

Türkiye Emlak Katılım Bankası Anonim Şirketi

Publicly Announced Unconsolidated Financial Statements and Related Disclosures at December 31, 2020 together with Audit Report

*(Convenience translation at publicly announced unconsolidated
financial statements, related disclosures and audit report originally
issued in Turkish – see section three Note 1.a)*

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

Report on the Unconsolidated Financial Statements

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

Opinion

We have audited the accompanying unconsolidated financial statements of Türkiye Emlak Katılım Bankası A.Ş. (the "Bank"), which comprise the statement of unconsolidated statement of financial position as at December 31, 2020, unconsolidated statement of profit and loss and unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye Emlak Katılım Bankası A.Ş. as at December 31, 2020 and financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

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

Other Matter

The unconsolidated financial statements of the Bank as at December 31, 2019 was audited by another audit firm, which expressed an unqualified opinion in their report issued on March 2, 2020.

Key Audit Matters

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

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures</i></p>	
<p>As disclosed in footnote VII of Section 3; the Bank measures expected credit losses for financial instruments by TFRS 9 “Financial Instruments Standards”. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;</p> <ul style="list-style-type: none"> ▪ Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements ▪ The effect of TFRS 9 transition on Bank’s Shareholders’ Equity ▪ The applications TFRS 9 are complex and comprehensive ▪ The classification of financial instruments based on the Bank’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows ▪ Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses ▪ The complexity and intensity of the control environment in the processes designed or reorganized with the transition to TFRS 9 ▪ The complexity and intensity of the control environment in the processes for TFRS 9 ▪ Estimations and assumptions used in expected credit losses are new, important and complex ▪ Complex and comprehensive disclosure requirements of TFRS 9. 	<p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> ▪ Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Bank’s past performance, and local and global practices ▪ Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Process Audit specialists ▪ Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation and fair value calculations together with forward-looking estimates and significant assumptions. ▪ Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices ▪ Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank’s business model ▪ Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis ▪ Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses ▪ Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis ▪ Evaluating the necessity and accuracy of the updates made or required updates after the modeling process ▪ Auditing of disclosures related to TFRS 9.

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2020 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Additional paragraph for convenience translation to English

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

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

Emre Çelik, SMMM
Partner

February 26, 2021
Istanbul, Turkey

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.
THE UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2020

Bank's headquarter address : Barbaros Mahallesi, Begonya Sk. No:9A,
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Bank's website : www.emlakkatilim.com.tr
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The unconsolidated financial report for the 31 December 2020 year-end prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections.

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

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

**Prof. Dr. Mehmet Emin
BİRPINAR**

Chairman of the Board of Directors

Nevzat BAYRAKTAR

General Manager

Mesut AK

Financial Affairs Director

**Abdullah Erdem
CANTİMUR**

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

SECTION ONE

General information

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

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

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

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

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

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

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

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

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

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

The Bank's head office is located in İstanbul and there are 50 branches of the Bank as of December 30, 2020. (December 31, 2019: 11). The Bank is operating with 814 staff as of December 30, 2020 (December 31, 2019: 381).

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

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

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

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

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

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

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

(*) Mehmet Ali KAHRAMAN was elected as a member of the board of directors and a member of the audit committee by the board of directors decision dated 23 November 2020.

IV. Information on the Bank's qualified shareholders

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

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

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

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

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

- To buy or sell money or capital market instruments on the spot or in the term according to the legislation and interest-free banking principles, and to mediate their purchase and sale, to operate in stock exchanges,
- Within the principles of interest-free banking; to allocate funds to the economy, to use loans in cash and non- Cash in all types and forms,

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

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

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

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

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

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

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

SECTION TWO

The unconsolidated financial statements

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION)

AS OF DECEMBER 31, 2020

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

ASSETS	Note (5 - I)	Audited		
		Current Period 31 December 2020		
		TL	FC	Total
I. FINANCIAL ASSETS (NET)		1.496.116	3.465.407	4.961.523
1.1 Cash and cash equivalents		259.407	2.917.315	3.176.722
1.1.1 Cash and Balances with Central Bank	(1)	255.369	2.011.728	2.267.097
1.1.2 Banks	(2)	4.130	906.712	910.842
1.1.3 Money Market Placements		-	-	-
1.1.4 Expected Loss Provisions (-)		92	1.125	1.217
1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)	(3)	312.473	306.207	618.680
1.2.1 Government Debt Securities		216.844	306.207	523.051
1.2.2 Equity Securities		-	-	-
1.2.3 Other Financial Assets		95.629	-	95.629
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)	(4)	922.824	241.566	1.164.390
1.3.1 Government Debt Securities		915.165	241.566	1.156.731
1.3.2 Equity Securities		7.659	-	7.659
1.3.3 Other Financial Assets		-	-	-
1.4 Derivative Financial Assets	(5)	1.412	319	1.731
1.4.1 Derivative Financial Assets Measured at FVTPL		1.412	319	1.731
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		9.939.118	4.963.488	14.902.606
2.1 Loans	(6)	10.148.747	3.421.877	13.570.624
2.2 Lease Receivables	(8)	25.623	2.786	28.409
2.3 Other Financial Assets Measured at Amortized Cost	(7)	-	1.568.929	1.568.929
2.3.1 Government Debt Securities		-	1.568.929	1.568.929
2.3.2 Other Financial Assets		-	-	-
2.4 Expected Loss Provisions(-)	(6)	235.252	30.104	265.356
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	23.797	-	23.797
3.1 Asset Held for Sale		23.797	-	23.797
3.2 Assets of Discontinued Operations		-	-	-
IV. OWNERSHIP INVESTMENT IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(10)	100	-	100
4.1 Associates (Net)		-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-
4.1.2 Unconsolidated Associates		-	-	-
4.2 Subsidiaries (Net)		100	-	100
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-
4.3 Joint Ventures (Net)		-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-
V. TANGIBLE ASSETS (NET)	(11)	251.229	-	251.229
VI. INTANGIBLE ASSETS (NET)	(12)	34.559	-	34.559
6.1 Goodwill		-	-	-
6.2 Other		34.559	-	34.559
VII. INVESTMENT PROPERTY (NET)	(13)	-	-	-
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSETS	(14)	73.853	-	73.853
X. OTHER ASSETS	(15)	142.437	73	142.510
TOTAL ASSETS		11.961.209	8.428.968	20.390.177

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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.

UNCONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION)

AS OF DECEMBER 31, 2019

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

ASSETS	Note (5 - I)	Audited		
		Prior Period		
		31 December 2019		
		TL	FC	Total
I. FINANCIAL ASSETS (NET)		307.709	1.642.769	1.950.478
1.1 Cash and cash equivalents		75.841	870.291	946.132
1.1.1 Cash and Balances with Central Bank	(1)	75.593	708.482	784.075
1.1.2 Banks	(2)	248	161.809	162.057
1.1.3 Money Market Placements		-	-	-
1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)	(3)	223.799	772.478	996.277
1.2.1 Government Debt Securities		223.799	772.478	996.277
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)	7.659	-	7.659
1.3.1 Government Debt Securities		-	-	-
1.3.2 Equity Securities		7.659	-	7.659
1.3.3 Other Financial Assets		-	-	-
1.4 Derivative Financial Assets	(5)	410	-	410
1.4.1 Derivative Financial Assets Measured at FVTPL		410	-	410
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		3.275.613	3.552.249	6.827.862
2.1 Loans	(6)	3.275.613	2.454.720	5.730.333
2.2 Lease Receivables	(8)	-	-	-
2.3 Other Financial Assets Measured at Amortized Cost	(7)	-	1.097.529	1.097.529
2.3.1 Government Debt Securities		-	1.097.529	1.097.529
2.3.2 Other Financial Assets		-	-	-
2.4 Non-Performing Loans	(6)	188.322	-	188.322
2.5 Specific Provisions (-)	(6)	188.322	-	188.322
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	35.200	-	35.200
3.1 Asset Held for Sale		35.200	-	35.200
3.2 Assets of Discontinued Operations		-	-	-
IV. OWNERSHIP INVESTMENT IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(10)	50	-	50
4.1 Associates (Net)		-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-
4.1.2 Unconsolidated associates		-	-	-
4.2 Subsidiaries (Net)		50	-	50
4.2.1 Unconsolidated Financial Investments in Subsidiaries		50	-	50
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)	101.710	-	101.710
VI. INTANGIBLE ASSETS (NET)	(12)	39.802	-	39.802
6.1 Goodwill		-	-	-
6.2 Other		39.802	-	39.802
VII. INVESTMENT PROPERTY (NET)	(13)	-	-	-
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSETS	(14)	102.414	-	102.414
X. OTHER ASSETS	(15)	224.692	63	224.755
TOTAL ASSETS		4.087.190	5.195.081	9.282.271

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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.

UNCONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION)

AS OF DECEMBER 31, 2020

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

LIABILITIES	Note (5 - II)	Audited		
		Current Period		
		31 December 2020		
		TL	FC	Total
I. FUNDS COLLECTED	(1)	5.332.739	6.344.661	11.677.400
II. FUNDS BORROWED	(2)	3.146.199	926.868	4.073.067
III. MONEY MARKET FUNDS		1.069.349	-	1.069.349
IV. SECURITIES ISSUED (Net)		-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		43.279	7	43.286
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(3)	43.279	7	43.286
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5)	-	-	-
VII. LEASE PAYABLES	(4)	119.338	-	119.338
VIII. PROVISIONS	(6)	48.188	46.035	94.223
8.1 General Provisions		-	-	-
8.2 Reserve for Employee Benefits		14.482	-	14.482
8.3 Insurance Technical Provisions (Net)		-	-	-
8.4 Other Provisions		33.706	46.035	79.741
IX. CURRENT TAX LIABILITY	(7)	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)	-	1.545.981	1.545.981
12.1 Loans		-	1.545.981	1.545.981
12.2 Other Debt Instruments		-	-	-
XIII. OTHER LIABILITIES		205.782	1.585	207.367
XIV. SHAREHOLDERS' EQUITY	(11)	1.538.157	1.109	1.539.266
14.1 Paid-in capital		1.026.915	-	1.026.915
14.2 Capital Reserves		27.450	1.141	28.591
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Other Capital Reserve		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)
14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		(952)	(32)	(984)
14.5 Profit Reserves		396.085	-	396.085
14.5.1 Legal Reserves		275.857	-	275.857
14.5.2 Status Reserves		-	-	-
14.5.3 Extraordinary Reserves		120.228	-	120.228
14.5.4 Other Profit Reserves		-	-	-
14.6 Income or (Loss)		89.914	-	89.914
14.6.1 Prior Periods' Income or (Loss)		9.317	-	9.317
14.6.2 Current Period Income or (Loss)		80.597	-	80.597
TOTAL LIABILITIES		11.523.931	8.866.246	20.390.177

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF BALANCE SHEET (FINANCIAL POSITION)

AS OF DECEMBER 31, 2019

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

LIABILITIES	Note (5 - II)	Audited		
		Prior Period 31 December 2019		
		TL	FC	Total
I. FUNDS COLLECTED	(1)	2.746.808	3.205.868	5.952.676
II. FUNDS BORROWED	(2)	-	864.292	864.292
III. MONEY MARKET FUNDS		-	-	-
IV. SECURITIES ISSUED (Net)		-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		34	5.857	5.891
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(3)	34	5.857	5.891
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5)	-	-	-
VII. LEASE PAYABLES	(4)	30.567	-	30.567
VIII. PROVISIONS	(6)	60.924	37.653	98.577
8.1 General Provisions		51.281	37.637	88.918
8.2 Restructuring Provisions		-	-	-
8.3 Reserve for Employee Benefits		7.325	-	7.325
8.4 Insurance Technical Provisions (Net)		-	-	-
8.5 Other Provisions		2.318	16	2.334
IX. CURRENT TAX LIABILITY	(7)	10.698	-	10.698
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)	-	1.076.666	1.076.666
12.1 Loans		-	1.076.666	1.076.666
12.2 Other Debt Instruments		-	-	-
XIII. OTHER LIABILITIES		73.704	27	73.731
XIV. SHAREHOLDERS' EQUITY	(11)	1.169.173	-	1.169.173
14.1 Paid-in capital		750.000	-	750.000
14.2 Capital Reserves		23.088	-	23.088
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Other Capital Reserve		23.088	-	23.088
14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		-	-	-
14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		-	-	-
14.5 Profit Reserves		351.106	-	351.106
14.5.1 Legal Reserves		351.106	-	351.106
14.5.2 Status Reserves		-	-	-
14.5.3 Extraordinary Reserves		-	-	-
14.5.4 Other Profit Reserves		-	-	-
14.6 Income or (Loss)		44.979	-	44.979
14.6.1 Prior Periods' Income or (Loss)		-	-	-
14.6.2 Current Period Income or (Loss)		44.979	-	44.979
TOTAL LIABILITIES		4.091.908	5.190.363	9.282.271

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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.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET AS OF DECEMBER 31, 2020

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

STATEMENT OF OFF BALANCE SHEET	Note (5 - III)	Audited		
		Current Period 31 December 2020		
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		2.523.491	2.774.656	5.298.147
I. GUARANTEES AND SURETIES	(1)	1.402.281	1.759.081	3.161.362
1.1 Letters of Guarantees		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		1.298.020	889.899	2.187.919
1.2 Bank Loans		31.000	819.386	850.386
1.2.1 Import Letter of Acceptances		-	-	-
1.2.2 Other Bank Acceptances		31.000	819.386	850.386
1.3 Letter of Credits		73.261	49.796	123.057
1.3.1 Documentary Letter of Credits		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)	419.983	242.514	662.497
2.1 Irrevocable Commitments		419.983	242.514	662.497
2.1.1 Asset Purchase and Sale Commitments		64.799	110.655	175.454
2.1.2 Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.3 Loan Granting Commitments		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		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		-	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		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		701.227	773.061	1.474.288
3.2.1 Forward Foreign Currency Buy/Sell Transactions		107.624	106.721	214.345
3.2.1.1 Forward Foreign Currency Transactions-Buy		91.612	15.356	106.968
3.2.1.2 Forward Foreign Currency Transactions-Sell		16.012	91.365	107.377
3.2.2 Other Forward Buy/Sell Transactions		593.603	666.340	1.259.943
3.3 Other		-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		67.873.182	6.078.363	73.951.545
IV. ITEMS HELD IN CUSTODY		4.600.441	2.112.045	6.712.486
4.1 Assets Under Management		-	-	-
4.2 Investment Securities Held in Custody		2.593.321	-	2.593.321
4.3 Cheques Received for Collection		803.612	72.891	876.503
4.4 Commercial Notes Received for Collection		23.422	-	23.422
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		894	-	894
4.8 Custodians		1.179.192	2.039.154	3.218.346
V. PLEDGED ITEMS		63.272.741	3.966.318	67.239.059
5.1 Marketable Securities		61.650	-	61.650
5.2 Guarantee Notes		-	-	-
5.3 Commodity		760.269	-	760.269
5.4 Warranty		-	-	-
5.5 Properties		4.366.808	-	4.366.808
5.6 Other Pledged Items		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)		70.396.673	8.853.019	79.249.692

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET AS OF DECEMBER 31, 2019

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

STATEMENT OF OFF BALANCE SHEET	Note (5 - III)	Audited		
		Prior Period		
		31 December 2019		
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		355.345	921.952	1.277.297
I. GUARANTEES AND SURETIES	(1)	321.052	105.671	426.723
1.1 Letters of Guarantees		299.305	97.282	396.587
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		299.305	97.282	396.587
1.2 Bank Loans		-	-	-
1.2.1 Import Letter of Acceptances		-	-	-
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letter of Credits		21.747	8.389	30.136
1.3.1 Documentary Letter of Credits		-	-	-
1.3.2 Other Letter of Credits		21.747	8.389	30.136
1.4 Prefinancing Given as Guarantee		-	-	-
1.5 Endorsements		-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-
1.5.2 Other Endorsements		-	-	-
1.6 Other Guarantees		-	-	-
1.7 Other Collaterals		-	-	-
II. COMMITMENTS	(1)	6.636	40.836	47.472
2.1 Irrevocable Commitments		6.636	40.836	47.472
2.1.1 Asset Purchase and Sale Commitments		1.436	40.836	42.272
2.1.2 Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.3 Loan Granting Commitments		3.970	-	3.970
2.1.4 Securities Underwriting Commitments		-	-	-
2.1.5 Commitments for Reserve Deposit Requirements		-	-	-
2.1.6 Payment Commitment for Cheques		1.230	-	1.230
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		-	-	-
2.2 Revocable Commitments		-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-
2.2.2 Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		27.657	775.445	803.102
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		27.657	775.445	803.102
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	-	-
3.2.2 Other Forward Buy/Sell Transactions		27.657	775.445	803.102
3.3 Other		-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		15.524.852	4.008.298	19.533.150
IV. ITEMS HELD IN CUSTODY		316.275	2.098.143	2.414.418
4.1 Assets Under Management		-	-	-
4.2 Investment Securities Held in Custody		1.468	-	1.468
4.3 Cheques Received for Collection		106.159	4.130	110.289
4.4 Commercial Notes Received for Collection		-	-	-
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		989	-	989
4.8 Custodians		207.659	2.094.013	2.301.672
V. PLEDGED ITEMS		15.208.577	1.910.155	17.118.732
5.1 Marketable Securities		-	-	-
5.2 Guarantee Notes		-	-	-
5.3 Commodity		155.058	-	155.058
5.4 Warranty		-	-	-
5.5 Properties		760.300	-	760.300
5.6 Other Pledged Items		14.293.219	1.910.155	16.203.374
5.7 Pledged Items-Depository		-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		15.880.197	4.930.250	20.810.447

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF DECEMBER 31, 2020

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

STATEMENT OF PROFIT AND LOSS		Note (5 - IV)	Audited
			Current Period 1 January- 31 December 2020
I.	PROFIT SHARE INCOME	(1)	999.620
1.1	Profit Share on Loans		791.913
1.2	Income Received from Reserve Deposits		10.681
1.3	Income Received from Banks		535
1.4	Income Received from Money Market Placements		-
1.5	Income Received from Marketable Securities Portfolio		194.153
1.5.1	Financial Assets at Fair Value Through Profit and Loss		56.038
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		75.993
1.5.3	Financial Assets Measured at Amortised Cost		62.122
1.6	Finance Lease Income		1.452
1.7	Other Profit Share Income		886
II.	PROFIT SHARE EXPENSE (-)	(2)	628.007
2.1	Expense on Profit Sharing Accounts		402.227
2.2	Profit Share Expense on Funds Borrowed		186.553
2.3	Profit Share Expense on Money Market Borrowings		28.367
2.4	Expense on Securities Issued		-
2.5	Lease Profit Share Expense		10.860
2.6	Other Profit Share Expenses		-
III.	NET PROFIT SHARE INCOME (I - II)		371.613
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		21.113
4.1	Fees and Commissions Received		33.655
4.1.1	Non-Cash Loans		8.602
4.1.2	Other	(3)	25.053
4.2	Fees and Commissions Paid (-)		12.542
4.2.1	Non-Cash Loans		50
4.2.2	Other	(3)	12.492
V.	DIVIDEND INCOME	(4)	-
VI.	NET TRADING INCOME	(5)	22.261
6.1	Capital Market Transaction Gains / (Losses)		7.005
6.2	Gains/ (Losses) from Derivative Financial Instruments		(191.289)
6.3	Foreign Exchange Gains / (Losses)		206.545
VII.	OTHER OPERATING INCOME	(6)	85.390
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		500.377
IX.	LOAN PROVISIONS (-)	(7)	87.148
X.	PERSONNEL EXPENSES (-)	(7)	39.720
XI.	OTHER OPERATING EXPENSES (-)		149.880
XII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)	(8)	119.178
XIII.	INCOME RESULTED FROM MERGERS		104.451
XIV.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-
XV.	GAIN AFTER MERGER		-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-
XVII.	PROFIT/LOSS BEFORE TAXES (XIII+....+XV)		104.451
XVIII.	PROVISION FOR TAXES (±)	(9)	23.854
18.1	Current Tax Provision		-
18.2	Deferred Tax Expense (+)		94.719
18.3	Deferred Tax Income (-)		70.865
XIX.	NET OPERATING PROFIT/LOSS AFTER TAXES(XVI±XVII)		80.597
XX.	INCOME FROM DISCONTINUED OPERATIONS		-
20.1	Income from Assets Held for Sale		-
20.2	Income from Sale of Associates, Subsidiaries and Joint-Ventures		-
20.3	Income from Other Discontinued Operations		-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
21.1	Expenses on Assets Held for Sale		-
21.2	Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-
21.3	Expenses from Other Discontinued Operations		-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(9)	-
23.1	Current Tax Provision		-
23.2	Deferred Tax Expense (+)		-
23.3.	Deferred Tax Income (-)		-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-
XXV.	NET PROFIT/LOSS (XVIII+XXIII)		80.597
	Earnings Per Share		0,00078

Note: The prior period financial statements and related disclosures are not presented comperatively with the current period financial statements as they are not restated as permitted by TFRS 9 transition rules. The prior period financial statements are presented with their prior reported versions.

