

Türkiye Emlak Katılım Bankası Anonim Şirketi

**Publicly Announced Consolidated Financial
Statements and Related Disclosures at
March 31, 2021 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 1.a)*



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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 March 31, 2021 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 three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these 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 these 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 March 31, 2021, and the results of its operations and its consolidated cash flows for the three-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.



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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 I.a. of Section Three, the effects of 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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Emre Çelik, SMMM
Partner

May 7, 2021
Istanbul, Turkey

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE EMLAK KATILIM BANKASI A.Ş. FOR THE THREE-MONTH PERIOD THEN ENDED MARCH 31, 2021

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 quarterly 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

Subsidiaries

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

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

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

Nevzat BAYRAKTAR
General Manager

Mesut AK
Financial 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:

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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	1
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	2
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	2
IV.	Information on the Parent Bank's qualified shareholders	2
V.	Summary on the Parent Bank's service activities and field of operations	2
VI.	Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods	3
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	3

Section Two

The consolidated financial statements

I.	Consolidated Statement of balance sheet (Statement of financial position)	5
II.	Consolidated Statement of off-balance sheet	7
III.	Consolidated Statement of Profit or Loss	8
IV.	Consolidated Statement of Profit or Loss and other comprehensive income	9
V.	Consolidated Statement of changes in shareholders' equity	10
VI.	Consolidated Statement of cash flows	12

Section Three

Accounting policies

I.	Explanations on basis of presentation	13
II.	Explanations on strategy of using financial instruments and foreign currency transactions	14
III.	Explanations on consolidated associates	15
IV.	Explanations on forward, option contracts and derivative instruments	16
V.	Explanations on profit share income and expenses	16
VI.	Explanations on fees, commission income and expenses	17
VII.	Explanations on financial assets and liabilities	17
VIII.	Explanations on expected credit losses	18
IX.	Explanations on offsetting of financial instruments	20
X.	Explanations on sale and repurchase agreements and lending of securities	21
XI.	Explanations on assets held for sale and discontinued operations and liabilities related to these assets	21
XII.	Explanations on goodwill and other intangible assets	21
XIII.	Explanations on tangible assets	22
XIV.	Explanations on leasing transactions	22
XV.	Explanations on provisions and contingent liabilities	23
XVI.	Explanations on liabilities regarding employee rights	24
XVII.	Explanations on taxation	24
XVIII.	Additional explanations on borrowings	25
XIX.	Explanations on issued share certificates	26
XX.	Explanations on acceptances and availed drafts	26
XXI.	Explanations on government grants	26
XXII.	Explanations on segment reporting	26
XXIII.	Explanations on investments in associates, subsidiaries and joint ventures	26
XXIV.	Information on other issues	26

Section Four

Information on consolidated financial structure and risk management

I.	Explanations on consolidated capital adequacy standard ratio	27
II.	Explanations on consolidated credit risk	32
III.	Explanations on consolidated currency risk	32
IV.	Explanations on consolidated liquidity risk	34
V.	Explanations on consolidated leverage ratio	38
VI.	Information on consolidated regarding the fair value of financial assets and liabilities	38
VII.	Explanations Regarding the Activities Carried Out on Behalf and Account of Other Persons	38
VIII.	Explanations on consolidated risk management	39
IX.	Explanations on consolidated business segments	40

Section Five

Explanations and notes on the consolidated financial statements

I.	Explanations and notes on the consolidated financial statements	41
II.	Explanations and notes consolidated on related to liabilities	56
III.	Explanations and notes consolidated on related to off-balance sheet	65
IV.	Explanations and notes consolidated on related to the statement of income or loss	67
V.	Explanations and notes related to consolidated statements of changes in shareholders' equity	75
VI.	Explanations and notes related to consolidated statement of cash flows	75
VII.	Explanations related to the risk group of the Parent Bank	76
VIII.	Explanations related to consolidated domestic, foreign and offshore branches or investments and foreign representative offices of the Parent Bank	77
IX.	Explanations and footnotes on matters after balance sheet	77

Section Six

Auditor's review report

I.	Explanations on the Independent Auditor's Review Report	78
II.	Explanations and Notes Prepared by Independent Auditors	78

Section Seven

Interim activity report

I.	Interim annual report including the evaluations of interim activities of the Parent Bank's Chairman of the Board of Directors and General Manager	79
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Convenience Translation of the Independent Auditor's Report originally issued in Turkish (See Note 1.a of Section Three)

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

SECTION ONE

General information

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

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

Denizcilik Bankası A.Ş. had transferred to Türkiye Emlak Bankası A.Ş. with the all of its assets and liabilities on November 29, 1992 and maritime loans were also collected at this 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 59 branches of the Parent Bank as of March 31, 2021. (December 31, 2020: 50). The Parent Bank is operating with 955 staff (December 31, 2020: 814) personnel as of March 31, 2021.

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 MARCH 31, 2021

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

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

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

TL 1.026.915 portion of the capital amounting to TL 1.026.915 has been paid, 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	-
Mehmet Ali KAHRAMAN	Member of BOD	Master	-
Mustafa GÜLEN	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	-

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,

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 MARCH 31, 2021

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

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

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

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

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

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

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

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

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 MARCH 31, 2021

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

ASSETS	Note (5-I)	THOUSAND TL			THOUSAND TL		
		CURRENT PERIOD			PRIOR PERIOD		
		(31/03/2021)			(31/12/2020)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. FINANCIAL ASSETS (NET)		1.648.327	4.155.552	5.803.879	1.400.487	3.465.407	4.865.894
1.1 Cash and cash equivalents		405.061	3.367.401	3.772.462	259.407	2.917.315	3.176.722
1.1.1 Cash and Balances with Central Bank	(1)	403.606	2.703.859	3.107.465	255.369	2.011.728	2.267.097
1.1.2 Banks	(2)	1.596	664.424	666.020	4.130	906.712	910.842
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Loss Provisions (-)		141	882	1.023	92	1.125	1.217
1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)	(3)	194.931	512.171	707.102	216.844	306.207	523.051
1.2.1 Government Debt Securities		194.931	512.171	707.102	216.844	306.207	523.051
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)	(4)	1.019.050	275.958	1.295.008	922.824	241.566	1.164.390
1.3.1 Government Debt Securities		1.011.391	275.958	1.287.349	915.165	241.566	1.156.731
1.3.2 Equity Securities		7.659	-	7.659	7.659	-	7.659
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(5)	29.285	22	29.307	1.412	319	1.731
1.4.1 Derivative Financial Assets Measured at FVTPL		29.285	22	29.307	1.412	319	1.731
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		9.203.719	5.265.178	14.468.897	9.939.118	4.963.488	14.902.606
2.1 Loans	(6)	9.401.491	3.592.517	12.994.008	10.148.747	3.421.877	13.570.624
2.2 Lease Receivables	(8)	32.858	5.491	38.349	25.623	2.786	28.409
2.3 Other Financial Assets Measured at Amortized Cost	(7)	-	1.698.476	1.698.476	-	1.568.929	1.568.929
2.3.1 Government Debt Securities		-	1.698.476	1.698.476	-	1.568.929	1.568.929
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Loss Provisions(-)	(6)	230.630	31.306	261.936	235.252	30.104	265.356
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	21.528	-	21.528	23.797	-	23.797
3.1 Asset Held for Sale		21.528	-	21.528	23.797	-	23.797
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. PARTNERSHIP INVESTMENTS		-	-	-	-	-	-
4.1 Associates (Net)	(10)	-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(11)	298.376	-	298.376	251.229	-	251.229
VI. INTANGIBLE ASSETS (NET)	(12)	30.676	-	30.676	34.559	-	34.559
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		30.676	-	30.676	34.559	-	34.559
VII. INVESTMENT PROPERTY (NET)	(13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(14)	78.790	-	78.790	73.853	-	73.853
X. OTHER ASSETS	(15)	164.107	4.109	168.216	142.437	73	142.510
TOTAL ASSETS		11.445.523	9.424.839	20.870.362	11.865.480	8.428.968	20.294.448

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION)

AS OF MARCH 31, 2021

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

LIABILITIES	Note (5-II)	THOUSAND TL CURRENT PERIOD (31/03/2021)			THOUSAND TL PRIOR PERIOD (31/12/2020)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. FUNDS COLLECTED	(1)	5.965.923	6.759.241	12.725.164	5.332.642	6.344.661	11.677.303
II. FUNDS BORROWED	(2)	28.492	841.400	869.892	21.889	926.868	948.757
III. MONEY MARKET FUNDS		442.835	-	442.835	1.069.349	-	1.069.349
IV. SECURITIES ISSUED (Net)		3.113.391	-	3.113.391	3.028.652	-	3.028.652
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		217	4.537	4.754	43.279	7	43.286
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(3)	217	4.537	4.754	43.279	7	43.286
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5)	-	-	-	-	-	-
VII. LEASE PAYABLES (NET)	(4)	154.017	-	154.017	119.338	-	119.338
VIII. PROVISIONS	(6)	36.006	45.389	81.395	48.188	46.035	94.223
8.1 General Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		8.288	-	8.288	14.482	-	14.482
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		27.718	45.389	73.107	33.706	46.035	79.741
IX. CURRENT TAX LIABILITY	(7)	25.903	-	25.903	20.900	-	20.900
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(9)	-	1.675.468	1.675.468	-	1.545.981	1.545.981
12.1 Loans		-	1.675.468	1.675.468	-	1.545.981	1.545.981
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES		212.813	6.127	218.940	205.779	1.585	207.364
XIV. SHAREHOLDERS' EQUITY	(11)	1.555.505	3.098	1.558.603	1.538.186	1.109	1.539.295
14.1 Paid-in capital		1.026.915	-	1.026.915	1.026.915	-	1.026.915
14.2 Capital Reserves		23.088	-	23.088	27.450	1.141	28.591
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		23.088	-	23.088	27.450	1.141	28.591
14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(1.255)	-	(1.255)	(1.255)	-	(1.255)
14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		7.436	3.098	10.534	(952)	(32)	(984)
14.5 Profit Reserves		485.999	-	485.999	396.085	-	396.085
14.5.1 Legal Reserves		280.353	-	280.353	275.857	-	275.857
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		205.646	-	205.646	120.228	-	120.228
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Income or (Loss)		13.322	-	13.322	89.943	-	89.943
14.6.1 Prior Periods' Income or (Loss)		5.395	-	5.395	9.317	-	9.317
14.6.2 Current Period Income or (Loss)		7.927	-	7.927	80.626	-	80.626
TOTAL LIABILITIES		11.535.102	9.335.260	20.870.362	11.428.202	8.866.246	20.294.448

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 OFF- BALANCE SHEET AS OF MARCH 31, 2021

