

# **Türkiye Emlak Katılım Bankası Anonim Şirketi**

## **Publicly Announced Consolidated Financial Statements and Related Disclosures at December 31, 2022 together with Audit Report**

*(Convenience translation at publicly announced consolidated financial  
statements, related disclosures and audit report originally issued in  
Turkish)*



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**(Convenience translation of the auditor's report originally issued in Turkish)**

## **Report on the Consolidated Financial Statements**

**To the General Assembly of Türkiye Emlak Katılım Bankası A.Ş.**

### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Türkiye Emlak Katılım Bankası A.Ş. (the "Bank"), and its subsidiaries (together will be referred as "the Group"), which comprise the statement of consolidated statement of financial position as at December 31, 2022, consolidated statement of profit and loss and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

### **Basis for Qualified Opinion**

As explained in Section Five Part II.7.b, the accompanying consolidated financial statements as at December 31, 2022 include a free provision at an amount of TL 642,414 thousands and related deferred tax amounting to TL 160.603 thousands which was provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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 qualified opinion.

### **Key Audit Matters**

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



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| Key Audit Matter   | How the Key Audit Matter is addressed in our audit   |
|--|--|
| <p><b><i>Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures</i></b></p> <p>As disclosed in footnote VII of Section 3; the Group 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"> <li>Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements</li> <li>The applications TFRS 9 are complex and comprehensive</li> <li>The classification of financial instruments based on the Group’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</li> <li>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</li> <li>The complexity and intensity of the control environment in the processes designed or reorganized with the transition to TFRS 9</li> <li>The complexity and intensity of the control environment in the processes for TFRS 9</li> <li>Estimations and assumptions used in expected credit losses are new, important and complex</li> <li>Complex and comprehensive disclosure requirements of TFRS 9.</li> </ul> | <p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> <li>Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group’s past performance, and local and global practices</li> <li>Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Process Audit specialists</li> <li>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</li> <li>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 Group’s business model</li> <li>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 Group’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis</li> <li>Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses</li> <li>Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis</li> <li>Evaluating the necessity and accuracy of the updates made or required updates after the modeling process</li> </ul> <p>Auditing of disclosures related to TFRS 9.</p> |

## **Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements**

Group management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- In order to provide an opinion on consolidated financial statements, adequate and appropriate audit evidence is obtained about the financial information of the operating segments and entities in the Group. We are responsible for directing, supervising and conducting the Group audit. We are also responsible for the audit opinion that we provide by ourselves.

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 consolidated 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, 2022 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.

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

  
Emre Çelik, SMMM  
Partner

March 10, 2023  
Istanbul, Turkey

**TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**  
**THE CONSOLIDATED FINANCIAL REPORT AS OF DECEMBER 31, 2022**

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

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

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

**Subsidiaries**

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

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

**Prof. Dr. Mehmet Emin BİRPINAR**

Chairman of the Board of Directors

**Abdullah Erdem CANTİMUR**

Chairman of the Audit  
Committee

**Mehmet Nuri YAZICI**

Member of the Audit  
Committee

**İlker SIRTKEYA**

General Manager

**Hakan ULUS**

Budget and Financial Reporting Manager

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

Name-Surname / Title : Hakan ULUS / Budget and Financial Reporting Manager  
Telephone : 00 90 216 275 24 74  
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## **SECTION ONE**

### **General information**

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

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

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

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

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

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

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

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

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

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

The Parent Bank and its subsidiaries consolidated with the Parent Bank, as a whole, are called the "Group" The Bank's head office is located in İstanbul and there are 80 branches (including 1 e-branch) of the Parent Bank as of December 31, 2022. (December 31, 2021: 50). The Parent Bank is operating with 1.297 staff as of December 30, 2022 (December 31, 2021:1.107).



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

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

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

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

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

| Name and Surname               | Administrative Function and Responsibility                                   | Educational Degree | Ownership Percentage(%) |
|--------------------------------|--|--------------------|-------------------------|
| Prof. Dr. Mehmet Emin BİRPINAR | Chairman of BOD  | Doctorate          | -                       |
| Abdullah Erdem CANTİMUR        | Vice Chairman of the Board of Directors and Chairman of the Audit Committee  | Master             | -                       |
| Hasan SUVER*                   | Member of BOD  | Master             | -                       |
| Mustafa ERDEM                  | Member of BOD  | Bachelor           | -                       |
| Mehmet Nuri YAZICI             | Member of BOD and Audit Committee  | Bachelor           | -                       |
| Prof. Dr. Murat BALCI          | Member of BOD  | Doctorate          | -                       |
| İlker SIRTAKAYA                | Member of BOD / General Manager  | Master             | -                       |
| Tuğba GEDİKLİ                  | Assistant General Manager Responsible for Finance                            | Bachelor           | -                       |
| Ali Kemal KÜÇÜKCAN             | Assistant General Manager Responsible for Treasury and International Banking | Master             | -                       |
| Hüseyin Cahit BÜYÜKBAŞ         | Assistant General Manager Responsible for Sales and Marketing                | Bachelor           | -                       |
| Nihat BULUT                    | Assistant General Manager Responsible for Credits                            | Bachelor           | -                       |
| Yusuf OKUR                     | Assistant General Manager Responsible for Operations                         | Bachelor           | -                       |
| Uğur KARA                      | Assistant General Manager Responsible for Human Resources                    | Master             | -                       |

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

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

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

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

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

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

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

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

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

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

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

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

## **SECTION TWO**

### **The consolidated financial statements**

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

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

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

**AS OF DECEMBER 31, 2022**

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

| ASSETS  | Note<br>(Fifth<br>Section-I) | THOUSAND TL                    |                   |                   | THOUSAND TL                  |                   |                   |
|---|------------------------------|--------------------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|
|   |                              | CURRENT PERIOD<br>(31/12/2022) |                   |                   | PRIOR PERIOD<br>(31/12/2021) |                   |                   |
|   |                              | TL                             | FC                | TOTAL             | TL                           | FC                | TOTAL             |
| <b>I. FINANCIAL ASSETS (NET)</b>  |                              | <b>9.579.432</b>               | <b>32.751.849</b> | <b>42.331.281</b> | <b>3.982.037</b>             | <b>9.109.377</b>  | <b>13.091.414</b> |
| <b>1.1 Cash and cash equivalents</b>  |                              | <b>1.646.250</b>               | <b>29.281.090</b> | <b>30.927.340</b> | <b>899.261</b>               | <b>6.868.642</b>  | <b>7.767.903</b>  |
| 1.1.1 Cash and Balances with Central Bank   | (1)                          | 1.644.787                      | 24.437.793        | 26.082.580        | 897.830                      | 5.338.605         | 6.236.435         |
| 1.1.2 Banks   | (2)                          | 2.447                          | 4.885.384         | 4.887.831         | 1.593                        | 1.531.522         | 1.533.115         |
| 1.1.3 Money Market Placements   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 1.1.4 Expected Loss Provisions (-)  |                              | 984                            | 42.087            | 43.071            | 162                          | 1.485             | 1.647             |
| <b>1.2 Financial Assets Measured at Fair Value Through Profit/Loss (FVTPL)</b>                | (3)                          | <b>1.496</b>                   | <b>943.463</b>    | <b>944.959</b>    | <b>237.267</b>               | <b>847.933</b>    | <b>1.085.200</b>  |
| 1.2.1 Government Debt Securities  |                              | 1.496                          | 943.463           | 944.959           | -                            | 847.933           | 847.933           |
| 1.2.2 Equity Securities   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 1.2.3 Other Financial Assets  |                              | -                              | -                 | -                 | 237.267                      | -                 | 237.267           |
| <b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)</b> | (4)                          | <b>7.926.770</b>               | <b>2.514.615</b>  | <b>10.441.385</b> | <b>2.783.631</b>             | <b>1.389.522</b>  | <b>4.173.153</b>  |
| 1.3.1 Government Debt Securities  |                              | 7.919.111                      | 2.514.615         | 10.433.726        | 2.775.972                    | 1.389.522         | 4.165.494         |
| 1.3.2 Equity Securities   |                              | 7.659                          | -                 | 7.659             | 7.659                        | -                 | 7.659             |
| 1.3.3 Other Financial Assets  |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>1.4 Derivative Financial Assets</b>  | (5)                          | <b>4.916</b>                   | <b>12.681</b>     | <b>17.597</b>     | <b>61.878</b>                | <b>3.280</b>      | <b>65.158</b>     |
| 1.4.1 Derivative Financial Assets Measured at FVTPL   |                              | 4.916                          | 12.681            | 17.597            | 61.878                       | 3.280             | 65.158            |
| 1.4.2 Derivative Financial Assets Measured at FVOCI   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>                                  |                              | <b>37.583.957</b>              | <b>16.495.311</b> | <b>54.079.268</b> | <b>12.156.411</b>            | <b>12.132.116</b> | <b>24.288.527</b> |
| <b>2.1 Loans</b>  | (6)                          | <b>31.374.318</b>              | <b>12.432.021</b> | <b>43.806.339</b> | <b>12.307.401</b>            | <b>9.417.079</b>  | <b>21.724.480</b> |
| <b>2.2 Lease Receivables</b>  | (8)                          | <b>373.586</b>                 | <b>112.696</b>    | <b>486.282</b>    | <b>108.644</b>               | <b>74.200</b>     | <b>182.844</b>    |
| <b>Other Financial Assets Measured at Amortized Cost</b>                                      | (7)                          | <b>6.300.593</b>               | <b>4.139.848</b>  | <b>10.440.441</b> | -                            | <b>2.713.586</b>  | <b>2.713.586</b>  |
| 2.3.1 Government Debt Securities  |                              | 6.300.593                      | 4.139.848         | 10.440.441        | -                            | 2.713.586         | 2.713.586         |
| 2.3.2 Other Financial Assets  |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>2.4 Expected Loss Provisions(-)</b>  | (6)                          | <b>464.540</b>                 | <b>189.254</b>    | <b>653.794</b>    | <b>259.634</b>               | <b>72.749</b>     | <b>332.383</b>    |
| <b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>                  | (9)                          | <b>5.242</b>                   | -                 | <b>5.242</b>      | <b>8.000</b>                 | -                 | <b>8.000</b>      |
| 3.1 Asset Held for Sale   |                              | 5.242                          | -                 | 5.242             | 8.000                        | -                 | 8.000             |
| 3.2 Assets of Discontinued Operations   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>IV. PARTNERSHIP INVESTMENTS</b>  |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>4.1 Associates (Net)</b>   | (10)                         | -                              | -                 | -                 | -                            | -                 | -                 |
| 4.1.1 Associates Consolidated Under Equity Accounting   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 4.1.2 Unconsolidated Associates   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>4.2 Subsidiaries (Net)</b>   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 4.2.1 Unconsolidated Financial Investments in Subsidiaries                                    |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| Unconsolidated Non-Financial Investments in Subsidiaries                                      |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 4.2.2 Subsidiaries  |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>4.3 Joint Ventures (Net)</b>   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 4.3.1 Joint-Ventures Consolidated Under Equity Accounting                                     |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 4.3.2 Unconsolidated Joint-Ventures   |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>V. TANGIBLE ASSETS (NET)</b>   | (11)                         | <b>432.288</b>                 | -                 | <b>432.288</b>    | <b>330.398</b>               | -                 | <b>330.398</b>    |
| <b>VI. INTANGIBLE ASSETS (NET)</b>  | (12)                         | <b>100.413</b>                 | -                 | <b>100.413</b>    | <b>23.462</b>                | -                 | <b>23.462</b>     |
| 6.1 Goodwill  |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| 6.2 Other   |                              | 100.413                        | -                 | 100.413           | 23.462                       | -                 | 23.462            |
| <b>VII. INVESTMENT PROPERTY (NET)</b>   | (13)                         | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>VIII. CURRENT TAX ASSET</b>  |                              | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>IX. DEFERRED TAX ASSETS</b>  | (14)                         | <b>664.594</b>                 | -                 | <b>664.594</b>    | <b>66.894</b>                | -                 | <b>66.894</b>     |
| <b>X. OTHER ASSETS</b>  | (15)                         | <b>1.338.254</b>               | <b>3.874</b>      | <b>1.342.128</b>  | <b>232.129</b>               | <b>4.979</b>      | <b>237.108</b>    |
| <b>TOTAL ASSETS</b>   |                              | <b>49.704.180</b>              | <b>49.251.034</b> | <b>98.955.214</b> | <b>16.799.331</b>            | <b>21.246.472</b> | <b>38.045.803</b> |

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

| LIABILITIES  | Note<br>(Fifth<br>Section-II) | THOUSAND TL<br>CURRENT PERIOD<br>(31/12/2022) |                   |                   | THOUSAND TL<br>PRIOR PERIOD<br>(31/12/2021) |                   |                   |
|--|-------------------------------|---|-------------------|-------------------|---|-------------------|-------------------|
|  |                               | TL  | FC                | TOTAL             | TL  | FC                | TOTAL             |
|  |                               |   |                   |                   |   |                   |                   |
| <b>I. FUNDS COLLECTED</b>  | (1)                           | 34.889.415                                    | 44.282.608        | 79.172.023        | 8.216.829                                   | 18.448.499        | 26.665.328        |
| <b>II. FUNDS BORROWED</b>  | (2)                           | 149.370                                       | 749.565           | 898.935           | 101.296                                     | 1.103.031         | 1.204.327         |
| <b>III. MONEY MARKET FUNDS</b>   |                               | -   | -                 | -                 | 1.984.303                                   | -                 | 1.984.303         |
| <b>IV. SECURITIES ISSUED (Net)</b>   |                               | 5.031.689                                     | -                 | 5.031.689         | 2.862.381                                   | -                 | 2.862.381         |
| <b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                                     |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>  |                               | 2.261   | 11.536            | 13.797            | 106.180                                     | 3.810             | 109.990           |
| 6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss                                | (3)                           | 2.261   | 11.536            | 13.797            | 106.180                                     | 3.810             | 109.990           |
| 6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income                    | (5)                           | -   | -                 | -                 | -   | -                 | -                 |
| <b>VII. LEASE PAYABLES (NET)</b>   | (4)                           | 278.248                                       | -                 | 278.248           | 191.498                                     | -                 | 191.498           |
| <b>VIII. PROVISIONS</b>  | (6)                           | 938.875                                       | 106.829           | 1.045.704         | 66.636                                      | 51.603            | 118.239           |
| 8.1 General Provisions   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 8.2 Reserve for Employee Benefits  |                               | 138.275                                       | -                 | 138.275           | 26.592                                      | -                 | 26.592            |
| 8.3 Insurance Technical Provisions (Net)   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 8.4 Other Provisions   |                               | 800.600                                       | 106.829           | 907.429           | 40.044                                      | 51.603            | 91.647            |
| <b>IX. CURRENT TAX LIABILITY</b>   | (7)                           | 1.368.458                                     | -                 | 1.368.458         | 81.210                                      | -                 | 81.210            |
| <b>X. DEFERRED TAX LIABILITY</b>   |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>              | (8)                           | -   | -                 | -                 | -   | -                 | -                 |
| 11.1 Held for Sale Purpose   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 11.2 Related to Discontinued Operations  |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>XII. SUBORDINATED DEBT INSTRUMENTS</b>  | (9)                           | -   | 4.110.376         | 4.110.376         | -   | 2.669.412         | 2.669.412         |
| 12.1 Loans   |                               | -   | 4.110.376         | 4.110.376         | -   | 2.669.412         | 2.669.412         |
| 12.2 Other Debt Instruments  |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>XIII. OTHER LIABILITIES</b>   | (10)                          | 563.335                                       | 444.632           | 1.007.967         | 369.643                                     | 60.722            | 430.365           |
| <b>XIV. SHAREHOLDERS' EQUITY</b>   | (11)                          | 6.005.793                                     | 22.224            | 6.028.017         | 1.740.202                                   | (11.452)          | 1.728.750         |
| 14.1 Paid-in capital   |                               | 1.026.915                                     | -                 | 1.026.915         | 1.026.915                                   | -                 | 1.026.915         |
| 14.2 Capital Reserves  |                               | 33.186  | -                 | 33.186            | 23.088                                      | -                 | 23.088            |
| 14.2.1 Share Premium   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 14.2.2 Share Cancellation Profits  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 14.2.3 Other Capital Reserve   |                               | 33.186  | -                 | 33.186            | 23.088                                      | -                 | 23.088            |
| 14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss |                               | (19.114)                                      | -                 | (19.114)          | (1.411)                                     | -                 | (1.411)           |
| 14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss     |                               | 1.520.003                                     | 22.224            | 1.542.227         | 56.776                                      | (11.452)          | 45.324            |
| 14.5 Profit Reserves   |                               | 630.721                                       | -                 | 630.721           | 485.999                                     | -                 | 485.999           |
| 14.5.1 Legal Reserves  |                               | 287.788                                       | -                 | 287.788           | 280.353                                     | -                 | 280.353           |
| 14.5.2 Status Reserves   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 14.5.3 Extraordinary Reserves  |                               | 342.933                                       | -                 | 342.933           | 205.646                                     | -                 | 205.646           |
| 14.5.4 Other Profit Reserves   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 14.6 Income or (Loss)  |                               | 2.814.082                                     | -                 | 2.814.082         | 148.835                                     | -                 | 148.835           |
| 14.6.1 Prior Periods' Income or (Loss)   |                               | 287   | -                 | 287               | 5.424                                       | -                 | 5.424             |
| 14.6.2 Current Period Income or (Loss)   |                               | 2.813.795                                     | -                 | 2.813.795         | 143.411                                     | -                 | 143.411           |
| <b>TOTAL LIABILITIES</b>   |                               | <b>49.227.444</b>                             | <b>49.727.770</b> | <b>98.955.214</b> | <b>15.720.178</b>                           | <b>22.325.625</b> | <b>38.045.803</b> |