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF DECEMBER 31, 2019

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

STATEMENT OF PROFIT AND LOSS		Note (5 - IV)	Audited
			Prior Period 1 January- 31 December 2019
I.	PROFIT SHARE INCOME	(1)	429.813
1.1	Profit Share on Loans		326.494
1.2	Income Received from Reserve Deposits		2.847
1.3	Income Received from Banks		34.222
1.4	Income Received from Money Market Placements		-
1.5	Income Received from Marketable Securities Portfolio		64.812
1.5.1	Financial Assets at Fair Value Through Profit and Loss		32.606
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		-
1.5.3	Financial Assets Measured at Amortised Cost		32.206
1.6	Finance Lease Income		-
1.7	Other Profit Share Income		1.438
II.	PROFIT SHARE EXPENSE (-)	(2)	212.161
2.1	Expense on Profit Sharing Accounts		173.797
2.2	Profit Share Expense on Funds Borrowed		36.247
2.3	Profit Share Expense on Money Market Borrowings		3
2.4	Expense on Securities Issued		-
2.5	Lease Profit Share Expense		2.114
2.6	Other Profit Share Expenses		-
III.	NET PROFIT SHARE INCOME (I - II)		217.652
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		(1.365)
4.1	Fees and Commissions Received		1.292
4.1.1	Non-Cash Loans		424
4.1.2	Other	(3)	868
4.2	Fees and Commissions Paid (-)		2.657
4.2.1	Non-Cash Loans		37
4.2.2	Other	(3)	2.620
V.	DIVIDEND INCOME	(4)	-
VI.	NET TRADING INCOME	(5)	32.514
6.1	Capital Market Transaction Gains / (Losses)		27.015
6.2	Gains/ (Losses) from Derivative Financial Instruments		(59)
6.3	Foreign Exchange Gains / (Losses)		5.558
VII.	OTHER OPERATING INCOME	(6)	24.115
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		272.916
IX.	LOAN PROVISIONS (-)	(7)	81.432
X.	PERSONNEL EXPENSES (-)		73.875
XI.	OTHER OPERATING EXPENSES (-)	(8)	71.506
XII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		46.103
XIII.	INCOME RESULTED FROM MERGERS		-
XIV.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-
XV.	GAIN AFTER MERGER		-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		46.103
XVII.	PROFIT/LOSS BEFORE TAXES (XIII+...+XV)	(9)	1.124
17.1	Current Tax Provision		-
17.2	Deferred Tax Expense (+)	(10)	16.921
17.3	Deferred Tax Income (-)	(10)	15.797
XVIII.	NET OPERATING PROFIT/LOSS AFTER TAXES(XVI±XVII)		44.979
XIX.	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 (-)		-
20.1	Expenses on Assets Held for Sale		-
20.2	Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-
20.3	Expenses from Other Discontinued Operations		-
XXI.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-
XXII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(9)	-
22.1	Current Tax Provision		-
22.2	Deferred Tax Expense (+)		-
22.3	Deferred Tax Income (-)		-
XXIII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-
XXIV.	NET PROFIT/LOSS (XVIII+XXIII)		44.979
	Earnings Per Share		0,00044

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF DECEMBER 31, 2020

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Audited
		Current Period
		1 January- 31 December 2020
I.	CURRENT PERIOD PROFIT/LOSS	80.597
II.	OTHER COMPREHENSIVE INCOME	(2.239)
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	(1.255)
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	(1.568)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	313
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	(984)
2.2.1	Translation Differences	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	1.408
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	(2.392)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	78.358

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Audited
		Prior Period
		1 January- 31 December 2019
I.	CURRENT PERIOD PROFIT/LOSS	44.979
II.	OTHER COMPREHENSIVE INCOME	-
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	-
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	-
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	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	44.979

Note: The prior period financial statements and related disclosures are not presented comperatively with the current period financial statements as they are not restated as permitted by TFRS 9 transition rules. The prior period financial statements are presented with their prior reported versions.

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2020

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

Audited	Paid-in Capital	Share Premium	Share Cancellati on Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
					1	2	3	4	5	6				
Current Period														
31 December 2020														
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	-	-	-	-	-	(1.255)	-	-	(984)	-	-	-	80.597	78.358
V. Capital Increase in Cash	276.915	-	-	-	-	-	-	-	-	-	-	-	-	276.915
VI. Capital Increase from Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities(*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	5.503	-	-	-	-	-	-	-	-	-	5.503
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	44.979	-	(44.979)	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	44.979	(44.979)	-
Balances at end of the period (III+IV...+X+XI)	1.026.915	-	-	28.591	-	(1.255)	-	-	(984)	-	396.085	9.317	80.597	1.539.266

Note: The prior period financial statements and related disclosures are not presented comperatively with the current period financial statements as they are not restated as permitted by TFRS 9 transition rules. The prior period financial statements are presented with their prior reported versions.

1. Revaluation surplus on tangible and intangible assets.

2. Defined Benefit Plans' Actuarial Gains/Losses.

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

4. Foreign Currency Translation Differences.

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

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

(*) Includes the initial recognition effects (23.088) of the subordinated loan provided by Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated April 22, 2019, on April 24, 2019 amounting to 200 million Euros within the scope of additional main capital and financial assets and liabilities measured 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.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2019

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

Audited	Paid-in Capital	Share Premium	Share Cancellati on Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity	
					1	2	3	4	5	6					
Prior Period															
31 December 2019															
I. Balances at Beginning Period	750.000	-	-	-	-	-	-	-	-	-	-	2.631.991	(2.824.581)	543.696	1.101.106
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	750.000	-	-	-	-	-	-	-	-	-	-	2.631.991	(2.824.581)	543.696	1.101.106
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	44.979	44.979
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	-	-	-	23.088	-	-	-	-	-	-	-	-	-	-	23.088
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	(2.280.885)	2.824.581	(543.696)	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	(2.280.885)	2.280.885	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	543.696	(543.696)	-
Balances at end of the period (III+IV...+X+XI)	750.000	-	-	23.088	-	-	-	-	-	-	-	351.106	-	44.979	1.169.173

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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.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF DECEMBER 31, 2020

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

STATEMENT OF CASH FLOWS		Audited
		Current Period
		1 January - 31 December 2020
A.	CASH FLOWS FROM BANKING OPERATIONS	
1.1	Operating Profit Before Changes In Operating Assets And Liabilities	149.141
1.1.1	Profit Share Income Received	758.248
1.1.2	Profit Share Expense Paid	(482.370)
1.1.3	Dividend Received	-
1.1.4	Fees and Commissions Received	33.655
1.1.5	Other Income	109.978
1.1.6	Collections from Previously Written off Loans	-
1.1.7	Payments to Personnel and Service Suppliers	(199.473)
1.1.8	Taxes Paid	(34.056)
1.1.9	Others	(36.841)
1.2	Changes in Operating Assets and Liabilities	(1.138.818)
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	353.790
1.2.2	Net (Increase) Decrease in Due From Banks and Other Financial Institutions	(763.690)
1.2.3	Net (Increase) Decrease in Loans	(6.510.476)
1.2.4	Net (Increase) Decrease in Other Assets	137.199
1.2.5	Net Increase (Decrease) in Bank Deposits	(61.992)
1.2.6	Net Increase (Decrease) in Other Deposits	4.451.470
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	-
1.2.9	Net Increase (Decrease) in Matured Payables	-
1.2.10	Net Increase (Decrease) in Other Liabilities	1.254.881
I.	Net Cash Flows from Banking Operations	(989.677)
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
II.	Net Cash Flow from Investing Activities	(1.102.081)
2.1	Cash Paid For Acquisition of Investments, Associates and Subsidiaries	(50)
2.2	Cash Obtained From Disposal of Investments, Associates and Subsidiaries	-
2.3	Purchases of Property and Equipment	(137.769)
2.4	Disposals of Property and Equipment	43.567
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(1.089.896)
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	-
2.8	Sale of Financial Assets Measured at Amortised Cost	-
2.9	Other	21.087
C.	CASH FLOWS FROM FINANCING ACTIVITIES	
III.	Net Cash Flows from Financing Activities	3.187.879
3.1	Cash Obtained from Funds Borrowed and Securities Issued	269.219.197
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(266.010.422)
3.3	Issued Capital Instruments	-
3.4	Dividends Paid	-
3.5	Payments for Finance Leases	(20.896)
3.6	Other	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	375.279
V.	Net Increase/(Decrease) in Cash and Cash Equivalents	1.471.400
VI.	Net (Decrease) Increase in Cash and Cash Equivalents	251.608
VII.	Cash and Cash Equivalents at the End of the Period	1.723.008

Note: The prior period financial statements and related disclosures are not presented comperatively with the current period financial statements as they are not restated as permitted by TFRS 9 transition rules. The prior period financial statements are presented with their prior reported versions.

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF DECEMBER 31, 2019

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

STATEMENT OF CASH FLOWS	Audited
	Prior Period
	1 January - 31 December 2019
A. CASH FLOWS FROM BANKING OPERATIONS	
1.1 Operating Profit Before Changes In Operating Assets And Liabilities	(714.548)
1.1.1 Profit Share Income Received	429.813
1.1.2 Profit Share Expense Paid	(212.161)
1.1.3 Dividend Received	-
1.1.4 Fees and Commissions Received	1.292
1.1.5 Other Income	51.982
1.1.6 Collections from Previously Written off Loans	111
1.1.7 Payments to Personnel and Service Suppliers	(147.599)
1.1.8 Taxes Paid	-
1.1.9 Others	(837.986)
1.2 Changes in Operating Assets and Liabilities	(1.249.028)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(958.868)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions	(696.739)
1.2.3 Net (Increase) Decrease in Loans	(5.713.047)
1.2.4 Net (Increase) Decrease in Other Assets	86.079
1.2.5 Net Increase (Decrease) in Bank Deposits	153.533
1.2.6 Net Increase (Decrease) in Other Deposits	5.775.267
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss	89
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	104.658
I. Net Cash Flows from Banking Operations	(1.963.576)
B. CASH FLOWS FROM INVESTING ACTIVITIES	
II. Net Cash Flow from Investing Activities	(1.211.736)
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries	(50)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries	-
2.3 Purchases of Property and Equipment	(117.273)
2.4 Disposals of Property and Equipment	28.839
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(7.659)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	-
2.7 Purchase of Financial Assets Measured at Amortised Cost	(1.125.484)
2.8 Sale of Financial Assets Measured at Amortised Cost	-
2.9 Other	9.891
C. CASH FLOWS FROM FINANCING ACTIVITIES	
III. Net Cash Flows from Financing Activities	2.764.963
3.1 Cash Obtained from Funds Borrowed and Securities Issued	5.733.958
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(2.964.750)
3.3 Issued Capital Instruments	-
3.4 Dividends Paid	-
3.5 Payments for Finance Leases	(4.245)
3.6 Other	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	7.869
V. Net Increase/(Decrease) in Cash and Cash Equivalents	(402.479)
VI. Net (Decrease) Increase in Cash and Cash Equivalents	654.087
VII. Cash and Cash Equivalents at the End of the Period	251.608

Note: The prior period financial statements and related disclosures are not presented comperatively with the current period financial statements as they are not restated as permitted by TFRS 9 transition rules. The prior period financial statements are presented with their prior reported versions.

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2020

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

STATEMENT OF PROFIT DISTRIBUTION	Current Period(*) 31 December 2020
I. DISTRIBUTION OF CURRENT YEAR INCOME	
1.1. CURRENT YEAR INCOME	104.451
1.2. TAX AND DUTIES PAYABLE (-)	23.854
1.2.1. Corporate tax (Income tax)	-
1.2.2. Income withholding tax	-
1.2.3. Other taxes and legal liabilities (*)	23.854
A. NET INCOME FOR THE YEAR (1.1-1.2)	80.597
1.3. PRIOR YEAR LOSSES (-)	-
1.4. First legal reserves (-)	-
1.5. Other statutory reserves (-)	-
B. DISTRIBUTABLE NET PERIOD INCOME [(A-(1.3+1.4+1.5))(*)]	-
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-
1.6.1. To owners of ordinary shares	-
1.6.2. To owners of preferred shares	-
1.6.3. To owners of preferred shares (Preemptive rights)	-
1.6.4. To Profit sharing bonds	-
1.6.5. To owners of the profit /loss sharing certificates	-
1.7. DIVIDEND TO PERSONNEL (-)	-
1.8. DIVIDEND TO BOARD OF DIRECTIONS (-)	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-
1.9.1. To owners of ordinary shares	-
1.9.2. To owners of preferred shares	-
1.9.3. To owners of preferred shares (Preemptive rights)	-
1.9.4. To profit sharing bonds	-
1.9.5. To owners of the profit /loss sharing Certificates	-
1.10. SECOND LEGAL RESERVE (-)	-
1.11. STATUS RESERVE (-)	-
1.12. EXTRAORDINARY RESERVE	-
1.13. OTHER RESERVE	-
1.14. SPECIAL FUNDS	-
II. DISTRIBUTION FROM RESERVES	
2.1. DISTRIBUTED RESERVES	-
2.2. SECOND LEGAL RESERVES (-)	-
2.3. SHARE TO SHAREHOLDERS (-)	-
2.3.1. To owners of ordinary shares	-
2.3.2. To owners of preferred shares	-
2.3.3. To owners of preferred shares (Preemptive rights)	-
2.3.4. To profit sharing bonds	-
2.3.5. To owners of the profit /loss sharing certificates	-
2.4. SHARED TO PERSONNEL (-)	-
2.5. SHARE TO BOARD OF DIRECTIONS (-)	-
III. EARNINGS PER SHARE	
3.1. TO OWNERS OF ORDINARY SHARES (**)(Full TL)	0,00078
3.2. TO OWNERS OF ORDINARY SHARES (%)	8
3.3. TO OWNERS OF PREFERRED SHARES	-
3.4. TO OWNERS OF PREFERRED SHARES (%)	-
IV. DIVIDEND PER SHARE	
4.1. TO OWNERS OF ORDINARY SHARES (**)(Full TL)	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-
4.3. TO OWNERS OF PREFERRED SHARES	-
4.4. TO OWNERS OF PREFERRED SHARES (%)	-

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

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

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

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2019

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

STATEMENT OF PROFIT DISTRIBUTION	Current Period 31 December 2019
I. DISTRIBUTION OF CURRENT YEAR INCOME	
1.1. CURRENT YEAR INCOME	46.103
1.2. TAX AND DUTIES PAYABLE (-)	1.124
1.2.1. Corporate tax (Income tax)	-
1.2.2. Income withholding tax	-
1.2.3. Other taxes and legal liabilities (*)	1.124
A. NET INCOME FOR THE YEAR (1.1-1.2)	44.979
1.3. PRIOR YEAR LOSSES (-)	-
1.4. First legal reserves (-)	2.249
1.5. Other statutory reserves (-)	-
B. DISTRIBUTABLE NET PERIOD INCOME [(A-(1.3+1.4+1.5))](**)	42.730
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-
1.6.1. To owners of ordinary shares	-
1.6.2. To owners of preferred shares	-
1.6.3. To owners of preferred shares (Preemptive rights)	-
1.6.4. To Profit sharing bonds	-
1.6.5. To owners of the profit /loss sharing certificates	-
1.7. DIVIDEND TO PERSONNEL (-)	-
1.8. DIVIDEND TO BOARD OF DIRECTIONS (-)	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-
1.9.1. To owners of ordinary shares	-
1.9.2. To owners of preferred shares	-
1.9.3. To owners of preferred shares (Preemptive rights)	-
1.9.4. To profit sharing bonds	-
1.9.5. To owners of the profit /loss sharing Certificates	-
1.10. SECOND LEGAL RESERVE (-)	-
1.11. STATUS RESERVE (-)	-
1.12. EXTRAORDINARY RESERVE	40.481
1.13. OTHER RESERVE	2.249
1.14. SPECIAL FUNDS	-
II. DISTRIBUTION FROM RESERVES	
2.1. DISTRIBUTED RESERVES	-
2.2. SECOND LEGAL RESERVES (-)	-
2.3. SHARE TO SHAREHOLDERS (-)	-
2.3.1. To owners of ordinary shares	-
2.3.2. To owners of preferred shares	-
2.3.3. To owners of preferred shares (Preemptive rights)	-
2.3.4. To profit sharing bonds	-
2.3.5. To owners of the profit /loss sharing certificates	-
2.4. SHARED TO PERSONNEL (-)	-
2.5. SHARE TO BOARD OF DIRECTIONS (-)	-
III. EARNINGS PER SHARE	
3.1. TO OWNERS OF ORDINARY SHARES (***)(Full TL)	0,00060
3.2. TO OWNERS OF ORDINARY SHARES (%)	6
3.3. TO OWNERS OF PREFERRED SHARES	-
3.4. TO OWNERS OF PREFERRED SHARES (%)	-
IV. DIVIDEND PER SHARE	
4.1. TO OWNERS OF ORDINARY SHARES (***)(Full TL)	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-
4.3. TO OWNERS OF PREFERRED SHARES	-
4.4. TO OWNERS OF PREFERRED SHARES (%)	-

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

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

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

SECTION THREE

Accounting policies

I. Explanations on basis of presentation

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

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

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

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

Additional paragraph for convenience translation to English

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

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

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

“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, 2019 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 unconsolidated financial statements (continued)

The Bank 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 Bank has not reorganized comparative information on financial instruments within the scope of TFRS 9 for 2019, and the total effect on the initial application of the expected credit loss of the standard has been included in Prior Periods' Profit or Loss as of January 1, 2020 in the current period statement of changes in shareholders' equity. In this framework, the attached unconsolidated financial statements are not presented comparatively, and the disclosures and footnotes of the previous period financial statements and the previous unconsolidated financial statements are included in the following sections. As of January 1, 2020, regarding to the transition effects on the financial statements for the initial application of TFRS 9 excepted credit loss, are presented in footnote XXIII.