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

STATEMENT OF OFF BALANCE SHEET	NOTE (5-III)	THOUSAND TL			THOUSAND TL		
		CURRENT PERIOD			PRIOR PERIOD		
		(31/03/2021)			(31/12/2020)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		2.700.514	4.155.028	6.855.542	2.523.491	2.774.656	5.298.147
I. GUARANTEES AND SURETIES	(1)	1.710.692	2.661.648	4.372.340	1.402.281	1.759.081	3.161.362
1.1 Letters of Guarantees		1.609.443	1.137.239	2.746.682	1.298.020	889.899	2.187.919
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		1.609.443	1.137.239	2.746.682	1.298.020	889.899	2.187.919
1.2 Bank Loans		31.000	1.446.779	1.477.779	31.000	819.386	850.386
1.2.1 Import Letter of Acceptances		-	-	-	-	-	-
1.2.2 Other Bank Acceptances		31.000	1.446.779	1.477.779	31.000	819.386	850.386
1.3 Letter of Credits		70.249	77.630	147.879	73.261	49.796	123.057
1.3.1 Documentary Letter of Credits		70.249	77.630	147.879	73.261	49.796	123.057
1.3.2 Other Letter of Credits		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Other Guarantees		-	-	-	-	-	-
1.7 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	510.499	207.037	717.536	419.983	242.514	662.497
2.1 Irrevocable Commitments		510.499	207.037	717.536	419.983	242.514	662.497
2.1.1 Asset Purchase and Sale Commitments		44.310	59.386	103.696	64.799	110.655	175.454
2.1.2 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3 Loan Granting Commitments		410.002	-	410.002	323.542	-	323.542
2.1.4 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6 Payment Commitment for Cheques		56.187	-	56.187	31.642	-	31.642
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		-	147.651	147.651	-	131.859	131.859
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		479.323	1.286.343	1.765.666	701.227	773.061	1.474.288
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		479.323	1.286.343	1.765.666	701.227	773.061	1.474.288
3.2.1 Forward Foreign Currency Buy/Sell Transactions		44.391	61.066	105.457	107.624	106.721	214.345
3.2.1.1 Forward Foreign Currency Transactions-Buy		25.062	26.435	51.497	91.612	15.356	106.968
3.2.1.2 Forward Foreign Currency Transactions-Sell		19.329	34.631	53.960	16.012	91.365	107.377
3.2.2 Other Forward Buy/Sell Transactions		434.932	1.225.277	1.660.209	593.603	666.340	1.259.943
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		84.368.250	7.024.762	91.393.012	67.873.182	6.078.363	73.951.545
IV. ITEMS HELD IN CUSTODY		5.022.491	2.558.215	7.580.706	4.600.441	2.112.045	6.712.486
4.1 Assets Under Management		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		2.685.996	83.635	2.769.631	2.593.321	-	2.593.321
4.3 Cheques Received for Collection		1.061.689	88.919	1.150.608	803.612	72.891	876.503
4.4 Commercial Notes Received for Collection		25.429	-	25.429	23.422	-	23.422
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		844	-	844	894	-	894
4.8 Custodians		1.248.533	2.385.661	3.634.194	1.179.192	2.039.154	3.218.346
V. PLEDGED ITEMS		79.345.759	4.466.547	83.812.306	63.272.741	3.966.318	67.239.059
5.1 Marketable Securities		130.850	-	130.850	61.650	-	61.650
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		1.089.899	11.980	1.101.879	760.269	-	760.269
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		5.396.354	-	5.396.354	4.366.808	-	4.366.808
5.6 Other Pledged Items		72.728.656	4.454.567	77.183.223	58.084.014	3.966.318	62.050.332
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		87.068.764	11.179.790	98.248.554	70.396.673	8.853.019	79.249.692

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF MARCH 31, 2021

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

STATEMENT OF PROFIT AND LOSS	Note (5-IV)	THOUSAND TL	THOUSAND TL
		CURRENT PERIOD (01/01/2021- 31/03/2021)	PRIOR PERIOD (01/01/2020- 31/03/2020)
I. PROFIT SHARE INCOME	(1)	451.830	168.735
1.1 Profit Share on Loans		366.655	135.348
1.2 Income Received from Reserve Deposits		7.638	1.589
1.3 Income Received from Banks		60	-
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		76.023	31.502
1.5.1 Financial Assets at Fair Value Through Profit and Loss		17.027	16.166
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		41.275	2.472
1.5.3 Financial Assets Measured at Amortised Cost		17.721	12.864
1.6 Finance Lease Income		1.107	45
1.7 Other Profit Share Income		347	251
II. PROFIT SHARE EXPENSE (-)	(2)	369.167	88.734
2.1 Expense on Profit Sharing Accounts		222.260	72.194
2.2 Profit Share Expense on Funds Borrowed		23.021	14.888
2.3 Profit Share Expense on Money Market Borrowings		10.431	481
2.4 Expense on Securities Issued		108.019	-
2.5 Lease Profit Share Expense		5.436	1.171
2.6 Other Profit Share Expenses		-	-
III. NET PROFIT SHARE INCOME (I - II)		82.663	80.001
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		10.008	1.116
4.1 Fees and Commissions Received		15.599	3.108
4.1.1 Non-Cash Loans		5.873	1.419
4.1.2 Other	(3)	9.726	1.689
4.2 Fees and Commissions Paid (-)		5.591	1.992
4.2.1 Non-Cash Loans		12	14
4.2.2 Other	(3)	5.579	1.978
V. DIVIDEND INCOME	(4)	-	-
VI. NET TRADING INCOME	(5)	(1.073)	4.864
6.1 Capital Market Transaction Gains / (Losses)		1.334	110
6.2 Gains/ (Losses) from Derivative Financial Instruments		(14.490)	(2.725)
6.3 Foreign Exchange Gains / (Losses)		12.083	7.479
VII. OTHER OPERATING INCOME	(6)	46.451	10.462
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		138.049	96.443
IX. PROVISION FOR EXPECTED LOSS (-)	(7)	18.862	34.549
X. OTHER PROVISION EXPENSES (-)	(7)	3.184	33.612
XI. PERSONNEL EXPENSES (-)	(8)	62.171	25.369
XII. OTHER OPERATING EXPENSES (-)		44.397	22.407
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		9.435	(19.494)
XIV. INCOME RESULTED FROM MERGERS		-	-
XV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XVI. PROFIT/LOSS BEFORE TAXES (XIII+...+XV)		9.435	(19.494)
XVII. PROVISION FOR TAXES (±)	(9)	1.508	1.812
17.1 Current Tax Provision		-	-
17.2 Deferred Tax Expense (+)		26.437	11.697
17.3 Deferred Tax Income (-)		24.929	9.885
XVIII. NET OPERATING PROFIT/LOSS AFTER TAXES(XVI±XVII)		7.927	(21.306)
XIV. INCOME FROM DISCONTINUED OPERATIONS		-	-
19.1 Income from Assets Held for Sale		-	-
19.2 Income from Sale of Associates, Subsidiaries and Joint-Ventures		-	-
19.3 Income from Other Discontinued Operations		-	-
XX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on Assets Held for Sale		-	-
21.2 Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-	-
21.3 Expenses from Other Discontinued Operations		-	-
XXI. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(9)	-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense (+)		-	-
23.3 Deferred Tax Income (-)		-	-
XXV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXVI. NET PROFIT/LOSS (XVIII+XXIII)		7.927	(21.306)
25.1 Group's Income/Loss		7.927	(21.306)
25.2 Minority Shares Profit/Loss (-)		-	-
Earnings Per Share		0,00008	(0,00028)

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 MARCH 31, 2021

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

	THOUSAND TL	THOUSAND TL
	CURRENT PERIOD (01/01/2021- 31/03/2021)	PRIOR PERIOD (01/01/2020- 31/03/2020)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. CURRENT PERIOD PROFIT/LOSS	7.927	(21.306)
II. OTHER COMPREHENSIVE INCOME	6.015	(1.740)
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	6.015	(1.740)
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	7.355	(2.230)
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	(1.340)	490
III. TOTAL COMPREHENSIVE INCOME (I+II)	13.942	(23.046)

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 MARCH 31, 2021
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

Changes in Shareholder's Equity		CURRENT PERIOD (01/01/2021-31/03/2021)		Other Comprehensive		Other Comprehensive										
				Income/Expense Items not to be Recycled to Profit or Loss		Income/Expense Items to be Recycled to Profit or Loss										
		Paid-in Capital	Share Premium	Share Cancell ation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Total Shareholder
I.	Balances at Beginning Period	1.026.915	-	-	28.591	-	(1.255)	-	-	(984)	-	396.085	9.317	80.597	1.539.266	1.539.266
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	80.597	1.544.661	1.544.661
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	6.015	-	-	-	7.927	13.942	13.942
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	89.914	(9.317)	(80.597)	-	-
11.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	89.914	(89.914)	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	80.597	(80.597)	-	-
Balances at end of the period (III+IV...+X+XI)		1.026.915	-	-	23.088	-	(1.255)	-	-	10.534	-	485.999	5.395	7.927	1.558.603	1.558.603

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 the Parent Bank's 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 Euros within the scope of additional main capital and financial assets and liabilities measured (23.088 TL) at amortized costs (Section 3 Note 6).

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF MARCH 31, 2020

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

Changes in Shareholder's Equity					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
PRIOR PERIOD (01/01/2020-31/03/2020)	Paid-in Capital	Share Premium	Share Cancellati on Profits	Other Capital Reserves	1	2	3	4	5	6				
I. Balances at Beginning Period	750.000	-	-	23.088	-	-	-	-	-	-	351.106	-	44.979	1.169.173
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	9.317	-	9.317
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	9.317	-	9.317
III. Adjusted Balances at Beginning of Period (I+II)	750.000	-	-	23.088	-	-	-	-	-	-	351.106	9.317	44.979	1.178.490
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	(1.740)	-	-	-	(21.306)	(23.046)
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	-	-	-	2.059	-	-	-	-	-	-	-	-	-	2.059
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-
Balances at end of the period (III+IV...+X+XI)	750.000	-	-	25.147	-	-	-	-	(1.740)	-	351.106	54.296	(21.306)	1.157.503

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 the Parent Bank's 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 Euros 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 MARCH 31, 2021

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

STATEMENT OF CASH FLOWS	THOUSAND TL	THOUSAND TL
	CURRENT PERIOD (01/01/2021- 31/03/2021)	PRIOR PERIOD (01/01/2020- 31/03/2020)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes In Operating Assets And Liabilities	(82.202)	15.467
1.1.1 Profit Share Income Received	395.288	143.302
1.1.2 Profit Share Expense Paid	(364.332)	(68.198)
1.1.3 Dividend Received	-	-
1.1.4 Fees and Commissions Received	15.599	3.108
1.1.5 Other Income	33.096	13.410
1.1.6 Collections from Previously Written off Loans	-	(9)
1.1.7 Payments to Personnel and Service Suppliers	(77.851)	(25.218)
1.1.8 Taxes Paid	(6.511)	(2.419)
1.1.9 Others	(77.491)	(48.509)
1.2 Changes in Operating Assets and Liabilities	371.709	637.916
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(180.397)	(67.720)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions	(322.622)	(224.464)
1.2.3 Net (Increase) Decrease in Loans	860.797	(1.013.108)
1.2.4 Net (Increase) Decrease in Other Assets	(1.754)	83
1.2.5 Net Increase (Decrease) in Bank Deposits	118.908	166.078
1.2.6 Net Increase (Decrease) in Other Deposits	423.893	1.259.508
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	(527.116)	517.539
I. Net Cash Flows from Banking Operations	289.507	653.383
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(60.616)	(551.251)
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	(15.313)	(18.747)
2.4 Disposals of Property and Equipment	-	12.678
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(110.166)	(426.333)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	60.980	-
2.7 Purchase of Financial Assets Measured at Amortised Cost	-	(119.485)
2.8 Sale of Financial Assets Measured at Amortised Cost	-	-
2.9 Other	3.883	636
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Flows from Financing Activities	(23.498)	(107.827)
3.1 Cash Obtained from Funds Borrowed and Securities Issued	(262.579.513)	745.211
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	262.585.387	(851.454)
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(29.372)	(1.584)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	70.588	7.869
V. Net increase/(decrease) in cash and cash equivalents	275.981	2.174
VI. Net (Decrease) Increase in Cash and Cash Equivalents	1.723.008	251.608
VII. Cash and Cash Equivalents at the End of the period	1.998.989	253.782

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

SECTION THREE

Accounting policies

I. Explanations on basis of presentation:

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

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

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

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

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.

As of December 31, 2020 the accounting policies and valuation principles used in the preparation of year-end financial statements have been determined and applied in accordance with the principles included in the “BRSA Accounting and Financial Reporting Legislation”, and the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2020 is consistent except for the application of the and “TFRS 9 Financial Instruments” expected credit loss calculation.

