continued):**

Prior Period									
Risk Weights/Risk Classes	%0	%10	%20	%50	%75	%100	%150	Oher	Total Credit Risk
Central governments and central banks receivables	43.308	-	-	-	-	-	-	-	43.308
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	12.042	31.493	-	-	-	-	43.535
Corporate receivables	-	-	1.322	-	-	3.096	-	-	4.418
Retail receivables	-	-	-	-	7.073	-	-	-	7.073
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	43.308	-	13.364	31.493	7.073	3.096	-	-	98.334

**b.5. Collaterals for CCR:**

The Group does not have any collaterals used for CCR (December 31, 2021: None).

**b.6. Information on the risks of the Group arising from purchased or sold credit derivatives**

The Group does not have any risks arising from purchased or sold credit derivatives (December 31, 2021: None).

**b.7. Information on risks of the Group arising from central counterparty**

The Group does not have any risks arising from central counterparty (December 31, 2021: None).

**c. Consolidated securitization explanations:**

There is not any information to be announced to public on securitization (December 31, 2021: None).

**VIII. Explanations on consolidated risk management (continued):**

**d. Market Risk**

**d.1. Qualitative disclosure on market risk:**

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

**d.2. Market Risk Explanations-Standardised Approach**

		Current Period	Prior Period
		RWA	RWA
<b>Outright products</b>			
1	Interest rate risk (general and specific)	910.830	344.740
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	226.614	105.594
4	Commodity risk	461.114	268.785
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
<b>Total</b>		<b>1.598.558</b>	<b>719.119</b>

**e. Issues to be disclosed to the public regarding operational risk:**

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

**f. Issues to be disclosed to the public regarding the profit rate risk in banking accounts:**

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

**IX. Links between financial statements and risk amounts:**

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

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**X. Explanations on consolidated business segments:**

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	<b>5.694.889</b>	<b>23.313.384</b>	<b>29.234.231</b>	<b>1.163.336</b>	<b>59.405.840</b>
<b>Total Liabilities</b>	<b>13.809.287</b>	<b>34.700.741</b>	<b>7.127.605</b>	<b>593.013</b>	<b>56.230.646</b>
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.175.194</b>	<b>3.175.194</b>
Net profit share income/(expense) (*)	199.643	609.691	232.024	228.680	1.270.038
Net fees and commissions income/(expense)	42.096	63.322	(5.476)	13.806	113.748
Other operating income/(expense)	57.182	72.590	(38.488)	(342.359)	(251.075)
Provision expenses	(19.117)	(176.094)	(14.526)	(7.909)	(217.646)
Profit/(loss) before tax	279.804	569.509	173.534	(107.782)	915.065
Provision for tax	-	-	-	(228.326)	(228.326)
<b>Net profit / (loss) for the period</b>	<b>279.804</b>	<b>569.509</b>	<b>173.534</b>	<b>(336.108)</b>	<b>686.739</b>

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

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	<b>3.740.018</b>	<b>17.089.861</b>	<b>16.400.186</b>	<b>815.738</b>	<b>38.045.803</b>
<b>Total Liabilities</b>	<b>8.339.463</b>	<b>20.169.544</b>	<b>7.442.924</b>	<b>365.122</b>	<b>36.317.053</b>
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.728.750</b>	<b>1.728.750</b>
Net profit share income/(expense) (*)	56.499	196.320	(164.153)	68.310	156.976
Net fees and commissions income/(expense)	13.877	20.120	(6.965)	1.559	28.591
Other operating income/(expense)	9.959	33.018	(31.987)	(134.494)	(123.504)
Provision expenses	(1.918)	(15.525)	(5.579)	(14.719)	(37.741)
Profit/(loss) before tax	78.417	233.933	(208.684)	(79.344)	24.322
Provision for tax	-	-	-	(4.541)	(4.541)
<b>Net profit / (loss) for the period</b>	<b>78.417</b>	<b>233.933</b>	<b>(208.684)</b>	<b>(83.885)</b>	<b>19.781</b>

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



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**SECTION FIVE**

**Explanations and notes on the consolidated financial statements**

**I. Explanations and notes related to consolidated assets:**

**1. a. Cash and balances with the Central Bank of Republic of Turkey (CBRT):**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Foreign currency	52.062	178.588	27.027	82.778
CBRT	1.532.713	8.353.723	860.099	4.490.642
Other (*)	34.731	956.726	10.704	765.185
<b>Total</b>	<b>1.619.506</b>	<b>9.489.037</b>	<b>897.830</b>	<b>5.338.605</b>

(\*) Includes precious metal deposit account amounting to TL 158.161 (31 December 2021: TL 165.496) as of 30 June 2022 and money in transit account amounting to TL 754.445 (31 December 2021: TL 610.393).

**b. Information related to CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	1.064.658	1.915.984	843.500	159
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Reserve requirements	468.055	6.437.739	16.599	4.490.483
<b>Total</b>	<b>1.532.713</b>	<b>8.353.723</b>	<b>860.099</b>	<b>4.490.642</b>

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2013/15", Parent Bank operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of June 30, 2022, the valid rates for Turkish lira required reserves are between 3% and 8% depending on the maturity structure (December 31, 2021: between 1% and 6%); The rates for foreign currency required reserves are between 5% and 22% depending on the maturity structure (December 31, 2021: between 5% and 22%). The Turkish lira represents 20% of assets. (December 31, 2021: None).

**c. Explanations on implementing requested reserves :**

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2013/15", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. The valid rates for Turkish lira required reserves are between 3% and 8% depending on the maturity structure; the rates for foreign currency required reserves are between 19% and 26% depending on the maturity structure and the rates for other foreign currency liabilities required reserves are between 5% and 21% implemented in the financial table. Every two weeks, on Fridays, required reserves are calculated and established in 14-day increments. The TCMB pays interest on required reserves established in TL, according to the relevant communiqué.

According to the Communiqué on Required Reserves published in the Official Gazette dated July 1, 2021, No. 31528, establishing Turkish lira requested reserves in currency basis has been terminated as of October 1, 2021.

Within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the conversion rate from USD, EUR and GBP denominated foreign currency deposit accounts and foreign exchange denominated participation fund accounts to TL deposit and participation accounts is 10% as of the obligation date of 15 April 2022. It has been decided that an annual commission of 1.5% will not be applied to the banks, which have reached the level of 20%

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as of the liability date of 8 July 2022, up to the amount that should be kept for their liabilities until the end of 2022.

**I. Explanations and notes related to assets (continued):**

**2. a. Information on banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	1.587	1.375.297	1.593	254.853
Abroad	-	3.085.053	-	1.276.669
<b>Total</b>	<b>1.587</b>	<b>4.460.350</b>	<b>1.593</b>	<b>1.531.522</b>

**b. Information on foreign bank accounts:**

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

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

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

As of June 30, 2022, there is no repurchase agreements in financial assets at fair value through profit and loss (December 31, 2021: None). The amount subject to guaranteed/blocked is TL 2.445.045 (December 31, 2021: TL 355.782).

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

	Current Period	Prior Period
Debt securities	807.760	1.087.412
Quoted on a stock exchange	728.450	572.980
Unquoted on a stock exchange (*)	79.310	514.432
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	-	-
Impairment provision (-)	(1.939)	(2.212)
<b>Total</b>	<b>805.821</b>	<b>1.085.200</b>

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

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

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

As of June 30, 2022, the amount subject to sales transactions with the promise of repurchase within the financial assets whose fair value difference is reflected in other comprehensive income is TL 20.070 (December 31, 2021: 2.073.137). The amount of those blocked given as collateral is TL 39.009 (December 31, 2021: TL 326.675).