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

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

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

While preparing the year-end financial statements as of December 31, 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected loan losses are explained in the statements on impairment of financial assets.

c. Comparative information and classifications

The changes in accounting policies are applied retrospectively and previous term financial statements are restated. The financial statements of the bank are prepared comparative to the previous term in order to determine its financial position and performance trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current term financial statements. The bank has restated previous term statement of cash flows in order to provide comparativeness to the current term financial statements.

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

III. Explanations on forward, option contracts and derivative instruments

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

The Bank's derivative instruments are classified, measured and accounted in accordance with "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.

IV. Explanations on profit share income and expenses

Profit share income

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

Profit share expense

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

V. Explanations on fees, commission income and expenses

Fees and commissions are accounted for in accordance with "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 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.

VI. Explanations on financial assets and liabilities

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

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

Financial assets at fair value through profit or loss

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

Financial assets valued at fair value through other comprehensive income

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

VI. Explanations on financial assets and liabilities (continued)

Financial assets and liabilities measured at amortized cost

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

As of December 31, 2020 the Bank has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000, 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 Bank's Management. The difference between the initial acquisition date cost value and the reduced amount is recorded under 'Other Capital Reserves' account in shareholders' equity (Section 5 Part 1 Note 7).

VII. Explanations on expected credit losses

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

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

Calculation of expected credit losses

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

VII. 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 Bank uses two different default probability values when calculating the expected credit loss in accordance with TFRS 9:

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

Loss Given Default (LGD)

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

Exposure at Default (EAD)

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

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

12-Month Expected Loss Provision (Stage 1)

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

Significant Increase in Credit Risk (Stage 2)

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

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

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

VII. Explanations on expected credit losses (continued)

Default (3rd Stage / Special Provision)

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

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

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. In this context, the Bank estimates the probability of default for loans in the Transportation and Storage, Accommodation and Food Service Activities, Human Health and Social Work Activities sectors, due to the possible effects of the epidemic on the economy, as of December 31, 2020, the possible effects of the COVID-19 epidemic used in calculating expected credit losses and reflected the data obtained with the principle of maximum effort to judgment in the financial statements with the best estimation method. There has been an increase in the default rates for the above mentioned sectors and as a result, an additional provision of TL 2.608 has been allocated.

This approach, which is preferred in expected credit loss calculation for the first three quarters of 2020, will be revised by taking into consideration the impact of the epidemic, credit portfolio and future expectations in the following 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 December 31, 2020 for the loans monitored in the first group, 90 days delay period envisaged for the classification of loans in non performing loans, is provided to be applied as 180 days until December 31, 2020 for the loans monitored in the first and second groups. In this context;

- Temporarily, the practice of the classifying receivables which cannot be collected up to 90 days in the first group, 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 "Garame" 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 December 31, 2020 within the scope of the aforementioned flexibility, the Bank has a total of TL 2.373 cash loans with a delay of 30 days or more and a total amount of 422 TL with a delay of 90 days or more, and these loans are followed in the first group and the second group, respectively. For these loans, 12 TL and 190 TL expected loss provision has been allocated, respectively.

VIII. Explanations on offsetting of financial instruments

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

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

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

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

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

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

The Bank has no discontinued operations.

XI. Explanations on goodwill and other intangible assets

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

As of December 31, 2020, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights (December 31, 2019: None).

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

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

XII. Explanations on tangible assets

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

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

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

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

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

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

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

XIII. Explanations on leasing transactions

The Bank applies the TFRS 16 Leases standard.

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

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

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

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

XIII. Explanations on leasing transactions (continued)

Existence of right to use

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

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

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

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

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

The lease obligations

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

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

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

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

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

XIV. Explanations on provisions and contingent liabilities

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

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

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

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

XV. Explanations on liabilities regarding employee rights

i) *Defined benefit plans:*

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

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

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

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

The Bank has no liabilities to these foundations (December 31, 2019: None).

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

XVI. Explanations on taxation

Current tax

The Bank 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 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.

XVI. Explanations on taxation (continued)

Current tax (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 Bank 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. The tax rate, which is %22 for 3 years beginning from 1 January 2018, will be applied as %20 beginning from 1 January 2021. Therefore, the rate of %20 was used in the deferred tax calculation as of December 31, 2020 (December 31, 2019: %22 for the temporary differences expected to be realized/closed within 2020, the corporate tax rate applicable after 2020 is %20). The Bank has calculated its deferred tax assets or liabilities over %20, which is the tax rate that will be rate that will be affective as of 2021, in accordance with the tax law effective as of December 31, 2020 within the scope of TAS 12.

Transfer pricing

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

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

XVII. Additional explanations on borrowings

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

XVIII. Explanations on issued share certificates

None.

XIX. Explanations on acceptances and availed drafts

Aval and acceptances are carried out simultaneously with customers' payments and are shown in off-balance sheet transactions as possible debts and commitments.

XX. Explanations on government grants

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

XXI. Explanations on segment reporting

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

Segment reporting is disclosed in Section Four, Note X.

XXII. Explanations on investments in associates, subsidiaries and joint ventures

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

XXIII. Information on other issues

The Bank 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 instead of TAS 39 Financial Instruments: "Accounting and Measurement" starting from January 1, 2020 expect calculations of expected credit losses. This transition caused editing of the amounts previously recognized in the financial statements and changes in accounting policies.

As of January 1, 2020, the Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 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" effective from January 1, 2020.

In accordance with the transition rules option provided by the TFRS 9 "Financial Instruments", the Bank is not restated the prior period financial statements and recognized the transition effect of the standard as of January 1, 2020 under equity's "Prior Periods' Profit or (Loss)" accounts.

The Bank meets the balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

The explanations about the effect of the Bank's implementation of TFRS 9 are stated below:

XXIII. Information on other issues (continued)

1. Classification and measurement of financial assets and reconciliation of statement of financial position balances with TFRS 9 transition

ASSETS	31.12.2019	TFRS 9 Classification effect	TFRS 9 Valuation effect	01.01.2020
FINANCIAL ASSETS (Net)	1.950.478	-	(4.637)	1.945.841
Cash and Cash Equivalents	946.132	-	(4.637)	941.495
<i>Cash and balances with central bank</i>	784.075	-	-	784.075
<i>Banks</i>	162.057	-	(4.637)	157.420
<i>Money market placements</i>	-	-	-	-
Financial Assets Valued at Fair Value Through Profit or Loss	996.277	-	-	996.277
Financial Assets Valued at Fair Value Through Other Comprehensive Income	7.659	-	-	7.659
Derivative Financial Assets	410	-	-	410
FINANCIAL ASSETS VALUED AT AMORTISED COST (Net)	6.827.862	(85.763)	58.890	6.800.989
Loans	5.730.333	-	-	5.730.333
<i>Financial Assets Valued at Amortised Cost</i>	1.097.529	-	-	1.097.529
<i>Non-Performing Loans</i>	188.322	-	-	188.322
<i>Expected Loss Provisions (-)</i>	188.322	(85.763)	58.890	215.195
DEFERRED TAX ASSET	102.414	-	(2.628)	99.786
OTHER ASSETS	401.517	-	(2.415)	399.102
TOTAL ASSETS	9.282.271	(85.763)	49.210	9.245.718

2. Opening balance of impairment provisions for TFRS 9 transition period

LIABILITIES	31.12.2019	TFRS 9 Classification effect	TFRS 9 Valuation effect	01.01.2020
FUNDS COLLECTED	5.952.676	-	-	5.952.676
FUNDS BORROWED	864.292	-	-	864.292
DERIVATIVE FINANCIAL LIABILITIES	5.891	-	-	5.891
LEASE LIABILITIES (Net)	30.567	-	-	30.567
PROVISIONS	98.577	(85.763)	39.893	52.707
CURRENT TAX LIABILITIES	10.698	-	-	10.698
SUBORDINATED DEBT INSTRUMENTS	1.076.666	-	-	1.076.666
OTHER LIABILITIES	73.731	-	-	73.731
SHAREHOLDERS' EQUITY	1.169.173	-	9.317	1.178.490
TOTAL LIABILITIES	9.282.271	(85.763)	49.210	9.245.718

The table below shows the reconciliation of the provision for impairment of the Bank as of December 31, 2019 and the provision for the expected loss as measured in accordance with TFRS 9 loss model as of January 1, 2020.

	Book value before TFRS 9 31 December 2019	Re-measurements	TFRS 9 book values 1 January 2020
Loans and other receivables	274.085	(58.890)	215.195
Stage 1	85.763	(58.890)	26.873
Stage 2	-	-	-
Stage 3	188.322	-	188.322
Financial Assets (*)	-	7.052	7.052
Non-cash Loans (**)	3.155	(699)	2.456
Stage 1 and 2	3.155	(699)	2.456
Stage 3	-	-	-
Total	277.240	(52.537)	224.703

(*) Includes provisions for Cash and Cash Equivalents and Other Assets under TFRS 9.

(**) Before TFRS 9, the expected credit loss for stage 1, 2 and 3 non-cash loans is classified "8.1 General Provision" under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the "8.4 Other Provisions" column in the liabilities.

XXIII. Information on other issues (continued)

3. TFRS 9 transition effects on liability

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standard, published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not revised, the difference between the book value of 1 January 2020 at the date of application should be reflected in the opening of equity. The explanations about the transition effects to TFRS 9 presented in the equity items under the scope of this article are given below.

Income difference of TL 9.317 between the provision for impairment of the previous period of the Bank and the provision for expected credit loss that is measured in accordance with TFRS 9 as of January 1, 2020 is classified as "Prior periods Profit/Loss" while income difference of TL 40.592 is classified as "Other Provision" in provision line of liabilities.

As stated in the "Communiqué on Uniform Account Plan and Prospectus to be Applied by Participation Banks" published on September 20, 2017, deferred tax assets can be calculated for general provisions (expected loss provisions of TFRS 9 for loans in the first and second stages). In this context, TL 2.628 deferred tax asset is reflected in the opening financials of January 1, 2020, and the mentioned amount is classified under of Prior Periods Profit / Loss in Equity.

4. Explanations on prior period accounting policies not valid for the current period

TFRS 9 standard came into effect instead of TAS 39 standard as of January 1, 2020. Accounting policies that have lost their validity with the transition of TFRS 9 are given below.

Explanations on impairment of financial assets

Loans are financial assets other than those held for the purpose of trading or holding in the short term, obtained by providing money to the debtor.

The Bank recognizes loans and receivables at initial recognition costs and is subsequently measured at amortized cost using the effective profit share rate method.

In case of the loan portfolio is monitored at regular intervals and there are suspicions that the loans cannot be collected by the Bank's management, loans which have been considered to be problematic reclassified in accordance with the amendments to the "Communique Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" (Provisions Regulation). The Bank realizes classification and provision transactions in accordance with the provisions of the Provisions Regulation on the banks that apply TFRS 9. For the cash loans classified as non-performing, expected loss provision is set for the remaining loan balance after deducting collateral amount, which is calculated by taking collaterals admission rates into account, and by using the rates specified in the communiqué. Provisions released in same year are recognized as a credit under the "Provision Expenses", released portion of the previous period provisions are recognized under "Other Operating Income" account Collections are accounted for under "Non-performing Loans (including collections from Doubtful Receivables)" and "Interest on Uncollectible Loans and Other Receivables" accounts. Besides the specific provisions, the Bank provided general loan loss provision for loans and other receivables in accordance with the relevant regulations. The amount of the provision is recognized by reversing the provision for the current period and the remaining amount is recorded as income from the previous year's expenses in the collection accounts.

The amount of the provision is recognized by reversing the provision for the current period and the remaining amount is recorded as income from the previous year's expenses in the collection accounts.

The profit sharing accounts' portion of general and expected loss provisions for loans and other receivables originated from profit sharing accounts is reflected to the profit sharing accounts.

SECTION FOUR

Information on financial structure and risk management

I. Explanations on capital adequacy standard ratio

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, and “Regulation Regarding Banks’ Shareholders’ Equity”. The Bank’s common Equity Tier 1 Capital is TL 2.885.620 (December 31, 2019: TL 2.168.964) which calculated as of December 31, 2020 and the capital adequacy ratio is 28,05% (December 31, 2019: 63,64%).

a) Information about total capital items

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.026.915	750.000
Share issue premiums	-	-
Reserves	396.085	351.106
Gains recognized in equity as per TAS	-	-
Profit	89.914	44.979
Current Period Profit	80.597	44.979
Prior Period Profit	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	1.512.914	1.146.085
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	2.239	-
Leasehold improvements	66.716	22.866
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	34.559	39.802
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	103.514	62.668
Total Common Equity Tier 1 Capital	1.409.400	1.083.417

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

I. Explanations on capital adequacy standard ratio (continued)

a) Information about total capital items (continued)

ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	1.444.940	1.063.712
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	1.444.940	1.063.712
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)	2.854.340	2.147.129
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)	54.655	21.835
	54.655	21.835
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	54.655	21.835
Total Capital (The sum of Tier I Capital and Tier II Capital)	2.908.995	2.168.964
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	23.375	-

I. Explanations on capital adequacy standard ratio (continued)

a) Information about total capital items (continued)

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	2.885.620	2.168.964
Total Risk Weighted Amounts	10.287.202	3.408.374
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	13,70	31,79
Tier 1 Capital Adequacy Ratio (%)	27,75	63,00
Capital Adequacy Ratio (%)	28,05	63,64
BUFFERS		
Total buffer requirement (a+b+c)	2,5	2,5
a) Capital conservation buffer requirement (%)	2,5	2,5
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic important bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	9,20	27,29
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	88.464	106.605
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	54.655	21.835
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	54.655	21.835
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	-	-

(¹) The Bank, provided loan from Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated 22 April 2019, on 24 April 2019 amounting to 200 million Euros with no fixed term and no profit share within the scope of additional main capital.

I. Explanations on capital adequacy standard ratio (continued)

The Banking Regulatory and Supervisory Authority ("BRSA") issued a press release on March 23, 2020 announcing certain measures due to financial market fluctuations caused by the COVID-19 pandemic. The Banks are entitled to use the year-end buying exchange rate of December 31, 2019 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 of December 31, 2020, the Participation Bank has not used these aforementioned measures.

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

Issuer	Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu
Unique Identifier (CUSIP, ISIN etc.)	TRT240424F22
Governing Law(s) of the Instrument	Regulation on Banks"Equity Communique on Principles Regarding Borrowing Instruments to be Included in Bank"Equity Calculation
Special Consideration in the Calculation of Equity	
As of 1 January 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Subordinated Loan
Amount recognized in regulatory capital (as of most recent reporting date)	1.444.940
Par Value of Instrument	1.730.666
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	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case of the ratio of core capital adequacy ratio falls below 5.125 %
If write-down, full or partial	At least to ensure that the core capital ratio exceeds 5.125 %
If write down, permanent or temporary	Permanent and Temporary
If temporary write-down, description of write-up mechanism	There is write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7
Details of incompliances with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7

I. Explanations on capital adequacy standard ratio (continued)

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

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

II. Explanations on credit risk

1. Credit risk is defined as the probability of loss that the Bank may be exposed to due to the failure of the loan customer to fulfill its obligations partially or completely on time by not complying with the contractual requirements.

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

Preparations are made to use rating scores and scoring and rating models that generate default probability in order to measure the credit risk of customers according to their segments. The rating grades produced are used in making the decision to work with the customer and in determining working conditions. Credit limit allocations are made separately for the customer or credit group according to financial analysis and intelligence reports, customer ratings and segment. The allocated limits are reviewed in the periods specified in the commercial and individual loan policies, and the customer's intelligence and rating report is renewed. Attention is paid to sectoral balanced distribution of loans and the use of TL resources as TL and FX resources as FX without any currency mismatch. Credit restrictions specified in the Banking Law and relevant legislation are complied with. Although the credibility of the customer is essential, attention is paid to collateralization for risk reduction. Maximum care is taken to ensure that the loan and collateral maturity, currency type and independent value appraisal are made. Guarantees received are periodically evaluated and insured.

Provision is made for loan receivables that are in default in accordance with TFRS 9 "Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions to be Allocated for These".