I. Explanations on basis of presentation (continued):

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

The Group has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated January 19 2017 in lieu of TAS 39 Financial Instruments: "Accounting and Measurement" starting from January 1 2020. TFRS 9 sets out the new principles for the classification and measurement of financial instruments and expected credit loss which will be calculated for financial assets.

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

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

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

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

c. Comparative information and classifications:

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.

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

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 the Parent Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

III. Information on consolidated associates

The 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.

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 "IFRS 9 Financial Instruments". Derivative instruments are initially recognized at fair value and subsequently measured at fair value.

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

V. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with the internal rate of return method, which is equal to the net present value of the future cash flows of the financial asset determined in IFRS 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 "IFRS 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 IFRS, 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 IFRS 9 Financial Instruments Part three Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

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

Financial assets at fair value through profit or loss:

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

Financial assets valued at fair value through other comprehensive income:

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

VII. Explanations on financial assets and liabilities (continued):

Financial assets and liabilities measured at amortized cost:

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

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

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

VIII. Explanations on expected credit losses

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

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

Calculation of expected credit losses

The Group measures expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about past events, current conditions as of the reporting date, without undue cost or effort. The 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).

VIII. Explanations on expected credit losses (continued):

Parameters used in calculating expected loss provisions:

Probability of Default (PD):

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

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

Loss Given Default (LGD):

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

Exposure at Default (EAD):

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

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

12-Month Expected Loss Provision (Stage 1)

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

Significant Increase in Credit Risk (Stage 2)

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

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

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

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 close-monitoring 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.

As mentioned in the important estimates and judgments note used in the preparation of the financial statements, the Bank reflected the possible effects of the COVID-19 outbreak on the financial statements with the best estimation method as of December 31, 2020. Due to the effects of the epidemic on the economy, the Bank has increased the default probabilities for loans in Transportation and Storage, Accommodation and Food Service Activities, Human Health and Social Services activities. As a result, an additional provision of TL 2,717 has been set aside. TL 2,608 of this additional provision amount has been reserved in 2020. This approach, which has been preferred in provision calculations since the first quarter of 2020, when the effects of the epidemic began to be seen, will be reviewed again by considering the impact of the epidemic, credit portfolio and future expectations in the upcoming reporting periods.

Due to the disruptions in economic and commercial activities as a result of the COVID-19 outbreak, based on the BRSA's resolutions of March 17, 2020, numbered 8948 and March 27, 2020, numbered 8970, as of March 17, 2020, within the scope of the 4th and 5th articles of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to Be Allocated for Them", 30 days delay period envisaged for classification of loans in the second group is applied as 90 days until June 30, 2021 for the loans monitored in the first group, 90 days delay period envisaged for the classification of loans in non performing loans, is provided to be applied as 180 days until June 30, 2020 for the loans monitored in the first and second groups. In this context;

- Temporarily, the practice of the classifying receivables which cannot be collected up to 180 days in the second group has been established.
- For customer who do not want to be delayed in overdue installments, the installment of installments has started within the framework of these deadlines without breaking the existing configuration contracts.
- In the completion of the "Garam" banks protocols, the time to be given to time-consuming operations was extended with a joint agreement.

Ultimately, it was concluded that the provisions to be set aside for such receivables will continue according to their own risk models used by banks to calculate expected loan losses under TFRS 9.

As of March 31, 2021 within the scope of the aforementioned flexibility the Group has a total of 2.470 TL cash loans with a delay of 30 days or more and a total of 2.130 TL with a delay of 90 days or more and these loans are followed in the first group and the second group, respectively.

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 financial assets and liabilities that are netted in this way.

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

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

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

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

The Group has no discontinued operations.

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

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 Group'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:

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

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

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

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

XIV. Explanations on leasing transactions:

The Group applies the TFRS 16 leases standard.

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

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

TFRS 16 introduces a single leasing accounting model for lessees. As a result, the Group, as a lessee, has acquired the lease rights representing the 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.

XIV. Explanations on leasing transactions (continued):

Existence of right to use

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

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

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

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

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

The lease obligations

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's average borrowing interest rates.

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.

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

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

XVI. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

Provision for 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 are members of T.C. Ziraat Bankası A.Ş. ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı.

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

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

XVII. Explanations on taxation:

Current tax:

The Group is subject to tax laws and legislation effective in Turkey.

While the corporate tax rate was at the rate of 20% since January 1, 2006, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

Dividends paid to the resident institutions are not subject to withholding tax. Withholding tax rate on the dividend payments other than these is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

The prepaid taxes are calculated based on quarterly profits of the Parent Bank using current rate which must be announced by the 14th day and paid by the 17th day of the second month following the taxed period. The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

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

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

XVII. Explanations on taxation (continued):

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns to their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings and carry out sectorial investigations.

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with TAS 12 “Turkish Accounting Standard for Income Taxes”. Deferred tax asset is calculated on all temporary differences other than general loan loss provisions to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly likely to benefit from these differences by obtaining taxable profit in the future.

Deferred tax:

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. In accordance with the Clause 91 of Corporate Tax Law numbered 7061 published in the Official Gazette numbered 30261 dated December 5, 2017, current tax rate is increased from 20% to 22% for corporations in 2018, 2019 and 2020 taxation periods. From January 1, 2018, the tax rate of 22% for 3 years will be applied as 20% as of January 1, 2021. Therefore, the rate of 20% (December 31, 2020: 20%) is used in the deferred tax calculation as of March 31, 2021.

Transfer pricing

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

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

XVIII. Additional explanations on borrowings:

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

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 MARCH 31, 2021

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

XIX. Explanations on issued share certificates:

None.

XX. Explanations on acceptances and availed drafts:

The Group carries out the payments of acceptances 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.

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.

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 3.012.426 (December 31, 2020: TL 2.885.649) which calculated as of March 31, 2021 and the capital adequacy ratio is 25,33% (December 31, 2020: 28,30%). 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 March 31, 2021	Prior Period December 31, 2020
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.026.915	1.026.915
Share issue premiums	-	-
Reserves	485.999	396.085
Gains recognized in equity as per TAS	4.381	-
Profit	13.322	89.943
Current Period Profit	7.927	80.626
Prior Period Profit	5.395	9.317
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	1.530.617	1.512.943
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.255	2.239
Leasehold improvements	74.274	66.716
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	30.676	34.559
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	106.205	103.514
Total Common Equity Tier 1 Capital	1.424.412	1.409.429

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 MARCH 31, 2021

(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):

ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	1.545.332	1.444.940
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	1.545.332	1.444.940
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.969.744	2.854.369
TIER 2 CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	55.137	54.655
Contribution Capital Before Discounts	55.137	54.655
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	55.137	54.655
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.024.881	2.909.024
Deductions from Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	12.455	23.375
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
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	-	-

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 MARCH 31, 2021

(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):

CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	3.012.426	2.885.649
Total Risk Weighted Amounts	11.892.243	10.195.970
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	11,98	13,82
Tier 1 Capital Adequacy Ratio (%)	24,97	28,00
Capital Adequacy Ratio (%)	25,33	28,30
BUFFERS		
Total buffer requirement (a+b+c)	2,5	2,5
a) Capital conservation buffer requirement (%)	2,5	2,5
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic important bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	7,48	9,32
Amounts Lower Than Excesses as per Deduction Rules		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Limits related to provisions considered in Tier II calculation	-	-
Amount arising from deferred tax assets based on temporary differences	100.505	88.555
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	55.137	54.655
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	55.137	54.655
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(*) The Group, provided loan from Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated 22 April 2019, on 24 April 2019 amounting to 200 million 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. In addition, negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which is acquired before March 23, 2020 may not be included in capital adequacy ratio calculations in accordance with the Regulation on Banks' Equity. However, for the Financial Assets Measured at Fair Value through Other Comprehensive Income acquired after March 23, 2020, the implementation of the existing provisions of the Regulation continues.

As a result of the re-evaluation of the Board Decisions and instructions, which were made in a provisional nature, provided that they are valid until December 31, 2020 in the current period where the possible effects of the pandemic continue the following regulations will be extended until June 30, 2021,

- Regulation on Measurement and Assessment of Capital Adequacy of Banks In the calculation of the base amount of credit risk The Turkish Accounting Standards for monetary assets and non-monetary environments the remainder of the remainder in a slightly measured foreign currency while calculating only the valuated amounts and the relevant special amounts, while the calculation period is that the simple arithmetic average of the Central Bank exchange rates of the last 252 business days.

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 MARCH 31, 2021

(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):

- The Banking Regulation and Supervision Board applies a 0% risk weight decision in the calculation of the amount subject to credit risk in accordance with the Standard Approach within the scope of the Regulation on Measurement and Assessment of Capital Adequacy for the above mentioned receivables of the Republic of Turkey Central Government and issued in foreign currency,

has decided. It is taken as relevant in the standard capital adequacy calculations of the Group and provides 2.9% effect on the standard capital adequacy ratio.

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 MARCH 31, 2021

(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 Communique on Principles Regarding Borrowing Instruments to be Included in Bank' Equity Calculation
Special Consideration in the Calculation of Equity	
As of January 1, 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)	1.545.332
Par Value of Instrument	1.794.098
Accounting Classification	Subordinated Loan
Original date of Issuance	24.04.2019
Perpetual or dated	Undated
Maturity date	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: 24.05.2024 Total Repayment Amount: EUR 200 million (full)
Subsequent call dates	
Profit Share/Dividends	
Fixed or floating profit share/dividend	-
Profit share rate and any related index	-
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Fully optional
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Without savings
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	If the Core Capital Adequacy ratio falls below 5.125%
If write-down, full or partial	At least to ensure that the core capital ratio exceeds 5.125 %
If write down, permanent or temporary	Permanent and Temporary
If temporary write-down, description of write-up mechanism	There is write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7
Details of incompliances 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 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 in loan allocations. 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 March 31, 2021 - Balance sheet evaluation rate	8,3124	9,7519
As of March 30, 2021	8,3150	9,7646
As of March 29, 2021	8,1332	9,5820
As of March 26, 2021	8,0004	9,4333
As of March 25, 2021	7,9455	9,3861
As of March 24, 2021	7,9377	9,3936

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 7,6503 for 1 USD (December 2020: full TL 7.7172), full TL 9,1012 for 1 Euro (December 2020: full TL 9,3855).

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 MARCH 31, 2021

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

III. Explanations on consolidated currency risk (continued):

Information on the Group's Currency Risk

	EURO	USD	Other FC	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.363.458	1.048.155	292.246	2.703.859
Banks (****)	394.621	196.812	72.109	663.542
Financial assets at fair value through profit and loss	49.238	214.438	248.495	512.171
Money market placements	-	-	-	-
Financial Assets Valued At Fair Value Through Profit And Loss	107.859	168.098	-	257.957
Loans (*)	2.810.811	755.891	-	3.566.702
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	1.698.476	-	-	1.698.476
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	-	4.099	-	4.099
Total Assets	6.424.463	2.387.493	612.850	9.424.806
Liabilities				
Current account and funds collected from banks via participation accounts	127.314	-	-	127.314
Other current and profit sharing accounts (**)	3.767.018	2.161.707	703.202	6.631.927
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	2.173.103	343.765	-	2.516.868
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	25.593	29.020	-	54.613
Total liabilities	6.093.028	2.534.492	703.202	9.330.722
Net balance sheet position	331.435	(146.999)	(90.352)	94.084
Net balance sheet position	(293.084)	170.259	90.774	(32.051)
Derivative financial instruments assets	22.975	513.397	90.774	627.146
Derivative financial instruments liabilities	316.059	343.138	-	659.197
Non-cash loans (*)	1.087.932	1.573.716	-	2.661.648
Prior Period				
Total assets	5.928.768	2.050.059	449.822	8.428.649
Total liabilities	5.855.707	2.476.864	533.668	8.866.239
Net balance sheet position	73.061	(426.805)	(83.846)	(437.590)
Net off balance sheet position	-	381.423	85.669	467.092
Derivative financial instruments assets	-	534.408	85.669	620.077
Derivative financial instruments liabilities	-	152.985	-	152.985
Non-cash loans	1.021.487	737.594	-	1.759.081

(*) Includes expected loss provisions amounting to TL 31.306 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 882 in the balance sheet.