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

	<b>Current Period</b>	<b>Prior Period</b>
Debt securities	7.956.131	4.201.759
Quoted on a stock exchange (*)	6.311.020	3.221.985
Unquoted on a stock exchange	1.645.111	979.774
Share certificates	7.659	7.659
Quoted on a stock exchange (*)	-	-
Unquoted on a stock exchange	7.659	7.659
Impairment provision (-)	(64.979)	(36.265)
<b>Total</b>	<b>7.898.811</b>	<b>4.173.153</b>

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

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**I. Explanations and notes related to consolidated assets (continued):**

**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	9.933	351	29.633	419
Forward Transactions	66.270	-	32.245	2.861
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>76.203</b>	<b>351</b>	<b>61.878</b>	<b>3.280</b>

**6. Information on loans**

**a. Information on all types of loans and advances given to shareholders and employees of the Group:**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans to Bank Partners	189.426	-	714.824	-
Loans to Legal Person Partners	189.426	-	714.824	-
Loans to Real Person Partners	-	-	-	-
Indirect Loans to Bank Partners	1.164	-	973	-
Loans to Bank Members	1.164	-	973	-
<b>Total</b>	<b>190.590</b>	<b>-</b>	<b>715.797</b>	<b>-</b>

**b. Information on the first and second group loans including restructured loans**

**b1. Detail table on the first and second group loans including restructured loans**

Cash Loans Current Period	Standard Loans	Loans Under Close Monitoring		
		Loans Not subject to restructured loans	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
<b>Loans</b>	<b>29.503.705</b>	<b>21.657</b>	<b>59.833</b>	<b>-</b>
Export loans	-	-	-	-
Import loans	1.967.655	-	-	-
Business loans	20.175.485	20.121	59.739	-
Consumer loans	1.092.936	824	-	-
Credit cards	-	-	-	-
Loans given to financial sector	1.251.322	-	-	-
Other (*)	5.016.307	712	94	-
Other receivables	-	-	-	-
<b>Total</b>	<b>29.503.705</b>	<b>21.657</b>	<b>59.833</b>	<b>-</b>

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

Installment Commercial Loans	4.494.672
Loans Extended Abroad	49.026
Other Investment Loans	473.321
Other	94
<b>Total</b>	<b>5.017.113</b>

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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

**6. Information on loans (continued):**

**b. Information on the first and second group loans including restructured loans (continued):**

Cash Loans Prior Period	Standard Loans	Loans Under Close Monitoring		
		Loans Not subject to restructured loans	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
<b>Loans</b>	<b>21.494.531</b>	<b>31.683</b>	<b>2.739</b>	<b>-</b>
Export loans	-	-	-	-
Import loans	1.565.042	410	-	-
Business loans	15.289.593	26.755	2.739	-
Consumer loans	998.365	1.387	-	-
Credit cards	-	-	-	-
Loans given to financial sector	411.871	-	-	-
Other (*)	3.229.660	3.131	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>21.494.531</b>	<b>31.683</b>	<b>2.739</b>	<b>-</b>

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

Installment Commercial Loans	2.969.857
Loans Extended Abroad	174.503
Other	84.140
<b>Total</b>	<b>3.232.791</b>

**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	257.907	-
Substantial increase in credit risk	-	11.615
Prior Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	146.482	-
Substantial increase in credit risk	-	184

**c. Maturity analysis of cash loans:**

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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

**6. Information on loans (continued):**

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

Current Period	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>11.907</b>	<b>1.080.639</b>	<b>1.092.546</b>
Housing loans	4.881	1.022.033	1.026.914
Vehicle loans	1.603	33.325	34.928
Consumer loans	5.423	25.281	30.704
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>57</b>	<b>1.107</b>	<b>1.164</b>
Housing loans	-	826	826
Vehicle loans	57	245	302
Consumer loans	-	36	36
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11.964</b>	<b>1.081.746</b>	<b>1.093.710</b>

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

**d. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued):**

Prior Period	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>2.549</b>	<b>996.230</b>	<b>998.779</b>
Housing loans	945	913.481	914.426
Vehicle loans	1.228	36.953	38.181
Consumer loans	376	45.796	46.172
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>24</b>	<b>949</b>	<b>973</b>
Housing loans	-	833	833
Vehicle loans	-	48	48
Consumer loans	24	68	92
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2.573</b>	<b>997.179</b>	<b>999.752</b>

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

**e. Information on commercial loans with installments and corporate credit cards:**

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>886.607</b>	<b>3.149.890</b>	<b>4.036.497</b>
Business loans	95.306	415.194	510.500
Vehicle loans	595.966	1.371.183	1.967.149
Consumer loans	195.335	1.363.513	1.558.848
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>77.405</b>	<b>332.081</b>	<b>409.486</b>
Business loans	1.342	14.572	15.914
Vehicle loans	1.106	137.161	138.267
Consumer loans	74.957	180.348	255.305
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>1.824</b>	<b>-</b>	<b>1.824</b>
<b>Overdraft account-FC(Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>965.836</b>	<b>3.481.971</b>	<b>4.447.807</b>
<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>287.471</b>	<b>2.191.296</b>	<b>2.478.767</b>
Business loans	10.572	278.396	288.968
Vehicle loans	233.688	1.082.909	1.316.597
Consumer loans	43.211	829.991	873.202
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>116.377</b>	<b>329.601</b>	<b>445.978</b>
Business loans	1.137	9.375	10.512
Vehicle loans	-	136.500	136.500
Consumer loans	115.240	183.726	298.966
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>15.176</b>	<b>-</b>	<b>15.176</b>
<b>Overdraft account-FC(Legal Entity)</b>	<b>29.936</b>	<b>-</b>	<b>29.936</b>
<b>Total</b>	<b>448.960</b>	<b>2.520.897</b>	<b>2.969.857</b>



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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

**f. Allocation of loans by customers:**

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

**g. Breakdown of domestic and foreign loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	29.111.874	21.354.450
Foreign loans	473.321	174.503
<b>Total</b>	<b>29.585.195</b>	<b>21.528.953</b>

**h. Loans granted to subsidiaries and associates:**

None (December 31, 2021: None).

**h.1 Default provisions for loans (Third Stage) provisions:**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	13.550	4.162
Doubtful Loans and Other Receivables	8.934	7.835
Uncollectible Loans and Receivables	183.427	173.683
<b>Total</b>	<b>205.911</b>	<b>185.680</b>

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

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

None (December 31, 2021: None).

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

**j.2. Movements of non-performing loans:**

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
<b>Current Period</b>			
Closing balance of prior period	8.314	13.071	174.144
Additions in the current period (+)	40.129	1.027	1.437
Transfers from other categories of non-performing loans (+)	-	15.847	12.346
Transfers to other categories of non-performing loans (-)	15.847	12.346	-
Collections in the current period (-)	4.413	2.301	118
Write offs (-)	-	-	-
Sale (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>28.183</b>	<b>15.298</b>	<b>187.809</b>
Provision (-)	13.550	8.934	183.427
<b>Net balance at the balance sheet</b>	<b>14.633</b>	<b>6.364</b>	<b>4.382</b>

\* There is no amount written off from the assets. Non-performing loan accounts I. and II. customer balances transferred to group loan accounts.

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
<b>Prior Period</b>			
Closing balance of prior period	-	12	172.685
Additions in the current period (+)	24.057	305	100
Transfers from other categories of non-performing loans (+)	-	15.647	1.403
Transfers to other categories of non-performing loans (-)	15.647	1.403	-
Collections in the current period (-)	96	1.490	44
Write offs (-)	-	-	-
Sale (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>8.314</b>	<b>13.071</b>	<b>174.144</b>
Provisions (-)	4.162	7.835	173.683
<b>Net balance at the balance sheet</b>	<b>4.152</b>	<b>5.236</b>	<b>461</b>

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

None (December 31, 2021: None).

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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
<b>Current Period (net)</b>	<b>14.633</b>	<b>6.364</b>	<b>4.382</b>
Loans to individuals and corporates (gross)	28.183	15.298	187.809
Provision (-)	13.550	8.934	183.427
<b>Loans to individuals and corporates (net)</b>	<b>14.633</b>	<b>6.364</b>	<b>4.382</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>	<b>4.152</b>	<b>5.236</b>	<b>461</b>
Loans to Real Persons and Legal Entities (Gross)	8.314	13.071	174.144
Specific provision (-)	4.162	7.835	173.683
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>4.152</b>	<b>5.236</b>	<b>461</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans and receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**j.5. Information on profit share accrual accruals and valuation differences calculated for non-performing loans by banks allocating expected credit losses according to TFRS 9 and their equivalents**

	III. Group Limited Collection Loans	IV. Group Doubtful Loans	V. Group Loss Loans
<b>Current Period (Net)</b>	<b>1.716</b>	<b>888</b>	<b>1.264</b>
Dividend Accruals and Rediscounts and Valuation Differences	1.716	888	1.264
Provisions (-)	-	-	-
<b>Prior Period (Net)</b>	<b>288</b>	<b>637</b>	<b>467</b>
Dividend Accruals and Rediscounts and Valuation Differences	288	637	467
Provisions (-)	-	-	-

**k. Liquidation policy for uncollectible loans and receivables:**

In enforcement proceedings to be initiated by the bank for the collection of receivables arising from loan transactions, the assets of the debtor and debt-related parties and the material guarantees that constitute the guarantee of the Bank's receivables will be exercised by converting security deposits to cash process. In addition to the process, Bank will try to collect its receivables in administrative means.