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II. Explanations on credit risk (continued)

The amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Risk Categories	Current Period Risk Amount	Average Risk Amount(*)
1 Receivables from central governments or central banks	4.083.539	3.087.328
2 Receivables from regional or local governments	57.742	19.667
3 Receivables from administrative units and non-commercial enterprises	61.548	29.858
4 Receivables from multilateral development banks	-	-
5 Receivables from international organizations	-	-
6 Receivables from banks and brokerage houses	1.928.845	937.340
7 Receivables from corporates	10.218.999	5.520.804
8 Retail receivables	-	1
9 Receivables secured by mortgages on property	415.088	255.758
10 Past due receivables	7	1
11 Receivables defined in high risk category by BRSA	-	-
12 Securities collateralized by mortgages	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-
14 Investments similar to collective investment funds	-	-
15 Other receivables	-	-
16 Equity share investments	-	-
17 Receivables from central governments or central banks	1.014.233	678.354
Total(*)	17.780.001	10.529.111

(*)Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2020.

Risk Categories	Prior Period Risk Amount	Average Risk Amount(*)
1 Receivables from central governments or central banks	1.864.099	1.021.476
2 Receivables from regional or local governments	-	-
3 Receivables from administrative units and non-commercial enterprises	-	-
4 Receivables from multilateral development banks	-	-
5 Receivables from international organizations	-	-
6 Receivables from banks and brokerage houses	1.832.926	1.349.494
7 Receivables from corporates	1.913.752	1.077.867
8 Retail receivables	-	2.858
9 Receivables secured by mortgages on property	132.217	44.563
10 Past due receivables	-	-
11 Receivables defined in high risk category by BRSA	-	-
12 Securities collateralized by mortgages	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-
14 Investments similar to collective investment funds	-	-
15 Other receivables	-	-
16 Equity share investments	-	-
17 Receivables from central governments or central banks	529.095	489.475
Total(*)	6.272.089	3.985.733

(*)Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2019.

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

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

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

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II. Explanations on credit risk (continued)

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

Profile on significant risks in significant regions

	Risk Categories*																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Current Period																		
1 Domestic	4.083.539	57.742	61.548	-	-	1.752.951	10.199.886	-	415.088	7	-	-	-	-	-	-	1.014.133	17.584.894
2 EU Countries	-	-	-	-	-	52.005	-	-	-	-	-	-	-	-	-	-	-	52.005
3 OECD Countries (**)	-	-	-	-	-	106.843	-	-	-	-	-	-	-	-	-	-	-	106.843
4 Off-shore Banking Regions	-	-	-	-	-	-	19.113	-	-	-	-	-	-	-	-	-	-	19.113
5 USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Other Countries	-	-	-	-	-	17.046	-	-	-	-	-	-	-	-	-	-	-	17.046
7 Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	100
8 Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Total	4.083.539	57.742	61.548	-	-	1.928.845	10.218.999	-	415.088	7	-	-	-	-	-	-	1.014.233	17.780.001
Prior Period																		
1 Domestic	1.864.099	-	-	-	-	1.811.280	1.913.752	-	132.217	-	-	-	-	-	-	-	529.095	6.250.443
2 EU Countries	-	-	-	-	-	9.820	-	-	-	-	-	-	-	-	-	-	-	9.820
3 OECD Countries (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Other Countries	-	-	-	-	-	11.826	-	-	-	-	-	-	-	-	-	-	-	11.826
7 Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Total	1.864.099	-	-	-	-	1.832.926	1.913.752	-	132.217	-	-	-	-	-	-	-	529.095	6.272.089

(*) Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.

- | | |
|--|--|
| 1 Conditional and unconditional receivables from central government or central banks | 10 Past due receivables |
| 2 Conditional and unconditional receivables from regional or local governments | 11 Receivables determined as high risk by the Board |
| 3 Conditional and unconditional receivables from administrative units and non-commercial enterprises | 12 Mortgage-backed securities |
| 4 Conditional and unconditional receivables from multilateral development banks | 13 Securitization positions |
| 5 Conditional and unconditional receivables from international organizations | 14 Short-term receivables and short-term corporate receivables from banks and brokerage houses |
| 6 Conditional and unconditional receivables from banks and brokerage houses | 15 Investments as collective investment enterprises |
| 7 Conditional and unconditional receivables from corporates | 16 Equity share investments |
| 8 Conditional and unconditional retail receivables | 17 Other receivables |
| 9 Receivables secured by mortgages on property | |

(**) OECD countries other than EU countries, USA and Canada.

(***) Assets and liabilities are not allocated on a consistent basis.

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II. Explanations on credit risk (continued)

Profile on significant risks in significant regions

Current Period	Risk Categories*																	TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
1 Agriculture	-	-	-	-	-	-	30.843	-	77	-	-	-	-	-	-	-	-	30.920	-	30.920	
1.1 Farming and stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Forestry	-	-	-	-	-	-	30.843	-	77	-	-	-	-	-	-	-	-	30.920	-	30.920	
1.3 Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2 Manufacturing	-	-	10.277	-	-	-	3.257.154	-	40.282	-	-	-	-	-	-	-	-	18	1.835.370	1.472.361	3.307.731
2.1 Mining and quarrying	-	-	-	-	-	-	206.331	-	-	-	-	-	-	-	-	-	-	-	16.734	189.597	206.331
2.2 Production	-	-	10.277	-	-	-	2.956.909	-	39.693	-	-	-	-	-	-	-	-	1	1.724.116	1.282.764	3.006.880
2.3 Electricity, gas, water	-	-	-	-	-	-	93.914	-	589	-	-	-	-	-	-	-	-	17	94.520	-	94.520
3 Construction	-	-	-	-	-	-	1.980.290	-	143.777	-	-	-	-	-	-	-	-	6	1.759.855	364.218	2.124.073
4 Services	4.071.297	41.119	50	-	-	1.928.317	4.411.285	-	176.687	-	-	-	-	-	-	-	-	33.296	5.540.748	5.121.303	10.662.051
4.1 Wholesale and retail trade	-	-	-	-	-	-	2.080.973	-	62.032	-	-	-	-	-	-	-	-	16	1.594.276	548.745	2.143.021
4.2 Hotel, food and beverage services	-	-	-	-	-	-	140.158	-	2.553	-	-	-	-	-	-	-	-	-	62.908	79.803	142.711
4.3 Transportation and telecommunication	-	-	-	-	-	-	768.121	-	3.035	-	-	-	-	-	-	-	-	74	483.510	287.720	771.230
4.4 Financial institutions	232.403	-	-	-	-	1.928.317	719.173	-	-	-	-	-	-	-	-	-	-	33.205	1.896.319	1.016.779	2.913.098
4.5 Real estate and renting services	-	-	-	-	-	-	61.600	-	482	-	-	-	-	-	-	-	-	-	16.561	45.521	62.082
4.6 Self-employment services	-	-	-	-	-	-	626.498	-	108.585	-	-	-	-	-	-	-	-	1	519.408	215.676	735.084
4.7 Education services	-	-	-	-	-	-	207	-	-	-	-	-	-	-	-	-	-	-	207	-	207
4.8 Health and social services	3.838.894	41.119	50	-	-	-	14.555	-	-	-	-	-	-	-	-	-	-	-	967.559	2.927.059	3.894.618
5 Other	12.242	16.623	51.221	-	-	528	539.427	-	54.265	7	-	-	-	-	-	-	-	980.913	1.172.698	482.528	1.655.226
6 Total	4.083.539	57.742	61.548	-	-	1.928.845	10.218.999	-	415.088	7	-	-	-	-	-	-	-	1.014.233	10.339.591	7.440.410	17.780.001

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

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

** Before Credit Risk Mitigation, risk amounts after loan conversion rate are given.

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I. Explanations on credit risk (continued)

Profile on significant risks in significant regions

Prior Period	Risk Categories(*)																	TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
1 Agriculture	-	-	-	-	-	-	150	-	-	-	-	-	-	-	-	-	-	150	-	150	
1.1 Farming and stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Forestry	-	-	-	-	-	-	150	-	-	-	-	-	-	-	-	-	-	150	-	150	
1.3 Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2 Manufacturing	-	-	-	-	-	-	508.109	-	10.907	-	-	-	-	-	-	-	-	58.516	460.500	519.016	
2.1 Mining and quarrying	-	-	-	-	-	-	101.320	-	-	-	-	-	-	-	-	-	-	-	101.320	101.320	
2.2 Production	-	-	-	-	-	-	344.836	-	10.907	-	-	-	-	-	-	-	-	33.096	322.647	355.743	
2.3 Electricity, gas, water	-	-	-	-	-	-	61.953	-	-	-	-	-	-	-	-	-	-	25.420	36.533	61.953	
3 Construction	-	-	-	-	-	-	655.909	-	97.835	-	-	-	-	-	-	-	-	482.089	271.655	753.744	
4 Services	1.864.099	-	-	-	-	1.832.926	743.303	-	23.250	-	-	-	-	-	-	-	134.168	2.039.827	2.557.919	4.597.746	
4.1 Wholesale and retail trade	-	-	-	-	-	-	284.729	-	688	-	-	-	-	-	-	-	-	120.866	164.551	285.417	
4.2 Hotel, food and beverage services	-	-	-	-	-	-	186	-	-	-	-	-	-	-	-	-	-	-	-	186	
4.3 Transportation and telecommunication	-	-	-	-	-	-	110.761	-	877	-	-	-	-	-	-	-	3	1.605	110.036	111.641	
4.4 Financial institutions	-	-	-	-	-	1.832.926	68.972	-	-	-	-	-	-	-	-	-	10.962	1.650.966	261.894	1.912.860	
4.5 Real estate and renting services	-	-	-	-	-	-	27.377	-	21.685	-	-	-	-	-	-	-	-	-	49.062	49.062	
4.6 Self-employment services	-	-	-	-	-	-	251.278	-	-	-	-	-	-	-	-	-	52	69.779	181.551	251.330	
4.7 Education services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.8 Health and social services	1.864.099	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123.151	196.425	1.790.825	1.987.250	
5 Other	-	-	-	-	-	-	6.281	-	225	-	-	-	-	-	-	-	394.927	389.087	12.346	401.433	
6 Total	1.864.099	-	-	-	-	1.832.926	1.913.752	-	132.217	-	-	-	-	-	-	-	529.095	2.969.669	3.302.420	6.272.089	

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

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

** Before Credit Risk Mitigation, risk amounts after loan conversion rate are given.

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II. Explanations on credit risk (continued)

Distribution of risks with term structure according to remaining maturities

	Risk Categories – Current Period	Time to Maturity					Undistributable
		1 month	1–3 months	3–6 month	6–12 month	1 year and over	
1	Conditional and unconditional receivables from central governments or central banks	2.442.189	86.621	-	-	1.554.729	-
2	Conditional and unconditional receivables from regional or local governments	-	-	-	-	57.742	-
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	61.498	-	-	50	-	-
4	Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5	Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6	Conditional and unconditional receivables from banks and brokerage houses	1.928.730	115	-	-	-	-
7	Conditional and unconditional receivables from corporates	1.261.230	518.990	1.804.840	1.537.155	5.096.784	-
8	Conditional and unconditional retail receivables	-	-	-	-	-	-
9	Receivables secured by mortgages on property	25.073	10.220	17.548	74.538	287.709	-
10	Past due receivables	-	-	-	-	-	7
11	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12	Securities collateralized by mortgages	-	-	-	-	-	-
13	Subject to the securitisation framework	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Equity share investments	-	-	-	-	-	-
17	Other receivables	1.014.233	-	-	-	-	-
	Total	6.732.953	615.946	1.822.388	1.611.743	6.996.964	7

	Risk Categories – Prior Period	Time to Maturity					Undistributable
		1 month	1–3 months	3–6 month	6–12 month	1 year and over	
1	Conditional and unconditional receivables from central governments or central banks	-	-	-	-	1.097.529	-
2	Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5	Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6	Conditional and unconditional receivables from banks and brokerage houses	2.573.608	-	-	-	-	-
7	Conditional and unconditional receivables from corporates	159.895	295.474	273.881	502.564	1.710.094	-
8	Conditional and unconditional retail receivables	-	-	-	-	-	-
9	Receivables secured by mortgages on property	9.652	13.110	22.704	39.706	129.645	-
10	Past due receivables	-	-	-	-	-	-
11	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12	Securities collateralized by mortgages	-	-	-	-	-	-
13	Securitization positions	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Equity share investments	-	-	-	-	-	-
17	Other receivables	-	-	-	-	-	-
	Total	2.743.155	308.584	296.585	542.270	2.937.268	-

Explanations for risk classes specified in Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks;

For the entire risk class of receivables from central administrations or central banks, the ratings given by the International credit rating agency Islamic International Rating Agency (IIRA) are taken into consideration. Turkey's long-term foreign currency credit rating (BBB-), T.C. Foreign currency securities issued by the Treasury and T.C. It is also used for other foreign currency risks associated with the Central Management.

According to the capital adequacy regulations, in determining the risk weights of the risk classes of receivables from banks and intermediary institutions, the ratings given by the rating agencies authorized by the Board or directly recognized by the Board are used for the receivables whose counterparty is resident abroad.

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II. Explanations on credit risk (continued)

Receivables whose counterparty is domiciled are considered unrated and included in the capital adequacy calculation. The "Credit Quality Levels" corresponding to the ratings assigned by rating institutions authorized or directly recognized by the Board are given in the table below.

Risk amounts according to risk weights

Risk Weights– Current Period	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	4.384.122	-	2.342.366	87.664	252.855	-	10.712.994	-	-	-	126.889
2 Amount after credit risk mitigation	4.550.540	-	2.824.973	82.631	220.186	-	10.101.671	-	-	-	126.889

Risk Weights – Prior Period	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	949.085	-	1.650.917	21.400	1.381.736	-	2.125.429	-	-	-	62.668
2 Amount after credit risk mitigation	959.059	-	1.650.987	21.400	1.381.736	-	2.115.388	-	-	-	62.668

Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually

Loans that are delayed more than 90 days as of December 31, 2020 or that are deemed to be impaired based on the risk assessment are evaluated as impaired loans and a "Specific Provision" has been calculated for these loans.

Non-Performing Loans are loans that have overdue up to 90 days as of December 31, 2020 but not impaired. "General Provision" calculation is made for these loans.

Current Period	Important Sectors/Counterparties	Loans (*)		Provisions(**)	
		Impaired Credits (IFRS 9)			Expected Loss Provisions (IFRS9)
		Significant increase in credit risk (Stage 2)	Non-performing (Stage 3)		
1	Agriculture	-	-	-	
1.1	Farming and stockbreeding	-	-	-	
1.2	Forestry	-	-	-	
1.3	Fishery	-	-	-	
2	Manufacturing	-	32.892	32.892	
2.1	Mining and quarrying	-	32.892	32.892	
2.2	Production	-	-	-	
2.3	Electricity, gas, water	-	-	-	
3	Construction	422	118.969	119.159	
4	Services	-	12	5	
4.1	Wholesale and retail trade	-	-	-	
4.2	Hotel, food and beverage services	-	-	-	
4.3	Transportation and telecommunication	-	12	5	
4.4	Financial institutions	-	-	-	
4.5	Real estate and renting services	-	-	-	
4.6	Self-employment services	-	-	-	
4.7	Education services	-	-	-	
4.8	Health and social services	-	-	-	
5	Agriculture	-	20.824	20.824	
Total		422	172.697	172.880	

(*) The breakdown of cash loans is given.

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II. Explanations on credit risk (continued)

Prior Period		Loans (*)			
		Impaired	Past Due	Value Adjustments	Provisions
Important Sectors/Counterparties					
1	Agriculture	-	-	-	-
1.1	Farming and stockbreeding	-	-	-	-
1.2	Forestry	-	-	-	-
1.3	Fishery	-	-	-	-
2	Manufacturing	-	32.892	-	32.892
2.1	Mining and quarrying	-	32.892	-	32.892
2.2	Production	-	-	-	-
2.3	Electricity, gas, water	-	-	-	-
3	Construction	-	118.969	-	118.969
4	Services	-	-	-	-
4.1	Wholesale and retail trade	-	-	-	-
4.2	Hotel, food and beverage services	-	-	-	-
4.3	Transportation and telecommunication	-	-	-	-
4.4	Financial institutions	-	-	-	-
4.5	Real estate and renting services	-	-	-	-
4.6	Self-employment services	-	-	-	-
4.7	Education services	-	-	-	-
4.8	Health and social services	-	-	-	-
5	Agriculture	-	36.461	-	36.461
Total		-	188.322	-	188.322

(*) The distribution of cash loans is given.

Information about value adjustment and change in provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals(**)	Other Adjustments	Closing Balance
1 Third Stage	188.322	111	(15.743)	-	172.690
2 First and Second Stage(*)	26.873	65.793	-	-	92.666

(*) Due to the transition to TFRS 9 on January 1, 2020, the opening balance was 36,382 TL.

(**) The Bank has canceled the provision for the loans it has deleted from its assets in 2020.

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1 Specific Provisions	188.343	90	111	-	188.322
2 General Provisions	9.777	79.141	-	-	88.918

II. Explanations on credit risk (continued)

Risk involved in counter-cyclical capital buffer calculation

Current Period Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	15.187.955	357.285	15.545.240
Other Countries	19.113	-	19.113

Prior Period Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	6.172.413	14.065	6.186.478
Bosnia Herzegovina	23.336	-	23.336

III. Explanations on currency risk

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

- The Bank 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. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and value at market risk is calculated on a monthly basis.
- The Bank does not have any derivative financial instruments held for hedging purposes.
- As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep the currency risk at a minimum level.
- Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of December 31, 2020 - Balance sheet evaluation rate	7,4149	9,1088
As of December 30, 2020	7,3422	9,0107
As of December 29, 2020	7,3963	9,0582
As of December 28, 2020	7,4785	9,1324
As of December 25, 2020	7,5592	9,1641
As of December 24, 2020	7,6096	9,2801

- The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 7,7172 for 1 USD (December 2019: full TL 5.8469), full TL 9,3855 for 1 Euro (December 2019: full TL 6.4973).