III. Explanations on consolidated currency risk (continued):

Explanations on position risk of equity securities in banking book:

None (December 31, 2020: 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. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

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. The Board of Directors establishes risk appetite of the Group in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

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.

IV. Explanations on consolidated liquidity risk:

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.

Consolidated Liquidity Coverage Ratio:

Current Period	Rate of "Percentage to be taken into account " not Implemented Total value(*)		Rate of "Percentage to be taken into account " Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
1 HIGH QUALITY LIQUID ASSETS (HQLA)				
1 HIGH QUALITY LIQUID ASSETS			5.657.641	4.176.460
CASH OUTFLOWS				
2 Retail and Small Business Funds Collected	1.795.070	1.265.417	173.650	126.542
3 Stable Funds Collected	117.142	-	5.857	-
4 Less stable Funds Collected	1.677.928	1.265.417	167.793	126.542
5 Unsecured Funding other than Retail and Small Business	2.386.826	1.832.272	1.401.770	1.040.364
6 Customers Deposits	-	-	-	-
7 Operational Funds Collected	2.210.198	1.824.163	1.225.142	1.032.255
8 Non-Operational Funds Collected	176.628	8.109	176.628	8.109
9 Other Unsecured Funding			-	-
10 Secured funding	1.427.491	266.687	1.427.491	266.687
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	493.092	266.687	493.092	266.687
12 Debts related to the structured financial products	934.399	-	934.399	-
13 Commitment related to the structured financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	4.060.832	2.167.956	608.179	172.767
16 TOTAL CASH OUTFLOWS			3.611.090	1.606.360
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	2.153.015	1.063.765	1.762.713	981.771
19 Other contractual cash inflows	429.799	385.655	429.799	385.655
20 TOTAL CASH INFLOWS	2.582.814	1.449.420	2.192.512	1.367.426
			Upper limit applied amounts	
21 TOTAL HQLA			5.657.641	4.176.460
22 TOTAL NET CASH OUTFLOWS			1.418.578	238.934
23 Liquidity Coverage Ratio (%)			398,82	1747,96

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest (%)	91,11	99,53
Week	March 23, 2021	March 23, 2021
Highest (%)	1.673,46	817,40
Week	February 23, 2021	February 23, 2021
Average	882,29	458,47

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

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 (*)		Rate of "Percentage to be taken into account " Implemented Total value (*)		
	TL+FC	FC	TL+FC	FC	
1	HIGH QUALITY LIQUID ASSETS (HQLA)		5.754.036	3.805.588	
	HIGH QUALITY LIQUID ASSETS				
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	1.366.292	904.019	132.112	90.402
3	Stable Funds Collected	90.355	-	4.518	-
4	Less stable Funds Collected	1.275.937	904.019	127.594	90.402
5	Unsecured Funding other than Retail and Small Business	2.344.583	1.541.499	1.351.198	909.965
6	Customers Deposits	-	-	-	-
7	Operational Funds Collected	2.181.804	1.540.426	1.188.419	908.892
8	Non-Operational Funds Collected	162.779	1.073	162.779	1.073
9	Other Unsecured Funding	-	-	-	-
10	Secured funding	1.261.575	341.664	1.261.575	341.664
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	621.749	341.664	621.749	341.664
12	Debts related to the structured financial products	639.826	-	639.826	-
13	Commitment related to the structured financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	2.978.019	1.632.676	417.760	147.576
16	TOTAL CASH OUTFLOWS			3.162.645	1.489.607
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.850.113	739.848	1.570.011	670.797
19	Other contractual cash inflows	525.906	472.183	525.906	472.183
20	TOTAL CASH INFLOWS	2.376.019	1.212.031	2.095.917	1.142.980
				Upper limit applied amounts	
21	TOTAL HQLA			5.754.036	3.805.588
22	TOTAL NET CASH OUTFLOWS			1.066.728	346.627
23	Liquidity Coverage Ratio (%)			539,41	1097,89

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

Liquidity Coverage Ratio (%)	Prior Period	
	TL + FC	FC
Lowest (%)	54,75	87,15
Date	November 9, 2020	November 9, 2020
Highest (%)	1.560,35	1.116,98
Date	October 30, 2020	October 13, 2020
Average	807,55	602,07

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the 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.

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 MARCH 31, 2021

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

IV. Explanations on consolidated liquidity risk (continued):

Consolidated Liquidity coverage ratio (continued)

The Group's high quality liquid assets are composed of 10,85% cash, 32,59% deposits in central banks and 56,56 % 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 67,59% funds collected, 8,90% funds borrowed, borrowings from money market and subordinated loans and 23,51% other funding sources.

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 Years	Over 5 years	Unallocated	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	970.651	2.136.814	-	-	-	-	-	3.107.465
Banks	664.997	-	-	-	-	-	-	664.997
Financial Assets at Fair Value Through Profit and Loss	-	2.020	127.773	366.288	211.021	-	-	707.102
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets valued at fair value through other comprehensive income	-	481.916	-	292.272	520.820	-	-	1.295.008
Loans	-	632.266	1.344.887	2.995.252	7.259.883	538.133	-	12.770.421
Financial assets valued at amortised cost	-	-	-	-	1.698.476	-	-	1.698.476
Other Assets (*)	-	-	-	-	-	-	626.893	626.893
Total Assets	1.635.648	3.253.016	1.472.660	3.653.812	9.690.200	538.133	626.893	20.870.362
Liabilities								
Current account and funds collected from banks via participation accounts	-	127.305	-	-	-	-	-	127.305
Other current and profit sharing accounts	2.485.465	8.257.698	1.648.082	206.614	-	-	-	12.597.859
Funds provided from other financial institutions and subordinated loans	-	289.536	520.396	56.918	1.678.510	-	-	2.545.360
Money market borrowings	-	442.835	-	-	-	-	-	442.835
Marketable securities issued	-	261.310	2.252.448	549.379	50.254	-	-	3.113.391
Other liabilities (**)	-	73.107	-	-	-	-	1.970.505	2.043.612
Total Liabilities	2.485.465	9.451.791	4.420.926	812.911	1.728.764	-	1.970.505	20.870.362
Liquidity Gap	(849.817)	(6.198.775)	(2.948.266)	2.840.901	7.961.436	538.133	(1.343.612)	-
Net Off-balance sheet Position	-	20	20.810	-	-	-	-	20.830
Financial Derivative Assets	-	727.000	166.248	-	-	-	-	893.248
Financial Derivative Liabilities	-	726.980	145.438	-	-	-	-	872.418
Non-cash Loans	886.657	634.882	141.467	775.569	308.107	-	-	2.746.682
Prior Period								
Total Assets	1.495.457	4.316.241	798.555	3.155.699	9.505.874	494.943	527.679	20.294.448
Total Liabilities	2.548.351	10.104.612	3.476.744	621.954	1.598.122	-	1.944.665	20.294.448
Liquidity Gap	(1.052.894)	(5.788.371)	(2.678.189)	2.533.745	7.907.752	494.943	(1.416.986)	-
Net Off-balance sheet Position	-	(158)	(52.174)	-	-	-	-	(52.332)
Financial Derivative Assets	-	145.589	565.389	-	-	-	-	710.978
Financial Derivative Liabilities	-	145.747	617.563	-	-	-	-	763.310
Non-cash Loans	779.036	356.020	54.857	730.917	267.089	-	-	2.187.919

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

(**) Other non-distributable liabilities column consists of equity and provision balances.

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 MARCH 31, 2021

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

V. Explanations on consolidated leverage ratio:

As of March 31, 2021, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 11,18% (December 31, 2020: %11,70) . Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks".

Consolidated Leverage Ratio Public Disclosure Template:

	Current Period March 31, 2021 (*)	Prior Period December 31, 2020 (*)	
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	20.312.132	19.077.462
2	(Assets deducted from Core capital)	106.159	97.904
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	20.205.973	18.979.558
Derivative financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	-	-
5	Potential credit risk amount of derivative financial assets and credit derivatives	26.408	8.808
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	26.408	8.808
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	805.107	697.047
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	805.107	697.047
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	4.660.121	3.449.490
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	4.660.121	3.449.490
Capital and total risk			
13	Core Capital	2.872.579	2.706.097
14	Total risk amount (sum of lines 3, 6, 9 and 12)	25.697.609	23.134.903
Leverage ratio			
15	Leverage ratio (%)	11,18	11,70

(*) 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 Banks that have been published in Official Gazette numbered 29511 on October 23, 2015 and became effective as of June 30, 2016. The tables related to 'Internal Rating-Based (IRB) Approach' are not presented due to the usage of standard approach for the calculation of capital adequacy.

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)	10.866.007	9.415.352	869.281
2 Of which standardised approach (SA)	10.866.007	9.415.352	869.281
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	16.771	2.747	1.342
5 Of which standardised approach for counterparty credit risk (SA-CCR)	16.771	2.747	1.342
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	284.391	266.153	22.751
17 Of which standardised approach (SA)	284.391	266.153	22.751
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	724.962	511.718	57.997
20 Of which Basic Indicator Approach	724.962	511.718	57.997
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	11.892.131	10.195.970	951.371

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 MARCH 31, 2021

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

IX. 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
Total Assets	1.591.085	10.775.843	7.754.575	748.859	20.870.362
Total Liabilities	3.088.340	9.706.626	6.059.414	457.379	19.311.759
Total Equity	-	-	-	1.558.603	1.558.603
Net profit share income/(expense) (*)	18.098	94.089	(29.771)	247	82.663
Net fees and commissions income/(expense)	5.228	8.537	(4.671)	914	10.008
Other operating income/(expense)	(2.814)	(4.231)	(9.148)	(48.181)	(64.374)
Provision expenses	-	-	-	(18.862)	(18.862)
Profit/(loss) before tax	20.512	98.395	(43.590)	(65.882)	9.435
Provision for tax	-	-	-	(1.508)	(1.508)
Net profit / (loss) for the period	20.512	98.395	(43.590)	(67.390)	7.927

(*) 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
Total Assets	1.278.373	10.700.997	6.235.014	2.080.064	20.294.448
Total Liabilities	3.538.235	8.168.769	6.636.877	411.272	18.755.153
Total Equity	-	-	-	1.539.295	1.539.295
Net profit share income/(expense) (*)	(4.362)	9.399	69.326	5.638	80.001
Net fees and commissions income/(expense)	6.905	9.695	(16.549)	1.065	1.116
Other operating income/(expense)	(9)	(46)	(2.839)	(63.168)	(66.062)
Loss Provisions	-	-	-	(34.549)	(34.549)
Profit/(loss) before tax	2.534	19.048	49.938	(91.014)	(19.494)
Provision for tax	-	-	-	(1.812)	(1.812)
Net profit / (loss) for the period	2.534	19.048	49.938	(92.826)	(21.306)

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

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 MARCH 31, 2021

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

SECTION FIVE

I. Explanations and notes on the consolidated financial statements

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	23.705	98.032	15.214	83.101
CBRT	363.746	1.773.069	231.489	1.450.436
Other (*)	16.155	832.758	8.666	478.191
Total	403.606	2.703.859	255.369	2.011.728

(*) Includes precious metal deposit account amounting to TL 145.253 (December 31, 2020: TL 36.982) as of March 31, 2021 and money in transit account amounting to TL 703.660 (December 31, 2020: TL 449.875).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	356.108	100	226.905	89
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Reserve requirements	7.638	1.772.969	4.584	1.450.347
Total	363.746	1.773.069	231.489	1.450.436

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2013/15", Parent Banks 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 March 31, 2021, the valid rates for Turkish lira required reserves are between 3% and 8% depending on the maturity structure (December 31, 2020: between 1% and 6%); The rates for foreign currency required reserves are between 5% and 22% depending on the maturity structure (December 31, 2020: between 5% and 22%).