**I. Explanations and notes related to consolidated assets (continued):**

**I. Information on “Write-off” policies:**

Regarding Regulation on Procedures and Principles Regarding Classification of Loans and Provisions to be Set aside for These, Article 8, in the scope of “Fifth Group-Loans with Loss Characteristics”, it partially covers Regarding Regulation on Procedures and Principles Regarding Classification of Loans and Provisions to be Set aside for These, Article 8, in the scope of “Fifth Group-Loans with Loss Characteristics”, it partially covers the targeted and reasonable estimates of the long-term loan provision of the creditor in the loan or the recovery of the private loans, can be deducted from the records within the scope of TFRS 9 starting from the first reporting period following their classification in this group.

The derecognition of the loans that cannot be collected within the scope of the above provision is an accounting practice and does not result in the waiver of the right to receivable.

The Bank's general policy in the write-off of non-performing receivables is to write off receivables that are deemed uncollectible during the legal follow-up process, in line with the decision taken by the Bank's senior management. There are no cancellations regarding the loans that are deemed to be uncollectible in 2021 (31 December 2021: None).

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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

**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 (*)	4.553.173	2.713.586
<b>Total</b>	<b>4.553.173</b>	<b>2.713.586</b>

(\*) The Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. Subordinated debt instrument with the ISIN code TRT240424F22, starting date of 24 April 2019, with the earliest five-year repayment option and a demand deposit of 200.000.000 Euro (Full Euro) and the Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. It consists of subordinated debt instruments 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).

**b. Information on investment securities measured at amortized cost**

	Current Period	Prior Period
Debt Securities	4.553.173	2.713.586
Quoted on a stock Exchange	1.035.023	-
Unquoted (*)	3.518.150	2.713.586
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>4.553.173</b>	<b>2.713.586</b>

(\*) The Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. Subordinated debt instrument with the ISIN code TRT240424F22, starting date of 24 April 2019, with the earliest five-year repayment option and a demand deposit of 200.000.000 Euro (Full Euro) and the Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. It consists of subordinated debt instruments 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).

**c. Information on movements of financial assets measured at amortized cost during the year**

	Current Period	Prior Period
Balance at beginning of period	2.713.586	1.568.929
Foreign currency differences on monetary assets (**)	542.971	1.128.426
Purchases during period	1.312.848	16.231
Disposals through sales and redemptions	(16.232)	-
Impairment provision (-)	-	-
<b>Closing Balance (*)</b>	<b>4.553.173</b>	<b>2.713.586</b>

(\*) The Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. Subordinated debt instrument with the ISIN code TRT240424F22, starting date of 24 April 2019, with the earliest five-year repayment option and a demand deposit of 200.000.000 Euro (Full Euro) and the Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. It consists of subordinated debt instruments 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).

(\*\*) This amount includes TL 60.899 ( December 31, 2021: TL 193.219) income accrual.

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to consolidated assets (continued):**

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

**a. Presentation of remaining maturities of funds lent under finance lease method:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	15.301	14.337	8.922	8.799
1 to 4 years	240.037	195.407	141.131	118.381
More than 4 years	46.358	44.339	62.322	55.664
<b>Total</b>	<b>301.696</b>	<b>254.083</b>	<b>212.375</b>	<b>182.844</b>

**b. Information on net investments through finance lease:**

	Current Period	Prior Period
Finance lease receivables (gross)	301.696	212.375
Unearned finance lease receivable (-)	47.613	29.531
<b>Receivable from finance leases (net)</b>	<b>254.083</b>	<b>182.844</b>

**c. General explanation on finance lease contracts:**

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

Information on leasing receivables:

		Leasing Receivables Under Close Monitoring		
		Standard Loans	Leasing receivables not subject to restructured loans	Restructured or rescheduled
				Leasing Receivables with Revised Contract Terms Refinance
<b>Current Period</b>				
Finance lease receivables (Net)	254.083	-	-	-
<b>Prior Period</b>				
Finance lease receivables (Net)	182.844	-	-	-

**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	8.000	23.797
Additions	191	5
Disposals	(5.072)	(15.797)
Transfers	-	-
Impairment Provision(-)	-	-
<b>Closing balance</b>	<b>3.119</b>	<b>8.000</b>

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**I. Explanations and notes related to assets (continued):**

**10. Information on associates**

**a. Associates (net):**

**a.1 Information on unconsolidated associates:**

None (December 31, 2021: None).

**a.2 Information on consolidated associates:**

None (December 31, 2021: None).

**b. Information on subsidiaries (net)**

**b.1 Information on consolidated subsidiaries**

Emlak Menkul Değerler A.Ş., which is owned by The Parent Bank by 50%, has been reported to be bankrupt in the Audit Report prepared by Court of Account dated 31 October 2018. Emlak Menkul Değerler A.Ş. has not been consolidated as of 30 June 2022 and 31 December 2021.

**b.2 Information on consolidated subsidiaries**

Emlak Varlık Kiralama A.Ş., which is 100% subsidiary of the Parent Bank was established and registered to the trade registry in August 5, 2019 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Emlak Varlık Kiralama A.Ş. has been founded to operate lease certificate according to rulings of Capital Markets Board of Turkey which was dated June 7, 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. Emlak Varlık Kiralama A.Ş. was established and began to operate on August 5, 2019 with TL 50 capital amount paid by the Main Shareholder Parent Bank.

Emlak Katılım Varlık Kiralama A.Ş., which is 100% subsidiaries of the Parent Bank was established and registered to the trade registry in January 20, 2020 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Within the framework of the CMB's Communiqué on Lease Certificates (III-61.1) published in the Official Gazette dated June 7, 2013 and numbered 28760, Emlak Katılım Varlık Kiralama A.Ş. was established on December 16, 2019, with a capital of TL 50 and started its activity.

Name	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 taken from financial statements in limited review report of Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş.'s dated June 30, 2022.

Name	Total Assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income /loss	Prior period income /loss	Fair Value
Emlak Varlık Kiralama A.Ş.	2.454.672	2.590	-	171.834	-	2.423	298	-
Emlak Katılım Varlık Kiralama A.Ş.	3.781.529	50	-	311.548	-	53	-	-

**I. Explanations and notes related to assets (continued):**

**10. Information on associates (continued)**

**b.2.1 Movement information on subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Amount at the beginning of the period</b>	<b>100</b>	<b>100</b>
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	-	-
<b>Share of the capital at the end of the period (%)</b>	<b>100</b>	<b>100</b>

**c. Information on investments in joint-ventures**

None (December 31, 2021: None).

**11. Information on tangible assets:**

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

**12. Information on intangible assets:**

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

**13. Information on investment property:**

None (December 31, 2021: None).



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

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

**I. Explanations and notes related to consolidated assets (continued):**

**14. Information related to deferred tax asset:**

	<b>Current Period</b>	<b>Prior Period</b>
Lease certificates rediscount income	11.551	1.125
Prepaid wages and commissions and unearned income	25.337	25.317
Expected Loss Provisions	25.371	24.274
Securities valuation differences	6.979	5.167
Provisions for retirement premium and vacation pay liabilities	340.400	5.740
Derivative financial instruments	24.554	23.286
IFRS 16 allowance	3.379	3.528
Other debt and expense provisions	4.671	4.057
<b>Deferred tax asset</b>	<b>442.242</b>	<b>92.494</b>
Securities valuation differences	260.227	9.214
Derivative financial instruments	39.738	13.599
Profit share rediscount	13.681	264
Difference between book value and tax value of tangible fixed assets	478	2.584
Other	259	259
<b>Deferred tax liability</b>	<b>314.383</b>	<b>25.920</b>
<b>Deferred tax asset (Net)</b>	<b>127.859</b>	<b>66.574</b>

**15. Breakdown of items in other assets except commitments presented in off-balance sheet, which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total**

	<b>Current Period</b>	<b>Prior Period</b>
Receivables from Public Institutions and Cooperations <sup>(1)</sup>	52.549	52.549
Exchange Account	293.746	149.601
Other <sup>(2)</sup>	27.916	34.958
<b>Total</b>	<b>374.211</b>	<b>237.108</b>

(1) It includes receivables from General Directorate of Highways and Mass Housing Administration.