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

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)  
**TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET AS OF DECEMBER 31, 2022**  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

| STATEMENT OF OFF BALANCE SHEET  | Note<br>(Fifth<br>Section-III) | THOUSAND TL                    |                   |                    | THOUSAND TL                  |                   |                    |
|---|--------------------------------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
|   |                                | CURRENT PERIOD<br>(31/12/2022) |                   |                    | PRIOR PERIOD<br>(31/12/2021) |                   |                    |
|   |                                | TL                             | FC                | TOTAL              | TL                           | FC                | TOTAL              |
| <b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>                                |                                | <b>13.582.886</b>              | <b>17.334.633</b> | <b>30.917.519</b>  | <b>6.343.425</b>             | <b>8.723.299</b>  | <b>15.066.724</b>  |
| <b>I. GUARANTEES AND SURETIES</b>   | (1)                            | <b>7.168.358</b>               | <b>3.306.651</b>  | <b>10.475.009</b>  | <b>3.024.434</b>             | <b>3.136.467</b>  | <b>6.160.901</b>   |
| 1.1 Letters of Guarantees   |                                | 7.164.657                      | 2.680.614         | 9.845.271          | 3.017.583                    | 1.863.037         | 4.880.620          |
| 1.1.1 Guarantees Subject to State Tender Law                                      |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.1.2 Guarantees Given for Foreign Trade Operations                               |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.1.3 Other Letters of Guarantee  |                                | 7.164.657                      | 2.680.614         | 9.845.271          | 3.017.583                    | 1.863.037         | 4.880.620          |
| 1.2 Bank Loans  |                                | 3.701                          | 196.736           | 200.437            | 3.500                        | 754.257           | 757.757            |
| 1.2.1 Import Letter of Acceptances  |                                | 3.701                          | 196.736           | 200.437            | -                            | -                 | -                  |
| 1.2.2 Other Bank Acceptances  |                                | -                              | -                 | -                  | 3.500                        | 754.257           | 757.757            |
| 1.3 Letter of Credits   |                                | -                              | 429.301           | 429.301            | 3.351                        | 519.173           | 522.524            |
| 1.3.1 Documentary Letter of Credits   |                                | -                              | 429.301           | 429.301            | 3.351                        | 519.173           | 522.524            |
| 1.3.2 Other Letter of Credits   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.4 Prefinancing Given as Guarantee   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.5 Endorsements  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.5.1 Endorsements to the Central Bank of Turkey                                  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.5.2 Other Endorsements  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.6 Other Guarantees  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 1.7 Other Collaterals   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| <b>II. COMMITMENTS</b>  | (1)                            | <b>5.577.597</b>               | <b>4.633.812</b>  | <b>10.211.409</b>  | <b>1.478.944</b>             | <b>626.232</b>    | <b>2.105.176</b>   |
| 2.1 Irrevocable Commitments   |                                | 5.577.597                      | 4.633.812         | 10.211.409         | 1.478.944                    | 626.232           | 2.105.176          |
| 2.1.1 Asset Purchase and Sale Commitments   |                                | 67.720                         | 4.301.368         | 4.369.088          | 249.690                      | 390.845           | 640.535            |
| 2.1.2 Share Capital Commitment to Associates and Subsidiaries                     |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.3 Loan Granting Commitments   |                                | 4.307.375                      | -                 | 4.307.375          | 1.121.875                    | -                 | 1.121.875          |
| 2.1.4 Securities Underwriting Commitments   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.5 Commitments for Reserve Deposit Requirements                                |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.6 Payment Commitment for Cheques  |                                | 170.002                        | -                 | 170.002            | 107.379                      | -                 | 107.379            |
| 2.1.7 Tax And Fund Liabilities from Export Commitments                            |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.8 Commitments for Credit Card Expenditure Limits                              |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.9 Commitments for Promotions Related with Credit Cards and Banking Activities |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.10 Receivables From Short Sale Commitments of Marketable Securities           |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.11 Payables for Short Sale Commitments of Marketable Securities               |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.1.12 Other Irrevocable Commitments  |                                | 1.032.500                      | 332.444           | 1.364.944          | -                            | 235.387           | 235.387            |
| 2.2 Revocable Commitments   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.2.1 Revocable Loan Granting Commitments   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 2.2.2 Other Revocable Commitments   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                                      |                                | <b>836.931</b>                 | <b>9.394.170</b>  | <b>10.231.101</b>  | <b>1.840.047</b>             | <b>4.960.600</b>  | <b>6.800.647</b>   |
| 3.1 Derivative Financial Instruments for Hedging Purposes                         |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 3.1.1 Fair Value Hedge  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 3.1.2 Cash Flow Hedge   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 3.1.3 Hedge of Net Investment in Foreign Operations                               |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 3.2 Held for Trading Transactions   |                                | 836.931                        | 9.394.170         | 10.231.101         | 1.840.047                    | 4.960.600         | 6.800.647          |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions                              |                                | 463.718                        | 448.315           | 912.033            | 238.767                      | 310.648           | 549.415            |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy                                 |                                | 225.427                        | 231.190           | 456.617            | 119.578                      | 144.670           | 264.248            |
| 3.2.1.2 Forward Foreign Currency Transactions-Sell                                |                                | 238.291                        | 217.125           | 455.416            | 119.189                      | 165.978           | 285.167            |
| 3.2.2 Other Forward Buy/Sell Transactions   |                                | 373.213                        | 8.945.855         | 9.319.068          | 1.601.280                    | 4.649.952         | 6.251.232          |
| 3.3 Other   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| <b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>                                     |                                | <b>329.532.626</b>             | <b>27.260.409</b> | <b>356.793.035</b> | <b>150.618.208</b>           | <b>14.709.182</b> | <b>165.327.390</b> |
| <b>IV. ITEMS HELD IN CUSTODY</b>  |                                | <b>22.338.186</b>              | <b>7.653.917</b>  | <b>29.992.103</b>  | <b>8.701.960</b>             | <b>5.821.602</b>  | <b>14.523.562</b>  |
| 4.1 Assets Under Management   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 4.2 Investment Securities Held in Custody   |                                | 5.748.785                      | 679.660           | 6.428.445          | 2.615.342                    | 664.085           | 3.279.427          |
| 4.3 Cheques Received for Collection   |                                | 4.744.393                      | 240.789           | 4.985.182          | 2.471.391                    | 439.907           | 2.911.298          |
| 4.4 Commercial Notes Received for Collection                                      |                                | 650.398                        | -                 | 650.398            | 166.943                      | -                 | 166.943            |
| 4.5 Other Assets Received for Collection  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 4.6 Assets Received for Public Offering   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 4.7 Other Items Under Custody   |                                | 10.638                         | -                 | 10.638             | 844                          | -                 | 844                |
| 4.8 Custodians  |                                | 11.183.972                     | 6.733.468         | 17.917.440         | 3.447.440                    | 4.717.610         | 8.165.050          |
| <b>V. PLEDGED ITEMS</b>   |                                | <b>307.194.440</b>             | <b>19.606.492</b> | <b>326.800.932</b> | <b>141.916.248</b>           | <b>8.887.580</b>  | <b>150.803.828</b> |
| 5.1 Marketable Securities   |                                | 572.427                        | -                 | 572.427            | 207.150                      | -                 | 207.150            |
| 5.2 Guarantee Notes   |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 5.3 Commodity   |                                | 5.801.967                      | 377.970           | 6.179.937          | 2.432.206                    | 22.511            | 2.454.717          |
| 5.4 Warranty  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| 5.5 Properties  |                                | 37.477.419                     | -                 | 37.477.419         | 13.002.677                   | -                 | 13.002.677         |
| 5.6 Other Pledged Items   |                                | 263.342.627                    | 19.228.522        | 282.571.149        | 126.274.215                  | 8.865.069         | 135.139.284        |
| 5.7 Pledged Items-Depository  |                                | -                              | -                 | -                  | -                            | -                 | -                  |
| <b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                         |                                | <b>-</b>                       | <b>-</b>          | <b>-</b>           | <b>-</b>                     | <b>-</b>          | <b>-</b>           |
| <b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>                                     |                                | <b>343.115.512</b>             | <b>44.595.042</b> | <b>387.710.554</b> | <b>156.961.633</b>           | <b>23.432.481</b> | <b>180.394.114</b> |

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

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF DECEMBER 31, 2022**

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

| STATEMENT OF PROFIT AND LOSS  | Note<br>(Fifth<br>Section-<br>IV) | THOUSAND TL                                   | THOUSAND TL                                 |
|---|-----------------------------------|---|---|
|   |                                   | CURRENT PERIOD<br>(01/01/2022-<br>31/12/2022) | PRIOR PERIOD<br>(01/01/2021-<br>31/12/2021) |
| <b>I. PROFIT SHARE INCOME</b>   | (1)                               | <b>8.296.024</b>                              | <b>2.326.198</b>                            |
| 1.1 Profit Share on Loans   |                                   | 5.279.189                                     | 1.830.637                                   |
| 1.2 Income Received from Reserve Deposits                                 |                                   | 97.472  | 53.119                                      |
| 1.3 Income Received from Banks  |                                   | 278   | 153   |
| 1.4 Income Received from Money Market Placements                          |                                   | 340   | -   |
| 1.5 Income Received from Marketable Securities Portfolio                  |                                   | 2.871.049                                     | 426.735                                     |
| 1.5.1 Financial Assets at Fair Value Through Profit and Loss              |                                   | 110.766                                       | 61.967                                      |
| 1.5.2 Financial Assets at Fair Value through Other Comprehensive Income   |                                   | 2.147.341                                     | 278.722                                     |
| 1.5.3 Financial Assets Measured at Amortised Cost                         |                                   | 612.942                                       | 86.046                                      |
| 1.6 Finance Lease Income  |                                   | 44.666  | 12.747                                      |
| 1.7 Other Profit Share Income   |                                   | 3.030   | 2.807                                       |
| <b>II. PROFIT SHARE EXPENSE (-)</b>                                       | (2)                               | <b>4.377.851</b>                              | <b>1.793.813</b>                            |
| 2.1 Expense on Profit Sharing Accounts                                    |                                   | 3.296.739                                     | 1.028.806                                   |
| 2.2 Profit Share Expense on Funds Borrowed                                |                                   | 229.496                                       | 113.575                                     |
| 2.3 Profit Share Expense on Money Market Borrowings                       |                                   | 60.868  | 51.840                                      |
| 2.4 Expense on Securities Issued  |                                   | 740.245                                       | 572.564                                     |
| 2.5 Lease Profit Share Expense  |                                   | 50.034  | 27.028                                      |
| 2.6 Other Profit Share Expenses   |                                   | 469   | -   |
| <b>III. NET PROFIT SHARE INCOME (I - II)</b>                              |                                   | <b>3.918.173</b>                              | <b>532.385</b>                              |
| <b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>                        |                                   | <b>305.663</b>                                | <b>82.984</b>                               |
| 4.1 Fees and Commissions Received   |                                   | 441.469                                       | 101.134                                     |
| 4.1.1 Non-Cash Loans  |                                   | 79.677  | 30.581                                      |
| 4.1.2 Other   | (3)                               | 361.792                                       | 70.553                                      |
| 4.2 Fees and Commissions Paid (-)   |                                   | 135.806                                       | 18.150                                      |
| 4.2.1 Non-Cash Loans  |                                   | 169   | 72  |
| 4.2.2 Other   | (3)                               | 135.637                                       | 18.078                                      |
| <b>V. DIVIDEND INCOME</b>   | (4)                               | <b>-</b>                                      | <b>-</b>                                    |
| <b>VI. NET TRADING INCOME</b>   | (5)                               | <b>1.861.270</b>                              | <b>56.502</b>                               |
| 6.1 Capital Market Transaction Gains / (Losses)                           |                                   | 12.868  | 2.848                                       |
| 6.2 Gains/ (Losses) from Derivative Financial Instruments                 |                                   | 629.338                                       | (116.171)                                   |
| 6.3 Foreign Exchange Gains / (Losses)                                     |                                   | 1.219.064                                     | 169.825                                     |
| <b>VII. OTHER OPERATING INCOME</b>  | (6)                               | <b>154.657</b>                                | <b>130.647</b>                              |
| <b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>                     |                                   | <b>6.239.763</b>                              | <b>802.518</b>                              |
| <b>IX. PROVISION FOR EXPECTED LOSS (-)</b>                                | (7)                               | <b>787.594</b>                                | <b>110.242</b>                              |
| <b>X. OTHER PROVISION EXPENSES (-)</b>                                    | (7)                               | <b>688.728</b>                                | <b>15.082</b>                               |
| <b>XI. PERSONNEL EXPENSES (-)</b>   | (8)                               | <b>616.358</b>                                | <b>284.917</b>                              |
| <b>XII. OTHER OPERATING EXPENSES (-)</b>                                  |                                   | <b>417.582</b>                                | <b>203.813</b>                              |
| <b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>                 |                                   | <b>3.729.501</b>                              | <b>188.464</b>                              |
| <b>XIV. INCOME RESULTED FROM MERGERS</b>                                  |                                   | <b>-</b>                                      | <b>-</b>                                    |
| <b>XV. GAIN/LOSS ON NET MONETARY POSITION</b>                             |                                   | <b>-</b>                                      | <b>-</b>                                    |
| <b>XVI. PROFIT/LOSS BEFORE TAXES (XIII+...+XV)</b>                        |                                   | <b>-</b>                                      | <b>-</b>                                    |
| <b>XVII. PROVISION FOR TAXES (±)</b>                                      |                                   | <b>3.729.501</b>                              | <b>188.464</b>                              |
| <b>XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>                 | (10)                              | <b>915.706</b>                                | <b>45.053</b>                               |
| 18.1 Current Tax Provision  |                                   | 1.976.244                                     | 39.162                                      |
| 18.2 Deferred Tax Expense (+)   |                                   | 288.676                                       | 100.119                                     |
| 18.3 Deferred Tax Income (-)  |                                   | 1.349.214                                     | 94.228                                      |
| <b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>              | (9)                               | <b>2.813.795</b>                              | <b>143.411</b>                              |
| <b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>                            |                                   | <b>-</b>                                      | <b>-</b>                                    |
| 20.1 Income from Assets Held for Sale                                     |                                   | -   | -   |
| 20.2 Income from Sale of Associates, Subsidiaries and Joint-Ventures      |                                   | -   | -   |
| 20.3 Income from Other Discontinued Operations                            |                                   | -   | -   |
| <b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>                     |                                   | <b>-</b>                                      | <b>-</b>                                    |
| 21.1 Expenses on Assets Held for Sale                                     |                                   | -   | -   |
| 21.2 Expenses on Sale of Associates, Subsidiaries and Joint-Ventures      |                                   | -   | -   |
| 21.3 Expenses from Other Discontinued Operations                          |                                   | -   | -   |
| <b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)</b> |                                   | <b>-</b>                                      | <b>-</b>                                    |
| <b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>          | (9)                               | <b>-</b>                                      | <b>-</b>                                    |
| 23.1 Current Tax Provision  |                                   | -   | -   |
| 23.2 Deferred Tax Expense (+)   |                                   | -   | -   |
| 23.3 Deferred Tax Income (-)  |                                   | -   | -   |
| <b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>      |                                   | <b>-</b>                                      | <b>-</b>                                    |
| <b>XXV. NET PROFIT/LOSS (XVIII+XXIII)</b>                                 |                                   | <b>2.813.795</b>                              | <b>143.411</b>                              |
| 25.1 Group's Income/Loss (-)  |                                   | 2.813.795                                     | 143.411                                     |
| 25.2 Minority Shares Profit/Loss (-)                                      |                                   | -   | -   |
| Earnings Per Share  |                                   | 0,02740                                       | 0,00140                                     |