2. a. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1.596	220.369	4.130	726.458
Abroad	-	444.055	-	180.254
Total	1.596	664.424	4.130	906.712

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".

I. Explanations and notes on the consolidated financial statements (continued):

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

As of March 31, 2021, there is no amount subject to sale transactions with the promise of repurchase among the financial assets whose fair value difference is reflected to profit and loss (December 31, 2020: 193.303 TL). The amount of those blocked given as collateral is 231.107 TL (December 31, 2020: 167.722 TL).

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

	Current Period	Prior Period
Debt securities	708.527	524.176
Quoted on a stock exchange	539.913	342.155
Unquoted on a stock exchange (*)	168.614	182.021
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	-	-
Impairment provision (-)	(1.425)	(1.125)
Total	707.102	523.051

(*) 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 March 31, 2021, 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 466.058 (December 31, 2020: 903.249 TL). The amount of those blocked given as collateral is 168.098 TL (December 31, 2020: 220.521 TL).

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

	Current Period	Prior Period
Debt securities	1.302.349	1.172.974
Quoted on a stock exchange	962.934	794.112
Unquoted on a stock exchange (*)	339.415	378.862
Share certificates	7.659	7.659
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	7.659	7.659
Impairment provision (-)	(15.000)	(16.243)
Total	1.295.008	1.164.390

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

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 MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements (continued):

5. Information on derivative financial assets

a. Positive differences related to the derivative financial assets

	Curret Period		Prior Period	
	TL	FC	TL	FC
Swap Transactions	29.062	22	1.412	14
Forward Transactions	223	-	-	305
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	29.285	22	1.412	319

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	111.717	-	95.629	-
Loans to Legal Person Partners	111.717	-	95.629	-
Loans to Real Person Partners	-	-	-	-
Indirect Loans to Bank Partners	-	-	-	-
Loans to Bank Members	141	-	-	-
Total	111.858	-	95.629	-

I. Explanations and notes on the consolidated financial statements (continued):

6. Information on loans (continued)

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

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

Cash Loans Current Period	Standard Loans	Loans Under Close Monitoring		
		Loans Not subject to restructured loans	Restructured Loans Loans with Revised Contract Terms Refinance	
Loans	12.811.153	9.730	-	-
Export loans	-	-	-	-
Import loans	488.799	-	-	-
Business loans	9.244.004	9.730	-	-
Consumer loans	640.871	-	-	-
Credit cards	-	-	-	-
Loans given to financial sector	827.913	-	-	-
Other (*)	1.609.566	-	-	-
Other receivables	-	-	-	-
Total	12.811.153	9.730	-	-

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

Installment commercial loans	1.439.718
Other Investment Loans	113.205
Abroad Loans	37.039
Other	19.604
Total	1.609.566

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 MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements (continued):

6. Information on loans (continued):

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

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

Cash Loans Prior Period	Loans Under Close Monitoring			
	Standard Loans	Loans Not subject to restructured loans	Restructured Loans	
Loans with Revised Contract Terms			Refinance	
Loans	13.397.505	422	-	-
Export loans	-	-	-	-
Import loans	436.155	-	-	-
Business loans	9.358.930	422	-	-
Consumer loans	575.941	-	-	-
Credit cards	-	-	-	-
Loans given to financial sector	1.814.247	-	-	-
Other (*)	1.212.232	-	-	-
Other receivables	-	-	-	-
Total	13.397.505	422	-	-

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

Installment commercial loans	1.148.156
Abroad Loans	38.318
Other	25.758
Total	1.212.232

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	87.916	-
Substantial increase in credit risk	-	1.097
Prior Period	Standard Loans	Loans Under Close Monitoring
Expected loss of provision for 12 Months	92.476	-
Substantial increase in credit risk	-	190

I. Explanations and notes on the consolidated financial statements (continued):

c. Maturity analysis of cash loans:

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

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	955	639.775	640.730
Housing loans	421	596.778	597.199
Vehicle loans	534	22.281	22.815
Consumer loans	-	20.716	20.716
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	67	74	141
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	67	74	141
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	1.022	639.849	640.871

I. Explanations and notes on the consolidated financial statements related to 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
Consumer loans-TL	867	575.074	575.941
Housing loans	481	536.429	536.910
Vehicle loans	386	17.761	18.147
Consumer loans	-	20.884	20.884
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	867	575.074	575.941

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements related to assets (continued):

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	206.183	1.183.220	1.389.403
Business loans	-	78.694	78.694
Vehicle loans	201.532	597.391	798.923
Consumer loans	4.651	507.135	511.786
Other	-	-	-
Commercial installment loans-FC indexed	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment Loans-FC	-	50.315	50.315
Business loans	-	-	-
Vehicle loans	-	20.874	20.874
Consumer loans	-	29.441	29.441
Other	-	-	-
Corporate credit cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	19.504	-	19.504
Total	225.687	1.233.535	1.459.222

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	73.049	1.030.075	1.103.124
Business loans	-	67.460	67.460
Vehicle loans	70.123	492.855	562.978
Consumer loans	2.926	469.760	472.686
Other	-	-	-
Commercial installment loans-FC indexed	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment Loans-FC	-	45.032	45.032
Business loans	-	-	-
Vehicle loans	-	20.062	20.062
Consumer loans	-	24.970	24.970
Other	-	-	-
Corporate credit cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	9.109	-	9.109
Total	82.158	1.075.107	1.157.265

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements related to 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:

The breakdown of loans, excluding non-performing loans, is as follows:

	Current Period	Prior Period
Domestic loans	12.783.844	13.359.109
Foreign loans	37.039	38.318
Total	12.820.883	13.397.927

h. Loans granted to subsidiaries and associates:

None (December 31, 2020: None).

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

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	2	-
Doubtful Loans and Other Receivables	220	5
Uncollectible Loans and Receivables	172.701	172.685
Total	172.923	172.690

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

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

None (December 31, 2020: None).

j.2. Movements of non-performing loans:

Current Period	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Closing balance of prior period	-	12	172.697
Additions in the current period (+)	416	-	-
Transfers from other categories of non-performing loans (+)	-	412	4
Transfers to other categories of non-performing loans (-)	412	4	-
Collections in the current period (-)	-	-	-
Write offs (-)	-	-	-
Sale (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	4	420	172.701
Provision (-)	2	220	172.701
Net balance at the balance sheet	2	200	-

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

I. Explanations and notes on the consolidated financial statements related to assets (continued):

j.2. Movements of non-performing loans (continued):

Prior Period	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Closing balance of prior period	-	-	188.322
Additions in the current period (+)	-	12	99
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections in the current period (-)	-	-	29
Write offs (-)	-	-	15.707
Sale (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	-	12	172.685
Provision (-)	-	5	172.685
Net balance at the balance sheet	-	7	-

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

None (December 31, 2020: None).

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

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period (net)	2	200	-
Loans to individuals and corporates (gross)	4	420	172.701
Provision (-)	2	220	172.701
Loans to individuals and corporates (net)	2	200	-
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	7	-
Loans to Real Persons and Legal Entities (Gross)	-	12	172.685
Specific provision (-)	-	5	172.685
Loans to Real Persons and Legal Entities (Net)	-	7	-
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

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 MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements related to assets (continued):

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	-	-	-
Interest accruals and valuation differences	-	1	-
Provision (-)	-	1	-
Prior Period (Net)	-	-	-
Interest accruals and valuation differences	-	-	-
Provision (-)	-	-	-

k. Liquidation policy for uncollectible loans and receivables:

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".

l. Information on "Write-off" policies:

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".

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 (*)	1.698.476	1.568.929
Total	1.698.476	1.568.929

(*) Consists of non-profit special category state domestic borrowing notes issued by Ministry of Treasury and Finance and purchased from the Türkiye Varlık Fonu A.Ş. and Piyasa ve İstikrar Denge Alt Fonu A.Ş.

b. Information on movements of financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	1.698.476	1.568.929
Quoted on a stock Exchange	-	-
Unquoted (*)	1.698.476	1.568.929
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Impairment Provision (-)	-	-
Total	1.698.476	1.568.929

(*) It consists of special issue government debt securities without dividends, issued by the Ministry of Treasury and Finance and purchased from the Turkish Wealth Fund - Market and Stability Balance Sub-Fund.

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 MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements related to assets (continued):

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

c. Information on movements of financial assets measured at amortized cost

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

	Current Period	Prior Period
Value at the Beginning of the Period	1.568.929	1.097.529
Exchange Differences Occurring in Monetary Assets	110.777	347.271
Purchases During the Year (*)	18.770	124.129
Disposals through Sale and Redemption	-	-
Provision for Impairment (-)	-	-
Total at the End of the Term	1.698.476	1.568.929

(*) It consists of special issue government debt securities without dividends, issued by the Ministry of Treasury and Finance and purchased from the Turkish Wealth Fund - Market and Stability Balance Sub-Fund.

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	912	850	-	-
1 to 4 years	21.261	17.535	34.295	28.409
More than 4 years	25.825	19.964	-	-
Total	47.998	38.349	34.295	28.409

b. Information on net investments through finance lease:

	Current Period	Prior Period
Finance lease receivables (gross)	47.998	34.295
Unearned finance lease receivable (-)	9.649	5.886
Receivable from finance leases (net)	38.349	28.409

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.

Finance Lease	Leasing Receivables Under Close Monitoring			
	Standard Loans	Leasing receivables not subject to restructured loans	Restructured or rescheduled	
			Leasing Receivables with Revised Contract Terms	Leasing Receivables with Revised Contract Terms
Current Period				
Finance lease receivables (Net)	38.349	-	-	-
Prior Period				
Finance lease receivables (Net)	28.409	-	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements related to assets (continued):

9. Information on consolidated assets held for sale and assets of discontinued operations

Financial assets held for sale consist of tangible assets acquired due to receivables.

	Current Period	Prior Period
Opening balance	23.797	35.200
Additions	-	5
Disposals	(2.269)	(11.408)
Transfers	-	-
Impairment Provision (-)	-	-
Closing balance	21.528	23.797

10. Information on associates

a. Associates (net):

a.1 Information on consolidated associates:

None (December 31, 2020: None).

a.2 Information on consolidated associates:

None (December 31, 2020: None).

b. Information on consolidated 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 October 31, 2018. Emlak Menkul Değerler A.Ş. has not been consolidated as of March 31, 2021 and December 31, 2020.

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 Bank.

Emlak Katılım Varlık Kiralama A.Ş., which is 100% subsidiary 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.

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 MARCH 31, 2021

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

I. Explanations and notes on the consolidated financial statements related to assets (continued):

b.2 Information on consolidated subsidiaries (continued):

Name	Adress (City/Country)	Operating Subject	Bank's share percentage (%)	Direct and Indirect Share Percentages (%)
Emlak Varlık Kiralama A.Ş.	Istanbul/Turkey	Issuance Of Lease Certificate	100	100
Emlak Katılım Varlık Kiralama A.Ş.	Istanbul/Turkey	Issuance Of Lease Certificate	100	100

The values stated in the table below are those of Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş.'s financial statements dated March 31, 2021 which have not undergone limited review.

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.	55	50	-	-	-	-	-	-
Emlak Katılım Varlık Kiralama A.Ş.	3.225.428	50	-	-	-	-	-	-

b.2.1 Movement information on subsidiaries

	Current Period	Prior Period
Amount at the beginning of the period	100	50
Movements inside the term	-	50
Purchases / new incorporations / capital increases	-	50
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	100	100
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100

Information on investments in joint-ventures

None (December 31, 2020: 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, 2020: None).