(2) It includes receivables and temporary accounts from various institutions other than public institutions and organizations.

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**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**II. Explanations and notes related to consolidated liabilities:**

**1. Information on funds collected:**

**a. Information on maturity structure of funds collected:**

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	308.485	-	-	-	-	-	-	-	308.485
<b>II. Real Persons Participation Accounts Non-Trade TL(*)</b>	-	1.520.246	1.719.506	284.130	142.554	22.076	15.731	-	3.704.243
<b>III. Current Account other-TL</b>	1.460.847	-	-	-	-	-	-	-	1.460.847
Public Sector	83.986	-	-	-	-	-	-	-	83.986
Commercial Institutions	1.357.931	-	-	-	-	-	-	-	1.357.931
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	18.930	-	-	-	-	-	-	-	18.930
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	11.325.487	2.653.599	153.543	51.238	97.284	57.537	-	14.338.688
Public Sector	-	4.484.886	235.271	15.746	-	-	-	-	4.735.903
Commercial Institutions	-	5.651.372	2.286.667	134.041	51.238	97.284	57.537	-	8.278.139
Other Institutions	-	554.981	44.376	2.003	-	-	-	-	601.360
Commercial and Other Institutions	-	1.612	67.252	1.753	-	-	-	-	70.617
Banks and Participation Banks	-	632.636	20.033	-	-	-	-	-	652.669
<b>V. Real Persons Current Accounts Non- Trade FC</b>	2.531.105	-	-	-	-	-	-	-	2.531.105
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	3.052.858	335.846	103.013	69	9.819	-	-	3.501.605
<b>VII. Other Current Accounts FC</b>	10.120.513	-	-	-	-	-	-	-	10.120.513
Residents in Turkey-Corporate	4.581.058	-	-	-	-	-	-	-	4.581.058
Residents Abroad-Corporate	5.376.527	-	-	-	-	-	-	-	5.376.527
Banks and Participation Banks	162.928	-	-	-	-	-	-	-	162.928
Central Bank of Turkey	162.928	-	-	-	-	-	-	-	162.928
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	6.226.765	1.578.167	431.377	-	129.328	-	-	8.365.637
Public sector	-	174.415	-	-	-	-	-	-	174.415
Commercial institutions	-	5.293.165	1.554.886	431.377	-	129.328	-	-	7.408.756
Other institutions	-	57.647	3.978	-	-	-	-	-	61.625
Commercial and Other Institutions	-	440.903	19.303	-	-	-	-	-	460.206
Banks and Participation Banks	-	260.635	-	-	-	-	-	-	260.635
<b>IX. Precious Metals Deposits</b>	1.180.343	534.454	176.633	13.759	2.231	2.905	-	-	1.910.325
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	26.731	-	-	-	-	-	26.731
Residents in Turkey	-	-	26.731	-	-	-	-	-	26.731
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>15.601.293</b>	<b>22.659.810</b>	<b>6.490.482</b>	<b>985.822</b>	<b>196.092</b>	<b>261.412</b>	<b>73.268</b>	<b>-</b>	<b>46.268.179</b>

(\*)Balance of Participation Accounts includes 1.783.743 TL of FX- Protected Turkish Lira Time Deposit which was launched by Ministry of Treasury and Finance on December 24,2021 and 3.463.538 TL of Conversion Supported FX protected Turkish Lira Time Deposit which was announced by TCMB on Official Gazette, numbered 31696 on December 21,2021 and 125.380 TL of YUVAM accounts which was announced on February 1,2022, Official Gazette numbered 31737 .

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

**II. Explanations and notes related to consolidated liabilities (continued):**

**1. Information on funds collected (continued):**

**a.Information on maturity structure of funds collected (continued):**

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	261.953	-	-	-	-	-	-	-	261.953
<b>II. Real Persons Participation Accounts Non-Trade TL(*)</b>	-	640.189	149.084	72.343	916	3.254	2.288	-	868.074
<b>III. Current Account other-TL</b>	837.668	-	-	-	-	-	-	-	837.668
Public Sector	49.965	-	-	-	-	-	-	-	49.965
Commercial Institutions	779.810	-	-	-	-	-	-	-	779.810
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	7.893	-	-	-	-	-	-	-	7.893
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	4.949.969	1.186.818	97.062	15.001	286	-	-	6.249.136
Public Sector	-	931.137	314.755	39.643	-	-	-	-	1.285.535
Commercial Institutions	-	3.106.700	827.738	57.419	15.001	286	-	-	4.007.144
Other Institutions	-	357.165	44.325	-	-	-	-	-	401.490
Commercial and Other Institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	554.967	-	-	-	-	-	-	554.967
<b>V. Real Persons Current Accounts Non-Trade FC</b>	1.127.672	-	-	-	-	-	-	-	1.127.672
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	2.405.228	288.573	17.012	21.082	47.266	-	-	2.779.161
<b>VII. Other Current Accounts FC</b>	5.814.741	-	-	-	-	-	-	-	5.814.741
Residents in Turkey-Corporate	5.146.221	-	-	-	-	-	-	-	5.146.221
Residents Abroad-Corporate	668.520	-	-	-	-	-	-	-	668.520
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	5.376.311	1.995.286	3.063	133	-	-	-	7.374.793
Public sector	-	149.763	-	-	-	-	-	-	149.763
Commercial institutions	-	4.775.270	1.966.786	3.063	133	-	-	-	6.745.252
Other institutions	-	215.860	3.976	-	-	-	-	-	219.836
Commercial and Other Institutions	-	208.883	24.524	-	-	-	-	-	233.407
Banks and Participation Banks	-	26.535	-	-	-	-	-	-	26.535
<b>IX. Precious Metals Deposits</b>	686.920	445.566	185.224	32.389	320	1.711	-	-	1.352.130
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>8.728.954</b>	<b>13.817.263</b>	<b>3.804.985</b>	<b>221.869</b>	<b>37.452</b>	<b>52.517</b>	<b>2.288</b>	<b>-</b>	<b>26.665.328</b>

(\*)Balance of Participation Accounts includes 110.692 TL of FX- Protected Turkish Lira Time Deposit which was launched by Ministry of Treasury and Finance on December 24,2021 and 57,150 TL of Conversion Supported FX protected Turkish Lira Time Deposit which was announced by TCMB on Official Gazette, numbered 31696 on December 21,2021 .

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

**II. Explanations and notes related to consolidated liabilities (continued):**

**1. Information on funds collected (continued):**

**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	1.260.858	706.887	10.281.135	5.170.627
Turkish Lira accounts	628.074	316.828	3.384.653	813.201
Foreign currency accounts	632.784	390.059	6.896.482	4.357.426
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 150 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

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

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	11.023	4.764
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	-	-

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

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

**II. Explanations and notes related to consolidated liabilities (continued):**

**2. Information on borrowings:**

**a.1 Information on banks and other financial institutions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	121.080	387.736	101.296	799.706
Loans from foreign banks, institutions and funds	-	586.762	-	303.325
<b>Total</b>	<b>121.080</b>	<b>974.498</b>	<b>101.296</b>	<b>1.103.031</b>

**a.2 Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	62.996	938.518	101.296	1.074.109
Medium and Long-Term	58.084	35.980	-	28.922
<b>Total</b>	<b>121.080</b>	<b>974.498</b>	<b>101.296</b>	<b>1.103.031</b>

**b. Additional disclosures on concentration areas of Bank's liabilities**

The Parent Bank does not have concentration on customer or sector group providing funds (December 31, 2021: None).