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

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III. Explanations on currency risk (continued)

Information on the Bank's Currency Risk

	EURO	USD	Other FC	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.290.198	547.812	173.718	2.011.728
Banks (****)	99.418	643.585	162.584	905.587
Financial assets at fair value through profit and loss	-	192.687	113.520	306.207
Money market placements	-	-	-	-
Financial Assets Valued At Fair Value Through Profit And Loss	91.504	150.062	-	241.566
Loans (*)	2.878.719	515.840	-	3.394.559
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	1.568.929	-	-	1.568.929
Derivative financial assets for hedging purposes(****)	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	-	73	-	73
Total Assets	5.928.768	2.050.059	449.822	8.428.649
Liabilities				
Current account and funds collected from banks via participation accounts	-	-	-	-
Other current and profit sharing accounts (**)	3.828.155	1.983.558	532.948	6.344.661
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.999.260	473.589	-	2.472.849
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes(****)	-	-	-	-
Other liabilities	28.292	19.717	720	48.729
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 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
Prior Period				
Total assets	4.448.267	605.430	141.384	5.195.081
Total liabilities	4.143.281	1.002.604	44.478	5.190.363
Net balance sheet position	304.986	(397.174)	96.906	4.718
Net off balance sheet position	-	-	-	-
Derivative financial instruments assets	320.369	391.467	104.445	816.281
Derivative financial instruments liabilities	320.369	391.467	104.445	816.281
Non-cash loans	55.820	49.851	-	105.671

(*) The balance sheet includes the expected loss provisions amounting to TL 30.104.

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

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

(****) Includes provisions for expected losses amounting to TL 1.125 in the balance sheet.

(*****) Derivative financial assets and liabilities for hedging purposes are not taken into account.

IV. Explanations on position risk of equity securities in banking book

None (December 31, 2019: None).

V. Explanations on liquidity risk

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

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

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

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

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

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

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

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

V. Explanations on liquidity risk (continued)

Liquidity Coverage Ratio

Current Period	Rate of "Percentage to be taken into account " not Implemented Total value ⁽¹⁾		Rate of "Percentage to be taken into account " Implemented Total value ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS		5.698.616	3.805.588
CASH OUTFLOWS				
2	Retail and Real Person Funds Collected		132.112	90.402
3	Stable Funds Collected		4.518	-
4	Less stable Funds Collected		127.594	90.402
5	Unsecured Funding other than Retail and Real Person		1.351.198	909.965
6	Customers Deposits		-	-
7	Operational Funds Collected		1.188.419	908.892
8	Non-Operational Funds Collected		162.779	1.073
9	Other Unsecured Funding		-	-
10	Secured funding		621.749	341.664
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions		621.749	341.664
12	Debts related to the structured financial products		639.826	-
13	Commitment related to the structured financial markets and other off balance sheet liabilities		-	-
14	Unconditionally revocable off-balance sheet other liabilities and other contractual obligations		-	-
15	Other irrevocable or conditionally revocable commitments		417.760	147.576
16	TOTAL CASH OUTFLOWS		3.162.645	1.489.607
CASH INFLOWS				
17	Secured Lending Transactions		-	-
18	Unsecured Lending Transactions		1.570.011	670.797
19	Other contractual cash inflows		525.906	472.183
20	TOTAL CASH INFLOWS		2.095.917	1.142.980
			Upper limit applied amounts	
21	TOTAL HQLA		5.698.616	3.805.588
22	TOTAL NET CASH OUTFLOWS		1.066.728	346.627
23	LIQUIDITY COVERAGE RATIO (%)		534,21	1097,89

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

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

V. Explanations on liquidity risk (continued)

Liquidity Coverage Ratio (continued)

Prior Period	Rate of "Percentage to be taken into account " not Implemented Total value ⁽¹⁾		Rate of "Percentage to be taken into account " Implemented Total value ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS		2.379.764	2.126.028
CASH OUTFLOWS				
2	Retail and Real Person Funds Collected		158.070	45.555
3	Stable Funds Collected		16.080	-
4	Less stable Funds Collected		141.990	45.555
5	Unsecured Funding other than Retail and Real Person		1.178.972	673.570
6	Customers Deposits		-	-
7	Operational Funds Collected		1.143.461	673.475
8	Non-Operational Funds Collected		35.511	95
9	Other Unsecured Funding			
10	Secured funding		223.285	208.936
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions		223.285	208.936
12	Debts related to the structured financial products		-	-
13	Commitment related to the structured financial markets and other off balance sheet liabilities		-	-
14	Unconditionally revocable off-balance sheet other liabilities and other contractual obligations		-	-
15	Other irrevocable or conditionally revocable commitments		779.115	53.742
16	TOTAL CASH OUTFLOWS		1.437.735	644.258
CASH INFLOWS				
17	Secured Lending Transactions		-	-
18	Unsecured Lending Transactions		2.984.261	169.393
19	Other contractual cash inflows		201.370	178.190
20	TOTAL CASH INFLOWS		3.185.631	347.583
			Upper limit applied amounts	
21	TOTAL HQLA		2.379.764	2.126.028
22	TOTAL NET CASH OUTFLOWS		359.434	312.752
23	LIQUIDITY COVERAGE RATIO (%)		662,09	679,78

⁽¹⁾ 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 Date	282,08 December 29, 2019	158,59 December 23, 2019
Highest Date	1.148,45 November 16, 2019	3.790,71 December 3, 2019
Average	731,37	1.235,42

V. Explanations on liquidity risk (continued)

Liquidity coverage ratio (continued)

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in 30 days maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, banks receivables, funds collected, funds borrowed. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 5,98% cash, 31,27% deposits in central banks and 62,75% securities considered as high quality liquid assets.

The Bank's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 63,58% funds collected, 28% funds borrowed and 8,42% subordinated debt instruments.

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V. Explanations on liquidity risk (continued)

Liquidity coverage ratio (continued)

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	585.172	1.681.265	-	-	-	-	-	2.266.437
Banks	909.625	-	-	-	-	-	-	909.625
Financial Assets at Fair Value Through Profit and Loss	-	193.303	27.502	170.573	227.302	-	-	618.680
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets valued at fair value through other comprehensive income	-	910.908	91.505	-	161.977	-	-	1.164.390
Loans	-	1.530.765	696.987	3.063.316	7.547.666	494.943	-	13.333.677
Financial assets valued at amortised cost	-	-	-	-	1.568.929	-	-	1.568.929
Other Assets ⁽¹⁾	-	-	-	-	-	-	527.779	527.779
Total Assets	1.494.797	4.316.241	815.994	3.233.889	9.505.874	494.943	527.779	20.390.177
Liabilities								
Current account and funds collected from banks via participation accounts	-	-	-	-	-	-	-	-
Other current and profit sharing accounts	2.548.448	7.363.903	1.680.822	84.165	62	-	-	11.677.400
Funds provided from other financial institutions and subordinated loans	-	1.687.277	1.795.922	537.789	1.598.060	-	-	5.619.048
Money market borrowings	-	1.069.349	-	-	-	-	-	1.069.349
Marketable securities issued	-	-	-	-	-	-	-	-
Other liabilities ⁽²⁾	-	79.741	-	-	-	-	1.944.639	2.024.380
Total Liabilities	2.548.448	10.200.270	3.476.744	621.954	1.598.122	-	1.944.639	20.390.177
Liquidity Gap	(1.053.651)	(5.883.369)	(2.660.750)	2.611.935	7.907.752	494.943	(1.416.860)	-
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
Prior Period								
Total Assets	946.132	2.635.567	115.908	952.263	4.115.440	2.952	514.009	9.282.271
Total Liabilities	501.384	5.174.314	1.019.149	124.455	1.076.666	-	1.386.303	9.282.271
Liquidity Gap	444.748	(2.538.747)	(903.241)	827.808	3.038.774	2.952	(872.294)	-
Net Off-balance sheet Position	-	(5.615)	149	-	-	-	-	(5.466)
Financial Derivative Assets	-	378.818	20.000	-	-	-	-	398.818
Financial Derivative Liabilities	-	384.433	19.851	-	-	-	-	404.284
Non-cash Loans	333.487	-	16.765	20.163	26.172	-	-	396.587

⁽¹⁾ 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.

⁽²⁾ Other non-distributable liabilities column consists of equity and provision balances.

VI. Explanations on leverage ratio

As of December 31, 2020, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 11,68%. Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks".

	Current Period December 31, 2020(*)	Prior Period December 31, 2019(*)
Balance sheet assets		
1		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	19.109.372	8.310.979
2		
(Assets deducted from Core capital)	97.904	52.968
3		
Total risk amount of balance sheet assets (sum of lines 1 and 2)	19.011.468	8.258.011
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	8.808	3.477
6		
Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	8.808	3.477
Financing transactions secured by marketable security or commodity		
7		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	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)	697.047	-
Off-balance sheet transactions		
10		
Gross notional amount of off-balance sheet transactions	3.449.490	712.994
11		
(Correction amount due to multiplication with credit conversion rates)	-	-
12		
Total risk of off-balance sheet transactions (sum of lines 10 and 11)	3.449.490	712.994
Capital and total risk		
13		
Core Capital	2.706.088	2.115.410
14		
Total risk amount (sum of lines 3, 6, 9 and 12)	23.166.813	8.974.482
Leverage ratio		
15		
Leverage ratio	11,68	23,57

(*) Amounts in the table show quarterly averages.

VII. Explanations regarding the fair value of financial assets and liabilities

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

	Book Value		Fair Value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial Assets				
Due from Interbank Money Market	-	-	-	-
Banks	910.842	162.057	910.842	162.057
Financial Assets at Fair Value through Profit or Loss	618.680	996.277	618.680	996.277
Financial Assets at Fair Value Through Other Comprehensive Income	1.164.390	7.659	1.164.390	7.659
Financial Assets Valued Over Amortized Cost	1.568.929	1.097.529	1.575.410	1.080.479
Loans and financial lease receivables	13.599.033	5.730.333	14.674.682	5.773.891
Financial Liabilities				
Funds collected from banks through current accounts and participation accounts	-	287.079	-	287.079
Other current accounts and participation accounts	11.677.400	5.665.597	11.677.400	5.665.597
Funds from other financial institutions	4.073.067	864.292	4.101.166	864.148
Debts to Money Markets	1.069.349	-	1.069.356	-
Other Liabilities	207.367	73.731	207.367	73.731

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

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VII. Explanations regarding the fair value of financial assets and liabilities (continued)

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Assets at Fair Value Through Profit or (Loss)	253.128	365.552	-	618.680
Government Debt Securities	182.021	341.030	-	523.051
Share Certificates	-	-	-	-
Other financial assets	71.107	24.522	-	95.629
Financial Assets at Fair Value Through Other Comprehensive Income	378.858	777.873	-	1.156.731
Equity Securities (*)	-	-	-	-
Government Debt Securities	378.858	777.873	-	1.156.731
Other financial assets	-	-	-	-
Derivative Financial Assets	-	1.731	-	1.731
Financial liabilities				
Derivative financial liabilities	-	43.286	-	43.286

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

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Assets at Fair Value Through Profit or (Loss)	749.043	247.234	-	996.277
Government Debt Securities	749.043	247.234	-	996.277
Share Certificates	-	-	-	-
Other financial assets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Equity Securities	-	-	7.659	7.659
Government Debt Securities	-	-	7.659	7.659
Other financial assets	-	-	-	-
Derivative Financial Assets	-	410	-	410
Financial liabilities				
Derivative financial liabilities	-	5.891	-	5.891

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

The Bank does not perform purchases, sales and custody services on behalf of its customers. The Bank has no fiduciary transactions.

IX. Explanations on risk management

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

a. Risk management strategy and weighted amounts

a.1. Explanations on risk management

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

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

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

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

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

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

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

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

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

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

IX. Explanations on risk management (continued)

a. Risk management strategy and weighted amounts (continued)

a.1. Explanations on risk management (continued)

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

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

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

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

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

Market Risk

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

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

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

Liquidity risk

The Bank's liquidity risk, consists of funding related liquidity risk and market-related liquidity risk.

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

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

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

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

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

IX. Explanations on risk management (continued)

a. Risk management strategy and weighted amounts (continued)

a.1. Explanations on risk management (continued)

Credit risk

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

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

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

Operational risk

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

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

The Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks.

The Bank also takes required measures to maintain operational risks at acceptable levels.

Other risks

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

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

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

IX. Explanations on risk management (continued)

a. Risk management strategy and weighted amounts (continued)

a.1. Explanations on risk management (continued)

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

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

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

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

a.2 General overview of risk weighted amounts

	Risk weighted assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	9.415.452	3.069.268	753.236
2 Of which standardised approach (SA)	9.415.452	3.069.268	753.236
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	2.747	738	220
5 Of which standardised approach for counterparty credit risk (SA-CCR)	2.747	738	220
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	357.285	338.368	28.583
17 Of which standardised approach (SA)	357.285	338.368	28.583
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	511.718	-	40.937
20 Of which Basic Indicator Approach	511.718	-	40.937
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)	10.287.202	3.408.374	822.976

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b. Financial statements and regulatory exposures reconciliation

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

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitized positions	Subject to market risk ⁽¹⁾	Not subject to capital requirements or deducted from capital
Assets						
Cash and balances at central bank	2.267.097	2.267.097	-	-	-	-
Banks	910.842	910.842	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Expected Loss Provisions (-)	1.217	1.217	-	-	-	-
Financial assets at fair value through profit or Loss	618.680	-	-	-	618.680	-
Financial assets at fair value through other comprehensive income	1.164.390	1.164.390	-	-	-	-
Derivative financial assets	1.731	-	1.731	-	1.731	-
Loans	13.570.624	13.570.624	-	-	-	-
Leasing receivables	28.409	28.409	-	-	-	-
Financial assets measured at amortized cost	1.568.929	1.568.929	-	-	-	-
Expected loss provisions	265.356	172.690	-	-	-	-
Assets held for sale and discontinued operations (net)	23.797	23.797	-	-	-	-
Partnership investments	100	100	-	-	-	-
Tangible fixed asset (net)	251.229	251.229	-	-	-	-
Intangible asset (net)	34.559	34.559	-	-	-	34.559
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deferred tax assets	73.853	73.853	-	-	-	-
Other assets	142.510	142.510	-	-	-	92.330
Total Assets	20.390.177	19.862.432	1.731	-	620.411	126.889
Liabilities						
Funds collected	11.677.400	-	-	-	-	-
Funds borrowed	4.073.067	-	-	-	-	-
Debt to Money markets	1.069.349	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	43.286	-	43.286	-	43.286	-
Liabilities from leases	119.338	-	-	-	-	-
Provisions	94.223	-	-	-	-	-
Current tax liability	-	-	-	-	-	-
Deferred tax liability	20.900	-	-	-	-	-
Non-current assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	1.545.981	-	-	-	-	-
Other liabilities	207.367	-	-	-	-	-
Equity	1.539.266	-	-	-	-	-
Total Liabilities	20.390.177	-	43.286	-	43.286	-

⁽¹⁾ Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

IX. Explanations on risk management (continued)

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

Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitized positions	Subject to market risk ^(*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and balances at central bank	946.132	946.132	-	-	-	-
Financial assets at fair value through profit or Loss	996.277	-	-	-	996.277	-
Financial assets at fair value through other comprehensive income	7.659	7.659	-	-	-	-
Financial assets measured at amortized cost	1.097.529	1.097.529	-	-	-	-
Derivative financial assets	410	-	410	-	410	-
Non performing financial assets	-	-	-	-	-	-
Expected loss provisions (-)	-	-	-	-	-	-
Loans (net)	5.730.333	5.730.333	-	-	-	-
Loans	5.730.333	5.730.333	-	-	-	-
Leasing receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Non performing loan	188.322	188.322	-	-	-	-
Expected loss provisions(-)	188.322	188.322	-	-	-	-
Assets held for sale and discontinued operations (net)	35.200	35.200	-	-	-	-
Partnership investments	50	50	-	-	-	-
Tangible fixed asset (net)	101.710	101.710	-	-	-	-
Intangible asset (net)	39.802	39.802	-	-	-	-
Investment properties (net)	-	-	-	-	-	-
Current tax asset	-	-	-	-	-	-
Deffered tax assets	102.414	102.414	-	-	-	-
Other assets	224.755	162.087	-	-	-	62.668
Total Assests	9.282.271	8.222.916	410	-	996.687	62.668
Liabilities						
Funds collected	5.952.676	-	-	-	-	-
Funds borrowed	864.292	-	-	-	-	-
Debt to Money markets	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Derivative financial liabilities	5.891	-	5.891	-	5.891	-
Liabilities from leases	30.567	-	-	-	-	-
Provisions	98.577	-	-	-	-	-
Current tax liability	10.698	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Non-current assets held for sale and discontinued operations(net)	-	-	-	-	-	-
Subordinated debt	1.076.666	-	-	-	-	-
Other liabilities	73.731	-	-	-	-	-
Equity	1.169.173	-	-	-	-	-
Liabilities	9.282.271	-	5.891	-	5.891	-

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

IX. Explanations on risk management (continued)

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

	Current Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	20.390.177	19.862.432	-	1.731	620.411
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	43.286	-	-	43.286	43.286
3	Total net amount within the scope of legal consolidation	20.390.177	19.862.432	-	1.731	620.411
4	Off balance sheet amounts	5.298.147	5.298.147	-	7.984	7.984
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	-	-	-	-
10	Risk amounts	25.688.324	25.160.579	-	9.715	628.395

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

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

	Prior Period	Total	Subject to credit risk	Securitisation position	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	9.282.271	8.285.584	-	410	996.277
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	5.891	-	-	5.891	5.891
3	Total net amount within the scope of legal consolidation	9.282.271	8.285.584	-	5.481	996.277
4	Off balance sheet amounts	1.277.297	214.400	-	4.200	419.949
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	-	-	-	-
10	Risk amounts	10.559.568	8.499.984	-	1.281	1.416.226

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

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

IX. Explanations on risk management (continued)

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

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

c. Credit risk

c.1. General information on credit risk

c.1.1. General qualitative information on credit risk

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

c.1.2. Credit quality of assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	172.697	13.570.624	172.690	13.570.631
2 Debt securities	-	1.783.070	-	1.783.070
3 Off-balance sheet exposures	-	3.161.362	-	3.161.362
4 Total	172.697	18.515.056	172.690	18.515.063

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	188.322	5.730.333	188.322	5.730.333
2 Debt securities	-	1.003.936	-	1.003.936
3 Off-balance sheet exposures	-	426.723	-	426.723
4 Total	188.322	7.160.992	188.322	7.160.992

c.1.3. Changes in stock of default loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	188.322	188.343
2 Loans and debt securities that have defaulted since the last reporting period	111	90
3 Receivables back to non-defaulted status	-	-
4 Amounts written off	(15.707)	-
5 Other changes	(29)	(111)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	172.697	188.322

IX. Explanations on risk management (continued)

c.1.4. Additional information on credit quality of assets

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

Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan. Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered VIII (Explanations on Credit Risk). Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below. In accordance with the decision taken by the bank management, the amount of 15.707 TL has been canceled.