I. Explanations and notes on the consolidated financial statements related to assets (continued):

14. Information related to deferred tax asset:

	Current Period	Prior Period
Deferred tax provision for transferred financial loss (*)	44.308	29.521
Prepaid wages and commissions and unearned income	23.903	28.709
Expected Credit Losses	9.048	8.953
Securities valuation differences	4.388	4.056
Provisions for retirement premium and vacation pay liabilities	4.364	2.476
Derivative transactions	9.615	8.649
IFRS 16 allowance	1.296	920
Other	3.583	5.180
Deferred tax asset	100.505	88.464
Securities valuation differences	1.341	7.786
Difference between carrying value and tax base of fixed assets	4.281	4.938
Derivative financial instruments	15.600	1.398
Other	493	489
Deferred tax liability	21.715	14.611
Deferred tax asset (Net)	78.790	73.853

(*) All of the deferred tax assets calculated from movable losses are calculated from 2018 and 2021 financial losses. Since the Bank plans to obtain sufficient taxable income to offset these amounts in the future, it reflected TL 44.308 of deferred tax assets in its records.

The time limits for deferred tax losses are as follows:

	Current Period	Prior Period
2023	147.606	147.606
2026	73.935	-
Financial loss carried over to the following years	221.541	147.606

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

	Current Period	Prior Period
Receivables from Public Institutions and Cooperations ⁽¹⁾	52.549	52.549
Exchange Account	48.945	34.708
Other ⁽²⁾	66.722	55.253
Total	168.216	142.510

⁽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.

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 MARCH 31, 2021

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

II. Explanations and notes consolidated on related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 years	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	126.835	-	-	-	-	-	-	-	126.835
II. Real Persons Participation Accounts Non-Trade TL	-	373.585	50.313	5.923	34.861	267	-	-	464.949
III. Current Account other-TL	493.238	-	-	-	-	-	-	-	493.238
Public Sector	62.170	-	-	-	-	-	-	-	62.170
Commercial Institutions	425.567	-	-	-	-	-	-	-	425.567
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	5.501	-	-	-	-	-	-	-	5.501
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	3.999.813	805.271	60.837	6.296	8.683	-	-	4.880.900
Public Sector	-	965.177	274.685	42.349	3.814	-	-	-	1.286.025
Commercial Institutions	-	2.626.995	419.192	18.488	2.482	8.683	-	-	3.075.840
Other Institutions	-	407.641	111.394	-	-	-	-	-	519.035
Commercial and Other Institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
V. Real Persons Current Accounts Non- Trade FC	262.511	-	-	-	-	-	-	-	262.511
VI. Real Persons Participation Accounts Non-Trade FC	-	646.307	152.658	8.821	6.624	14	-	-	814.424
VII. Other Current Accounts FC	1.327.929	-	-	-	-	-	-	-	1.327.929
Residents in Turkey-Corporate	1.171.656	-	-	-	-	-	-	-	1.171.656
Residents Abroad-Corporate	156.273	-	-	-	-	-	-	-	156.273
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	3.155.621	450.159	51.617	5.974	8.911	-	-	3.672.282
Public sector	-	222	42	-	-	-	-	-	264
Commercial institutions	-	2.148.675	440.696	51.617	5.974	8.911	-	-	2.655.873
Other institutions	-	87.129	1.044	-	-	-	-	-	88.173
Commercial and Other Institutions	-	792.291	8.377	-	-	-	-	-	800.668
Banks and Participation Banks	-	127.304	-	-	-	-	-	-	127.304
IX. Precious Metals Deposits	274.952	209.677	189.680	4.588	1.849	1.350	-	-	682.096
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	2.485.465	8.385.003	1.648.081	131.786	55.604	19.225	-	-	12.725.164

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 MARCH 31, 2021

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

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

1. Information on funds collected (continued):

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 years	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	59.133	-	-	-	-	-	-	-	59.133
II. Real Persons Participation Accounts Non-Trade TL	-	268.498	164.897	10.172	361	33.666	62	-	477.656
III. Current Account other-TL	430.153	-	-	-	-	-	-	-	430.153
Public Sector	19.783	-	-	-	-	-	-	-	19.783
Commercial Institutions	407.457	-	-	-	-	-	-	-	407.457
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	2.913	-	-	-	-	-	-	-	2.913
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	3.788.582	573.049	2.164	1.310	594	-	-	4.365.699
Public Sector	-	1.137.437	224.999	-	-	-	-	-	1.362.436
Commercial Institutions	-	2.464.499	218.831	2.164	1.310	594	-	-	2.687.398
Other Institutions	-	186.646	129.219	-	-	-	-	-	315.865
Commercial and Other Institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
V. Real Persons Current Accounts Non- Trade FC	204.192	-	-	-	-	-	-	-	204.192
VI. Real Persons Participation Accounts Non-Trade FC	-	463.136	92.005	2.025	4.046	5.928	-	-	567.140
VII. Other Current Accounts FC	1.632.745	-	-	-	-	-	-	-	1.632.745
Residents in Turkey-Corporate	1.580.076	-	-	-	-	-	-	-	1.580.076
Residents Abroad-Corporate	52.669	-	-	-	-	-	-	-	52.669
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	2.725.426	699.720	-	-	1.016	-	-	3.426.162
Public sector	-	37	200	-	-	-	-	-	237
Commercial institutions	-	2.698.247	691.232	-	-	1.016	-	-	3.390.495
Other institutions	-	4.854	3.729	-	-	-	-	-	8.583
Commercial and Other Institutions	-	22.288	4.559	-	-	-	-	-	26.847
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
IX. Precious Metals Deposits	222.128	118.261	151.151	19.513	501	2.869	-	-	514.423
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	2.548.351	7.363.903	1.680.822	33.874	6.218	44.073	62	-	11.677.303

II. Explanations and notes consolidated on related to 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	413.382	301.009	1.697.465	1.325.300
Turkish Lira accounts	192.444	119.247	399.339	417.542
Foreign currency accounts	220.938	181.762	1.298.126	907.758
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	10.864	2.616
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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 MARCH 31, 2021

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

II. Explanations and notes consolidated on related to 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	28.492	538.848	21.889	735.582
Loans from foreign banks, institutions and funds	-	302.552	-	191.286
Total	28.492	841.400	21.889	926.868

a.2 Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	28.492	838.357	21.889	926.868
Medium and Long-Term	-	3.043	-	-
Total	28.492	841.400	21.889	926.868

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

The Parent Bank does not have concentration on customer or sector group providing funds (December 31, 2020: None).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

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

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 %(*)
January 18, 2021 Monday	154.962	TL	April 19, 2021 Monday	Stable
January 29, 2021 Friday	150.000	TL	June 16, 2021 Wednesday	Stable
February 2, 2021 Tuesday	200.000	TL	June 16, 2021 Wednesday	Stable
February 2, 2021 Tuesday	300.000	TL	June 18, 2021 Friday	Stable
February 4, 2021 Thursday	100.000	TL	August 3, 2021 Tuesday	Stable
February 23, 2021 Tuesday	205.826	TL	May 20, 2021 Thursday	Stable
February 26, 2021 Friday	310.000	TL	June 10, 2021 Thursday	17,5
March 1, 2021 Monday	100.000	TL	April 15, 2021 Thursday	Stable
March 8, 2021 Monday	222.190	TL	March 29, 2022 Tuesday	Unstable
March 11, 2021 Thursday	170.000	TL	May 20, 2021 Thursday	Stable
March 17, 2021 Wednesday	80.018	TL	December 13, 2021 Monday	Stable
March 17, 2021 Wednesday	150.000	TL	May 20, 2021 Thursday	Stable
March 19, 2021 Friday	46.890	TL	June 17, 2022 Friday	Unstable
March 30, 2021 Tuesday	80.000	TL	May 18, 2021 Tuesday	Stable
March 30, 2021 Tuesday	350.000	TL	May 24, 2021 Monday	Stable
March 30, 2021 Tuesday	50.000	TL	June 29, 2021 Tuesday	Stable
March 31, 2021 Wednesday	35.000	TL	June 1, 2021 Tuesday	Stable
March 31, 2021 Wednesday	41.000	TL	December 28, 2021 Tuesday	Stable
March 31, 2021 Wednesday	102.000	TL	June 29, 2021 Tuesday	Stable
June 25, 2020 Thursday	100.000	TL	June 29, 2021 Tuesday	Unstable
October 4, 2020 Wednesday	50.000	TL	October 3, 2022 Thursday	Unstable
October 11, 2020 Wednesday	80.000	TL	May 20, 2021 Tuesday	12,4
October 18, 2020 Wednesday	100.000	TL	December 1, 2021 Wednesday	14,5

(*) Profit share rates of short-term lease certificates with fixed dividend rates are in the range of 12.4% - 18.6%.

Summary table of securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Lease certificate	3.113.391	-	3.028.652	-
Total	3.113.391	-	3.028.652	-

4. Information on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	217	2	1.710	7
Swap Transactions	-	4.535	41.569	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	217	4.537	43.279	7

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

5. Lease payables (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 year	22.408	-	17.179	-
Between 1-5 years	87.102	-	67.791	-
Over 5 years	44.507	-	34.368	-
Total	154.017	-	119.338	-

6. Information on hedging derivative financial liabilities:

None (December 31, 2020: None).

7. Information on provisions:

a. Information on provisions for employee rights:

Provisions for Group's employee benefits consist of reserve for employee termination benefits amounting to TL 5.268 (December 31, 2020: TL 4.265), vacation pay liability amounting to TL 3.020 (December 31, 2020: TL 2.400), -TL (December 31, 2020: 7.817 TL) performance premium provision, The Group's total amount of provisions for employee rights is TL 8.288 (December 31, 2020: TL 14.482).

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

	Current Period	Prior Period
Discount rate (%)	2,10	2,10
Estimated increase rate of salary ceiling (%)	9,50	9,50

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

	Current Period	Prior Period
Prior period ending balance	4.265	2.282
Change in the period	1.003	1.217
Actuarial (gain) / loss	-	766
Balance at the end of the period	5.268	4.265

b. Other Provisions:

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts	41.216	50.792
Provisions for cases on trial	5.765	5.331
Impairment provision	65	236
Expected expected credit loss for Stage 1 and Stage 2 for non-cash loans	26.061	23.382
Total	73.107	79.741

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

6. Information on provisions (continued):

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

None (December 31, 2020: None).

7. Information on taxes payable

a. Explanations on current tax liability

a.1. Explanations on tax provision

As of March 31, 2021, the Group does not have any tax debt remaining after deducting the corporate taxes paid (December 31, 2020: None).

a.2. Information on taxes payable:

	Current Period	Prior Period
Taxation on securities income	5.628	4.420
Banking insurance transaction tax	6.463	5.134
Income tax deducted from wages	5.054	4.443
Value added tax payable	839	1.173
Taxation on real estate income	169	129
Foreign exchange transaction tax	389	425
Other	423	345
Total	18.965	16.069

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3.711	2.580
Social security premiums-employer	2.535	1.762
Unemployment insurance-employee	-	-
Unemployment insurance-employer	-	-
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	370	258
Pension fund membership fees and provisions- employer	185	129
Other	137	102
Total	6.938	4.831

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

None (December 31, 2020: None).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

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

9. 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	-	1.675.468	-	1.545.981
Subordinated Loans	-	1.675.468	-	1.545.981
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Total	-	1.675.468	-	1.545.981

As of March 31, 2021 the Group has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR). The related borrowing instrument has no option to pay dividends and convert to share certificates.

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

None (December 31, 2020: None).