**3. Information on issued securities**

Emlak Katılım Varlık Kiralama A.Ş., a subsidiary of the Group, in order to raise funds from various investors. The issuance of a Lease Certificate (Sukuk) through Emlak Katılım Varlık Kiralama A.Ş. are listed below:

Date of Issue	Amount of Issue	Sort of Money	Maturity	Share of Profit's Ratio %(*)
February 03, 2022 Thursday	60.000.000	TL	August 31, 2022 Tuesday	Stable
March 29, 2022 Tuesday	20.000.000	TL	July 05, 2022 Friday	Stable
April 06, 2022 Wednesday	260.000.000	TL	July 05, 2022 Tuesday	Stable
April 06, 2022 Wednesday	500.000.000	TL	July 05, 2022 Thursday	Stable
April 08, 2022 Friday	31.000.000	TL	October 06, 2022 Thursday	Stable
April 08, 2022 Friday	124.000.000	TL	July 18, 2022 Wednesday	Stable
April 12, 2022 Tuesday	50.000.000	TL	July 19, 2022 Tuesday	Stable
April 14, 2022 Thursday	54.316.000	TL	July 19, 2022 Tuesday	Stable
April 15, 2022 Friday	200.000.000	TL	July 18, 2022 Monday	Stable
April 21, 2022 Thursday	350.000.000	TL	July 28, 2022 Tuesday	Stable
April 26, 2022 Tuesday	416.000.000	TL	July 27, 2022 Wednesday	Stable
May 05, 2022 Thursday	250.000.000	TL	May 23, 2023 Tuesday	Unstable
May 25, 2022 Wednesday	60.000.000	TL	May 31, 2023 Tuesday	Stable
May 26, 2022 Thursday	100.000.000	TL	August 26, 2022 Tuesday	Unstable
May 26, 2022 Thursday	110.350.000	TL	June 15, 2023 Tuesday	Stable
June 03, 2022 Friday	50.000.000	TL	September 01, 2022 Monday	Stable
June 06, 2022 Monday	100.000.000	TL	September 06, 2022 Tuesday	Stable
June 06, 2022 Monday	351.024.000	TL	August 04, 2022 Monday	Stable
June 07, 2022 Tuesday	52.000.000	TL	September 06, 2022 Tuesday	Stable
June 14, 2022 Tuesday	169.550.000	TL	June 16, 2023 Thursday	Stable
June 17, 2022 Friday	50.000.000	TL	July 07, 2023 Thursday	Unstable

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**II. Explanations and notes related to consolidated liabilities (continued):**

**3. Information on issued securities (continued):**

**a. Summary table of securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Lease certificate	3.784.047	-	2.862.381	-
<b>Total</b>	<b>3.784.047</b>	<b>-</b>	<b>2.862.381</b>	<b>-</b>

**4. Information on derivative financial liabilities held for trading:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	8.042	-	28.560	-
Swap Transactions	8.850	8.188	77.620	3.810
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>16.892</b>	<b>8.188</b>	<b>106.180</b>	<b>3.810</b>

**5. Lease payables:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 year	42.828	-	29.067	-
Between 1-5 years	147.111	-	110.855	-
Over 5 years	50.084	-	51.576	-
<b>Total</b>	<b>240.023</b>	<b>-</b>	<b>191.498</b>	<b>-</b>

**6. Information on hedging derivative financial liabilities:**

None (December 31, 2021: None).

**7. Information on provisions:**

**a. Information on provisions for employee rights:**

Provisions for Group's employee benefits consist of reserve for employee termination benefits amounting to TL 11.498 (December 31, 2021: TL 8.170), TL 7.266 (December 31, 2021: TL 4.453), vacation pay liability amounting to TL - (December 31, 2021: TL 13.879) performance premium provision, the Group's total amount of provisions for employee rights is TL 18.764 (December 31, 2021: TL 26.592).

The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

**II. Explanations and notes related to consolidated liabilities (continued):**

**7. Information on provisions (continued):**

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate (%)	19,10	19,10
Estimated increase rate of salary ceiling (%)	15,80	15,80

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Prior period ending balance	8.170	4.265
Change in the period	3.328	4.011
Actuarial (gain) / loss	-	(106)
<b>Balance at the end of the period</b>	<b>11.498</b>	<b>8.170</b>

**b. Other Provisions:**

	<b>Current Period</b>	<b>Prior Period</b>
Provisions allocated from profit shares to be distributed to profit sharing accounts	89.731	52.475
Provisions for cases on trial	4.497	5.090
Impairment provision	1.099	1.871
Expected expected credit loss for Stage 1 and Stage 2 for non-cash loans	69.729	32.211
<b>Total</b>	<b>165.056</b>	<b>91.647</b>

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

None (December 31, 2021: None).

**8. Information on taxes payable:**

**a.1. Explanations on current tax liability:**

As of June 30, 2022, the Group does not have any tax debt remaining after deducting the corporate taxes paid. (December 31, 2021: None).

**a.2. Information on taxes payable:**

	<b>Current Period</b>	<b>Prior Period</b>
Incorporation tax payable	312.338	38.994
Banking insurance transaction tax	18.911	11.335
Income tax deducted from wages	11.467	9.571
Securities capital income tax	14.021	8.068
Foreign exchange transactions tax	4.344	2.230
Value added tax payable	1.853	1.116
Real estate capital income tax	588	480
Other	398	414
<b>Total</b>	<b>363.920</b>	<b>72.208</b>

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**II. Explanations and notes related to consolidated liabilities (continued):**

**a.3. Information on premiums:**

	Current Period	Prior Period
Social security premiums-employee	32	4.840
Social security premiums-employer	22	3.305
Unemployment insurance-employee	-	-
Unemployment insurance-employer	-	-
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	803	480
Pension fund membership fees and provisions- employer	401	240
Other	13.790	137
<b>Total</b>	<b>15.048</b>	<b>9.002</b>

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

None (December 31, 2021: None).

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

**Information on subordinated loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing Instruments to be Included in Additional Capital Calculation	-	3.485.662	-	2.669.412
Subordinated Loans	-	3.485.662	-	2.669.412
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.485.662</b>	<b>-</b>	<b>2.669.412</b>

As of June 30, 2022 the Group 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 debt instruments have zero profit share and there is no option to convert them into stocks.

**11. Breakdown of items in other liabilities which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total:**

None. (December 31, 2021: None).



**II. Explanations and notes related to consolidated liabilities (continued):**

**12. Information on shareholders' equity:**

**a. Presentation of paid-in capital:**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	1.026.915	1.026.915
Preferred stock	-	-

**b. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Group and if so, amount of the registered share capital ceiling:**

<b>Share Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital	1.026.915	1.026.915

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

There is no capital increase in the current period.

**d. Information on share capital increases from capital reserves during the current period:**

There is no share capital increase from capital reserves during the current period.

**e. Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:**

There are no capital commitments (December, 31 2021: None).

**f. Estimated effects on the shareholders equity of the Group, of predictions to be made by taking into account previous period indicators regarding the Group's income, profitability and liquidity, and uncertainties regarding such indicators:**

The Group's profits are kept in shareholders' equity through transfer to reserves. Moreover, the Group's shareholders' equity is invested in liquid and earning assets.

**g. Information on privileges given to stocks representing the capital:**

There is no privilege given to stocks representing the capital.

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**II. Explanations and notes related to consolidated liabilities (continued):**

**h. Information on marketable securities valuation reserve:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	834.444	(35.688)	56.776	(11.452)
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>834.444</b>	<b>(35.688)</b>	<b>56.776</b>	<b>(11.452)</b>

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

**i. Information on other capital reserves:**

The Group has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date 24 April 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR) and a subordinated debt that creditor is Türkiye Varlık Fonu A.Ş. with an ISIN code of TRT250232F15, starting date of 9 March 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31.688.489 (Full Euro) which are been the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition.