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)

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

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

**AS OF DECEMBER 31, 2022**

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

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME |  | THOUSAND TL                 | THOUSAND TL                 |
|--|--|-----------------------------|-----------------------------|
|  |  | CURRENT PERIOD              | PRIOR PERIOD                |
|  |  | (01/01/2022-<br>31/12/2022) | (01/01/2021-<br>31/12/2021) |
| I.   | CURRENT PERIOD PROFIT/LOSS   | 2.813.795                   | 143.411                     |
| II.  | OTHER COMPREHENSIVE INCOME   | 1.479.200                   | 36.701                      |
| 2.1  | Other Income/Expense Items not to be Recycled to Profit or Loss                        | (17.703)                    | (156)                       |
| 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  | (23.722)                    | (195)                       |
| 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      | 6.019                       | 39                          |
| 2.2  | Other Income/Expense Items to be Recycled to Profit or Loss                            | 1.496.903                   | 36.857                      |
| 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             | 1.966.717                   | 38.284                      |
| 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          | (469.814)                   | (1.427)                     |
| III.   | TOTAL COMPREHENSIVE INCOME (I+II)  | 4.292.995                   | 180.112                     |

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)

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022**

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

|   | Paid-in Capital  | Share Premium | Share Cancellation Profits | Other Capital Reserves <sup>(*)</sup> | Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss |                 |          | Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss |                  |          | Profit Reserves | Prior Periods' Profit/Loss | Current Period's Net Profit/Loss | Total Equity Except for Minority Interests | Total Shareholders' Equity |
|---|------------------|---------------|----------------------------|---------------------------------------|---|-----------------|----------|---|------------------|----------|-----------------|----------------------------|----------------------------------|--|----------------------------|
|   |                  |               |                            |                                       | 1   | 2               | 3        | 4   | 5                | 6        |                 |                            |                                  |  |                            |
| <b>Current Period (01.01.2022- 31.12.2022)</b>        |                  |               |                            |                                       |   |                 |          |   |                  |          |                 |                            |                                  |  |                            |
| I. Balances at Beginning Period                       | 1.026.915        | -             | -                          | 23.088                                | -   | (1.411)         | -        | -   | 45.324           | -        | 485.999         | 5.424                      | 143.411                          | 1.728.750                                  | 1.728.750                  |
| II. Correction made as per TAS 8                      | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| 2.1 Effect of Corrections                             | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| 2.2 Effect of Changes in Accounting Policies          | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| III. Adjusted Balances at Beginning of Period (I+II)  | 1.026.915        | -             | -                          | 23.088                                | -   | (1.411)         | -        | -   | 45.324           | -        | 485.999         | 5.424                      | 143.411                          | 1.728.750                                  | 1.728.750                  |
| IV. Total Comprehensive Income                        | -                | -             | -                          | -                                     | -   | (17.703)        | -        | -   | 1.496.903        | -        | -               | -                          | 2.813.795                        | 4.292.995                                  | 4.292.995                  |
| V. Capital Increase in Cash                           | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| VI. Capital Increase from Internal Sources            | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| VII. Adjustments to Paid-in Capital                   | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| VIII. Convertible Bonds                               | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| IX. Subordinated Liabilities                          | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| X. Other Changes                                      | -                | -             | -                          | 10.098                                | -   | -               | -        | -   | -                | -        | (3.796)         | -                          | -                                | 6.302                                      | 6.302                      |
| XI. Profit Distribution                               | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | 148.518         | (5.137)                    | (143.411)                        | (30)                                       | (30)                       |
| 11.1 Dividends  | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | -                          | -                                | -  | -                          |
| 11.2 Transfers to Reserves                            | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | 148.518         | (148.548)                  | -                                | (30)                                       | (30)                       |
| 11.3 Others   | -                | -             | -                          | -                                     | -   | -               | -        | -   | -                | -        | -               | 143.411                    | (143.411)                        | -  | -                          |
| <b>Balances at end of the period (III+IV...+X+XI)</b> | <b>1.026.915</b> | <b>-</b>      | <b>-</b>                   | <b>33.186</b>                         | <b>-</b>  | <b>(19.114)</b> | <b>-</b> | <b>-</b>  | <b>1.542.227</b> | <b>-</b> | <b>630.721</b>  | <b>287</b>                 | <b>2.813.795</b>                 | <b>6.028.017</b>                           | <b>6.028.017</b>           |

1. Revaluation surplus on tangible and intangible assets,

2. Defined Benefit Plans' Actuarial Gains/Losses,

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

4. Foreign Currency Translation Differences,

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

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

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

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

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022**

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

|   |                    |                  |                                  |                              | Other Comprehensive<br>Income/Expense Items not to be<br>Recycled to Profit or Loss |                |   | Other Comprehensive<br>Income/Expense Items to be<br>Recycled to Profit or Loss |               |   | Profit<br>Reserves | Prior<br>Periods'<br>Profit/Loss | Current Period's<br>Net Profit/Loss | Total<br>Shareholders'<br>Equity |
|---|--------------------|------------------|----------------------------------|------------------------------|---|----------------|---|---|---------------|---|--------------------|----------------------------------|-------------------------------------|----------------------------------|
|   | Paid-in<br>Capital | Share<br>Premium | Share<br>Cancellation<br>Profits | Other Capital<br>Reserves(*) | 1   | 2              | 3 | 4   | 5             | 6 |                    |                                  |                                     |                                  |
| <b>Prior Period<br/>(01.01.2021 – 31.12.2021)</b>           |                    |                  |                                  |                              |   |                |   |   |               |   |                    |                                  |                                     |                                  |
| <b>I. Balances at Beginning Period(**)</b>                  | <b>1.026.915</b>   | -                | -                                | <b>28.591</b>                | -   | <b>(1.255)</b> | - | -   | <b>(984)</b>  | - | <b>396.085</b>     | <b>9.317</b>                     | <b>80.626</b>                       | <b>1.539.295</b>                 |
| <b>II. Correction made as per TAS 8</b>                     | -                  | -                | -                                | <b>(5.503)</b>               | -   | -              | - | -   | <b>5.503</b>  | - | -                  | <b>5.395</b>                     | -                                   | <b>5.395</b>                     |
| 2.1 Effect of Corrections                                   | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | 5.395                            | -                                   | 5.395                            |
| 2.2 Effect of Changes in Accounting Policies                | -                  | -                | -                                | (5.503)                      | -   | -              | - | -   | 5.503         | - | -                  | -                                | -                                   | -                                |
| <b>III. Adjusted Balances at Beginning of Period (I+II)</b> | <b>1.026.915</b>   | -                | -                                | <b>23.088</b>                | -   | <b>(1.255)</b> | - | -   | <b>4.519</b>  | - | <b>396.085</b>     | <b>14.712</b>                    | <b>80.626</b>                       | <b>1.544.690</b>                 |
| <b>IV. Total Comprehensive Income</b>                       | -                  | -                | -                                | -                            | -   | <b>(156)</b>   | - | -   | <b>36.857</b> | - | -                  | -                                | <b>143.411</b>                      | <b>180.112</b>                   |
| <b>V. Capital Increase in Cash</b>                          | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | -                                | -                                   | -                                |
| <b>VI. Capital Increase from Internal Sources</b>           | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | -                                | -                                   | -                                |
| <b>VII. Adjustments to Paid-in Capital</b>                  | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | -                                | -                                   | -                                |
| <b>VIII. Convertible Bonds</b>                              | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | -                                | -                                   | -                                |
| <b>IX. Subordinated Liabilities</b>                         | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | -                                | -                                   | -                                |
| <b>X. Other Changes</b>                                     | -                  | -                | -                                | -                            | -   | -              | - | -   | <b>3.948</b>  | - | -                  | -                                | -                                   | <b>3.948</b>                     |
| <b>2XI. Profit Distribution</b>                             | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | <b>89.914</b>      | <b>(9.288)</b>                   | <b>(80.626)</b>                     | -                                |
| 11.1 Dividends  | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | -                                | -                                   | -                                |
| 11.2 Transfers to Reserves                                  | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | 89.914             | (89.914)                         | -                                   | -                                |
| 11.3 Others   | -                  | -                | -                                | -                            | -   | -              | - | -   | -             | - | -                  | 80.626                           | (80.626)                            | -                                |
| <b>Balances at end of the period (III+IV...+X+XI)</b>       | <b>1.026.915</b>   | -                | -                                | <b>23.088</b>                | -   | <b>(1.411)</b> | - | -   | <b>45.324</b> | - | <b>485.999</b>     | <b>5.424</b>                     | <b>143.411</b>                      | <b>1.728.750</b>                 |

1. Revaluation surplus on tangible and intangible assets,

2. Defined Benefit Plans' Actuarial Gains/Losses,

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

4. Foreign Currency Translation Differences,

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

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

(\*) Includes the initial recognition effects of the subordinated loan provided by Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu with the approval of BRSA dated April 22, 2019, on April 24, 2019 amounting to 200 million Euro (Full Euro) within the scope of additional main capital and financial assets and liabilities measured (TL 23.088) 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)  
**TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS AS OF DECEMBER 31, 2022**  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

| STATEMENT OF CASH FLOWS  | THOUSAND TL<br>CURRENT PERIOD<br>(01/01/2022-<br>31/12/2022) | THOUSAND TL<br>PRIOR PERIOD<br>(01/01/2021-<br>31/12/2021) |
|--|--|--|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |  |  |
| <b>1.1 Operating Profit Before Changes In Assets And Liabilities from Banking Operations</b>                             | <b>11.024.490</b>  | <b>1.820.366</b>   |
| 1.1.1 Profit Share Income Received   | 7.802.433  | 2.218.844  |
| 1.1.2 Profit Share Expense Paid  | (3.915.947)  | (1.685.319)  |
| 1.1.3 Dividend Received  | -  | -  |
| 1.1.4 Fees and Commissions Received  | 441.469  | 101.134  |
| 1.1.5 Other Income   | 148.890  | 109.692  |
| 1.1.6 Collections from Previously Written off Loans  | 34.943   | -  |
| 1.1.7 Payments to Personnel and Service Suppliers  | (504.267)  | (356.294)  |
| 1.1.8 Taxes Paid   | (979.182)  | (105.361)  |
| 1.1.9 Others   | 7.996.151  | 1.537.670  |
| <b>1.2 Changes in Assets and Liabilities from Banking Operations</b>   | <b>13.768.294</b>  | <b>783.075</b>   |
| 1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss                                   | 173.814  | (556.091)  |
| 1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions   | (9.198.918)  | (3.064.166)  |
| 1.2.3 Net (Increase) Decrease in Loans   | (18.551.689)   | (5.287.544)  |
| 1.2.4 Net (Increase) Decrease in Other Assets  | (793.151)  | 21.271   |
| 1.2.5 Net Increase (Decrease) in Bank Deposits   | (309.505)  | 108.180  |
| 1.2.6 Net Increase (Decrease) in Other Deposits  | 43.772.672   | 9.469.987  |
| 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  | 420.016  | -  |
| 1.2.9 Net Increase (Decrease) in Matured Payables  | -  | -  |
| 1.2.10 Net Increase (Decrease) in Other Liabilities  | (1.744.945)  | 91.438   |
| <b>I. Net Cash Flows from Banking Operations</b>   | <b>24.792.784</b>  | <b>2.603.441</b>   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |  |
| <b>II. Net cash flow from investing activities</b>   | <b>(12.763.110)</b>  | <b>(1.781.307)</b>   |
| 2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries  | -  | -  |
| 2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries  | -  | -  |
| 2.3 Purchases of Property and Equipment  | (100.007)  | (68.190)   |
| 2.4 Disposals of Property and Equipment  | 21.448   | 19.136   |
| 2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income  | (7.737.032)  | (1.727.410)  |
| 2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income  | 1.441.051  | 31.290   |
| 2.7 Purchase of Financial Assets Measured at Amortised Cost  | (6.209.920)  | (16.231)   |
| 2.8 Sale of Financial Assets Measured at Amortised Cost  | -  | -  |
| 2.9 Other  | (178.650)  | (19.902)   |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |  |  |
| <b>III. Net Cash Flows from Financing Activities</b>   | <b>937.750</b>   | <b>55.757</b>  |
| 3.1 Cash Obtained from Funds Borrowed and Securities Issued  | 78.607.582   | 46.401.376   |
| 3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued  | (77.636.966)   | (46.284.677)   |
| 3.3 Issued Capital Instruments   | -  | -  |
| 3.4 Dividends Paid   | -  | -  |
| 3.5 Payments for Finance Leases  | (32.866)   | (60.942)   |
| 3.6 Other  | -  | -  |
| <b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>  | <b>1.017.920</b>   | <b>661.570</b>   |
| <b>V. Net increase/(decrease) in cash and cash equivalents</b>   | <b>13.985.344</b>  | <b>1.539.461</b>   |
| <b>VI. Net (Decrease) Increase in Cash and Cash Equivalents</b>  | <b>3.262.469</b>   | <b>1.723.008</b>   |
| <b>VII. Cash and Cash Equivalents at the End of the period</b>   | <b>17.247.813</b>  | <b>3.262.469</b>   |