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.026.915	1.026.915
Preferred stock	-	-

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

11. Information on shareholders' equity (continued):

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:

Share Capital System	Paid-in Capital	Ceiling
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:

In the current period, at the Extraordinary General Assembly held on December 7, 2020, the Group's capital was increased from TL 750.000 to TL 1.026.915 with the proposal of the Board of Directors. The capital increase was realized in cash.

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

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

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

There are no capital commitments (December 31, 2020: None).

f. Estimated effects on the shareholders equity of the Group , of predictions to be made by taking into account previous period indicators regarding the 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.

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 (*)	(7.435)	(3.097)	(3.408)	1.109
Foreign exchange difference	-	-	-	-
Total	(7.435)	(3.097)	(3.408)	1.109

(*) 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), 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.

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 MARCH 31, 2021

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

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

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Forward Asset Purchase Commitments	410.002	323.542
Forward Asset Sale Commitments	103.696	175.454
Payment Commitments for Cheques	56.187	31.642
Tax and Fund Liabilities Arising from Export Commitments	-	-
Credit Cards Limit Commitments	-	-
Other Irrevocable Commitments	147.651	131.859
Total	717.536	662.497

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	2.746.682	2.187.919
Letters of credit	147.879	850.386
Bank loans	1.477.779	123.057
Other guaranties and sureties	-	-
Total	4.372.340	3.161.362

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

	Current Period	Prior Period
Temporary letters of guarantees	204.833	152.583
Advance letters of guarantees	128.990	93.831
Letters of guarantees given to customs	38.484	18.563
Definitive Letters of Guarantee	1.279.487	1.922.942
Letters of Guarantee for Guarantee of Cash Loans	1.064.577	-
Other	30.311	-
Total	2.746.682	2.187.919

c. Within the Non-cash Loans:

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

	Current Period	Prior Period
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	717.536	662.497
Total	717.536	662.497

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

1. Explanations on off balance sheet (continued)

c. Within the Non-cash Loans (continued)

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

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".

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 MARCH 31, 2021

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

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

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans				
Short Term Loans	117.798	2.500	75.431	1.630
Medium and Long Term Loans	218.340	28.017	31.821	26.466
Profit Share on Non-Performing Loans	-	-	-	-
Total	336.138	30.517	107.252	28.096

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	7.638	-	1.589	-
Domestic Banks	60	-	-	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	7.698	-	1.589	-

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)	13.141	3.886	8.459	7.707
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	39.314	1.961	2.001	471
Financial Assets Measured at Amortized Cost	-	17.721	-	12.864
Total	52.455	23.568	10.460	21.042

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

None (December 31, 2020: None).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

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

2. Explanations on profit share expenses:

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

Current Period	Profit Sharing Accounts						Accumulated participation accounts	Total
	Account Name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 years		
TL								
Funds collected from banks through current and profit sharing accounts								
Real persons' non-trading profit sharing accounts	-	-	-	-	-	-	-	-
Public sector profit sharing accounts	2.164	10.820	315	-	45	1.392	-	14.736
Commercial sector profit sharing accounts								
Other institutions profit sharing accounts	19.300	22.167	2.214	-	56	-	-	43.737
Funds collected from banks through current and profit sharing accounts	18.030	102.699	2.926	-	207	346	-	124.208
Real persons' non-trading profit sharing accounts	577	12.496	3.295	-	-	-	-	16.368
Total	40.071	148.182	8.750	-	308	1.738	-	199.049
FC								
Banks	-	-	529	-	-	-	-	529
Real persons' non-trading profit sharing accounts	293	2.104	135	-	29	17	-	2.578
Public sector profit sharing accounts	-	1	-	-	-	-	-	1
Public sector profit sharing accounts	798	18.201	76	-	63	1	-	19.139
Other institutions profit sharing accounts	15	388	-	-	-	-	-	403
Precious metals deposits	561	-	-	-	-	-	-	561
Total	1.667	20.694	740	-	92	18	-	23.211
Grand Total	41.738	168.876	9.490	-	400	1.756	-	222.260

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

IV. Explanations and notes consolidated on related to 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		
TL								
Funds collected from banks through current and profit sharing accounts								
Real persons' non-trading profit sharing accounts	-	-	-	-	-	-	-	-
Public sector profit sharing accounts	207	4.171	999	-	277	46	-	5.700
Commercial sector profit sharing accounts								
Other institutions profit sharing accounts	1.427	617	2.401	-	174	-	-	4.619
Funds collected from banks through current and profit sharing accounts	2.233	46.843	1.488	-	670	15	-	51.249
Real persons' non-trading profit sharing accounts	39	1.174	1.505	-	-	-	-	2.718
Total	3.906	52.805	6.393	-	1.121	61	-	64.286
FC								
Banks	-	432	-	-	-	-	-	432
Real persons' non-trading profit sharing accounts	120	395	3	-	-	-	-	518
Public sector profit sharing accounts	-	204	-	-	-	-	-	204
Public sector profit sharing accounts	199	3.805	667	-	283	130	-	5.084
Other institutions profit sharing accounts	6	1.503	-	-	-	-	-	1.509
Precious metals deposits	161	-	-	-	-	-	-	161
Total	486	6.339	670	-	283	130	-	7.908
Grand Total	4.392	59.144	7.063	-	1.404	191	-	72.194

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 MARCH 31, 2021

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1.561	2.265	51	1.014
CBRT	-	-	-	-
Domestic banks	1.561	1.618	51	796
Foreign banks	-	647	-	218
Head offices and branches abroad	-	-	-	-
Other institutions	-	19.195	-	13.823
Total	1.561	21.460	51	14.837

c. Profit share expense paid to associates and subsidiaries:

None (December 31, 2020: None).

d. Profit share expenses paid to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Dividends given to securities issued	108.019	-	-	-
Total	108.019	-	-	-

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 MARCH 31, 2021

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

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Commissions on remittance	1.893	549
Comissions on banking	1.612	139
Cash against documents import comissions	1.414	5
Cash import commissions	715	13
Expert fees commissions	694	279
Foreign trade package commissions	623	62
Fees and commissions from reporters	450	40
Insurance commissions	261	51
Collection and payment commissions	214	-
Import letter of credit commissions	142	137
Commissions of letters of credit on imports	141	-
Commission of collection note/check	126	26
Early settlement commission income	109	186
Mortgage establishment commission income	60	10
Credit card fees and commissions	31	5
Export letter of credit commissions	27	3
Safe deposit income	25	3
Gram gold delivery and purchase commissions	15	-
Import commissions against goods	4	3
Commissions from special package services	2	28
Other commissions	1.168	150
Total	9.726	1.689

Other Given Fees and Commissions	Current Period	Prior Period
Expenses and commissions given to correspondents abroad	4.529	112
Required reserves commissions set aside for CBRT FX	234	2
Commissions and fees given for remittance	191	62
Commissions and fees for Swift	103	32
Commissions and fees paid to the clearinghouse	99	19
Commissions and fees for credit cards	63	85
Commissions on loans used	34	34
Comissions of collection note/check	2	-
Money market transactions	-	959
Commissions on remittance	-	3
Other commissions and fees	324	670
Total	5.579	1.978

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 MARCH 31, 2021

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

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

4. Information on dividend income:

None (March 31, 2020: None).

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

	Current Period	Prior Period
Income	507.199	136.512
Income from capital market transactions	1.349	110
Income from derivative financial instruments	136.004	36.629
Foreign exchange income	369.846	99.773
Loss (-)	508.272	131.648
Loss on capital market transactions	15	-
Loss on derivative financial instruments	150.494	39.354
Foreign exchange losses	357.763	92.294
Trading income/loss (net)	(1.073)	4.864

6. Explanations related to other operating income:

	Current Period	Prior Period
Income from provisions made in previous years	39.995	-
Income from sales of assets (*)	4.569	5.204
Revenues from provisions set aside in previous years	121	10
Lease income	2	2
Other income	1.764	5.246
Total	46.451	10.462

(*) 4.569 TL consists of the revenues obtained by the Group from the sale of movable and real estate.

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 MARCH 31, 2021

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

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

7. Expected loss provision expenses and other provision expenses:

	Current Period	Prior Period
Expected Credit Loss	18.862	34.549
12 month expected credit loss (stage 1)	17.668	34.533
Significant increase in credit risk (stage 2)	952	-
Non-performing loans (stage 3)	242	16
Marketable Securities Impairment Expense	1.573	15.712
Financial Assets at Fair Value through Profit or Loss	1.573	15.712
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Held-to-maturity	-	-
Securities Value Decrease		
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held to Maturity	-	-
Other (*)	1.611	17.900
Total	22.046	68.161

(*) The details of her other balance are as in the table below:

	Current Period	Prior Period
Prevision for Case	433	1.812
Amounts allocated from profits to be distributed to participation account	672	4.580
Amounts allocated from the profits to be distributed to participation accounts investment proxy	506	11.508
Total	1.611	17.900

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

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	1.003	304
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	13.740	5.226
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	4.178	2.767
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	15.680	8.653
Lease expenses related to TFRS 16 exemptions	-	3
Operating Maintenance expenses	1.176	1.180
Advertisement expenses	2.197	2.473
Other expenses ⁽¹⁾	12.306	4.997
Loss on sale of assets	-	-
Other ⁽²⁾	9.796	5.457
Total	44.397	22.407

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

	Current Period	Prior Period
Communication Expenses	3.669	1.238
Cleaning Expenses	2.180	762
Heating, Lighting and Water Expenses	1.358	795
Insurance Expenses	579	261
Vehicle Expenses	502	256
Litigation and court expenses	444	63
Stationery expenses	303	72
Representation and Hospitality expenses	181	33
Participation on common expenses	25	169
Other Expenses	3.065	1.348
Total	12.306	4.997

⁽²⁾ Other balance details are as below table:

	Current Period	Prior Period
Taxes, Duties, Charges and Funds	5.011	4.027
Audit and Consultancy Fees	1.612	703
Saving Deposit Insurance Fund	702	117
Participation Share Expenses	575	570
Other	1.896	40
Total	9.796	5.457

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 MARCH 31, 2021

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

IV. Explanations and notes consolidated on related to 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 March 31, 2021, the Group has deferred tax expense amounting to TL 26.437 (March 31, 2020: TL 11.697), deferred tax income amounting to TL 24.929 (March 31, 2020: TL 9.885). As of March 31, 2021, the Group has no current tax provision.

Since the Group does not have any discontinued operations, there is no tax provision for discontinued operations (March 31, 2020: 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 consolidated on related to the statement of changes in shareholders' equity

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

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

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

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 MARCH 31, 2021

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

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

1. The volume of transactions related to the risk group that the Parent Bank belongs to, credit and fund transactions collected at the end of the period, income and expenses for the period

a. Current Period

Risk Group of the Parent Bank	Association Subsidiary and Jointly Controlled Partnerships (Joint Ventures)		Direct and Indirect Partners of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
Dividend Received and Commission Income	-	-	-	-	-	-

b. Prior Period

Risk Group of the Parent Bank	Association Subsidiary and Jointly Controlled Partnerships (Joint Ventures)		Direct and Indirect Partners of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
Dividend Received and Commission Income	-	-	-	-	-	-

c. Information on private current and participation accounts belonging to the risk group in which the Parent Bank is included

Risk Group of the Parent Bank	Association Subsidiary and Jointly Controlled Partnerships (Joint Ventures)		Direct and Indirect Partners of the Parent Bank		Other Real and Legal Persons Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Private and current Participation Accounts						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
Profit Share Expense for Participation Account	-	-	-	-	-	-

c.1. Information on futures transactions, option contracts and other similar contracts with the risk group of the Parent Bank:

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

d. Information regarding benefits provided to the Parent Bank's top management:

The total amount of wages and benefits provided to the top management of the Parent Bank for the period ended March 31, 2021 is TL 1.623 (March 31, 2020: TL 1.023).