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

**III. Explanations and notes related to consolidated off-balance sheet:**

**1. Explanations on off balance sheet:**

**a. Type and amount of irrevocable loan commitments:**

	Current Period	Prior Period
Forward Asset Purchase Commitments	1.508.784	1.121.875
Forward Asset Sale Commitments	879.141	640.535
Payment Commitments for Cheques	159.584	107.379
Tax and Fund Liabilities Arising from Export Commitments	-	-
Credit Cards Limit Commitments	-	-
Other Irrevocable Commitments	295.808	235.387
<b>Total</b>	<b>2.843.317</b>	<b>2.105.176</b>

**b. Type and amount of possible losses and commitments arising from off-balance sheet items:**

**b.1. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:**

	Current Period	Prior Period
Guarantees	7.664.363	4.880.620
Letters of credit	347.447	522.524
Bank loans	686.254	757.757
Other guaranties and sureties	-	-
<b>Total</b>	<b>8.698.064</b>	<b>6.160.901</b>

**III. Explanations and notes related to consolidated off-balance sheet (continued):**

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

	<b>Current Period</b>	<b>Prior Period</b>
Temporary letters of guarantees	377.143	220.690
Advance letters of guarantees	1.100.564	494.061
Letters of guarantees given to customs	230.014	74.950
Definitive Letters of Guarantee	4.217.380	2.597.998
Letters of Guarantee Given for the Guarantee of Cash Loans	1.735.858	1.460.050
Other	3.404	32.871
<b>Total</b>	<b>7.664.363</b>	<b>4.880.620</b>

**c. Within the Non-cash Loans:**

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against cash loans	1.735.858	1.460.050
With original maturity of 1 year or less	323.980	305.832
With original maturity of more than 1 year	1.411.878	1.154.218
Other non-cash loans	1.107.459	645.126
<b>Total</b>	<b>2.843.317</b>	<b>2.105.176</b>

**1. Explanations on off balance sheet (continued):**

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

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

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

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

**2. Explanations on derivative transactions:**

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

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

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

**4. Explanations on contingent assets and liabilities:**

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

**5. Explanations on services rendered on behalf of third parties:**

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

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

**IV. Explanations and notes related to consolidated the statement of income or loss:**

**1. Information on profit share income:**

**a. Information on profit share income received from loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans				
Short Term Loans	755.463	65.361	268.742	7.396
Medium and Long Term Loans	868.113	138.572	452.768	60.455
Profit Share on Non-Performing Loans	1.159	-	-	-
<b>Total</b>	<b>1.624.735</b>	<b>203.933</b>	<b>721.510</b>	<b>67.851</b>

**b. Information on profit share income received from banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	18.732	-	20.865	-
Domestic Banks	76	-	91	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>18.808</b>	<b>-</b>	<b>20.956</b>	<b>-</b>

**c. Information on profit share income received from marketable securities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	20.106	12.944	24.255	8.543
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	839.794	36.416	83.240	5.119
Financial Assets Measured at Amortized Cost	36.622	71.558	-	37.848
<b>Total</b>	<b>896.522</b>	<b>120.918</b>	<b>107.495</b>	<b>51.510</b>

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

None. (June 30, 2021: None).

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

**2. Explanations on profit share expenses:**

**a. Distribution of profit share expense on funds collected based on maturity of funds collected:**

Current Period		Profit Sharing Accounts						
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	Accumulated participation accounts	Total
<b>TL</b>								
Funds collected from banks through current and profit sharing accounts	2.128	48.053	-	-	-	-	-	50.181
Real persons' non-trading profit sharing accounts	10.804	142.168	5.452	-	431	10.443	-	169.298
Public sector profit sharing accounts	162.204	37.358	6.857	-	4.670	-	-	211.089
Commercial sector profit sharing accounts	102.078	320.168	98.345	-	4.343	3.271	-	528.205
Other institutions profit sharing accounts	5.193	43.785	4.212	-	-	-	-	53.190
<b>Total</b>	<b>282.407</b>	<b>591.532</b>	<b>114.866</b>	<b>-</b>	<b>9.444</b>	<b>13.714</b>	<b>-</b>	<b>1.011.963</b>
<b>FC</b>								
Banks	-	3.818	-	-	-	-	-	3.818
Real persons' non-trading profit sharing accounts	3.965	24.120	1.845	-	520	158	-	30.608
Public sector profit sharing accounts	-	818	-	-	-	-	-	818
Public sector profit sharing accounts	6.172	72.455	7.454	-	59	-	-	86.140
Other institutions profit sharing accounts	1.730	655	-	-	-	-	-	2.385
Precious metals deposits	1.198	-	-	-	-	-	-	1.198
<b>Total</b>	<b>13.065</b>	<b>101.866</b>	<b>9.299</b>	<b>-</b>	<b>579</b>	<b>158</b>	<b>-</b>	<b>124.967</b>
<b>Grand Total</b>	<b>295.472</b>	<b>693.398</b>	<b>124.165</b>	<b>-</b>	<b>10.023</b>	<b>13.872</b>	<b>-</b>	<b>1.136.930</b>

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

**2. Explanations on profit share expenses (continued):**

**a. Distribution of profit share expense on funds collected based on maturity of funds collected (continued):**

Prior Period Account Name	Profit Sharing Accounts						Accumulated participation accounts	Total
	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 years	More than 1 years		
<b>TL</b>								
Funds collected from banks through current and profit sharing accounts	337	1.844	-	-	-	-	-	2.181
Real persons' non-trading profit sharing accounts	5.679	24.065	885	-	91	2.897	-	33.617
Public sector profit sharing accounts	40.278	38.030	4.460	-	539	-	-	83.307
Commercial sector profit sharing accounts	45.562	215.677	11.213	-	1.844	2.608	-	276.904
Other institutions profit sharing accounts	1.393	28.719	8.000	-	-	-	-	38.112
<b>Total</b>	<b>93.249</b>	<b>308.335</b>	<b>24.558</b>	<b>-</b>	<b>2.474</b>	<b>5.505</b>	<b>-</b>	<b>434.121</b>
<b>FC</b>								
Banks	-	539	725	-	-	-	-	1.264
Real persons' non-trading profit sharing accounts	695	6.874	357	-	54	35	-	8.015
Public sector profit sharing accounts	-	2	-	-	-	-	-	2
Public sector profit sharing accounts	1.269	30.606	1.724	-	157	-	-	33.756
Other institutions profit sharing accounts	19	473	-	-	-	-	-	492
Precious metals deposits	1.239	-	-	-	-	-	-	1.239
<b>Total</b>	<b>3.222</b>	<b>38.494</b>	<b>2.806</b>	<b>-</b>	<b>211</b>	<b>35</b>	<b>-</b>	<b>44.768</b>
<b>Grand Total</b>	<b>96.471</b>	<b>346.829</b>	<b>27.364</b>	<b>-</b>	<b>2.685</b>	<b>5.540</b>	<b>-</b>	<b>478.889</b>

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

**2. Explanations on profit share expenses (continued):**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7.480	9.197	2.760	4.845
CBRT	-	-	-	-
Domestic banks	7.480	4.483	2.760	3.627
Foreign banks	-	4.714	-	1.218
Head offices and branches abroad	-	-	-	-
Other institutions	311	77.371	259.976	41.019
<b>Total</b>	<b>7.791</b>	<b>86.568</b>	<b>262.736</b>	<b>45.864</b>

**c. Profit share expense paid to associates and subsidiaries:**

None (December 31, 2021: None).

**d. Information on profit share expenses given to securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses given to securities issued	310.220	-	262.371	-
<b>Total</b>	<b>310.220</b>	<b>-</b>	<b>262.371</b>	<b>-</b>

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

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

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Foreign trade package commissions	27.347	4.471
Banking package commissions	23.883	5.738
Remittance Commissions	14.057	4.064
Appraisal fees	3.748	1.530
Fees and commissions from correspondents	3.603	876
Early closing commission income	3.376	364
Advance import transfer commissions	2.104	1.543
Import letter of credit commissions	1.670	460
Commercial customer credit limit allocation commission	1.613	-
Insurance and brokerage commissions	1.087	718
Fees and commissions from member merchant pos	661	1.640
Bill of collection/check commissions	553	312
Fees and commissions from member merchant pos	491	76
Mortgage release and facility fee income	441	-
Import commissions against documents	404	623
Credit card fees and commissions	336	65
Safe deposit box revenues	308	90
Export letter of credit commissions	137	63
Import commissions against goods	32	6
Delivery and purchase of Gold(in gram) commissions	21	18
Commissions from special package services	3	2
Other commissions	7.837	2.321
<b>Total</b>	<b>93.712</b>	<b>24.980</b>

<b>Other Fees and Commissions Given</b>	<b>Current Period</b>	<b>Prior Period</b>
Expenses and commissions given to correspondents abroad	7.073	6.708
Commissions and fees given for EFT	1.055	418
Commissions and fees given to the clearing house	498	190
Expense for gold and precious metals	279	-
Commissions given to credits used	186	96
Commissions and fees given for card acceptor of P.O.S.	149	-
Required reserve commissions for CBRT FX	103	483
Commissions given to credits used	82	69
Expenses for stock market registrations	50	-
Commissions of collection note / check commissions	26	5
Commissions and fees given for Swift	22	218
Other commissions and fees	835	714
<b>Total</b>	<b>10.358</b>	<b>8.901</b>

**4. Information on dividend income:**

None (June 30, 2021: None).