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

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2022**

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

| STATEMENT OF PROFIT DISTRIBUTION                                 | Current Period(*)<br>December 31, 2022 | Prior Period<br>December 31, 2021 |
|--|--|-----------------------------------|
| <b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>                    |  |                                   |
| 1.1. CURRENT YEAR INCOME   | 3.729.501                              | 188.464                           |
| 1.2. TAX AND DUTIES PAYABLE (-)                                  | 915.706                                | 45.053                            |
| 1.2.1. Corporate tax (Income tax)                                | 1.976.244                              | 39.162                            |
| 1.2.2. Income withholding tax                                    | -                                      | -                                 |
| 1.2.3. Other taxes and legal liabilities (*)                     | (1.060.538)                            | 5.891                             |
| <b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>                      | <b>2.813.795</b>                       | <b>143.411</b>                    |
| 1.3. PRIOR YEAR LOSSES (-)                                       | -                                      | -                                 |
| 1.4. First legal reserves (-)                                    | -                                      | 7.156                             |
| 1.5. Other statutory reserves (-)                                | -                                      | 3.796                             |
| <b>B. DISTRIBUTABLE NET PERIOD INCOME [(A-(1.3+1.4+1.5))](*)</b> | <b>-</b>                               | <b>-</b>                          |
| 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  | -                                      | 128.801                           |
| 1.14. SPECIAL FUNDS  | -                                      | 7.156                             |
| <b>II. DISTRIBUTION FROM RESERVES</b>                            |  |                                   |
| 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 (-)                            | -                                      | -                                 |
| <b>III. EARNINGS PER SHARE</b>                                   |  |                                   |
| 3.1. TO OWNERS OF ORDINARY SHARES (**)(Full TL)                  | 0,02740                                | 0,00140                           |
| 3.2. TO OWNERS OF ORDINARY SHARES (%)                            | 274                                    | 14                                |
| 3.3. TO OWNERS OF PREFERRED SHARES                               | -                                      | -                                 |
| 3.4. TO OWNERS OF PREFERRED SHARES (%)                           | -                                      | -                                 |
| <b>IV. DIVIDEND PER SHARE</b>                                    |  |                                   |
| 4.1. TO OWNERS OF ORDINARY SHARES (**)(Full TL)                  | -                                      | -                                 |
| 4.2. TO OWNERS OF ORDINARY SHARES (%)                            | -                                      | -                                 |
| 4.3. TO OWNERS OF PREFERRED SHARES                               | -                                      | -                                 |
| 4.4. TO OWNERS OF PREFERRED SHARES (%)                           | -                                      | -                                 |

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

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

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

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

### **SECTION THREE**

#### **Accounting policies**

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

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

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

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

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

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

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

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

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

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

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

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

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

**c. Comparative information and classifications:**

Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period are restated. The financial statements of the Parent Bank are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. Comparative information is restated when necessary in order to comply with the presentation of the current period financial statements. The Parent Bank has rearranged the previous period cash flow statement in order to comply with the presentation of the current period financial statements.

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

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

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

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

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

There are no foreign currency differences capitalized by the Group.

**III. Information on consolidated associates:**

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

**a. Consolidation principles for subsidiaries:**

Subsidiaries The Parent Bank can either (a) use more than 50% of the voting right regarding the shares in companies as a result of the shares owned directly and / or indirectly, or (b) using more than 50% of the voting right. It refers to companies that have the authority and power to control financial and operating policies in line with the interests of the Group by using the effect of de facto control over financial and operating policies.

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

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

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

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

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

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

Emlak Varlık Kiralama A.Ş. 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 on August 5, 2019 with TL 50 capital amount paid by the Parent Bank. It began to operate after the registration on August 5, 2019.

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

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

| Title                              | Operation Center<br>(City/Country) | Main Activities            | Effective Rates<br>(%) | Direct and Indirect Rates (%) |
|------------------------------------|------------------------------------|----------------------------|------------------------|-------------------------------|
| Emlak Varlık Kiralama A.Ş.         | İstanbul/Türkiye                   | Lease Certificate<br>Issue | 100                    | 100                           |
| Emlak Katılım Varlık Kiralama A.Ş. | İstanbul/Türkiye                   | Lease Certificate<br>Issue | 100                    | 100                           |

**b. Presentation of consolidated subsidiaries, associates and joint ventures in consolidated financial statements:**

The Group has no consolidated subsidiaries, associates or joint ventures.



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

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

The Group derivative instruments are classified, measured and accounted in accordance with "TFRS 9 Financial Instruments". Derivative instruments are initially recognized at fair value and subsequently measured at fair value.

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

Benchmark Interest Rate Reform – Phase 2 which introduces amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16 is effective since January 2021 within allowance of early application of the changes. With amendments, certain exceptions are enabled in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes are effective from January 1, 2021. Items indexed to base interest rates and securities constitute assets and securities issued, derivative transactions and loans obtained through repo constitute liabilities in the Group's financial statements. These changes did not have a significant impact on the financial position or performance of the Group. As of December 31 2022, the Group has no hedging transactions based on base interest rates.

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

*Profit share income*

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

*Profit share expense*

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, the Bank's securities portfolio includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and consumer price indexed government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted for using the effective interest method based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. As stated in the CPI-Indexed Bonds Investor's Guide of the Undersecretariat of Treasury, the reference indices used in calculating the actual coupon payment amounts of these securities are based on the CPI of two months ago.

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

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

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

As of December 31, 2022 the Group has two subordinated debts that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR) and with TRT250232F15 with the initial date March 9, 2022 with at least ten-year repayment option with no fixed term, amounting to 31.688.489 Euro (Full Euro), the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition (Section 5 Part 2 Note 10).

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

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

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

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

**Calculation of expected credit losses**

The Group measures expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about past events, current conditions as of the reporting date, without undue cost or effort. The Group has not developed an internal model for estimating these risk parameters due to insufficient historical data for modeling. The average annual default rates are used as the default probability (CR) parameter in the 12-month expected loan loss provision calculations, based on year-end data announced by participation banks after 2014. The average of the close monitoring reserve ratios is used as the PD parameter in the calculation of the lifetime expected loan loss provision, based on year-end data announced by participation banks after 2014. 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).

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

**Parameters used in calculating expected loss provisions**

**Probability of Default (PD)**

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

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

**Loss Given Default (LGD)**

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

**Exposure at Default (EAD)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group has no discontinued operations.

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

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of December 31, 2022, there is no goodwill in the financial statements of the Group. The Bank's intangible assets consist of softwares and intangible rights (December 31, 2021: 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 Group over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Group's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

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

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.

### **XIII. Explanations on tangible assets**

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

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

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

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

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

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

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

### **XIV. Explanations on leasing transactions**

The Group applies the TFRS 16 Leases standard.

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

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

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

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

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

**Existence of right to use**

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

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

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

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

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

**The lease obligations**

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

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

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

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

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

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

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

Provisions are recognized when the 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 Group; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

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

i) *Defined benefit plans:*

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

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

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

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

The Group has no liabilities to these foundations (December 31, 2021: None).

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

**XVII. Explanations on taxation:**

**Current tax:**

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

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

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



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

**Current tax (continued):**

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

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

**Deferred taxes**

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

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

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

**Transfer pricing**

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

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

**XVIII. Additional explanations on borrowings:**

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

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

None.

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

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

**XXII. Explanations on government grants:**

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

**XXII. Explanations on segment reporting:**

Business segment is a component of the Group that engages in business activities from which the 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.

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

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

**XXIV. Information on other issues:**

None.

## SECTION FOUR

## Information on consolidated financial structure and risk management

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

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, and “Regulation Regarding Banks’ Shareholders’ Equity”. The Group’s common Equity Tier 1 Capital is TL 9.559.625 (December 31, 2021: TL 4.066.973) which calculated as of December 31, 2022 and the capital adequacy ratio is %28,23% (December 31, 2021: 27,91%). The capital adequacy standard ratio of the Group is above the minimum rate determined by the relevant legislation.

## a) Information on consolidated about total capital items:

|   | Current<br>Period<br>December<br>31, 2022 | Prior<br>Period<br>December<br>31, 2021 |
|---|---|---|
| <b>COMMON EQUITY TIER 1 CAPITAL</b>   |   |   |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank  | 1.026.915                                 | 1.026.915                               |
| Share issue premiums  | -   | -                                       |
| Reserves  | 630.722                                   | 485.999                                 |
| Gains recognized in equity as per TAS   | 1.440.881                                 | 35.873                                  |
| Profit  | 2.814.665                                 | 148.806                                 |
| Current Period Profit   | 2.813.795                                 | 143.411                                 |
| Prior Period Profit   | 287                                       | 5.395                                   |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period  | -   | -                                       |
| <b>Common Equity Tier 1 Capital Before Deductions</b>   | <b>5.913.183</b>                          | <b>1.697.593</b>                        |
| <b>Deductions from Common Equity Tier 1 Capital</b>   |   |   |
| Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation on the Equity of Banks   | -   | -                                       |
| Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS   | 19.114                                    | 1.411                                   |
| Leasehold improvements  | 85.314                                    | 76.233                                  |
| Goodwill (net of related tax liability)   | -   | -                                       |
| Other intangibles other than mortgage-servicing rights (net of related tax liability)   | 100.413                                   | 22.693                                  |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | -   | -                                       |
| Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk   | -   | -                                       |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision  | -   | -                                       |
| Gains arising from securitization transactions  | -   | -                                       |
| Unrealized gains and losses due to changes in own credit risk on fair valued liabilities  | -   | -                                       |
| Defined-benefit pension fund net assets   | -   | -                                       |
| Direct and indirect investments of the Bank in its own Common Equity  | -   | -                                       |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law   | -   | -                                       |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | -   | -                                       |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -   | -                                       |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity   | -   | -                                       |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity  | -   | -                                       |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks   | -   | -                                       |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital                                   | -   | -                                       |
| Excess amount arising from mortgage servicing rights  | -   | -                                       |
| Excess amount arising from deferred tax assets based on temporary differences   | -   | -                                       |
| Other items to be defined by the BRSA   | -   | -                                       |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital   | -   | -                                       |
| <b>Total Deductions From Common Equity Tier 1 Capital</b>   | <b>204.841</b>                            | <b>100.337</b>                          |
| <b>Total Common Equity Tier 1 Capital</b>   | <b>5.708.342</b>                          | <b>1.597.256</b>                        |

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

## a) Information on consolidated about total capital items (continued):

|   |                  |                  |
|---|------------------|------------------|
| <b>ADDITIONAL TIER 1 CAPITAL</b>  |                  |                  |
| Preferred Stock not Included in Common Equity and the Related Share Premiums  | -                | -                |
| Debt instruments and premiums approved by BRSA  | 3.498.078        | 2.359.569        |
| Debt instruments and premiums approved by BRSA (Temporary Article 4)  | -                | -                |
| <b>Additional Tier I Capital before Deductions</b>  | <b>3.498.078</b> | <b>2.359.569</b> |
| <b>Deductions from Additional Tier I Capital</b>  |                  |                  |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital  | -                | -                |
| Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.  | -                | -                |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital   | -                | -                |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital  | -                | -                |
| Other items to be defined by the BRSA   | -                | -                |
| <b>Transition from the Core Capital to Continue to deduce Components</b>  |                  |                  |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)                                | -                | -                |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)   | -                | -                |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)  | -                | -                |
| <b>Total Deductions From Additional Tier I Capital</b>  | <b>-</b>         | <b>-</b>         |
| <b>Total Additional Tier I Capital</b>  | <b>3.498.078</b> | <b>-</b>         |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>  | <b>9.206.420</b> | <b>3.956.825</b> |
| <b>TIER 2 CAPITAL</b>   |                  |                  |
| Debt instruments and share issue premiums deemed suitable by the BRSA   | -                | -                |
| Debt instruments and share issue premiums deemed suitable by BRSA ( Temporary Article 4 )   | -                | -                |
| Provisions (Article 8 of the Regulation on the Equity of Banks)   | 371.657          | 55.508           |
| <b>Contribution Capital Before Discounts</b>  | <b>371.657</b>   | <b>55.508</b>    |
| <b>Deductions From Tier II Capital</b>  |                  |                  |
| Direct and indirect investments of the Bank on its own Tier II Capital (-)  | -                | -                |
| Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.  | -                | -                |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)               | -                | -                |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -                | -                |
| Other items to be defined by the BRSA (-)   | -                | -                |
| <b>Total Deductions from Tier II Capital</b>  | <b>-</b>         | <b>-</b>         |
| <b>Total Tier II Capital</b>  | <b>371.657</b>   | <b>55.508</b>    |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>  | <b>9.578.077</b> | <b>4.012.333</b> |
| <b>Deductions from Capital</b>  |                  |                  |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law  | -                | -                |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years   | -                | -                |
| Other items to be defined by the BRSA   | 17.869           | 5.360            |

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

## a) Information on consolidated about total capital items (continued):

| <b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>  |                   |                   |
|--|-------------------|-------------------|
| The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -                 | -                 |
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds                           | -                 | -                 |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds                   | -                 | -                 |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital )</b>  | <b>9.559.625</b>  | <b>4.006.973</b>  |
| <b>Total Risk Weighted Amounts</b>   | <b>33.858.202</b> | <b>14.354.337</b> |
| <b>Capital Adequacy Ratios</b>   |                   |                   |
| Core Capital Adequacy Ratio (%)  | 16,86             | 11,13             |
| Tier 1 Capital Adequacy Ratio (%)  | 27,19             | 27,57             |
| Capital Adequacy Ratio (%)   | 28,23             | 27,91             |
| <b>BUFFERS</b>   |                   |                   |
| Total buffer requirement (a+b+c)   | 2,5               | 2,5               |
| a) Capital conservation buffer requirement (%)   | 2,5               | 2,5               |
| b) Bank specific counter-cyclical buffer requirement (%)   | -                 | -                 |
| c) Systemic important bank buffer ratio (%)  | -                 | -                 |
| The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)  | 12,36             | 6,63              |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>  |                   |                   |
| Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital   | -                 | -                 |
| Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital   | -                 | -                 |
| Limits related to provisions considered in Tier II calculation   | -                 | -                 |
| Amount arising from deferred tax assets based on temporary differences   | -                 | 92.494            |
| <b>Limits related to provisions considered in Tier II calculation</b>  |                   |                   |
| General provisions for standard based receivables (before tenthousandtwentyfive limitation)  | 371.657           | 55.508            |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used   | 371.657           | 55.508            |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation  | -                 | -                 |
| Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation   | -                 | -                 |
| <b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>   |                   |                   |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4   | -                 | -                 |
| Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4  | -                 | -                 |
| Upper limit for Additional Tier II Capital subjected to temporary Article 4  | -                 | -                 |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4   | -                 | -                 |

(\*) The Group, provided loan from 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 (Full EUR) with no fixed term and no profit share within the scope of additional main capital.