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 MARCH 31, 2021

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

VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices 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 footnotes 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 15.000.000.-TL 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 11, 2021 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 15.000.000 TL received from the CMB on February 11, 2021, to be sold to private and / or qualified investors,

- On April 14, 2021, TL 300.000 with 48 days maturity, for domestic qualified investors,
- On April 15, 2021, TL 140.000 with 47 days maturity, for domestic qualified investors,
- On April 19, 2021, TL 161.003 with 381 days maturity, for domestic qualified investors,
- On April 21, 2021, TL 180.000 with 41 days maturity, for domestic qualified investors,
- On April 28, 2021 in domestic market for qualified investors with 63 days maturity TL 150,000 worth of lease certificate were issued.

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

Penalty in the Official Gazette No. 31462 dated April 22, 2021, the law on amendments to the law on the collection procedure of public receivables and some laws, the corporation's corporate income tax rate for the 2021 taxation period is 25%, and the corporate profits for the 2022 taxation period. It has been decided to implement the rate of 23%.

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 MARCH 31, 2021

(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 three months period ended March 31, 2021 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and Auditors' Review Report dated May 7, 2021 is presented in the introduction of this report

II. Explanations on the Independent Auditor's Review Report

None.

SECTION SEVEN

INTERIM ACTIVITY REPORT

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

The worldwide health crisis with which 2020 ended continued into the early months 2021 with rising numbers of cases indicating that new measures might be needed. Although efforts had been made to initiate "renormalization", they did not last long in the face of a surge of new infections that made it necessary for various "partial shutdown" measures to be put into effect. Despite this generally gloomy picture however, thanks to quick action on the economic and public health fronts, Turkey emerged as a country less affected by pandemic-related economic turmoil than did most.

Having grown by 4.5% in the first quarter of 2020, the Turkish economy shrank by 9% in the second owing to the effects of the Covid-19 pandemic. The impact of efforts to restore some kind of normalcy once the initial shock of the outbreak and spread of the coronavirus contagion had passed started to become clearer in economic data emerging after midyear. From 2020 Q2 onwards, economic activity gained momentum and the national economy resumed growing again: GDP was up by 6.7% in the third quarter and by 5.9% in the last. The upshot is that the Turkish economy grew by an overall 1.8% in 2020, making it one of only two G20 countries—the other being China—to register positive growth last year.

Leading indicators from the first quarter of 2021 suggest that economic activity in Turkey remains on course. Looking at 2021 Q1 data we see that calendar-adjusted industrial output increased by 11.4% and then by 8.8% in January and February respectively as compared with the same months of the previous year. This performance is an indication that the Turkish economy's wheels are firmly on the track.

The Manufacturing Purchasing Managers' Index, an especially significant leading indicator of economic growth, shows strong improvement in Q1 manufacturing-industry performance with readings of 54.4, 51.7, and 52.6 in January, February, and March respectively. The USD 19 billion worth of exports that Turkey shipped abroad in March 2021 corresponds to a 42.2% increase on those of March 2020. 2021 Q1 exports amounted to USD 50 billion, 17.2% higher than those of 2020 Q1. On the evidence of all available leading indicators such as these, our estimation is that 2021 Q1 growth in Turkey was on the order of 5%.

According to figures published by the Banking Regulation and Supervision Agency, the Turkish banking industry as a whole showed a 2020 profit of TL 59,973 million, which is 22.3% higher than what it was in 2019. Although its growth was flatlining as it embarked upon 2021, the sector's total assets suddenly shot up by around 13% to over TL 6.2 trillion in the first quarter, with total deposits and total lendings weighing in at TL 3.8 trillion and TL 3.6 trillion respectively. Equally robust was the sector's capital adequacy ratio, which was firmly ensconced in the 18% range.

As Emlak Katılım we continue to build upon the support that we provide for the national economy by diversifying the trusted service we supply to our customers with a steady stream of new products. Although our primary focus is on real estate, we also engage in an ongoing effort to develop and provide sustainable and accessible financing models for every strategic sector capable of contributing to economic growth and to employment. We are constantly increasing the diversity of our products and services in our efforts to address the needs of urban-renewal, energy efficiency, environmental-wellbeing, structural-improvement, social-housing, and customer-bespoke projects. With progress in digital technologies being given an additional boost by pandemic-driven needs, we are keeping an even closer watch on it and undertaking investments aimed at providing our customers with digital technology-focused innovative solutions.

Just as we have been doing for two years, we will continue to advance surefootedly towards the fulfillment of the goals that we have set for ourselves in 2021 while simultaneously increasing our contributions to Turkey's economy.

Very truly yours,
Prof. Dr. Mehmet Emin BİRPINAR
Chairman of the Board of Directors

c. Message from the CEO

The worldwide health crisis with which 2020 ended continued into the early months of 2021 with rising numbers of cases indicating that new measures might be needed. Although efforts had been made to initiate “renormalization”, they did not last long in the face of surges of new infections that made it necessary for various “partial shutdown” measures to be put into effect. Despite this generally gloomy picture however, thanks to quick action on the economic and public health fronts, Turkey emerged as a country less affected by pandemic-related economic turmoil than did most.

Leading indicators from the first quarter of 2021 suggest that economic activity in Turkey remains on course. An upwards trend in retail sales as well as the fact that industrial capacity utilization rates have returned to pre-pandemic levels are signs that the Turkish economy’s wheels are still on the track.

In the midst of partial renormalization efforts of its own, the Turkish banking sector appears to have been on a slightly upward trend in the first quarter of 2021. The sector’s total assets, which amounted to TL 6.1 trillion at end-2020, reached TL 6.2 trillion in Q1 2021 with total deposits weighing in at TL 3.8 trillion and total lendings at TL 3.6 trillion. Turkey’s participation banks appear to have performed somewhat better than the sector as a whole: their total assets, which were worth TL 437 billion as of end-2020, reached TL 446 billion as of March 31, 2021; the same banks also reported total collected and total allocated funds amounting to TL 330 billion and TL 230 billion respectively.

The consistent growth which Emlak Katılım has been achieving since the day it was founded continued into the first quarter 2021 as well. During this period, our total assets reached TL 20.9 billion. The lendings that we make to support real-sector endeavors brought our funded credits to the TL 12.6 billion level while our collected funds amounted to around TL 12.8 billion. In February 2021 we received the Capital Markets Board’s authorization to issue up to TL 15 billion in securities. The 23 lease-certificate issues that we floated in the first quarter brought in a total of TL 3.5 billion and increased our total sukuk exposure to TL 8.3 billion.

The TL 50 million 455-day mudarabah (capital/labor partnership) issue that we made during March has a place of particular importance from the standpoint of Turkey’s participation banking sector. This product, whose yields are indexed to a specific pooled-funds portfolio, pays a 3-month return at a 95/5 participation rate. This three-month payment cycle means that customers are not affected by the portfolio’s previous performance and instead may put their savings to work on a long-term basis by benefitting from the yield they earn as of the maturity date.

In 2021, we will continue to increase our market share by expanding our product and service network through both our branch and digital channels. We will likewise continue to expand our national presence by increasing the number of branches while accelerating or digitalization investments. As of end-Q1 2021 the number of branches in the Emlak Katılım network was up to 58 and the number of people on the bank’s payroll had reached 955. While seeking to grow market share through branch-network expansion, we are also making it possible for customers who live where we have no branches or who choose not to go to one to benefit from Emlak Katılım products and services through our online branch.

Besides increasing our branch count we are also enlarging our range of product offerings in order to better address customers’ needs. Our “Forward Export Finance” product for example makes it possible for exporter customers to effect their collections ahead of maturity. Our “Urban Transformation Finance with Construction-Completion Guarantee” product was designed for those who want to demolish an existing building and rebuild it to code under the Ministry of Environment and Urbanization’s urban renewal program. In line with our efforts to expand our presence in renewable-energy investments, our “100% Lease-Financing” product is offered to customers undertaking solar power plant projects.

In collaboration with Türkiye Sigorta, an insurer, we recently developed a “Building Completion Insurance” product that protects both construction firms and would-be home owners against project non-completion risks. By providing coverage for losses that may arise if a building’s construction is not completed as well as guarantees for the payments that buyers are supposed to make, this product contributes to the security and sustainability of the construction industry’s growth and development.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

c. Message from the CEO (continued):

On the digital-channel front, we introduced CepPOS, an app that makes it easy to accept payments by transforming a regular smart mobile phone into a point-of-sale (POS) device. Lacking commission fees, membership fees, and similar charges, CepPOS provides small businesses especially with important advantages. Another recent introduction was Emlak FX, an online foreign-exchange and precious-metal trading platform that offers users advantageous exchange rates.

As the Emlak Katılım family we are all committed to making a never-ending effort to achieve successful results and create value for all of our stakeholders. In closing, I take this opportunity to express my thanks to my colleagues as they are the principal authors of our success.

Very truly yours,

CEO of Emlak Katılım
Nevzat BAYRAKTAR

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 MARCH 31, 2021

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

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, 2021 – March 31, 2021

None.

e. Branch and Personal Information

The Parent Bank's total number of branches is 59 and the total number of personnel is 955 at March 31, 2021.

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	-
Mehmet Ali KAHRAMAN	Member of BOD	Master	-
Mustafa GÜLEN	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	15 years	15 years	Master	Head of Internal Systems Group
Halil İbrahim ÖZER	14 year 10 month	7 year 9 month	Master	Head of Internal Control and Compliance
Erhan ŞANLI	14 year 5 month	3 month	Bachelor	Head of Risk Management

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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

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

AUDIT COMMITTEE

Abdullah Erdem CANTİMUR
Mehmet Nuri YAZICI

CREDIT COMMITTEE

Prof. Dr. Mehmet Emin BİRPINAR
Prof. Dr. Murat BALCI
Mustafa GÜLEN
Nevzat BAYRAKTAR
Mehmet Ali KAHRAMAN

CORPORATE GOVERNANCE COMMITTEE

Abdullah Erdem CANTİMUR
Prof. Dr. Murat BALCI
Mustafa GÜLEN
Mehmet Ali KAHRAMAN

REMUNERATION COMMITTEE

Mehmet Nuri YAZICI
Abdullah Erdem CANTİMUR
Nevzat BAYRAKTAR

EXECUTIVE COMMITTEE

Prof. Dr. Mehmet Emin BİRPINAR
Prof. Dr. Murat BALCI
Nevzat BAYRAKTAR

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 MARCH 31, 2021

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

I. Türkiye Emlak Katılım Bankası A.Ş. Selected Financial Indicators as of March 31, 2021

Assets	Current Period	Prior Period
Loans and Financial Leasing Receivables	13.032.357	13.599.033
Total Securites	2.002.110	1.687.441
Total Assets	15.034.467	15.286.474

Liabilities	Current Period	Prior Period
Funds Collected	12.725.164	11.677.303
Funds Borrowed	869.892	948.757
Shareholders' Equity	1.558.603	1.539.295
Total Liabilities	15.153.659	14.165.355

Income and Expense Items	Current Period	Prior Period
Profit Share Income	451.830	168.735
Profit Share Expense	369.167	88.734
Net Profit Share Income/Expenses	82.663	80.001
Net Fees and Commissions Income/Expenses	10.008	1.116
Personnel Expenses	62.171	25.369
Trading Income/Loss	(1.073)	4.864
Other Operating Income	46.451	10.462
Loans and Other Receivables from Provision for Losses	18.862	34.549
Other Operating Expenses	44.397	22.407
Profit Before Tax and Provisions	9.435	(19.494)
Tax Provisions	(1.508)	(1.812)
Net Profit/Losses	7.927	(21.306)

Ratios (%)	Current Period	Prior Period
Total Loans/Total Assets (*)	62,44	67,01
Total Loans/Total Deposits (*)	102,41	116,46
Capital Adequacy Ratio	25,33	28,30

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