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



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

	Current Period	Prior Period
<b>Income</b>	<b>2.781.930</b>	<b>1.143.857</b>
Income from capital market transactions	8.755	3.837
Income from derivative financial instruments	1.012.437	180.113
Foreign exchange income	1.760.738	959.907
<b>Loss (-)</b>	<b>2.687.939</b>	<b>1.154.135</b>
Loss on capital market transactions	1.070	1.072
Loss on derivative financial instruments	689.355	321.032
Foreign exchange losses	1.997.514	832.031
<b>Trading income/loss (net)</b>	<b>93.991</b>	<b>(10.278)</b>

**6. Explanations related to other operating income:**

	Current Period	Prior Period
Income from provisions made in previous years	25.262	71.471
Income from sales of assets	25.395	35.794
Revenues from provisions allocated in previous years	1.541	175
Lease income	4	4
Other income	3.917	3.268
<b>Total</b>	<b>56.119</b>	<b>110.712</b>

**7. Expected loss provision expenses and other provision expenses:**

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>217.645</b>	<b>37.712</b>
12 month expected credit loss (stage 1)	176.380	33.769
Significant increase in credit risk (stage 2)	11.787	2.540
Non-performing loans (stage 3)	29.478	1.403
<b>Marketable Securities Impairment Expense</b>	<b>3.063</b>	<b>3.901</b>
Financial Assets at Fair Value through Profit or Loss	3.063	3.901
Financial Assets at Fair Value through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held to Maturity	-	-
<b>Other (*)</b>	<b>30.305</b>	<b>1.199</b>
<b>Total</b>	<b>251.013</b>	<b>42.812</b>

(\*) It consists of the amounts allocated from the profits to be distributed to the participation account of 29.598 TL and the lawsuit provisions of 707 TL.

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

**8. Information on other operating expenses:**

	Current Period	Prior Period
Provision for retirement pay liability	3.328	2.006
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	42.925	29.802
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	4.564	8.399
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	83.508	34.244
Lease expenses related to TFRS 16 exemptions	255	-
Operating Maintenance expenses	8.643	2.673
Advertisement expenses	28.966	6.117
Other expenses <sup>(1)</sup>	45.644	25.454
Loss on sale of assets	-	-
Other <sup>(2)</sup>	37.130	21.598
<b>Total</b>	<b>171.455</b>	<b>96.049</b>

<sup>(1)</sup> Details of "Other Expenses" balance under Other Operating Expenses are as follows:

	Current Period	Prior Period
Communication Expenses	10.032	7.667
Cleaning Expenses	7.874	4.981
Heating, Lighting and Water Expenses	6.465	2.483
Vehicle Expenses	3.190	969
Representation and Hospitality expenses	4.181	1.113
Insurance expenses	67	504
Stationery expenses	1.941	1.251
Charity and donations	935	458
Common expense	580	377
Litigation and court expenses	468	-
Other	9.911	5.651
<b>Total</b>	<b>45.644</b>	<b>25.454</b>

<sup>(2)</sup> Other balance details are as below table:

	Current Period	Prior Period
Taxes, Duties, Charges and Funds	19.990	12.412
Audit and Consultancy Fees	6.457	3.157
Participation banks union cost share	1.851	1.157
Saving Deposit Insurance Fund	3.885	1.551
Other	4.947	3.321
<b>Total</b>	<b>37.130</b>	<b>21.598</b>

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

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

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

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

As of June 30, 2022, the Group has deferred tax expense amounting to TL 88.077 (June 30, 2021: TL 36.706), deferred tax income amounting to TL 400.294 (June 30, 2021: TL 32.209). As of 30 June 2022, the Bank has current tax provision amounting to TL 540.543 (June 30, 2021: None).

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations (June 30, 2021: None).

**11. Explanations on net income/loss from continued and discontinued operations:**

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

**12. Explanations on net income/ loss:**

**a. The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period:**

None.

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

None.

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

None.

**V. Explanations and notes related to consolidated the statement of changes in shareholders' equity**

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

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

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

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

**VII. Explanations related to consolidated the risk group of the Parent Bank**

The volume of transactions related to the risk group that the Parent Bank

1. 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 Parent Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Dividend and Commission Income Received</b>	-	-	-	-	-	-

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

**Prior Period**

Risk Group of the Parent Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Dividend and Commission Income Received</b>	-	-	-	-	-	-

**c. Information on current and profit sharing accounts of the Parent Bank's risk group**

Risk Group of the Parent Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Profit share expense</b>	-	-	-	-	-	-

**c.2. Information on forward and option agreements and other similar agreements with the risk group of the Parent Bank**

The Parent Bank does not have any forward foreign exchange purchase / sale contracts with the risk group it is included.

**d. Information on the benefits provided to the Parent Bank's top management**

The total amount of the remuneration and benefits provided to the top management of the Parent Bank for the accounting period ended June 30, 2022 is TL 1.866 ( June 30, 2021: TL1.623).

**VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices of the Parent Bank**

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

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

**IX. Explanations and notes on matters after balance sheet:**

The Parent Bank will be a resource institution / fund user, and by Emlak Katılım Varlık Kiralama A.Ş., domestically, limited to TL 20.000.000 orderly, in Turkish Lira, Based on the lease certificate structure based on the Management Contract foreseen in the terms of 1-60 months and the Communiqué on Lease Certificates (III-61.1), the application to the Capital Markets Board (CMB) regarding the issuance of lease certificates to be sold to the allocated and / or qualified investor was approved by the CMB's decision dated February 3, 2022 and numbered 7/181. Within the scope of the said issue ceiling, Emlak Katılım Varlık Kiralama A.Ş. within the scope of the issue approval of TL 20.000.000 received from the CMB on February 3, 2022, to be sold to private and / or qualified investors,

- On July 5, 2022, 92-day maturity, TL 70.000 for qualified domestic investors,
- On July 7, 2022, 92-day maturity, TL 600.000 for qualified domestic investors,
- On July 7 2022, 92- day maturity, TL 600.000 as allocated in the country,
- On July 7, 2022, 62-day maturity TL 47.250 for qualified domestic investors,
- On July 20, 2022, 99-day maturity TL 50.000 for qualified domestic investors,
- On July 20, 2022, 62-day maturity, TL 340.000 for qualified domestic investors,
- On July 25, 2022, 92-day maturity, TL 56.790 for qualified domestic investors,
- On July 27, 2022, 63-day maturity TL 200.000 for qualified domestic investors,
- On July 28, 2022, 98-day maturity, TL 400.000 for qualified domestic investors,
- On August 3, 2022, 182-day maturity, TL 79.000 for qualified domestic investors,
- On August 3, 2022, lease certificate issuance transactions were carried out for qualified domestic investors with a maturity of 98 days and amounting to TL 50.000.

In the issuance of the lease certificates the Parent Bank was involved as the authorized investment institution.

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

## **SECTION SIX**

### **Independent Auditor's Review Report**

#### **I. Explanations on the Independent Auditor's Review Report**

The consolidated financial statements of the Group for the six months period ended June 30, 2022 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and Auditors' Limited Review Report dated August 19, 2022 is presented in the introduction of this report.

#### **II. Explanations and Notes Prepared by Independent Auditor**

None.

**Section Seven**

**INTERIM ACTIVITY REPORT**

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

**a. Message from the Chairman of the Board of Directors**

Türkiye's economy posted further positive growth in H1 2022 thanks to new steps taken to lower inflation and implementation of the government's New Economic Model. The Turkish economy is regularly setting new export records, registering significant growth, and expanding employment opportunities, while global economies are combatting high inflation, default risk, and recession.

The IMF's April 2022 World Economic Outlook forecasts that Türkiye will rank as the world's 23rd largest economy as of year-end 2022 with GDP totaling USD 692 billion. The forecast also projects Türkiye as the 23<sup>rd</sup> largest economy in 2023, which will mark the 100<sup>th</sup> anniversary of the founding of the Turkish Republic.

The Turkish banking industry sustained stable growth by further bolstering the nation's economy during this half-year period. Driven by government decisions, the banking industry underpins and solidifies the growth of the Turkish economy. Türkiye's banking sector has adopted sustainability as part of its business strategy, integrating it across its business operations while focusing on environmentally friendly products.

Emlak Katılım has adopted the following as its core strategies: Sustainable Growth, Innovative Product, Digitalization, Pioneering Support for Eco-friendly Climate-themed Projects, Financial Solutions Aimed at the Real Estate Industry, and Acting as a Market Maker.