There are no financial assets that are overdue but not impaired by class of financial instruments. (December 31 2019: None).

Receivables that provisions are set in terms of geographical region

Current Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	172.690	188.322
Off-shore Banking Countries	-	-
Other Countries	-	-
General Total	172.690	188.322

^(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	188.322	188.322
Off-shore Banking Countries	-	-
Other Countries	-	-
General Total	188.322	188.322

^(*) Represents amounts for cash loans.

c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques

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

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

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods.

Collaterals obtained by the Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

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

IX. Explanations on risk management (continued)

c.2.1. Qualitative disclosure on credit risk mitigation techniques (continued)

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

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

c.2.2. Credit risk mitigation techniques

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	13.426.336	1.036.994	138.049	349.201	176.561	-	-
2 Debt securities	1.783.070	-	-	-	-	-	-
3 Total	15.209.406	1.036.994	138.049	349.201	176.561	-	-
4 Of which defaulted	172.697	-	-	-	-	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	5.609.842	120.491	10.372	-	-	-	-
2 Debt securities	1.003.936	-	-	-	-	-	-
3 Total	6.613.778	120.491	10.372	-	-	-	-
4 Of which defaulted	188.322	-	-	-	-	-	-

c.3. Credit risk under standardised approach

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

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

IX. Explanations on risk management (continued)

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

Current Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Receivables from central governments or central banks	4.078.126	5.413	4.198.798	5.989	-	-
Receivables from regional or local governments	57.742	-	24.823	125	12.474	%50,00
Receivables from administrative units and non-commercial enterprises	61.467	81	63.295	49	63.318	%99,96
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	1.926.699	2.146	1.978.894	2.146	396.208	%20,00
Receivables from corporates	6.905.293	3.313.706	6.766.915	1.912.473	8.319.214	%95,85
Retail receivables	-	-	-	-	-	-
Receivables secured by mortgages on property	69.855	17.809	66.457	7.635	25.687	%34,67
Receivables secured by mortgages on commercial property	291.121	36.303	291.121	18.037	218.295	%70,61
Past due receivables	7	-	7	-	7	%100,00
Receivables defined in high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	1.014.233	-	1.014.233	-	382.833	%37,75
Equity share investments	-	-	-	-	-	-
Total	14.404.543	3.375.458	14.404.543	1.946.454	9.418.036	%57,60

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Receivables from central governments or central banks	1.864.099	-	1.864.099	-	548.800	%29,44
Receivables from regional or local governments	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and brokerage houses	1.832.926	-	1.832.926	-	421.188	%22,98
Receivables from corporates	1.499.162	414.590	1.499.162	205.759	1.704.920	%100,00
Retail receivables	-	-	-	-	-	-
Receivables secured by mortgages on property	21.400	-	21.400	-	7.490	%35,00
Receivables secured by mortgages on commercial property	93.485	17.332	93.485	8.641	51.064	%50,00
Past due receivables	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	529.095	-	529.095	-	346.509	%65,49
Equity share investments	-	-	-	-	-	-
Total	5.840.167	431.922	5.840.167	214.400	3.079.971	%50,39

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

IX. Explanations on risk management (continued)

c.3.3. Exposures by asset classes and risk weights

Risk Classes/Risk Weighted		%0	%10	%20	35% secured by Property mortgage	%50	%75	%100	%150	%200	Others	Total risk amount (post-CCF and CRM)
Current Period												
1	Receivables from central governments or central banks	4.204.787	-	-	-	-	-	-	-	-	-	4.204.787
2	Receivables from regional or local governments	-	-	-	-	24.948	-	-	-	-	-	24.948
3	Receivables from administrative units and non-commercial enterprises	25	-	-	-	-	-	63.319	-	-	-	63.344
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	1.981.040	-	-	-	-	-	-	-	1.981.040
7	Receivables from corporates	33.158	-	408.769	-	-	-	8.237.461	-	-	-	8.679.388
8	Retail receivables	-	-	-	-	-	-	-	-	-	-	-
9	Receivables secured by mortgages on property	-	-	1.636	72.458	-	-	-	-	-	-	74.094
10	Receivables secured by mortgages on commercial property	-	-	-	-	181.725	-	127.433	-	-	-	309.158
11	Past due receivables	-	-	-	-	-	-	7	-	-	-	7
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	300.583	-	413.521	-	-	-	300.129	-	-	-	1.014.233
18	Total	4.538.553	-	2.804.966	72.458	206.673	-	8.728.349	-	-	-	16.350.999

Risk Classes/Risk Weighted		%0	%10	%20	35% secured by Property mortgage	%50	%75	%100	%150	%200	Others	Total risk amount (post-CCF and CRM)
Current Period												
1	Receivables from central governments or central banks	766.499	-	-	-	1.097.600	-	-	-	-	-	1.864.099
2	Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	1.650.917	-	182.009	-	-	-	-	-	1.832.926
7	Receivables from corporates	9.971	-	70	-	-	-	1.694.879	-	-	-	1.704.920
8	Retail receivables	-	-	-	-	-	-	-	-	-	-	-
9	Receivables secured by mortgages on property	-	-	-	21.400	-	-	-	-	-	-	21.400
10	Receivables secured by mortgages on commercial property	-	-	-	-	102.127	-	-	-	-	-	102.127
11	Past due receivables	-	-	-	-	-	-	-	-	-	-	-
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	182.586	-	-	-	-	-	346.509	-	-	-	529.095
18	Total	959.056	-	1.650.987	21.400	1.381.736	-	2.041.388	-	-	-	6.054.567

IX. Explanations on risk management (continued)

d. Counterparty credit risk

d.1. Qualitative disclosure on counterparty credit risk

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

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

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

Current Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	(41.790)	7.983		-	9.715	2.585
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						2.585

^(*) Effective Expected Positive Exposure

IX. Explanations on risk management (continued)

d. Counterparty credit risk

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

Prior Period	Replacement cost	Potential Future exposure	EEPE(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	(5.497)	4.199		-	1.519	739
2 Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6 Total						739

(*) Effective Expected Positive Exposure

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

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1 (i) VaR component (including the 3xmultiplier)		-		-
2 (ii) Stressed VaR component (including the 3xmultiplier)		-		-
3 All portfolios subject to the Standardised CVA capital obligation	9.715	2.585	1.519	739
4 Total subject to the CVA capital obligation	9.715	2.585	1.519	739

IX. Explanations on risk management (continued)

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

Current Period										
Risk Classes	Risk Weighted									Total credit exposure(*)
	%0	%10	%20	%50	%75	%100	%150	Other		
Receivables from central governments or central banks	5.413	-	-	-	-	-	-	-	-	5.413
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	2.146	-	-	-	-	-	-	2.146
Receivables from corporates	-	-	-	-	-	2.156	-	-	-	2.156
Retail receivables	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	5.413	-	2.146	-	-	2.156	-	-	-	9.715

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

Prior Period										
Risk Classes	Risk Weighted									Total credit exposure(*)
	%0	%10	%20	%50	%75	%100	%150	Other		
Receivables from central governments or central banks	-	-	-	-	-	-	-	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	193	1.251	-	-	-	-	-	1.444
Receivables from corporates	-	-	-	-	-	75	-	-	-	75
Retail receivables	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	-	-	193	1.251	-	75	-	-	-	1.519

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

IX. Explanations on risk management (continued)

d.5. Used collaterals for counterparty credit risk

None (December 31, 2019:None).

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

None (December 31, 2019:None).

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

None (December 31, 2019:None).

e. Information to be announced to public on Securitization

None (December 31, 2019:None).

f. Market risk

f.1. Qualitative disclosure on market risk

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

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

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

IX. Explanations on risk management (continued)

f.2. Market risk under standardised approach

		Current Period	Prior Period
		RWA	RWA
Outright products			
1	Profit rate risk (general and specific)	207.103	175.817
2	Equity share (general and specific)	-	-
3	Foreign exchange risk	85.292	162.468
4	Commodity risk	64.890	83
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	357.285	338.368

g. Operational risk

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

	2 PP Value	1 PP Tutar	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	-	272.916	536.758	404.837	%15	60.726
Amount subject to Operational Risk (Total*12,5)						759.069

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

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

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

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

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

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TRY	(+) 500bp	(184.891)	(6,41)
TRY	(-) 400bp	170.318	5,90
USD Dolar	(+) 200bp	(9.774)	(0,34)
USD Dolar	(-) 200bp	10.382	0,36
EUR	(+) 200bp	(64.633)	(2,24)
EUR	(-) 200bp	69.251	2,40
Total (For Negative Shocks)	-	(259.299)	(8,99)
Total (For Positive Shocks)	-	249.951	8,66

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

X. Explanations on business segments

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

Current Period	Commercial and Corporate				Total
	Retail	Corporate	Treasury	Undistributed	
Total Assets	1.278.373	10.700.997	6.330.743	2.080.064	20.390.177
Total Liabilities	3.538.235	8.168.769	6.732.635	411.272	18.850.911
Total Equity	-	-	-	1.539.266	1.539.266
Net profit share income/(expense) (*)	36.005	218.316	75.237	42.055	371.613
Net fees and commissions income/(expense)	7.133	22.414	(3.572)	(4.862)	21.113
Other operating income/(expense)	2.416	(2.962)	(16.166)	(184.415)	(201.127)
Loss Provisions	-	-	-	(87.148)	(87.148)
Profit/(loss) before tax	45.554	237.768	55.499	(234.370)	104.451
Provision for tax	-	-	-	(23.854)	(23.854)
Net profit / (loss) for the period	45.554	237.768	55.499	(258.224)	80.597

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

Prior Period	Commercial and Corporate				Total
	Retail	Corporate	Treasury	Undistributed	
Total Assets	932	3.155.789	5.621.619	503.931	9.282.271
Total Liabilities	291.278	5.661.397	1.946.849	213.574	8.113.098
Total Equity	-	-	-	1.169.173	1.169.173
Net profit share income/(expense) (*)					
Net fees and commissions income/(expense)	(880)	89.096	77.315	52.121	217.652
Other operating income/(expense)	205	912	(113)	(2.369)	(1.365)
Loss Provisions	2.544	1.793	20.687	(113.776)	(88.752)
Profit/(loss) before tax	-	-	-	(81.432)	(81.432)
Provision for tax	1.869	91.801	97.889	(145.456)	46.103
	-	-	-	(1.124)	(1.124)
Net profit / (loss) for the period	1.869	91.801	97.889	(146.580)	44.979

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

SECTION FIVE

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Foreign currency	23.880	524.310	2.319	12.301
CBRT	231.489	1.450.436	73.274	693.296
Other (*)	-	36.982	-	2.885
Total	255.369	2.011.728	75.593	708.482

(*) Other consists of precious metals.

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	226.905	89	71.974	71
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Reserve requirements	4.584	1.450.347	1.300	693.225
Total	231.489	1.450.436	73.274	693.296

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", 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.

In accordance with the CBRT's regulation dated November 19, 2020, a commission payment is made to the CBRT over the foreign exchange amounts kept in the required reserve and denominated foreign currency deposit accounts. As of December 31, 2020, the rates valid for Turkish currency required reserves, participation funds and other liabilities are between 1% and 6% according to the maturity structure; The rates applicable to foreign currency required reserves are between 5% and 21% according to the maturity structure in participation funds and other liabilities.

2. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	4.130	726.458	248	151.830
Abroad	-	180.254	-	9.979
Total	4.130	906.712	248	161.809

I. Explanations and notes related to assets (continued)

a. Information on Foreign Bank Accounts

	Current Period		Prior Period	
	Unrestricted Period	Restricted Period	Unrestricted Period	Restricted Period
European Union Countries	9.002	-	9.979	-
USA, Canada	-	-	-	-
OECD Countries (*)	-	-	-	-
Off-shore Banking Regions	88	-	-	-
Other	1.477	-	-	-
Total	10.567	-	9.979	-

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

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

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

As of December 31, 2020, amount subject to repurchase agreements in financial assets at fair value through profit and loss is TL 193.303 (December 31, 2019: None). As of December 31, 2020, amount subject to guaranteed/blocked is TL 167.722 (December 31, 2019: None).

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

	Current Period	Prior Period
Debt securities	619.974	996.572
Quoted on a stock exchange	366.754	749.187
Unquoted on a stock exchange (*)	253.220	247.385
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	-	-
Impairment provision (-)	(1.294)	(295)
Total	618.680	996.277

(*) 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

Financial assets valued at fair value through other comprehensive income subject to repurchase transactions assets, which are subjected to repurchase agreements as of December 31, 2020: TL 903.249 (December 31, 2019: None). As of December 31, 2020, amount subject to guaranteed/blocked is TL 220.521 (December 31, 2019: 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.

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

I. Explanations and notes related to assets (continued)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities	1.172.974		-	
Quoted on a stock exchange	794.112		-	
Unquoted on a stock exchange (*)	378.862		-	
Share certificates	7.659		7.659	
Quoted on a stock exchange	-		-	
Unquoted on a stock exchange	7.659		7.659	
Impairment provision (-)	(16.243)		-	
Total	1.164.390		7.659	

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

5. Information on derivative financial assets

a. Positive differences related to the derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Swap Transactions	1.412	14	374	-
Forward Transactions	-	305	36	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1.412	319	410	-

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

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

6. Information on loans

a. Information on all types of loans and advances given to shareholders and employees of the Bank

None (December 31, 2019: None).

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

Cash Loans Current Period	Standart Loans	Loans Under Close Monitoring		
		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:

Commercial loans with installments	1.148.156
Other investment credits	-
Loans given to abroad	38.318
Other	25.758
Total	1.212.232

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

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

6. Information on loans (continued)

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

Cash Loans Current Period	Standart Loans	Loans Under Close Monitoring		
		Loans Not subject to restructured loans	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Loans	5.730.333	-	-	-
Export loans	-	-	-	-
Import loans	8.323	-	-	-
Business loans	2.814.882	-	-	-
Consumer loans	932	-	-	-
Credit cards	-	-	-	-
Loans given to financial sector	2.573.610	-	-	-
Other (*)	332.586	-	-	-
Other receivables	-	-	-	-
Total	5.730.333	-	-	-

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

Commercial loans with installments	194.915
Other investment credits	135.660
Loans given to abroad	2.011
Total	332.586

Current 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 related to assets (continued)

c. Maturity analysis of cash loans

Current Period	Standart Loans and Other receivables		Loans Under Follow-Up and Other receivables	
	Loans and Other receivables	Amendments to terms or contract	Loans and Other receivables	Amendments to terms or contract
Cash Loans				
Short term loans and other receivables	3.099.571	-	422	-
Loans	3.099.571	-	422	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables (*)	10.297.934	-	-	-
Loans	10.297.934	-	-	-
Other receivables	-	-	-	-
Total	13.397.505	-	422	-

(*) Loans with original maturities of more than 1 year when first granted are classified as "Medium and long term loans".

Prior Period	Standart Loans and Other receivables		Loans Under Follow-Up and Other receivables	
	Loans and Other receivables	Amendments to terms or contract	Loans and Other receivables	Amendments to terms or contract
Cash Loans				
Short term loans and other receivables	3.204.442	-	-	-
Loans	3.204.442	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables (*)	2.337.569	-	-	-
Loans	2.337.569	-	-	-
Other receivables	-	-	-	-
Total	5.542.011	-	-	-

(*) Loans with original maturities of more than 1 year when first granted are classified as "Medium and long term loans".

I. Explanations and notes related to assets (continued)

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

Current Period	Short-Term	Medium and Long-Term	Total
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

I. Explanations and notes 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	-	932	932
Housing loans	-	451	451
Vehicle loans	-	481	481
Consumer loans	-	-	-
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	-	932	932

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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

I. Explanations and notes related to 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	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
Prior Period	Short-Term	Medium and Long-Term	Total
Commercial installment loans-TL	1.155	189.623	190.778
Business loans	-	-	-
Vehicle loans	1.155	67.283	68.438
Consumer loans	-	122.340	122.340
Other	-	-	-
Commercial installment loans-FC indexed	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment Loans-FC	-	4.137	4.137
Business loans	-	4.137	4.137
Vehicle loans	-	-	-
Consumer loans	-	-	-
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)	-	-	-
Total	1.155	193.760	194.915

I. Explanations and notes related to assets (continued)

f. Loans according to types of borrowers

	Current Period	Prior Period
Public	1.560.499	2.794.733
Private	11.837.428	2.747.278
Total	13.397.927	5.542.011

g. International and domestic loans:

	Current Period	Prior Period
Domestic loans	13.323.170	5.518.674
Foreign loans	74.757	23.337
Total	13.397.927	5.542.011

h. Loans granted to subsidiaries and participations

None (December 31, 2019: None).

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

	Current Period
Loans and Receivables with Limited Collectability	-
Doubtful Loans and Other Receivables	5
Uncollectible Loans and Receivables	172.685
Total	172.690

h.2 Specific provisions for loans

	Prior Period
Loans and Receivables with Limited Collectability	-
Doubtful Loans and Other Receivables	-
Uncollectible Loans and Receivables	188.322
Total	188.322

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

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

None (December 31, 2019: None).

I. Explanations and notes related to assets (continued)

i.2. Movements of non-performing loans

	III. Group	IV. Group	V. Group
	Loans an	Loans and	Uncollectible
	receivables with	receivables with	loans and
	limited	doubtful	receivables
Current Period	collectibility	collectibility	
Closing balance of prior period	-	-	188.322
Additions in the current period (+)	-	-	111
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
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	-	-	172.697
Provision (-)	-	-	172.690
Net balance at the balance sheet	-	-	7

(*) In 2020, the Bank has removed the non-performing loans of 15,707 TL from its principal balance and provision balance within the scope of the "Regulation on the Amendment to the Procedures and Principles Regarding Classification of Loans and Provisions to be Reserved for Them" published in the Official Gazette on November 27, 2019.

	III. Group	IV. Group	V. Group
	Loans an	Loans and	Uncollectible
	receivables with	receivables with	loans and
	limited	doubtful	receivables
Prior Period	collectibility	collectibility	
Closing balance of prior period	-	-	188.343
Additions in the current period (+)	-	-	90
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Transfers to categories of standard loans (-)	-	-	-
Collections in the current period (-)	-	-	111
Exchange rate valuation	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	-	-	188.322
Provisions (-)	-	-	188.322
Net balance at the balance sheet	-	-	-

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

None (December 31, 2019: None).