The Banking Regulatory and Supervisory Authority ("BRSA") issued a press release on March 23, 2020 announcing certain measures due to financial market fluctuations caused by the COVID-19 pandemic. The Banks are entitled to use the year-end buying exchange in calculating the amount subject to credit risk as per the Regulation on the Calculation and the Evaluation of Banks' Capital Adequacy for the valuated amounts as per the Turkish Accounting Standards; and the relevant reserves to set aside related to its monetary and non-monetary assets, excluding the assets in foreign currency measured in historical cost. The Parent Bank's capital adequacy as of December 31, 2022 did not account for this possibility in his calculations.

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

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

|   |   |
|---|---|
| Issuer  | Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu   |
| Unique Identifier (CUSIP, ISIN etc.)  | TRT240424F22  |
| Governing Law(s) of the Instrument  | Regulation on Banks"Equity Communique on Principles Regarding Borrowing Instruments to be Included in Bank"Equity Calculation |
| <b>Special Consideration in the Calculation of Equity</b>   |   |
| As of January 1, 2015 consideration to be subject to a 10% reduction application status                       | No  |
| Eligible at Unconsolidated/Consolidated   | Unconsolidated/Consolidated   |
| Instrument Type   | Subordinated Loan   |
| Amount recognized in regulatory capital (as of most recent reporting date)                                    | 3.138.103   |
| Par Value of Instrument   | 3.991.128   |
| 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<br>Total Repayment Amount:EUR 200 million (full)  |
| Subsequent call dates   | -   |
| <b>Profit Share/Dividends</b>   |   |
| Fixed or floating profit share/dividend   | -   |
| Profit share rate and any related index   | -   |
| Existence of a dividend stopper   | -   |
| Fully discretionary, partially discretionary or mandatory   | Fully discretionary   |
| Existence of step up or other incentive to redeem   | -   |
| Noncumulative or cumulative   | Noncumulative   |
| <b>Convertible or Non-convertible</b>   |   |
| If convertible, conversion trigger  | -   |
| If convertible, fully or partially  | -   |
| If convertible, conversion rate   | -   |
| If convertible, mandatory or optional conversion  | -   |
| If convertible, specify instrument type convertible into  | -   |
| If convertible, specify issuer of instrument it converts into   | -   |
| <b>Write-down feature</b>   |   |
| If write-down, write-down trigger(s)  | In case of the ratio of core capital adequacy 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 incompliance with article number 7 and 8 of "Own fund regulation"                                  | In compliance with article number 7   |

## I. Explanations on consolidated equity items (continued):

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

|   |   |
|---|---|
| Issuer  | Türkiye Varlık Fonu Piyasa İstikrar Ve Denge Alt Fonu   |
| Unique Identifier (CUSIP, ISIN etc.)  | TRT250232F15  |
| Governing Law(s) of the Instrument  | Regulation on Banks"Equity Communique on Principles Regarding Borrowing Instruments to be Included in Bank"Equity Calculation |
| <b>Special Consideration in the Calculation of Equity</b>   |   |
| As of January 1, 2015 consideration to be subject to a 10% reduction application status                       | No  |
| Eligible at Unconsolidated/Consolidated   | Unconsolidated/Consolidated   |
| Instrument Type   | Subordinated Loan   |
| Amount recognized in regulatory capital (as of most recent reporting date)                                    | 359.975   |
| Par Value of Instrument   | 632.364   |
| Accounting Classification   | Subordinated Loan   |
| Original date of Issuance   | 09.03.2022  |
| Perpetual or dated  | Undated   |
| Maturity date   | 09.03.2022  |
| Issuer call subject to prior supervisory (BRSA) approval  | Yes   |
| Optional call date, contingent call dates and redemption amount   | Last Payment Date: 09.03.2032<br>Total Repayment Amount:EUR<br>31.688.489 million (full)                                      |
| Subsequent call dates   | -   |
| <b>Profit Share/Dividends</b>   |   |
| Fixed or floating profit share/dividend   | -   |
| Profit share rate and any related index   | -   |
| Existence of a dividend stopper   | -   |
| Fully discretionary, partially discretionary or mandatory   | Full discretionary  |
| Existence of step up or other incentive to redeem   | -   |
| Noncumulative or cumulative   | Noncumulative   |
| <b>Convertible or Non-convertible</b>   |   |
| If convertible, conversion trigger  | -   |
| If convertible, fully or partially  | -   |
| If convertible, conversion rate   | -   |
| If convertible, mandatory or optional conversion  | -   |
| If convertible, specify instrument type convertible into  | -   |
| If convertible, specify issuer of instrument it converts into   | -   |
| <b>Write-down feature</b>   |   |
| If write-down, write-down trigger(s)  | In case of the ratio of core capital adequacy falls below 5,125 %   |
| If write-down, full or partial  | At least to ensure that the core capital ratio exceeds 5,125 %  |
| If write down, permanent or temporary   | Permanent and Temporary   |
| If temporary write-down, description of write-up mechanism  | There is write-up mechanism.  |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | After all creditors and participation fund owners   |
| In compliance with article number 7 and 8 of "Own fund regulation"  | In compliance with article number 7   |
| Details of incompliances with article number 7 and 8 of "Own fund regulation"                                 | In compliance with article number 7   |

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

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

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

**II. Explanations on consolidated credit risk:**

Credit risk is defined as the probability of loss that the Group 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".



**II. Explanations on consolidated 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                | 37.317.894                 | 23.814.341             |
| 2                          | Receivables from regional or local governments                       | 256.026                    | 119.693                |
| 3                          | Receivables from administrative units and non-commercial enterprises | 19.898                     | 50.916                 |
| 4                          | Receivables from multilateral development banks                      | -                          | -                      |
| 5                          | Receivables from international organizations                         | -                          | -                      |
| 6                          | Receivables from banks and brokerage houses                          | 7.099.200                  | 6.901.410              |
| 7                          | Receivables from corporates  | 27.376.591                 | 19.780.217             |
| 8                          | Retail receivables   | 4.194.133                  | 4.484.206              |
| 9                          | Receivables secured by mortgages on property                         | 1.281.855                  | 1.335.252              |
| 10                         | Past due receivables   | 9.573                      | 11.892                 |
| 11                         | Receivables defined in high risk category by BRSA                    | -                          | -                      |
| 12                         | Securities collateralized by mortgages                               | -                          | -                      |
| 13                         | Securitization positions   | -                          | -                      |
| 14                         | Short-term receivables from banks, brokerage houses and corporates   | -                          | -                      |
| 15                         | Investments similar to collective investment funds                   | -                          | -                      |
| 16                         | Equity security investments  | -                          | -                      |
| 17                         | Other Receivables  | 3.710.776                  | 1.945.975              |
| <b>Total<sup>(*)</sup></b> |  | <b>81.265.946</b>          | <b>58.443.902</b>      |

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

| Risk Categories            |  | Prior Period Risk Amount | Average Risk Amount(*) |
|----------------------------|--|--------------------------|------------------------|
| 1                          | Receivables from central governments or central banks                | 9.589.054                | 6.331.937              |
| 2                          | Receivables from regional or local governments                       | 88.578                   | 81.890                 |
| 3                          | Receivables from administrative units and non-commercial enterprises | 908                      | 40.065                 |
| 4                          | Receivables from multilateral development banks                      | -                        | -                      |
| 5                          | Receivables from international organizations                         | -                        | -                      |
| 6                          | Receivables from banks and brokerage houses                          | 1.093.531                | 1.616.421              |
| 7                          | Receivables from corporates  | 12.325.899               | 10.791.114             |
| 8                          | Retail receivables   | 3.250.086                | 1.519.446              |
| 9                          | Receivables secured by mortgages on property                         | 998.207                  | 628.131                |
| 10                         | Past due receivables   | 6.224                    | 1.856                  |
| 11                         | Receivables defined in high risk category by BRSA                    | -                        | -                      |
| 12                         | Securities collateralized by mortgages                               | -                        | -                      |
| 13                         | Securitization positions   | -                        | -                      |
| 14                         | Short-term receivables from banks, brokerage houses and corporates   | -                        | -                      |
| 15                         | Investments similar to collective investment funds                   | -                        | -                      |
| 16                         | Equity security investments  | -                        | -                      |
| 17                         | Other Receivables  | 1.278.224                | 1.194.995              |
| <b>Total<sup>(*)</sup></b> |  | <b>28.630.711</b>        | <b>22.205.855</b>      |

(\*)Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2021.

The Group 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 Group 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 Group does not carry any serious risk in this respect.

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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

**II. Explanations on consolidated 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               |                   |
| <b>Current Period</b>                                      |                   |                |               |          |          |                  |                   |                  |                  |              |          |          |          |          |          |          |                  |                   |
| 1 Domestic   | 37.317.894        | 256.026        | 19.898        | -        | -        | 3.880.678        | 26.904.933        | 4.175.899        | 1.281.711        | 9.573        | -        | -        | -        | -        | -        | -        | 3.710.776        | <b>77.557.389</b> |
| 2 EU Countries   | -                 | -              | -             | -        | -        | 301.093          | 36.107            | 105              | 144              | -            | -        | -        | -        | -        | -        | -        | -                | <b>337.449</b>    |
| 3 OECD Countries (**)                                      | -                 | -              | -             | -        | -        | 910.631          | -                 | 277              | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>910.908</b>    |
| 4 Off-shore Banking Regions                                | -                 | -              | -             | -        | -        | -                | 427.221           | 15.741           | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>442.962</b>    |
| 5 USA, Canada  | -                 | -              | -             | -        | -        | 858.186          | -                 | -                | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>858.186</b>    |
| 6 Other Countries  | -                 | -              | -             | -        | -        | 1.148.612        | 8.331             | 2.112            | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>1.159.055</b>  |
| 7 Associates, Subsidiaries and Jointly Controlled Entities | -                 | -              | -             | -        | -        | -                | -                 | -                | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>-</b>          |
| 8 Unallocated Assets/Liabilities (***)                     | -                 | -              | -             | -        | -        | -                | -                 | -                | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>-</b>          |
| <b>9 Total</b>   | <b>37.317.894</b> | <b>256.026</b> | <b>19.898</b> | <b>-</b> | <b>-</b> | <b>7.099.200</b> | <b>27.376.592</b> | <b>4.194.134</b> | <b>1.281.855</b> | <b>9.573</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>3.710.776</b> | <b>81.265.949</b> |
| <b>Prior Period</b>  |                   |                |               |          |          |                  |                   |                  |                  |              |          |          |          |          |          |          |                  |                   |
| 1 Domestic   | 9.589.054         | 88.578         | 908           | -        | -        | 223.334          | 12.296.906        | 3.243.584        | 998.057          | 6.224        | -        | -        | -        | -        | -        | -        | 1.274.883        | <b>27.721.528</b> |
| 2 EU Countries   | -                 | -              | -             | -        | -        | 300.120          | -                 | 115              | 150              | -            | -        | -        | -        | -        | -        | -        | -                | <b>300.385</b>    |
| 3 OECD Countries (**)                                      | -                 | -              | -             | -        | -        | 189.938          | -                 | -                | -                | -            | -        | -        | -        | -        | -        | -        | 3.341            | <b>193.279</b>    |
| 4 Off-shore Banking Regions                                | -                 | -              | -             | -        | -        | -                | 28.993            | 3.366            | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>32.359</b>     |
| 5 USA, Canada  | -                 | -              | -             | -        | -        | 318.624          | -                 | -                | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>318.624</b>    |
| 6 Other Countries  | -                 | -              | -             | -        | -        | 61.515           | -                 | 3.021            | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>64.536</b>     |
| 7 Associates, Subsidiaries and Jointly Controlled Entities | -                 | -              | -             | -        | -        | -                | -                 | -                | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>-</b>          |
| 8 Unallocated Assets/Liabilities (***)                     | -                 | -              | -             | -        | -        | -                | -                 | -                | -                | -            | -        | -        | -        | -        | -        | -        | -                | <b>-</b>          |
| <b>9 Total</b>   | <b>9.589.054</b>  | <b>88.578</b>  | <b>908</b>    | <b>-</b> | <b>-</b> | <b>1.093.531</b> | <b>12.325.899</b> | <b>3.250.086</b> | <b>998.207</b>   | <b>6.224</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>1.278.224</b> | <b>28.630.711</b> |

(\*) 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.

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

**Profile on significant risks in significant regions:**

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(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

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

## II. Explanations on consolidated 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               |                   |                   |                   |
| <b>1 Agriculture</b>                     | -                | -             | -          | - | - | -                | 46.041            | 23.790           | 444            | -            | -  | -  | -  | -  | -  | -  | -                | 65.400            | 4.875             | 70.275            |
| 1.1 Farming and stockbreeding            | -                | -             | -          | - | - | -                | -                 | -                | -              | -            | -  | -  | -  | -  | -  | -  | -                | -                 | -                 | -                 |
| 1.2 Forestry                             | -                | -             | -          | - | - | -                | 46.041            | 23.790           | 444            | -            | -  | -  | -  | -  | -  | -  | -                | 65.400            | 4.875             | 70.275            |
| 1.3 Fishery                              | -                | -             | -          | - | - | -                | -                 | -                | -              | -            | -  | -  | -  | -  | -  | -  | -                | -                 | -                 | -                 |
| <b>2 Manufacturing</b>                   | -                | -             | -          | - | - | -                | 4.103.547         | 923.687          | 151.061        | 1.723        | -  | -  | -  | -  | -  | -  | 346              | 2.555.119         | 2.625.245         | 5.180.364         |
| 2.1 Mining and quarrying                 | -                | -             | -          | - | - | -                | 278.142           | 14.753           | 2.027          | -            | -  | -  | -  | -  | -  | -  | -                | 34.733            | 260.189           | 294.922           |
| 2.2 Production                           | -                | -             | -          | - | - | -                | 3.667.924         | 879.188          | 129.019        | 1.723        | -  | -  | -  | -  | -  | -  | 13               | 2.346.148         | 2.331.719         | 4.677.867         |
| 2.3 Electricity, gas, water              | -                | -             | -          | - | - | -                | 157.481           | 29.746           | 20.015         | -            | -  | -  | -  | -  | -  | -  | 333              | 174.238           | 33.337            | 207.575           |
| <b>3 Construction</b>                    | -                | -             | -          | - | - | -                | 2.386.504         | 394.713          | 458.727        | 279          | -  | -  | -  | -  | -  | -  | 34               | 2.696.624         | 543.633           | 3.240.257         |
| <b>4 Services</b>                        | 6.500.655        | 76.578        | 69         | - | - | 1.083.200        | 4.967.039         | 1.110.185        | 213.865        | 4.188        | -  | -  | -  | -  | -  | -  | 109.501          | 7.986.412         | 6.078.868         | 14.065.280        |
| 4.1 Wholesale and retail trade           | -                | -             | -          | - | - | -                | 2.166.299         | 815.376          | 148.654        | 2.734        | -  | -  | -  | -  | -  | -  | 104              | 2.363.944         | 769.223           | 3.133.167         |
| 4.2 Hotel, food and beverage services    | -                | -             | -          | - | - | -                | 43.491            | 23.471           | 4.959          | -            | -  | -  | -  | -  | -  | -  | 4                | 71.925            | -                 | 71.925            |
| 4.3 Transportation and telecommunication | -                | -             | -          | - | - | -                | 1.107.370         | 104.233          | 24.238         | 1.352        | -  | -  | -  | -  | -  | -  | 90               | 447.218           | 790.065           | 1.237.283         |
| 4.4 Financial institutions               | 886.915          | -             | -          | - | - | 1.083.200        | 746.362           | 4.363            | 645            | -            | -  | -  | -  | -  | -  | -  | 109.290          | 1.417.660         | 1.413.115         | 2.830.775         |
| 4.5 Real estate and renting services     | -                | -             | -          | - | - | -                | 149.780           | 5.179            | 17.679         | 102          | -  | -  | -  | -  | -  | -  | 3                | 144.811           | 27.932            | 172.743           |
| 4.6 Self-employment services             | -                | -             | -          | - | - | -                | 695.163           | 130.532          | 15.300         | -            | -  | -  | -  | -  | -  | -  | 4                | 622.674           | 218.325           | 840.999           |
| 4.7 Education services                   | -                | -             | 69         | - | - | -                | 10.146            | 1.854            | -              | -            | -  | -  | -  | -  | -  | -  | 6                | 12.075            | -                 | 12.075            |
| 4.8 Health and social services           | 5.613.740        | 76.578        | -          | - | - | -                | 48.428            | 25.177           | 2.390          | -            | -  | -  | -  | -  | -  | -  | -                | 2.906.105         | 2.860.208         | 5.766.313         |
| <b>5 Other</b>                           | 3.088.399        | 12.000        | 839        | - | - | 10.331           | 822.768           | 797.711          | 174.110        | 34           | -  | -  | -  | -  | -  | -  | 1.168.343        | 2.282.837         | 3.791.698         | 6.074.535         |
| <b>6 Total</b>                           | <b>9.589.054</b> | <b>88.578</b> | <b>908</b> | - | - | <b>1.093.531</b> | <b>12.325.899</b> | <b>3.250.086</b> | <b>998.207</b> | <b>6.224</b> | -  | -  | -  | -  | -  | -  | <b>1.278.224</b> | <b>15.586.392</b> | <b>13.044.319</b> | <b>28.630.711</b> |

(\*) 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.