We address sustainability under two key categories: financial sustainability and corporate sustainability. Emlak Katılım rearranged all its premises and offices in a way that avoids waste to ensure eco-friendliness as part of the Zero Waste movement. Thanks to its efforts, Emlak Katılım qualified for Zero Waste Certification by establishing the Zero Waste Management System in 2019. Some 14 thousand kg of waste was recycled in the first half of 2022 at Emlak Katılım branch locations. By introducing contactless brochures at our branches, we took our eco-friendly efforts one step further.

Emlak Katılım issued the Partnership-Based Green Lease Certificate – Türkiye's first ever green lease certificate – in sustainable finance. A 2,000-ton contribution was made to annual net carbon emission reduction via green sukuk financing projects, in line with United Nations (UN) Sustainable Development Goals.

In addition, Emlak Katılım issued the Green Lease Certificate Based on Contract of Work – the first of its kind – in line with participation funding principles as part of the Istanbul Finance Center under TVF.

Emlak Katılım also contributes to the real estate industry by developing innovative financing methods and products, especially for housing support, construction, and trade. We introduced financing and insurance models that eliminate interruption of construction projects or any grievance as part of our Urban Transformation and On-Site Reforming efforts. At Emlak Katılım, we strive towards growth driven by investment in the economy, production, employment, and exports, as adopted by Türkiye, while supporting the country's strategically important industries as the country positions itself among the world's major economies.

Lastly, we contribute to branching, employment, and Türkiye's economic growth by rapidly digitalizing our operations to keep pace with the growing competition in digital channels and technological innovation.

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

Respectfully Yours,

**Mehmet Emin BİRPINAR**

Chairman of the Board of Directors

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

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

**b. Message from the CEO**

The Turkish economy sustained its growth performance in H1 2022, a time marked by recession triggered by contractionary monetary policies to battle high inflation worldwide. Preliminary indicators suggest that Türkiye's economy will continue to expand, after posting a 7.3% growth in Q1. A standout with its New Economic Model against the growing risks from the war between Russia and Ukraine, Türkiye is regularly setting new records for economic growth and expansion.

Measures taken under the New Economic Model, coupled with steps to fight against inflation, are generating successful outcomes every day. FX-Protected TRY Accounts, introduced on December 20 to strengthen the Turkish lira, continued to grow in the first half of 2022. The FX-Protected Deposit volume exceeded TRY 1 trillion as of June. The Ministry of Treasury and Finance announced further incentives to attract "under-the-mattress" gold coin savings back to the economy, alongside expansions offered to citizens abroad and companies, following the incentives for individuals. A new practice was introduced to convert gold coin deposit accounts into TRY deposit accounts and participation banking accounts. Emlak Katılım became the first bank to introduce the new quarter of gold coin accounts announced by the Ministry of Treasury and Finance.

Emlak Katılım reported total assets of TRY 59.6 at the end of Q2 this year, up from TRY 38.7 billion at year-end 2021. Total funds climbed to TRY 27 billion to 46,4 billion, while funds allocated amounted to TRY 29.8 billion. Non-cash loans went up to TRY 8.7 billion. Our branch network expanded to 79 (1 e-branch exists) locations. Emlak Katılım now has 1,156 employees. We aim to open additional branches across the regions where we plan to have a physical presence. At Emlak Katılım, we remain committed to contributing to our home nation's economy in the coming period, in consideration of prevailing economic dynamics.

Emlak Katılım spreads sustainable and innovative funding models across industries – particularly in real estate and related sectors – by delivering services all over Türkiye. During this half-year reporting period, we were the first bank to offer fee-free transactions to customers of five public Turkish banks and the PTT at all our ATMs. Our Indemnity Insurance provides a guarantee to beneficiaries named in the policy, acting as a guarantor for borrowers and the defined debt. This product can be enjoyed by both public and private sector clients. Continuously improving our digital channels is a strategic priority. Emlak Katılım customers can use the TR QR code app for quick, secure, and easy cash withdrawals at ATMs anywhere in Turkey. MoneyGram, another digital application we introduced to Türkiye, enables customers to transfer and receive money across 200 countries quickly just by using ID information at Emlak Katılım branch locations. Emlak Katılım Virtual Account ensures seamless processing of regular payments – such as rent, utility bills, installments – or wire transfers, EFT, and FAST transfers.

At Emlak Katılım, our number one priority is developing customized products and services that uphold the core values and spirit of participation banking. We achieved yet another 'first' by introducing the Special Fund Pool Participation Account with Project Options. This innovative offering aims to maximize the financial value generated upon utilization of TRY funds to finance certain projects. With this special account, customers with savings are able to invest in a wide range of industries, especially manufacturing, construction, transport, storage, energy, mining, public administration, and the defense sector.

Emlak Katılım remains committed to building a road map focused on continuous development and growth. Driven by this goal, we would like to thank, once again, all our employees and stakeholders that accompany us with their dedicated efforts on our journey to sustainable success.

Very truly yours,

**Nevzat BAYRAKTAR**  
Board Member and CEO



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

**c. Capital and Shareholder Structure**

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

**d. The amendments in the articles of association during period of January 1, 2022 – June 30, 2022**

None.

**e. Branch and Personal Information**

The Parent Bank's total number of branches is 79 (including 1 e-branch) and the total number of personnel is 1.156 at 30 June 2022.

**f. Board of Directors and Executive Management**

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

**g. Managers of Internal Systems**

Name and Surname	Professional Experience	Seniority in the Field of Responsibility	Education	Area of Responsibility
Abdulkadir CEBECİ	16 year 3 month	16 year 3 month	Master	Head of Inspection Committee Head of Internal Control and Compliance
Halil İbrahim ÖZER	16 year 1 month	9 year	Master	Head of Risk Management
Erhan ŞANLI	15 year 8 month	1 year 6 month	Bachelor	

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022**

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

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

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

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**AUDIT COMMITTEE**

---

Abdullah Erdem CANTİMUR (Head)

Mehmet Nuri YAZICI

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**CREDIT COMMITTEE**

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Prof. Dr. Murat BALCI (Head)

Mustafa ERDEM (Original Member)

Nevzat BAYRAKTAR (Original Member)

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**CORPORATE GOVERNANCE COMMITTEE**

---

Abdullah Erdem CANTİMUR (Head)

Prof. Dr. Murat BALCI

Mustafa GÜLEN

Mehmet Ali KAHRAMAN

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**REMUNERATION COMMITTEE**

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Mehmet Nuri YAZICI (Head)

Abdullah Erdem CANTİMUR

Nevzat BAYRAKTAR

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**EXECUTIVE COMMITTEE**

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Prof. Dr. Mehmet Emin BİRPINAR (Head)

Prof. Dr. Murat BALCI

Nevzat BAYRAKTAR

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

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

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

**h. The Group's Selected Financial Indicators as of June 30, 2022**

<b>Assets</b>	<b>Current Period</b>	<b>Prior Period</b>
Loans and Financial Leasing Receivables	30.070.568	21.907.324
Total Securites	8.704.632	5.528.353
<b>Total of Selected Assets</b>	<b>38.775.200</b>	<b>27.165.677</b>

<b>Liabilities</b>	<b>Current Period</b>	<b>Prior Period</b>
Funds Collected	46.268.179	26.665.328
Funds Borrowed	1.095.578	1.204.327
Shareholders' Equity	3.175.194	1.728.750
<b>Total of Selected Liabilities</b>	<b>50.538.951</b>	<b>29.598.405</b>

<b>Income and Expense Items</b>	<b>Current Period</b>	<b>Prior Period</b>
Profit Share Income	2.883.361	977.363
Profit Share Expense	1.613.323	820.387
Net Profit Share Income/Expenses	1.270.038	156.976
Net Fees and Commisions Income/Expenses	113.748	28.591
Personnel Expenses	196.363	122.789
Trading Income/Loss	93.991	(10.278)
Other Operating Income	56.119	110.712
Loans and Other Receivables from Provision for Losses	217.645	37.741
Other Operating Expenses	171.455	96.049
Profit Before Tax and Provisions	915.065	24.322
Tax Provisions	(228.326)	(4.541)
Net Profit/Losses	686.739	19.781

<b>Ratios (%)</b>	<b>Current Period</b>	<b>Prior Period</b>
Total Loans/Total Assets (*)	50,62	57,58
Total Loans/Total Deposits (*)	64,99	82,16
Capital Adequacy Ratio	26,37	27,91

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