I. Explanations and notes related to assets (continued)

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (net)	-	-	-
Loans to individuals and corporates (gross)	-	12	172.685
Provision (-)	-	5	172.685
Loans to individuals and corporates (net)	-	-	-
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	-	-	188.322
Specific provision (-)	-	-	188.322
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

i.5. 5. Information on Interest Accruals, Rediscounts and Valuation Differences Calculated for Non-Performing Loans and Their Provisions

None (December 31, 2019: None).

j. Liquidation policy for uncollectible loans and receivables

The Bank initiates a legal process for the collection of receivables arising from credit transactions. The debtor's and debtor related's assets' together with process of cash conversion of the collaterals which constitute of the Bank receivables will be processed by the Bank and in addition to this process the Bank will try to collect and liquidate its receivables through administrative ways.

k. Information on "Write-off" policies

In accordance with Article 8 of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them", loans classified under "Fifth Group Loans of Loss" and which does not have reasonable expectations regarding the recovery of loans with a lifetime expected due to the default of the debtor or the provision of special provisions can be deducted from the records within the scope of TFRS 9 as of the first reporting period following their classification in this group.

It is an accounting practice to deduct loans that do not have the possibility to collect from the records within the scope of the above provision, does not mean that result in giving up the right to receivable.

The general policy of the Bank is to write-off the receivables which are deemed to be impossible to collect during the legal follow-up process from the assets in accordance with the decision taken by the top management of the bank. The amount of TL 15.707 for loans deemed impossible to collect in 2020 has been written-off due to the decision taken by the bank's management (December 31, 2019: None).

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

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I. Explanations and notes related to assets (continued)

7. Information on Financial Assets Measured at Amortized Cost

a. Information on government debt securities measured at amortized cost

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	1.568.929	1.097.529
Total	1.568.929	1.097.529

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

b. Information on investment securities measured at amortized cost

	Current Period	Prior Period
Debt Securities	1.568.929	1.097.529
Quoted on a stock Exchange	-	-
Unquoted (*)	1.568.929	1.097.529
Share certificates	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Impairment Provision (-)	-	-
Total	1.568.929	1.097.529

(*) 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.

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

	Current Period	Prior Period
Balance at beginning of period	1.097.529	-
Foreign currency differences on monetary assets	347.271	39.497
Purchases during period (*)	124.129	1.058.032
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
Closing Balance	1.568.929	1.097.529

(*) Rediscounts are shown in the "Purchases During the Year" line.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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I. Explanations and notes related to assets (continued)

8. Information on lease receivables (net)

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
1 to 4 years	34.295	28.409	-	-
More than 4 years	-	-	-	-
Total	34.295	28.409	-	-

b. Information on net investments through finance lease

	Current Period	Prior Period
Finance lease receivables (gross)	34.295	-
Unearned finance lease receivable (-)	5.886	-
Receivable from finance leases (net)	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.

Information on leasing receivables

	Standart Loans	Leasing receivables not subject to restructured loans	Leasing Receivables Under Close Monitoring	
			Restructured or rescheduled Leasing Receivables with Revised Contract Terms	Refinance
Finance Lease				
Finance lease receivables (Net)	28.409	-	-	-

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

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

	Current Period	Prior Period
Opening balance	35.200	36.722
Additions	5	-
Disposals	(11.408)	(1.522)
Transfers	-	-
Impairment Provision (-)	-	-
Closing balance	23.797	35.200

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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

I. Explanations and notes related to assets (continued)

10. Information on associates

a. Associates (net)

a.1. Information on unconsolidated associates

None (December 31, 2019: None).

a.2 Information on consolidated associates

None (December 31, 2019: None).

b. Information on subsidiaries (net)

b.1 Information on unconsolidated subsidiaries

Emlak Menkul Değerler A.Ş., which is owned by the Bank by 50%, has been reported to be bankrupt in the Audit Report prepared by Court of Account dated 31 October 2018. Emlak Menkul Değerler A.Ş. has not been consolidated as of December 31, 2020 and December 31, 2019.

b.2 Information on consolidated subsidiaries

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

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

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

The values stated in the table below are taken from financial statements in audited report of Emlak Varlık Kiralama A.Ş. and Emlak Katılım Varlık Kiralama A.Ş.'s dated December 31, 2020.

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.	51	50	-	-	-	-	-	-
Emlak Katılım Varlık Kiralama A.Ş.	3.124.420	50	-	-	-	-	-	-

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

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

I. Explanations and notes related to assets (continued)

10. Information on associates (continued)

b.2.1 Movement information on subsidiaries

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

c. Information on investments in joint-ventures

None (December 31, 2019: None).

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I. Explanations and notes related to assets (continued)

11. Information on tangible assets

Current Period	Immovables(*)	Leased tangible assets	Vehicles	Other TA	Total
Cost					
Opening Balance: 1 January 2020	32.581	-	11.637	66.392	110.610
Additions	86.689	-	8.676	129.093	224.458
Revaluation differences	-	-	-	-	-
Disposals	(521)	-	(128)	(43.439)	(44.088)
Impairment losses(-)/ Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
Ending Balance: 31 December 2020	118.749	-	20.185	152.046	290.980
Accumulated depreciation (-)					
Opening balance: 1 January 2020	2.273	-	1.939	4.688	8.900
Depreciation expense	8.986	-	3.320	19.089	31.395
Reversal of depreciation of the disposed assets	(128)	-	(32)	(384)	(544)
Transfers	-	-	-	-	-
Ending balance: 31 December 2020	11.131	-	5.227	23.393	39.751
Total cost at the end of the year	118.749	-	20.185	152.046	290.980
Total accumulated depreciation at the end of the year	(11.131)	-	(5.227)	(23.393)	(39.751)
Closing net book values	107.618	-	14.958	128.653	251.229

Prior Period	Immovables(*)	Leased tangible assets	Vehicles	Other TA	Total
Cost					
Opening Balance: 1 January 2019	-	-	-	12.911	12.911
Additions	32.581	-	11.660	53.627	97.868
Revaluation differences	-	-	-	-	-
Disposals	-	-	(23)	(146)	(169)
Impairment losses(-)/ Reversal of impairment	-	-	-	-	-
Transfers	-	-	-	-	-
Ending Balance: 31 December 2019	32.581	-	11.637	66.392	110.610
Accumulated depreciation (-)					
Opening balance: 1 January 2019	-	-	-	890	890
Depreciation expense	2.273	-	1.962	3.826	8.061
Reversal of depreciation of the disposed assets	-	-	(23)	(28)	(51)
Transfers	-	-	-	-	-
Ending balance: 31 December 2019	2.273	-	1.939	4.688	8.900
Total cost at the end of the year	32.581	-	11.637	66.392	110.610
Total accumulated depreciation at the end of the year	(2.273)	-	(1.939)	(4.688)	(8.900)
Closing net book values	30.308	-	9.698	61.704	101.710

(*) As of 31 December 2020, the cost of the movable and real estates accounted as right-of-use assets in accordance with the "IFRS 16 Leases" standard under tangible fixed assets in the Bank's balance sheet is TRY 118.749 (December 31, 2019: TRY 32.581) and their depreciation amount is TRY 10.957 (31 December 2019: 2.099 TL).

I. Explanations and notes related to assets (continued)

12. Information on intangible assets

Current Period	Intangible Assests
Cost	
Opening balance: 1 January 2020	39.802
Additions	109.780
Disposals	(50.112)
Ending balance: 31 December 2020	59.668
Accumulated depreciation(-)	
Opening balance: 1 January 2020	(9.265)
Depreciation expense	(15.844)
Reversal of depreciation of the disposed assets	-
Ending balance: 31 December 2020	(25.109)
Total cost at the end of the year	59.668
Total accumulated depreciation at the end of the year	(25.109)
Closing Net Book Value	34.559
Prior Period	Intangible Assests
Cost	
Opening balance: 1 January 2019	20.330
Additions	78.852
Disposals	(50.115)
Ending balance: 31 December 2019	49.067
Accumulated depreciation(-)	
Opening balance: 1 January 2019	-
Depreciation expense	9.245
Reversal of depreciation of the disposed assets	-
Ending balance: 31 December 2019	9.245
Total cost at the end of the year	49.067
Total accumulated depreciation at the end of the year	(9.265)
Closing Net Book Value	39.802

13. Information on investment property:

None (December 31, 2019: None).

I. Explanations and notes related to assets (continued)

14. Information related to deferred tax assets

	Current Period	Prior Period
Deferred tax provision for transferred financial loss (*)	29.521	90.221
Prepaid wages and commissions and unearned income	28.709	7.866
Expected credit loss	8.953	4.804
Securities valuation differences	4.056	-
Provisions for retirement premium and vacation pay liabilities	2.476	1.612
Derivative transactions	8.649	1.294
IFRS 16 allowance	920	112
Other provisions for devt and expenses	5.180	696
Deferred tax asset	88.464	106.605
Valuation differences on marketable securities	7.786	-
Difference between carrying value and tax base of fixed assets	4.938	3.872
Derivative financial instruments	1.398	89
Other	489	230
Deferred tax liability	14.611	4.191
Deferred tax asset (Net)	73.853	102.414

(*) All of the deferred tax assets calculated from movable losses are calculated from 2018 financial losses. Since the Bank plans to obtain sufficient taxable income to offset these amounts in the future, it reflected TL 29.521 of deferred tax assets in its records.

The time limits for deferred tax losses are as follows:

	Current period	Prior period
2023	147.606	455.263
Losses brought forward	147.606	455.263

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	175.700
Clearing Account	34.708	4.453
Other ⁽²⁾	55.253	44.602
Total	142.510	224.755

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

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

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II. Explanations and notes related to liabilities

1. Information on funds collected

a. Information on maturity structure of funds collected

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	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	430.250	-	-	-	-	-	-	-	430.250
Public Sector	19.783	-	-	-	-	-	-	-	19.783
Commercial Institutions	407.554	-	-	-	-	-	-	-	407.554
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	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
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)	2.548.448	7.363.903	1.680.822	33.874	6.218	44.073	62	-	11.677.400

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II. Explanations and notes related to liabilities (continued)

1. Information on funds collected (continued)

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	5.216	-	-	-	-	-	-	-	5.216
II. Real Persons Participation Accounts Non-Trade TL	-	5.258	121.181	75.039	-	10.157	1.228	-	212.863
III. Current Account other-TL	100.117	-	-	-	-	-	-	-	100.117
Public Sector	1	-	-	-	-	-	-	-	1
Commercial Institutions	99.991	-	-	-	-	-	-	-	99.991
Other Institutions	-	-	-	-	-	-	-	-	-
Commercial and Other Institutions	125	-	-	-	-	-	-	-	125
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	125.909	2.192.791	84.935	-	24.423	555	-	2.428.613
Public Sector	-	52.859	12.584	15.655	-	5.007	-	-	86.105
Commercial Institutions	-	73.050	2.166.409	8.223	-	19.416	555	-	2.267.653
Other Institutions	-	-	13.798	61.057	-	-	-	-	74.855
Commercial and Other Institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
V. Real Persons Current Accounts Non- Trade FC	13.493	-	-	-	-	-	-	-	13.493
VI. Real Persons Participation Accounts Non-Trade FC	-	484	59.221	1	-	-	-	-	59.706
VII. Other Current Accounts FC	382.071	-	-	-	-	-	-	-	382.071
Residents in Turkey-Corporate	378.668	-	-	-	-	-	-	-	378.668
Residents Abroad-Corporate	3.403	-	-	-	-	-	-	-	3.403
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	333	2.556.945	35.694	-	82.013	31.150	-	2.706.135
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	333	1.998.726	35.694	-	68.645	31.150	-	2.134.548
Other institutions	-	-	271.140	-	-	-	-	-	271.140
Commercial and Other Institutions	-	-	-	-	-	13.368	-	-	13.368
Banks and Participation Banks	-	-	287.079	-	-	-	-	-	287.079
IX. Precious Metals Deposits	487	118	9.166	34.691	-	-	-	-	44.462
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)	501.384	132.102	4.939.304	230.360	-	116.593	32.933	-	5.952.676

II. Explanations and notes related to liabilities (continued)

1. Information on funds collected

b. Saving deposits and other deposits accounts insured by Saving Deposit Insurance Fund

b.1 Exceeding the limit of Insurance Fund

Information on real persons' current and participation accounts not subject to trading transactions under the guarantee of insurance and exceeding the limit of Insurance Fund:

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions	301.009	35.298	1.325.300	261.987
Turkish Lira accounts	119.247	28.417	417.542	189.662
Foreign currency accounts	181.762	6.881	907.758	72.325
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	2.616	1.426
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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II. Explanations and notes related to liabilities (continued)

2. Information on borrowings

a.1 Information on the type of borrowed loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication loans	-	-	-	-
Wakale loans	21.888	926.868	-	864.292
Loans obtained from Issued Lease certificates (Sukuk)	3.124.311	-	-	-
Other	-	-	-	-
Total	3.146.199	926.868	-	864.292

a.2 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	3.146.199	881.319	-	864.292
Loans from foreign banks, institutions and funds	-	45.549	-	-
Total	3.146.199	926.868	-	864.292

a.3 Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3.096.199	926.868	-	864.292
Medium and Long-Term	50.000	-	-	-
Total	3.146.199	926.868	-	864.292

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

The Bank does not have concentration on customer or sector group providing funds (December 31, 2019: None).

3. Information on derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.710	7	34	-
Swap Transactions	41.569	-	-	5.857
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	43.279	7	34	5.857

II. Explanations and notes related to liabilities (continued)

4. Lease payables

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 year	17.179	-	4.171	-
Between 1-5 years	67.791	-	17.812	-
Over 5 years	34.368	-	8.584	-
Total	119.338	-	30.567	-

5. Information on hedging derivative financial liabilities

None (December 31, 2019: None).

6. Information on provisions

a. Information on provisions for employee rights

Provisions for Bank's employee benefits consist of reserve for employee termination benefits amounting to TL 4.265 (December 31, 2019: TL 2.282), vacation pay liability amounting to TL 2.400 (December 31, 2019: TL 1.043), -7.817 TL (December 31, 2019: 4.000 TL) performance premium provision, The Bank's total amount of provisions for employee rights is TL 14.482 (December 31, 2019: TL 7.325).

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

	Current Period	Prior Period
Discount rate (%)	2,10	3,60
Estimated increase rate of salary ceiling (%)	9,50	9,20

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

	Current Period	Prior Period
Prior period ending balance	2.282	1.284
Change in the period	1.217	998
Actuarial (income)/loss	766	-
Balance at the end of the period	4.265	2.282

b. Other Provisions:

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts	50.792	-
Provisions for cases on trial	5.331	2.334
Impairment provision	236	-
Expected expected credit loss for Stage 1 and Stage 2 for non-cash loans	23.382	-
Total	79.741	2.334

II. Explanations and notes 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, 2019: None).

d. Information on general provisions

	Prior period
General provisions	
I. Group Loans and receivables (Total)	85.763
Participation accounts' share	63.928
Bank's share	21.835
Other	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	-
Participation accounts' share	-
Bank's share	-
Other	-
II. Group loans and receivables (Total)	-
Participation accounts' share	-
Bank's share	-
Other	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	-
Participation accounts' share	-
Bank's share	-
Other	-
Non-cash loans	3.155
Other	-

7. Information on taxes payable

a.1. Explanations on current tax liability

As of December 31, 2020, the Bank does not have any tax debt remaining after deducting the corporate taxes paid (December 31, 2019: None).

a.2. Information on taxes payable

	Current Period	Prior Period
Taxation on securities income	4.420	2.856
Banking insurance transaction tax	5.134	2.540
Income tax deducted from wages	4.443	2.306
Value added tax payable	1.173	741
Taxation on real estate income	129	88
Foreign exchange transaction tax	425	8
Other	345	137
Total	16.069	8.676

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II. Explanations and notes related to liabilities (continued)

7. Information on taxes payable (continued)

a.3. Information on premiums

	Current Period	Prior Period
Social security premiums-employee	1.762	1.026
Social security premiums-employer	2.580	700
Unemployment insurance-employee	-	-
Unemployment insurance-employer	-	-
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	258	100
Pension fund membership fees and provisions- employer	129	50
Other	102	146
Total	4.831	2.022

8. Liabilities for assets held for sale and discontinued operations

None (December 31, 2019: None).

9. Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing Instruments to be Included in Additional Capital Calculation	-	1.545.981	-	1.076.666
Subordinated Loans	-	1.545.981	-	1.076.666
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Total	-	1.545.981	-	1.076.666

As of December 31, 2020 the Bank has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 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, 2019: None).

II. Explanations and notes related to liabilities (continued)

11. Information on shareholders' equity

a. Presentation of paid-in capital

	Current Period	Prior Period
Common stock	1.026.915	750.000
Preferred stock	-	-

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

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 Bank'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 2019: None).

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

The Bank continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through transfer to reserves. Moreover, the Bank's shareholders' equity is invested in liquid and earning assets.

g. Information on privileges given to stocks representing the capital

There is no privilege given to stocks representing the capital.