## II. Explanations on consolidated credit risk (continued):

## Distribution of risks with term structure according to remaining maturities:

|                                  |  | Time to Maturity  |                  |                  |                  |                   | Undistributable |
|----------------------------------|--|-------------------|------------------|------------------|------------------|-------------------|-----------------|
| Risk Categories – Current Period |  | 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                | 18.149.078        | 79.854           | 37.875           | 1.689.802        | 17.361.285        | -               |
| 2                                | Conditional and unconditional receivables from regional or local governments                       | 14.532            | -                | -                | 74.879           | 166.615           | -               |
| 3                                | Conditional and unconditional receivables from administrative units and non-commercial enterprises | 4.765             | 41               | -                | 904              | 14.187            | -               |
| 4                                | Conditional and unconditional receivables from multilateral development banks                      | -                 | -                | -                | -                | -                 | -               |
| 5                                | Conditional and unconditional receivables from international organizations                         | -                 | -                | -                | -                | -                 | -               |
| 6                                | Conditional and unconditional receivables from banks and brokerage houses                          | 6.288.018         | -                | 101.897          | -                | 709.285           | -               |
| 7                                | Conditional and unconditional receivables from corporates  | 12.612.875        | 3.181.192        | 2.096.693        | 4.002.733        | 5.475.440         | 7.659           |
| 8                                | Conditional and unconditional retail receivables   | 2.053.296         | 304.163          | 388.186          | 675.360          | 773.129           | -               |
| 9                                | Receivables secured by mortgages on property   | 332.617           | 37.121           | 96.580           | 182.235          | 633.302           | -               |
| 10                               | Past due receivables   | 8.454             | 208              | 242              | 436              | 232               | -               |
| 11                               | Receivables defined in high risk category by BRSA  | -                 | -                | -                | -                | -                 | -               |
| 12                               | Securities collateralized by mortgages   | -                 | -                | -                | -                | -                 | -               |
| 13                               | Subject to the securitisation framework  | -                 | -                | -                | -                | -                 | -               |
| 14                               | Short-term receivables from banks, brokerage houses and corporates                                 | -                 | -                | -                | -                | -                 | -               |
| 15                               | Investments similar to collective investment funds   | -                 | -                | -                | -                | -                 | -               |
| 16                               | Equity share investments   | -                 | -                | -                | -                | -                 | -               |
| 17                               | Other receivables  | 3.710.776         | -                | -                | -                | -                 | -               |
| <b>Total</b>                     |  | <b>43.174.411</b> | <b>3.602.579</b> | <b>2.721.473</b> | <b>6.626.349</b> | <b>25.133.475</b> | <b>7.659</b>    |

|                                |  | Time to Maturity  |                  |                  |                  |                  | Undistributable |
|--------------------------------|--|-------------------|------------------|------------------|------------------|------------------|-----------------|
| Risk Categories – Prior Period |  | 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                | 5.798.566         | 367.734          | 97.670           | 90.807           | 3.234.277        | -               |
| 2                              | Conditional and unconditional receivables from regional or local governments                       | 14.000            | -                | -                | 17.171           | 57.407           | -               |
| 3                              | Conditional and unconditional receivables from administrative units and non-commercial enterprises | 908               | -                | -                | -                | -                | -               |
| 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                          | 1.081.942         | 9.224            | 2.365            | -                | -                | -               |
| 7                              | Conditional and unconditional receivables from corporates  | 4.393.431         | 932.475          | 1.001.056        | 1.935.525        | 4.055.753        | 7.659           |
| 8                              | Conditional and unconditional retail receivables   | 1.430.274         | 179.279          | 282.322          | 421.386          | 936.825          | -               |
| 9                              | Receivables secured by mortgages on property   | 440.372           | 23.124           | 41.490           | 77.108           | 416.113          | -               |
| 10                             | Past due receivables   | 3.679             | 382              | 92               | 338              | 1.733            | -               |
| 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  | 1.278.224         | -                | -                | -                | -                | -               |
| <b>Total</b>                   |  | <b>14.441.396</b> | <b>1.512.218</b> | <b>1.424.995</b> | <b>2.542.335</b> | <b>8.702.108</b> | <b>7.659</b>    |

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

Ratings given by Islamic International Rating Agency (IIRA) ratings are taken into account for whole risk category of receivables from governments or central banks. Turkey's long-term foreign currency credit rating (BBB-), is used for foreign currency securities issued by the Republic of Turkey's Treasury and for other foreign currency risks associated with the government of Republic of Turkey.

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 residents in abroad. Receivables whose counterparties are resident in the country are accepted as unrated and capital included in the qualification calculation.

**II. Explanations on consolidated 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 | 38.413.589 |     | 7.024.868 | 440.876 | 2.088.526 | 4.187.095 | 23.923.117 | 1.170 | 5.168.499 | 18.209 | 222.710                              |
| 2 Amount after credit risk mitigation  | 39.456.723 |     | 7.508.936 | 395.062 | 2.152.181 | 3.878.566 | 22.686.603 | 1.170 | 5.168.499 | 18.209 | 222.710                              |

  

| Risk Weights – Prior Period            | %0         | %10 | %20       | %35     | %50       | %75       | %100       | %150  | %200 | %250 | Deductions from Shareholders' Equity |
|--|------------|-----|-----------|---------|-----------|-----------|------------|-------|------|------|--------------------------------------|
| 1 Amount before credit risk mitigation | 9.949.540  | -   | 1.404.629 | 286.823 | 1.154.868 | 3.246.592 | 12.584.990 | 3.269 | -    | -    | 105.696                              |
| 2 Amount after credit risk mitigation  | 10.454.793 | -   | 1.565.879 | 280.109 | 1.256.170 | 3.106.944 | 11.963.547 | 3.269 | -    | -    | 105.696                              |

**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, 2022 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, 2022 but not impaired. "General Provision" calculation is made for these loans.

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

(\*) The breakdown of cash loans is given.

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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

**II. Explanations on consolidated credit risk (continued):**

| Prior Period                     |                                      | Loans (*)                                     |                          | Provisions(**)                   |
|----------------------------------|--------------------------------------|---|--------------------------|----------------------------------|
|                                  |                                      | Impaired Credits (TFRS 9)                     |                          | Expected Loss Provisions (TFRS9) |
|                                  |                                      | Significant increase in credit risk (Stage 2) | Non-performing (Stage 3) |                                  |
| Important Sectors/Counterparties |                                      |   |                          |                                  |
| 1                                | <b>Agriculture</b>                   | -   | -                        | -                                |
| 1.1                              | Farming and stockbreeding            | -   | -                        | -                                |
| 1.2                              | Forestry                             | -   | -                        | -                                |
| 1.3                              | Fishery                              | -   | -                        | -                                |
| 2                                | <b>Manufacturing</b>                 | 6.662   | 44.540                   | 41.648                           |
| 2.1                              | Mining and quarrying                 | -   | 32.892                   | 32.872                           |
| 2.2                              | Production                           | 6.319   | 11.648                   | 8.773                            |
| 2.3                              | Electricity, gas, water              | 343   | -                        | 3                                |
| 3                                | <b>Construction</b>                  | 980   | 5.540                    | 5.112                            |
| 4                                | <b>Services</b>                      | 24.947  | 129.022                  | 122.624                          |
| 4.1                              | Wholesale and retail trade           | 24.890  | 9.107                    | 5.779                            |
| 4.2                              | Hotel, food and beverage services    | -   | -                        | -                                |
| 4.3                              | Transportation and telecommunication | 57  | 5.608                    | 3.244                            |
| 4.4                              | Financial institutions               | -   | -                        | -                                |
| 4.5                              | Real estate and renting services     | -   | 114.307                  | 113.601                          |
| 4.6                              | Self-employment services             | -   | -                        | -                                |
| 4.7                              | Education services                   | -   | -                        | -                                |
| 4.8                              | Health and social services           | -   | -                        | -                                |
| 5                                | <b>Agriculture</b>                   | 1.833   | 16.427                   | 16.479                           |
| <b>Total</b>                     |                                      | <b>34.422</b>                                 | <b>195.529</b>           | <b>185.863</b>                   |

(\*) 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            | 185.680         | 62.260               | (168.069)           | -                 | 79.871          |
| 2 First and Second Stage | 146.666         | 427.257              | -                   | -                 | 573.923         |
|                          |                 |                      |                     |                   |                 |
| Prior Period             | Opening Balance | Provision for Period | Provision Reversals | Other Adjustments | Closing Balance |
| 1 Specific Provisions    | 172.690         | 12.990               | -                   | -                 | 185.680         |
| 2 General Provisions     | 92.666          | 104.109              | (50.109)            | -                 | 146.666         |

**II. Explanations on consolidated credit risk (continued):**

**Risk involved in counter-cyclical capital buffer calculation**

| Current Period<br>Country where risk is<br>ultimately taken | Private sector loans in<br>banking books | Risk weighted amount<br>calculated within trading<br>book | Total      |
|---|--|---|------------|
| Turkey  | 53.721.937                               | 1.106.031   | 54.827.968 |
| United Arab Emirates  | 11.697                                   | -   | 11.697     |
| Marshall Islands  | 1.169.125                                | -   | 1.169.125  |
| Other Countries   | 57.985                                   | -   | 57.985     |

| Prior Period<br>Country where risk is<br>ultimately taken | Private sector loans in<br>banking books | Risk weighted amount<br>calculated within trading<br>book | Total      |
|---|--|---|------------|
| Turkey  | 29.239.730                               | 763.786   | 30.003.516 |
| United Arab Emirates                                      | 9.028                                    | -   | 9.028      |
| Marshall Islands  | 35.434                                   | -   | 35.434     |
| Other Countries   | 13.287                                   | -   | 13.287     |

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

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

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

|   | USD     | EUR     |
|---|---------|---------|
| As of December 30, 2022 - Balance sheet evaluation rate | 18,7157 | 19,9556 |
| As of December 29, 2022                                 | 18,7159 | 19,9067 |
| As of December 28, 2022                                 | 18,7097 | 19,9094 |
| As of December 27, 2022                                 | 18,6989 | 19,9151 |
| As of December 26, 2022                                 | 18,6444 | 19,9711 |
| As of December 23, 2022                                 | 18,6806 | 19,9212 |

- e) The simple arithmetical average of the major foreign exchange buying rates of the Group for the thirty days before the balance sheet date is full TL 18,6587 for 1 USD (December 2021: full TL 13,6246), full TL 19,7536 for 1 Euro (December,
- f) 2021: full TL 15,3855).

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



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

## Information on the Group's Currency Risk

|  | EURO               | USD                | Other FC         | Total              |
|--|--------------------|--------------------|------------------|--------------------|
| <b>Current Period</b>  |                    |                    |                  |                    |
| <b>Assets</b>  |                    |                    |                  |                    |
| Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey | 5.346.226          | 18.744.043         | 316.140          | 24.406.409         |
| Banks (****)   | 798.748            | 1.269.144          | 2.806.789        | 4.874.681          |
| Financial assets at fair value through profit and loss   | 79.951             | 141.530            | 721.982          | 943.463            |
| Money market placements  | -                  | -                  | -                | -                  |
| Financial Assets Valued At Fair Value Through Profit And Loss  | 621.450            | 1.893.165          | -                | 2.514.615          |
| Loans and financial lease receivables (*)  | 6.495.852          | 5.859.611          | -                | 12.355.463         |
| Subsidiaries, associates and joint ventures  | -                  | -                  | -                | -                  |
| Financial Assets Measured at Amortized Cost  | 4.139.848          | -                  | -                | 4.139.848          |
| Derivative financial assets for hedging purposes(*****)  | -                  | -                  | -                | -                  |
| Tangible assets  | -                  | -                  | -                | -                  |
| Intangible assets  | -                  | -                  | -                | -                  |
| Other assets   | 2.782              | 1.092              | -                | 3.874              |
| <b>Total Assets</b>  | <b>17.484.857</b>  | <b>27.908.585</b>  | <b>3.844.911</b> | <b>49.238.353</b>  |
| <b>Liabilities</b>   |                    |                    |                  |                    |
| Current account and funds collected from banks via participation accounts  | -                  | -                  | 16.596           | 16.596             |
| Other current and profit sharing accounts (**)   | 9.362.282          | 31.482.190         | 3.421.540        | 44.266.012         |
| Money market borrowings  | -                  | -                  | -                | -                  |
| Funds provided from other financial institutions and subordinated loans  | 4.436.273          | 423.668            | -                | 4.859.941          |
| Marketable securities issued   | -                  | -                  | -                | -                  |
| Miscellaneous payables   | -                  | -                  | -                | -                  |
| Derivative financial liabilities for hedging purposes(*****)   | -                  | -                  | -                | -                  |
| Other liabilities  | 146.305            | 342.100            | 85.280           | 573.685            |
| <b>Total liabilities</b>   | <b>13.944.860</b>  | <b>32.247.958</b>  | <b>3.523.416</b> | <b>49.716.234</b>  |
| <b>Net balance sheet position</b>  | <b>3.539.997</b>   | <b>(4.339.373)</b> | <b>321.495</b>   | <b>(477.881)</b>   |
| <b>Net balance sheet position</b>  | <b>(3.555.105)</b> | <b>4.308.704</b>   | <b>(319.605)</b> | <b>433.994</b>     |
| Derivative financial instruments assets  | 847.434            | 5.724.853          | 492.479          | 7.064.766          |
| Derivative financial instruments liabilities   | 4.402.539          | 1.416.149          | 812.084          | 6.630.772          |
| Non-cash loans (**)  | 1.368.835          | 1.921.118          | 16.698           | 3.306.651          |
| <b>Prior Period</b>  |                    |                    |                  |                    |
| Total assets   | 11.996.492         | 8.011.515          | 1.235.185        | 21.243.192         |
| Total liabilities  | 10.706.239         | 10.155.169         | 1.460.407        | 22.321.815         |
| <b>Net balance sheet position</b>  | <b>1.290.253</b>   | <b>(2.143.654)</b> | <b>(225.222)</b> | <b>(1.078.623)</b> |
| <b>Net off balance sheet position</b>  | <b>(1.191.464)</b> | <b>2.218.808</b>   | <b>258.800</b>   | <b>1.286.144</b>   |
| Derivative financial instruments assets  | 5.987              | 2.617.311          | 500.074          | 3.123.372          |
| Derivative financial instruments liabilities   | 1.197.451          | 398.503            | 241.274          | 1.837.228          |
| Non-cash loans   | 1.405.454          | 1.731.014          | -                | 3.136.468          |

(\*) The balance sheet includes the expected loss provisions amounting to TL 189.254.

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

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

(\*\*\*\*\*) Includes provisions for expected losses amounting to TL 10.703 in the balance sheet.

(\*\*\*\*\*) Income rediscounts of derivative financial instruments amounting to TL 12.681 (December 31, 2021: TL 3.280) and expense rediscounts of exchange amounting to TL 11.536 (December 31, 2021: TL 3.810) are not included.

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

**Explanations on consolidated position risk of equity securities in banking book**

None (December 31, 2021: None).

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

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

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

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

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

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

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

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

Market conditions are continuously follow and access problems for the 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 Group's cash flow capacity to the cash flow capacity within the framework of the specified scenarios. The scenarios needed for stress tests are based on the changing balance sheet structure. The results are taken into consideration in determining the policies related to liquidity risk and in the preparation of an emergency action plan.

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

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

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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

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

**Liquidity on Consolidated Coverage Ratio:**

| Current Period |   | Rate of "Percentage to be taken into account " not Implemented Total value <sup>(*)</sup> |                   | Rate of "Percentage to be taken into account " Implemented Total value <sup>(*)</sup> |                   |
|----------------|---|---|-------------------|---|-------------------|
|                |   | TL+FC   | FC                | TL+FC   | FC                |
| 1              | <b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>  |   |                   | <b>50.349.690</b>   | <b>38.642.168</b> |
|                | <b>CASH OUTFLOWS</b>  |   |                   |   |                   |
| 2              | Retail and Real Person Funds Collected  | 21.639.393  | 18.736.389        | 2.137.702   | 1.873.639         |
| 3              | Stable Funds Collected  | 524.744   | -                 | 26.237  | -                 |
| 4              | Less stable Funds Collected   | 21.114.649  | 18.736.389        | 2.111.465   | 1.873.639         |
| 5              | Unsecured Funding other than Retail and Real Person   | 43.383.602  | 39.263.449        | 18.507.485  | 16.052.163        |
| 6              | Customers Deposits  | -   | -                 | -   | -                 |
| 7              | Operational Funds Collected   | 42.924.409  | 39.214.753        | 18.048.292  | 16.003.467        |
| 8              | Non-Operational Funds Collected   | 459.193   | 48.696            | 459.193   | 48.696            |
| 9              | Other Unsecured Funding   |   |                   | -   | -                 |
| 10             | Secured funding   | 9.969.552   | 4.336.651         | 9.969.552   | 4.336.651         |
| 11             | Liquidity needs related to derivatives and market valuation changes on derivatives transactions | 8.996.731   | 4.336.651         | 8.996.731   | 4.336.651         |
| 12             | Debts related to the structured financial products  | 972.821   | -                 | 972.821   | -                 |
| 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  | 14.399.487  | 3.610.764         | 4.326.086   | 339.231           |
| 16             | <b>TOTAL CASH OUTFLOWS</b>  |   |                   | <b>34.940.825</b>   | <b>22.601.684</b> |
|                | <b>CASH INFLOWS</b>   |   |                   |   |                   |
| 17             | Secured Lending Transactions  | -   | -                 | -   | -                 |
| 18             | Unsecured Lending Transactions  | 21.075.019  | 14.226.311        | 18.896.776  | 13.564.152        |
| 19             | Other contractual cash inflows  | 8.993.174   | 8.216.255         | 8.993.174   | 8.216.255         |
| 20             | <b>TOTAL CASH INFLOWS</b>   | <b>30.068.193</b>   | <b>22.442.566</b> | <b>27.889.950</b>   | <b>21.780.407</b> |
|                |   |   |                   | <b>Upper limit applied amounts</b>  |                   |
| 21             | <b>TOTAL HQLA</b>   |   |                   | <b>50.349.690</b>   | <b>38.642.168</b> |
| 22             | <b>TOTAL NET CASH OUTFLOWS</b>  |   |                   | <b>8.735.206</b>  | <b>5.650.421</b>  |
| 23             | <b>LIQUIDITY COVERAGE RATIO (%)</b>   |   |                   | <b>576.40</b>   | <b>683.88</b>     |

(\*) Simple arithmetic average calculated for the last three months of values calculated by taking the monthly simple arithmetic average.

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 – 31.12.2022 |               |
|------------------------------|-----------------------------|---------------|
|                              | TL+FC                       | FC            |
| Lowest (%)                   | 428,89                      | 524,4         |
| Date                         | October 2022                | October 2022  |
| Highest (%)                  | 493,47                      | 695,5         |
| Date                         | November 2022               | November 2022 |
| Average                      | 458,96                      | 606,64        |

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

## Liquidity on Consolidated Coverage Ratio (continued):

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

<sup>(1)</sup> It is the average of the liquidity coverage ratio calculated by taking the simple monthly arithmetic average for the last three months.

| Liquidity Coverage Ratio (%) | Prior Period – 31.12.2021 |               |
|------------------------------|---------------------------|---------------|
|                              | TL+FC                     | FC            |
| Lowest (%)                   | 342,69                    | 397,07        |
| Date                         | October 2021              | October 2021  |
| Highest (%)                  | 527,67                    | 842,44        |
| Date                         | November 2021             | November 2021 |
| Average                      | 407,34                    | 620,59        |

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

**Liquidity coverage ratio (continued):**

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Group to net cash outflow in 30 days maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, banks receivables and funds collected. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages.

The Group's high quality liquid assets are composed of 2,74% cash, 64,57% deposits in central banks and 32,70% securities considered as high quality liquid assets.

The Group's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 88,74% funds collected, 4,61% funds borrowed and 6,65% subordinated debt instruments.

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

## Liquidity on consolidated 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             |
|--|---------------------|--------------------|--------------------|-------------------|-------------------|------------------|---------------------|-------------------|
| <b>Current Period</b>  |                     |                    |                    |                   |                   |                  |                     |                   |
| <b>Assets</b>  |                     |                    |                    |                   |                   |                  |                     |                   |
| Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey | 12.346.278          | 13.703.939         | -                  | -                 | -                 | -                | -                   | 26.050.217        |
| Banks  | 4.877.123           | -                  | -                  | -                 | -                 | -                | -                   | 4.877.123         |
| Financial Assets at Fair Value Through Profit and Loss   | -                   | -                  | -                  | 87.644            | 857.315           | -                | -                   | 944.959           |
| Money Market Placements  | -                   | -                  | -                  | -                 | -                 | -                | -                   | -                 |
| Financial assets valued at fair value through other comprehensive income   | -                   | -                  | 79.854             | 1.716.677         | 8.101.606         | 535.589          | 7.659               | 10.441.385        |
| Loans  | -                   | 4.875.978          | 6.916.880          | 16.589.337        | 13.421.996        | 1.816.744        | 63.713              | 43.684.648        |
| Financial assets valued at amortised cost  | -                   | -                  | -                  | -                 | 7.184.590         | 3.210.03         | -                   | 10.394.620        |
| Other Assets (*)   | -                   | -                  | -                  | -                 | -                 | 0                | 2.562.262           | 2.562.262         |
| <b>Total Assets</b>  | <b>17.223.401</b>   | <b>18.579.917</b>  | <b>6.996.734</b>   | <b>18.393.658</b> | <b>29.565.507</b> | <b>5.562.363</b> | <b>2.633.634</b>    | <b>98.955.214</b> |
| <b>Liabilities</b>   |                     |                    |                    |                   |                   |                  |                     |                   |
| Current account and funds collected from banks via participation accounts  | 302.929             | -                  | -                  | -                 | -                 | -                | -                   | 302.929           |
| Other current and profit sharing accounts  | 44.186.604          | 20.697.462         | 8.882.652          | 4.936.187         | 166.189           | -                | -                   | 78.869.094        |
| Funds provided from other financial institutions and subordinated loans  | -                   | 22.992             | 30.436             | 501.123           | 344.384           | -                | 4.110.376           | 5.009.311         |
| Money market borrowings  | -                   | -                  | -                  | -                 | -                 | -                | -                   | -                 |
| Marketable securities issued   | -                   | 439.727            | 2.961.666          | 791.791           | 838.505           | -                | -                   | 5.031.689         |
| Other liabilities (**)   | -                   | 907.429            | -                  | -                 | -                 | -                | 8.834.762           | 9.742.191         |
| <b>Total Liabilities</b>   | <b>44.489.533</b>   | <b>22.067.610</b>  | <b>11.874.754</b>  | <b>6.229.101</b>  | <b>1.349.078</b>  | <b>-</b>         | <b>12.945.138</b>   | <b>98.955.214</b> |
| <b>Liquidity Gap</b>   | <b>(27.266.132)</b> | <b>(3.487.693)</b> | <b>(4.878.020)</b> | <b>12.164.557</b> | <b>28.216.429</b> | <b>5.562.363</b> | <b>(10.311.504)</b> | <b>-</b>          |
| <b>Net Off-balance sheet Position</b>  | <b>-</b>            | <b>(7.959)</b>     | <b>128</b>         | <b>744</b>        | <b>-</b>          | <b>-</b>         | <b>-</b>            | <b>(7.087)</b>    |
| Financial Derivative Assets  | -                   | 4.943.606          | 60.879             | 107.522           | -                 | -                | -                   | 5.112.007         |
| Financial Derivative Liabilities   | -                   | 4.951.565          | 60.751             | 106.778           | -                 | -                | -                   | 5.119.094         |
| <b>Non-cash Loans</b>  | <b>-</b>            | <b>298.864</b>     | <b>959.878</b>     | <b>3.880.727</b>  | <b>1.615.240</b>  | <b>21.397</b>    | <b>3.069.165</b>    | <b>9.845.271</b>  |
| <b>Prior Period</b>  |                     |                    |                    |                   |                   |                  |                     |                   |
| Total Assets   | 2.417.162           | 8.653.090          | 2.150.905          | 8.216.327         | 14.365.935        | 1.511.364        | 731.020             | 38.045.803        |
| Total Liabilities  | 8.728.954           | 17.348.404         | 5.516.529          | 1.154.173         | 2.729.338         | -                | 2.568.405           | 38.045.803        |
| <b>Liquidity Gap</b>   | <b>(6.311.792)</b>  | <b>(8.695.314)</b> | <b>(3.365.624)</b> | <b>7.062.154</b>  | <b>11.636.597</b> | <b>1.511.364</b> | <b>(1.837.385)</b>  | <b>-</b>          |
| <b>Net Off-balance sheet Position</b>  | <b>-</b>            | <b>(31.071)</b>    | <b>(56.149)</b>    | <b>(1.175)</b>    | <b>-</b>          | <b>-</b>         | <b>-</b>            | <b>(88.395)</b>   |
| Financial Derivative Assets  | -                   | 2.508.922          | 756.035            | 91.169            | -                 | -                | -                   | 3.356.126         |
| Financial Derivative Liabilities   | -                   | 2.539.993          | 812.184            | 92.344            | -                 | -                | -                   | 3.444.521         |
| <b>Non-cash Loans</b>  | <b>1.354.438</b>    | <b>1.108.447</b>   | <b>343.855</b>     | <b>1.578.062</b>  | <b>495.818</b>    | <b>-</b>         | <b>-</b>            | <b>4.880.620</b>  |

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

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

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

As of December 31, 2022, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 6,49% (December 31, 2020: 8,51%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks".

**Disclosure of Leverage ratio template:**

|  | Current Period<br>December 31, 2022(*) | Prior Period<br>December 31, 2021(*) |
|--|--|--------------------------------------|
| <b>Balance sheet assets</b>  |  |                                      |
| 1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)     | 107.441.491                            | 33.036.737                           |
| 2 (Assets deducted from Core capital)  | 163.506                                | 103.381                              |
| 3 Total risk amount of balance sheet assets (sum of lines 1 and 2)   | 107.277.985                            | 32.933.356                           |
| <b>Derivative financial assets and credit derivatives</b>  |  |                                      |
| 4 Cost of replenishment for derivative financial assets and credit derivatives                                   | -                                      | -                                    |
| 5 Potential credit risk amount of derivative financial assets and credit derivatives                             | 112.984                                | 92.887                               |
| 6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)                 | 112.984                                | 92.887                               |
| <b>Financing transactions secured by marketable security or commodity</b>  |  |                                      |
| 7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)    | 10.030.149                             | 2.441.721                            |
| 8 Risk amount arising from intermediary transactions   | -                                      | -                                    |
| 9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8) | 10.030.149                             | 2.441.721                            |
| <b>Off-balance sheet transactions</b>  |  |                                      |
| 10 Gross notional amount of off-balance sheet transactions   | 20.891.725                             | 7.757.835                            |
| 11 (Correction amount due to multiplication with credit conversion rates)  | -                                      | -                                    |
| 12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)   | 20.891.725                             | 7.757.835                            |
| <b>Capital and total risk</b>  |  |                                      |
| 13 Core Capital  | 9.010.233                              | 3.679.879                            |
| 14 Total risk amount (sum of lines 3, 6, 9 and 12)   | 138.312.843                            | 43.225.799                           |
| <b>Leverage ratio</b>  |  |                                      |
| 15 Leverage ratio (%)  | 6,51                                   | 8,51                                 |

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

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

|  | Book Value        |                   | Fair Value        |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| <b>Financial Assets</b>  |                   |                   |                   |                   |
| Due from Interbank Money Market  | -                 | -                 | -                 | -                 |
| Banks  | 4.887.831         | 1.533.115         | 4.887.831         | 1.533.115         |
| Financial Assets at Fair Value through Profit or Loss                          | 944.959           | 1.800.024         | 944.959           | 1.085.024         |
| Financial Assets at Fair Value Through Other Comprehensive Income              | 10.441.385        | 4.173.153         | 10.441.385        | 4.173.153         |
| Financial Assets Valued Over Amortized Cost                                    | 10.440.441        | 2.713.586         | 10.196.149        | 2.537.586         |
| Loans and financial lease receivables  | 44.292.621        | 21.907.324        | 53.760.934        | 25.922.905        |
| <b>Financial Liabilities</b>   |                   |                   |                   |                   |
| Funds collected from banks through current accounts and participation accounts | 302.929           | 581.502           | 302.929           | 581.502           |
| Other current accounts and participation accounts                              | 78.869.094        | 26.211.847        | 78.869.094        | 26.211.847        |
| Funds from other financial institutions  | 5.009.311         | 4.653.931         | 5.009.311         | 4.566.889         |
| Debts to Money Markets   | 5.031.689         | -                 | 5.031.689         | -                 |
| Other Liabilities  | 1.007.967         | 430.365           | 1.007.967         | 430.365           |

**VII. Explanations on consolidated regarding the fair value of financial assets and liabilities (continued):****a. Information on consolidated 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.