11. Information on shareholders' equity (continued)

h. Information on marketable securities valuation reserve

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	(3.408)	1.109	-	-
Foreign exchange difference	-	-	-	-
Total	(3.408)	1.109	-	-

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

i. Information on other capital reserves

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

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

III. Explanations and notes related to off-balance sheet

1. Explanations on off balance sheet

a. Type and amount of irrevocable loan commitments

	Current Period	Prior Period
Forward Asset Purchase Commitments	323.542	3.970
Forward Asset Sale Commitments	175.454	42.272
Payment Commitments for Cheques	31.642	1.230
Tax and Fund Liabilities Arising from Export Commitments	-	-
Credit Cards Limit Commitments	-	-
Other Irrevocable Commitments	131.859	-
Total	662.497	47.472

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

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

	Current Period	Prior Period
Letters of Guarantees	2.187.919	396.587
Bank Loans	850.386	-
Letters of Credit	123.057	30.136
Other Guarantees and Sureties	-	-
Total	3.161.362	426.723

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

1. Explanations on off balance sheet

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

	Current Period	Prior Period
Temporary letters of guarantees	152.583	2.997
Advance letters of guarantees	93.831	83.945
Letters of guarantees given to customs	18.563	5.735
Long standing letters of guarantees	1.922.942	303.910
Total	2.187.919	396.587

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	662.497	47.472
Total	662.497	47.472

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

	Current Period			
	TL	(%)	FC	(%)
Agricultural	40.415	2,88	10.822	0,62
Farming and stockbreeding	3,863	0,28	-	-
Forestry	36.552	2,61	10.822	0,62
Fishery	-	-	-	-
Manufacturing	183.692	13,10	727.493	41,36
Mining	300	0,02	-	-
Production	117.125	8,35	727.493	41,36
Electricity, gas and water	66.267	4,73	-	-
Construction	790.882	56,40	39.945	2,26
Services	363.209	25,90	788.415	44,82
Wholesale and retail trade	270.513	19,29	682.734	38,81
Hotel, food and beverage services	26.461	1,89	89.858	5,11
Transportation and telecommunication	30.237	2,16	6.991	0,40
Financial Institutions	-	-	-	-
Real estate and renting services	11.414	0,81	-	-
Self-employment services	-	-	-	-
Education services	22.862	1,63	5.079	0,29
Health and social services	1.722	0,12	3.753	0,21
Other	24.083	1,72	192.406	10,94
Total	1.402.281	100,00	1.759.081	100,00

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

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

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	2.319	0,72	-	-
Farming and stockbreeding	2.319	0,72	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	25.721	8,01	5.598	5,30
Mining	-	-	-	-
Production	25.721	8,01	5.598	5,30
Electricity, gas and water	-	-	-	-
Construction	-	-	6.613	6,26
Services	292.285	91,04	93.460	88,44
Wholesale and retail trade	-	-	14.400	13,62
Hotel, food and beverage services	-	-	-	-
Transportation and telecommunication	-	-	-	-
Financial Institutions	272.680	84,93	19.861	18,80
Real estate and renting services	19.605	6,11	59.199	56,02
Self-employment services	-	-	-	-
Education services	-	-	-	-
Health and social services	-	-	-	-
Other	727	0,23	-	-
Total	321.052	100,00	105.671	100,00

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	1.402.281	1.759.081	-	-
Letters of guarantee	1.298.020	889.899	-	-
Bank loans	-	-	-	-
Letters of credit	73.261	49.796	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	31.000	819.386	-	-
Prior Period				
Non-cash loans	321.052	105.671	-	-
Letters of guarantee	299.305	97.282	-	-
Bank loans	-	-	-	-
Letters of credit	21.747	8.389	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	-	-	-

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

2. Explanations on derivative transactions

	Derivative transactions according to purpose 31 December 2020	Derivative transactions according to purpose 31 December 2019
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	1.474.288	803.102
Currency Forwards-Purchases, sales	214.345	15.622
Currency Swaps-Purchases, sales	1.259.943	787.480
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	1.474.288	803.102
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	1.474.288	803.102

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

4. Explanations on contingent assets and liabilities

The Bank has made a provision amounting to TL 5.331 (December 31, 2019: TL 2.334), as presented under "Other Provisions" note in Section Five Note II.6 .b, for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows.

5. Explanations on services rendered on behalf of third parties

The Bank has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

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

1. Information on profit share income

a. Information on profit share income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans				
Short Term Loans	279.772	5.673	250.918	1.129
Medium and Long Term Loans	384.051	122.417	52.039	22.408
Profit Share on Non-Performing Loans	-	-	-	-
Total	663.823	128.090	302.957	23.537

b. Information on profit share income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	10.681	-	2.847	-
Domestic Banks	535	-	34.222	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	11.216	-	37.069	-

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)	37.005	19.033	15.266	17.340
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	70.549	5.444	-	-
Financial Assets Measured at Amortized Cost	-	62.122	-	32.206
Total	107.554	86.599	15.266	49.546

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Income received from associates and subsidiaries	1.241	-	-	-
Total	1.241	-	-	-

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

2. Explanations on profit share expenses

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

Current Period Account Name	Profit Sharing Accounts						Accumulated participation accounts	Total
	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 years		
TL								
Funds collected from banks through current and profit sharing accounts	-	-	-	-	-	-	-	-
Real persons' non-trading profit sharing accounts	2.166	25.195	2.530	-	438	1.466	-	31.795
Public sector profit sharing accounts	23.242	32.758	10.766	-	404	-	-	67.170
Commercial sector profit sharing accounts	17.023	196.581	7.407	-	1.198	104	-	222.313
Other institutions profit sharing accounts	928	15.020	5.979	-	-	-	-	21.927
Total	43.359	269.554	26.682	-	2.040	1.570	-	343.205
FC								
Banks	-	3.773	-	-	-	-	-	3.773
Real persons' non-trading profit sharing accounts	362	2.849	96	-	54	6	-	3.367
Public sector profit sharing accounts	-	311	-	-	-	-	-	311
Public sector profit sharing accounts	1.094	43.893	1.510	-	705	417	-	47.619
Other institutions profit sharing accounts	17	3.008	-	-	-	-	-	3.025
Precious metals deposits	927	-	-	-	-	-	-	927
Total	2.400	53.834	1.606	-	759	423	-	59.022
Grand Total	45.759	323.388	28.288	-	2.799	1.993	-	402.227

IV. Explanations and notes 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

Prior Period Account Name	Profit Sharing Accounts						Accumulated participation accounts	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 years		
TL								
Funds collected from banks through current and profit sharing accounts	-	743	-	-	-	-	-	743
Real persons' non-trading profit sharing accounts	217	3.731	1.307	-	236	25	-	5.516
Public sector profit sharing accounts	4.355	2.730	7	-	7	-	-	7.099
Commercial sector profit sharing accounts	3.730	117.593	2.847	68	907	21	-	125.166
Other institutions profit sharing accounts	494	18.735	497	-	-	-	-	19.726
Total	8.796	143.532	4.658	68	1.150	46	-	158.250
FC								
Banks	-	2.137	-	-	-	-	-	2.137
Real persons' non-trading profit sharing accounts	2	190	-	-	-	-	-	192
Public sector profit sharing accounts	-	460	-	-	-	-	-	460
Public sector profit sharing accounts	644	8.576	390	-	345	151	-	10.106
Other institutions profit sharing accounts	36	2.433	-	-	-	-	-	2.469
Precious metals deposits	16	94	73	-	-	-	-	183
Total	698	13.890	463	-	345	151	-	15.547
Grand Total	9.494	157.422	5.121	68	1.495	197	-	173.797

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

2. Explanations on profit share expenses (continued)

b. Information on profit share expense paid to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3.151	5.178	-	1.590
CBRT	-	-	-	-
Domestic banks	3.151	3.506	-	1.120
Foreign banks	-	1.672	-	470
Head offices and branches abroad	-	-	-	-
Other institutions	111.112	67.112	-	34.657
Total	114.263	72.290	-	36.247

c. Profit share expense paid to associates and subsidiaries

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expense given to associates and subsidiaries	26.374	-	-	-
Total	26.374	-	-	-

d. Profit share expenses paid to marketable securities issued

None (December 31, 2019 :None).

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

As of December 31, 2020, other fees and commissions taken are amounting to TL 25.053 (January 1 - December 31, 2019: TL 868). These commissions are consists of in importation commissions amounting to TL 7.649 (January 1 - December 31, 2019: 333), from import commissions to TL 5.819 (January 1 - December 31, 2019: 92), from remittance commissions to TL 2.051 (January 1 – December 31, 2019: 123) from insurance and brokerage commissions TL 9.534 (January 1 - December 31, 2019: TL 320) consists of other commissions.

As of December 31, 2020, other fees and commissions given are amounting to TL 12.492 (January 1 – December 31, 2019: TL 2.620). These commissions are consists of the required reserves paid to the CBRT amounting to TL 6.557 (January 1 - December 31, 2019: None), from interbank card center commissions amounting to TL 2.504 (January 1 - December 31, 2019: TL 99) and other commissions for given amounting to TL 3.411 (January 1 - December 31, 2019: TL 2.521).

4. Information on dividend income

None (December 31, 2019: None).

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

5. Explanations on trading income/loss (net)

	Current Period	Prior Period
Income	1.151.063	253.103
Income from capital market transactions	7.117	27.276
Income from derivative financial instruments	128.284	29.988
Foreign exchange income	1.015.662	195.839
Loss (-)	1.128.802	220.589
Loss on capital market transactions	112	261
Loss on derivative financial instruments	319.573	30.047
Foreign exchange losses	809.117	190.281
Trading income/loss (net)	22.261	32.514

6. Explanations related to other operating income

	Current Period	Prior Period
Income from provisions made in previous years(*)	31.868	-
Income from sales of assets(**)	42.499	2.693
Revenues from provisions allocated in previous years	124	18.670
Cancellation of communication expenses provision	-	23
Lease income	8	-
Other income	10.891	2.729
Total	85.390	24.115

(*) 16,615 TL refers to the amount of the collections of 2020, which were previously deleted from the assets and provided by the Asset Management Company, as per the agreement, the Bank's share.

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

7. Expected loss provision expenses and other provision expenses

	Current Period
Expected Credit Loss	87.148
12-month expected credit loss (stage 1)	86.858
Significant increase in credit risk (stage 2)	191
Non-performing loans (stage 3)	99
Marketable Securities Impairment Expense	25.532
Financial Assets at Fair Value through Profit or Loss	25.532
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 (*)	14.188
Total	126.868

(*) Consist of provisions allocated from profit shares to be distributed to profit sharing accounts amounting to TL 10.448 and TL 3.740 litigation provision expenses.

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

7. Expected loss provision expenses and other provision expenses (continued)

	Prior Period
Expected Credit Loss	111
12-month expected credit loss (stage 1)	-
Significant increase in credit risk (stage 2)	-
Non-performing loans (stage 3)	111
General Provisions	79.141
Marketable Securities Impairment Expense	-
Financial Assets at Fair Value through Profit or Loss	-
Financial Assets at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Total	79.252

8. Information on other operating expenses

	Current Period	Prior Period
Provision for retirement pay liability	414	847
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	30.916	8.061
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	15.844	9.245
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	49.592	35.484
Lease expenses related to TFRS 16 exemptions	14	16
Operating Maintenance expenses	4.521	1.598
Advertisement expenses	13.122	7.166
Other expenses ⁽¹⁾	31.935	26.704
Loss on sale of assets	-	-
Other ⁽²⁾	22.412	17.869
Total	119.178	71.506

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

8. Information on other operating expenses (continued)

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

	Current Period	Prior Period
Communication Expenses	9.264	2.596
Cleaning Expenses	5.000	1.516
Heating, Lighting and Water Expenses	3.372	1.591
Insurance Expenses	1.592	576
Vehicle Expenses	1.319	967
Litigation and court expenses	1.405	14.899
Stationery expenses	1.012	622
Representation and Hospitality expenses	1.307	205
Donations and grants	1.018	77
Participation on common expenses	397	1.853
Other Expenses	6.249	1.802
Total	31.935	26.704

²⁾ Other balance details are as below table:

	Current Period	Prior Period
Taxes, Duties, Charges and Funds	13.750	12.496
Audit and Consultancy Fees	3.563	2.489
Participation Share Expenses	2.649	1.402
Saving Deposit Insurance Fund	1.118	90
Other	1.332	1.392
Total	22.412	17.869

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

The portion of the Bank's profit before tax amounting to TL 371.613 (December 31, 2019: TL 217.652) consists of net profit share income and TL 21.113 (December 31, 2019: TL (1.365)) consists of net fee and commission expenses, and the total of other operating expenses is 119.177. TL (December 31, 2019: TL 71.506).

10. Explanations on tax provision for continued and discontinued operations

As of December 31, 2020, the Bank has deferred tax income amounting to TL 94.719 (December 31, 2020: TL 16.921), deferred tax expense amounting to TL 70.865 (December 31, 2019: TL 15.797). As of December 31, 2020, the Bank has no current tax provision.

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations (December 31, 2019: None).

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

The Bank has no discontinued operations. The net profit for the period has been recorded as TL 104.451 (December 31, 2019: TL 46.103) as a result of deducting the period tax provision expense from TL 23.855 (31 December, 2019: TL 1.124) to TL 80.597 (31 December, 2019: TL 44.979).

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

12. Explanations on net income/ loss

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

None.

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

None.

c. Profit / loss attributable to minority shares

None.

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

The Bank has not notified amount of profit shares notified after the balance sheet date but before the announcement of the financial statements.

The dividend distribution will be decided at the General Assembly meeting and the General Assembly has not been held as of the date of the attached financial statements. In the current period, the Bank has compensated TL 750.000 of the previous year's loss of TL 1.026.915 from other profit reserves with the decision of the General Assembly dated December 7, 2020.

1. Due to the application of the accounting for financial instruments in the current period information on increases that have occurred

a. Information on the increases that occurred after the revaluation of financial assets at fair value difference is reflected in other comprehensive income

None (December 31, 2019: None).

b. Information on increases in cash flow hedging items

None (December 31, 2019: None).

c. Increase after revaluation of tangible assets

None (December 31, 2019: None).

2. Due to the application of the accounting for financial instruments in the current period information about the decreases occurring

a. Information on the decreases occurring after the revaluation of financial assets at fair value difference is reflected in other comprehensive income

In the current period, increase occurring after the revaluation of financial assets at fair value difference in other comprehensive income is TL 10.581 (December 31, 2019: None).

b. Information on decreases in cash flow hedging items

None (December 31, 2019: None).

3. Information about dividends

a. Notified profit shares after the balance sheet date but before the announcement of the financial statements

As of the date of this report, the Bank has not made any dividend notification.

b. Period net profit shares per share proposed to be distributed to shareholders after the balance sheet date

None.

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

4. Information on share issuance

a. For all capital share classes of the Bank; Rights, priorities and constraints related to this item, including restrictions on dividend distribution and reimbursement of capital

None (December 31, 2019: None).

b) Explanations on other capital increase items in the statement of changes in equity

None.

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

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

“Cash” is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. “Cash equivalents” is defined as money market placements and time deposits at banks with original maturities less than three months.

Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	89.551	6
Cash in TL/foreign currency	17.505	6
Cash in transit	-	-
CBRT	72.046	-
Cash equivalents	162.057	654.081
Domestic banks	152.078	654.081
Foreign banks	9.979	-
Total cash and cash equivalents	251.608	654.087

Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	812.166	89.551
Cash in TL/foreign currency	585.172	17.505
Cash in transit	-	-
CBRT	226.994	72.046
Cash equivalents	910.842	162.057
Domestic banks	730.588	152.078
Foreign banks	180.254	9.979
Total cash and cash equivalents	1.723.008	251.608

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

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

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

Included in “Banking activity subject to assets and liabilities prior to change in operating profit” Other item amounting to TL 12.926 (December 31, 2019: TL 31.845) mainly consists of general provisions expense and other operating expenses.

The “net increase / decrease in other liabilities” item in the “change in assets and liabilities subject to banking activities” amounting to TL 1.338.692 (December 31, 2019: TL 104.658) consists of changes in lease payables, other foreign resources and taxes, duties, fees and premiums.

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

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

The effect of the change in foreign exchange rate on cash and cash equivalents was determined to be approximately TL 375.282 (December 31 2019: TL 7.869) in the accounting period ended on 31 December 2019.

VII. Explanations related to the risk group of the Bank

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

a. Current Period

Risk Group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivable					
Balance at the beginning of period	-	-	-	-	104.959	-
Balance at the end of period	95.629	-	-	-	433.341	-
Profit Share and Commission Income (**)	1.241	-	-	-	10.592	-

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

(**) Includes profit share and commission income from loans and securities.

b. Prior Period

None.

c.1. Information on current and profit sharing accounts of the Bank's risk group

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Current and profit sharing accounts					
Balance at the beginning of period	47	-	-	-	-	-
Balance at the end of period	97	47	-	-	-	-
Profit share expense	-	-	-	-	-	-

c.2. Information on forward and option agreements and other similar agreements with related parties

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

d Information on benefits provided to top management of the bank

The total amount of wages and benefits provided to the top management of the Bank for the period ended December 31, 2020 is TL 5.442 (December 31, 2019: TL 6.731).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

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

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

	Number	Number of personnel			
Domestic Branches	50	814			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

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

The Bank has not open branches abroad in 2020. The Bank has opened 50 branches in different regions in the country.

IX. Explanations related to subsequent events

The Bank will be a resource institution / fund user, and by Emlak Katılım Varlık Kiralama A.Ş., domestically, limited to TL 5.000.000, orderly, in Turkish Lira, Based on the lease certificate structure based on the Management Contract foreseen in the terms of 1-60 months and the Communiqué on Lease Certificates (III-61.1), the application to the Capital Markets Board (CMB) regarding the issuance of lease certificates to be sold to the allocated and / or qualified investor was approved by the CMB's decision dated September 17, 2020 and numbered 59/1169. Within the scope of the relevant lease certificate issue ceiling, by Emlak Katılım Varlık Kiralama A.Ş., in September 17, 2020, within the scope of the approval of a consistent regular issuance of TL 5.000.000 from the CMB for sale to qualified investors,

- On January 14, 2021, TL 400.000 with 75 days maturity, 18% return rate for domestic qualified investors,
- On January 14, 2021, TL 101.500 with 46 days maturity for domestic qualified investors,
- On January 18, 2021, TL 154.962 with 91 days maturity, fixed income for domestic qualified investors,
- On January 29, 2021, TL 150.000 with 138 days maturity, for domestic qualified investors,
- On February 2, 2021, TL 200.000 with 134 days maturity, for domestic qualified investors,
- On February 2, 2021, TL 300.000 with 136 days maturity, for domestic qualified investors,
- On February 4, 2021, TL 100.000 with 180 days maturity, for domestic qualified investors,
- On February 4, 2021, TL 50.000 with 46 days maturity, for domestic qualified investors,
- On February 12, 2021, TL 80.000 with 46 days maturity, for domestic qualified investors,
- On February 23, 2021, TL 205.826 with 86 days maturity, for domestic qualified investors,
- On February 26, 2021 in domestic market for qualified investors with 104 days maturity TL 310,000 worth of lease certificate were issued.

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

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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

SECTION SIX

Other explanations

I. Other explanations on operations of the Bank

None.

SECTION SEVEN

Independent Auditor's Report

I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements of the Participation Bank for the year-ended December 31, 2020 were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and Auditors' Report dated February 26, 2021 is presented in the introduction of this report.

II. Explanations on the Independent Auditor's Report

None.