- 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,
- At level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators,
- 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 Group'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             |
|--|------------------|------------------|----------|-------------------|
| <b>Financial assets</b>  |                  |                  |          |                   |
| <b>Financial Assets at Fair Value Through Profit or (Loss)</b>           | <b>141.530</b>   | <b>803.429</b>   | <b>-</b> | <b>944.959</b>    |
| Government Debt Securities   | 141.530          | 803.429          | -        | 944.959           |
| Share Certificates   | -                | -                | -        | -                 |
| Other financial assets   | -                | -                | -        | -                 |
| <b>Financial Assets at Fair Value Through Other Comprehensive Income</b> | <b>2.524.760</b> | <b>7.916.625</b> | <b>-</b> | <b>10.441.385</b> |
| Equity Securities (*)  | 2.517.101        | 7.916.625        | -        | 10.433.726        |
| Government Debt Securities   | 7.659            | -                | -        | 7.659             |
| Other financial assets   | -                | -                | -        | -                 |
| <b>Derivative Financial Assets</b>                                       | <b>-</b>         | <b>17.597</b>    | <b>-</b> | <b>17.597</b>     |
| <b>Financial liabilities</b>   |                  |                  |          |                   |
| Derivative financial liabilities   | -                | 13.797           | -        | 13.797            |

(\*) 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 TL 7.659 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            |
|--|----------------|------------------|----------|------------------|
| <b>Financial assets</b>  |                |                  |          |                  |
| <b>Financial Assets at Fair Value Through Profit or (Loss)</b>           | <b>512.920</b> | <b>572.280</b>   | <b>-</b> | <b>1.085.200</b> |
| Government Debt Securities   | 275.653        | 572.280          | -        | 847.933          |
| Share Certificates   | -              | -                | -        | -                |
| Other financial assets   | 237.267        | -                | -        | 237.267          |
| <b>Financial Assets at Fair Value Through Other Comprehensive Income</b> | <b>962.858</b> | <b>3.202.636</b> | <b>-</b> | <b>4.165.494</b> |
| Equity Securities  | -              | -                | -        | -                |
| Government Debt Securities   | 962.858        | 3.202.636        | -        | 4.165.494        |
| Other financial assets   | -              | -                | -        | -                |
| <b>Derivative Financial Assets</b>                                       | <b>-</b>       | <b>65.158</b>    | <b>-</b> | <b>65.158</b>    |
| <b>Financial liabilities</b>   |                |                  |          |                  |
| Derivative financial liabilities   | -              | 109.990          | -        | 109.990          |



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

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

**IX. Explanations on consolidated risk management:**

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

**a. Consolidated risk management strategy and risk weighted amounts:**

**a.1. Explanations on group's risk management**

The aim of the Group'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 Group 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 Parent Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and consolidated basis, setting up limit systems and procedures in the Parent 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 Group. 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 Group'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 Group 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 Group's strategies to risk profile. The Group'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 Group'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 Group's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the Group, is the level of risk it identifies as acceptable.

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

**a. Consolidated risk management strategy and risk weighted amounts (continued):**

**a.1. Explanations on consolidated risk management (continued):**

The common feature of the Group'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 Parent Banks were identified. Limits, which are determined within the framework of risk profile of the Parent Bank in accordance with the Parent Bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the Group'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 Parent 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 Parent 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 Group evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

**Market Risk**

The Parent 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 Group 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 Group 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 Group'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 Parent Bank's suffering a loss because the Parent 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 Group 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 Group 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 consolidated risk management (continued):**

**a. Consolidated risk management strategy and risk weighted amounts (continued):**

**a.1. Explanations on consolidated risk management (continued):**

**Credit risk**

Credit risk is defined as the probability of losses to the Group due to customers failing to partially or completely pay their commitments to the Group 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 Group. 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 Group, 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 Group. 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 Group, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds.

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

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

**Other risks**

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

For the management of strategic risk, the Group 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 Group regards reputational risk as anything that might lead to the Group'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 Group's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Group's reputation or image is detected.

**IX. Explanations on consolidated risk management (continued):****a. Risk management strategy and risk weighted amounts (continued):****a.1. Explanations on risk management (continued):****Other risks (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 Group 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)                   | 32.027.599           | 12.883.436        | 2.562.208                    |
| 2  | Of which standardised approach (SA)                                      | 32.027.599           | 12.883.436        | 2.562.208                    |
| 3  | Of which internal rating-based (IRB) approach                            | -                    | -                 | -                            |
| 4  | Counterparty credit risk   | 28.930               | 26.820            | 2.314                        |
| 5  | Of which standardised approach for counterparty credit risk (SA-CCR)     | 28.930               | 26.820            | 2.314                        |
| 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  | 816.791              | 719.119           | 65.343                       |
| 17 | Of which standardised approach (SA)                                      | 816.791              | 719.119           | 65.343                       |
| 18 | Of which internal model approaches (IMM)                                 | -                    | -                 | -                            |
| 19 | Operational risk   | 984.882              | 724.962           | 78.791                       |
| 20 | Of which Basic Indicator Approach  | 984.882              | 724.962           | 78.791                       |
| 21 | Of which Standardised Approach   | -                    | -                 | -                            |
| 22 | Of which Advanced Measurement Approach                                   | -                    | -                 | -                            |
| 23 | Amounts below the thresholds for deduction (subject to 250% risk weight) | -                    | -                 | -                            |
| 24 | Floor adjustment   | -                    | -                 | -                            |
| 25 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>                            | <b>33.858.202</b>    | <b>14.354.337</b> | <b>2.708.656</b>             |

**IX. Explanations on consolidated risk management (continued):****b. Financial statements and regulatory exposures reconciliation****b.1. Differences and matching between accounting-related consolidation and legal consolidation**

| Current Period   | Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS) | Carrying values of items in accordance with Turkish Accounting Standards (TAS) |                                     |                          |                                       |                  | Not subject to capital requirements or deducted from capital |
|--|---|--|-------------------------------------|--------------------------|---------------------------------------|------------------|--|
|  |   | Subject to credit risk   | Subject to counterparty credit risk | Securitization positions | Subject to market risk <sup>(*)</sup> |                  |  |
| <b>Assets</b>  |   |  |                                     |                          |                                       |                  |  |
| Cash and balances at central bank                                  | 26.082.580  | 26.082.580   | -                                   | -                        | -                                     | -                | -  |
| Banks  | 4.887.831   | 4.887.831  | -                                   | -                        | -                                     | -                | -  |
| Receivables from Money markets                                     | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Expected Loss Provisions (-)                                       | 43.071  | 43.071   | -                                   | -                        | -                                     | -                | -  |
| Financial assets at fair value through profit or Loss              | 944.959   | -  | -                                   | -                        | 944.959                               | -                | -  |
| Financial assets at fair value through other comprehensive income  | 10.441.385  | 10.441.385   | -                                   | -                        | -                                     | -                | -  |
| Derivative financial assets  | 17.597  | -  | 17.597                              | -                        | 17.597                                | -                | -  |
| Loans  | 43.806.339  | 43.806.339   | -                                   | -                        | -                                     | -                | -  |
| Leasing receivables  | 486.282   | 486.282  | -                                   | -                        | -                                     | -                | -  |
| Financial assets measured at amortized cost                        | 10.440.441  | 10.440.441   | -                                   | -                        | -                                     | -                | -  |
| Expected loss provisions   | 653.794   | 653.794  | -                                   | -                        | -                                     | -                | -  |
| Assets held for sale and discontinued operations (net)             | 5.242   | 5.242  | -                                   | -                        | -                                     | -                | -  |
| Partnership investments  | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Tangible fixed asset (net)   | 100.413   | 100.413  | -                                   | -                        | -                                     | -                | 100.413  |
| Intangible asset (net)   | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Investment properties (net)  | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Current tax asset  | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Deferred tax assets  | 664.594   | 664.594  | -                                   | -                        | -                                     | -                | -  |
| Other assets   | 1.342.128   | 1.342.128  | -                                   | -                        | -                                     | -                | 122.297  |
| <b>Total Assets</b>  | <b>98.955.214</b>   | <b>97.992.658</b>  | <b>17.597</b>                       | <b>-</b>                 | <b>962.556</b>                        | <b>222.710</b>   |  |
| <b>Liabilities</b>   |   |  |                                     |                          |                                       |                  |  |
| Funds collected  | 79.172.023  | -  | -                                   | -                        | -                                     | -                | -  |
| Funds borrowed   | 898.935   | -  | -                                   | -                        | -                                     | -                | -  |
| Debt to Money markets  | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Debt securities in issue   | 5.031.689   | -  | -                                   | -                        | -                                     | -                | 5.031.689  |
| Financial liabilities at fair value through profit and loss        | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Derivative financial liabilities                                   | 13.797  | -  | 13.797                              | -                        | 13.797                                | -                | -  |
| Liabilities from leases  | 278.248   | -  | -                                   | -                        | -                                     | -                | -  |
| Provisions   | 1.045.704   | -  | -                                   | -                        | -                                     | -                | -  |
| Current tax liability  | 1.368.458   | -  | -                                   | -                        | -                                     | -                | -  |
| Deferred tax liability   | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Non-current assets held for sale and discontinued operations (net) | -   | -  | -                                   | -                        | -                                     | -                | -  |
| Subordinated debt  | 4.110.376   | -  | -                                   | -                        | -                                     | -                | -  |
| Other liabilities  | 1.007.967   | -  | -                                   | -                        | -                                     | -                | -  |
| Equity   | 6.028.017   | -  | -                                   | -                        | -                                     | -                | -  |
| <b>Total Liabilities</b>   | <b>98.955.214</b>   | <b>-</b>   | <b>13.797</b>                       | <b>-</b>                 | <b>13.797</b>                         | <b>5.031.689</b> |  |

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

## IX. Explanations on consolidated risk management (continued):

## b. Financial statements and regulatory exposures reconciliation (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 Turkish Accounting Standards (TAS) |                                     |                          |                                       |  |
|--|---|--|-------------------------------------|--------------------------|---------------------------------------|--|
|  |   | Subject to credit risk   | Subject to counterparty credit risk | Securatisation positions | Subject to market risk <sup>(*)</sup> | Not subject to capital requirements or deducted from capital |
| <b>Assets</b>  |   |  |                                     |                          |                                       |  |
| Cash and balances at central bank                                  | 6.236.435   | 6.236.435  | -                                   | -                        | -                                     | -  |
| Banks  | 1.533.115   | 1.533.115  | -                                   | -                        | -                                     | -  |
| Receivables from Money markets                                     | -   | -  | -                                   | -                        | -                                     | -  |
| Expected Loss Provisions (-)                                       | 1.647   | 1.647  | -                                   | -                        | -                                     | -  |
| Financial assets at fair value through profit or Loss              | 1.085.200   | -  | -                                   | -                        | 1.085.200                             | -  |
| Financial assets at fair value through other comprehensive income  | 4.173.153   | 4.173.153  | -                                   | -                        | -                                     | -  |
| Derivative financial assets  | 65.158  | -  | 65.158                              | -                        | 65.158                                | -  |
| Loans  | 21.724.480  | 21.724.480   | -                                   | -                        | -                                     | -  |
| Leasing receivables  | 182.844   | 182.844  | -                                   | -                        | -                                     | -  |
| Financial assets mausured at amortized cost                        | 2.713.586   | 2.713.586  | -                                   | -                        | -                                     | -  |
| Expected loss provisions   | 332.383   | 332.383  | -                                   | -                        | -                                     | -  |
| Assets held for sale and discontinued operations (net)             | 8.000   | 8.000  | -                                   | -                        | -                                     | -  |
| Partnership inverstments   | -   | -  | -                                   | -                        | -                                     | -  |
| Tangible fixed asset (net)   | 330.398   | 330.398  | -                                   | -                        | -                                     | -  |
| Intangible asset (net)   | 23.462  | 23.462   | -                                   | -                        | -                                     | 23.462   |
| Investment properties (net)  | -   | -  | -                                   | -                        | -                                     | -  |
| Current tax asset  | -   | -  | -                                   | -                        | -                                     | -  |
| Deffered tax assets  | 66.894  | 66.894   | -                                   | -                        | -                                     | -  |
| Other assets   | 237.108   | 237.108  | -                                   | -                        | -                                     | 82.234   |
| <b>Total Assets</b>  | <b>38.045.803</b>   | <b>36.895.445</b>  | <b>65.158</b>                       | <b>-</b>                 | <b>1.150.358</b>                      | <b>105.696</b>   |
| <b>Liabilities</b>   |   |  |                                     |                          |                                       |  |
| Funds collected  | 26.665.328  | -  | -                                   | -                        | -                                     | -  |
| Funds borrowed   | 1.204.327   | -  | -                                   | -                        | -                                     | -  |
| Debt to Money markets  | 1.984.303   | -  | -                                   | -                        | -                                     | -  |
| Debt securities in issue   | 2.862.381   | -  | -                                   | -                        | -                                     | 2.862.381  |
| Financial liabilities at fair value through profit and loss        | -   | -  | -                                   | -                        | -                                     | -  |
| Derivative financial liabilities                                   | 109.990   | -  | 109.990                             | -                        | 109.990                               | -  |
| Liavilities from leases  | 191.498   | -  | -                                   | -                        | -                                     | -  |
| Provisions   | 118.239   | -  | -                                   | -                        | -                                     | -  |
| Current tax liability  | 81.210  | -  | -                                   | -                        | -                                     | -  |
| Deferred tax liability   | -   | -  | -                                   | -                        | -                                     | -  |
| Non-current assets held for sale and discontinued operations (net) | -   | -  | -                                   | -                        | -                                     | -  |
| Subordinated debt  | 2.669.412   | -  | -                                   | -                        | -                                     | -  |
| Other liabilities  | 430.365   | -  | -                                   | -                        | -                                     | -  |
| Equity   | 1.728.750   | -  | -                                   | -                        | -                                     | -  |
| <b>Total Liabilities</b>   | <b>38.045.803</b>   | <b>-</b>   | <b>109.990</b>                      | <b>-</b>                 | <b>109.990</b>                        | <b>2.862.381</b>   |

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

**IX. Explanations on consolidated risk management (continued):****b. Financial statements and regulatory exposures reconciliation (continued):****b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS)**

|    | <b>Current Period</b>  | <b>Total</b>       | <b>Subject to credit risk</b> | <b>Securitisation position</b> | <b>Subject to counterparty credit risk</b> | <b>Subject to market risk <sup>(*)</sup></b> |
|----|--|--------------------|-------------------------------|--------------------------------|--|--|
| 1  | Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)      | 98.955.214         | 97.992.658                    | -                              | 17.597                                     | 995.994                                      |
| 2  | Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1) | 13.797             | -                             | -                              | 13.797                                     | 13.797                                       |
| 3  | <b>Total net amount within the scope of legal consolidation</b>  | 98.941.417         | 97.992.658                    | -                              | 3.800                                      | 982.197                                      |
| 4  | Off balance sheet amounts  | 30.917.519         | 6.789.748                     | -                              | 64.757                                     | 64.757                                       |
| 5  | Repo and similar transactions <sup>(**)</sup>  | -                  | -                             | -                              | -  | -  |
| 6  | Differences in valuations  | -                  | -                             | -                              | -  | -  |
| 7  | Differences arising from different netting rules (other than those set out in line 2)  | -                  | -                             | -                              | -  | -  |
| 8  | Differences arising from consideration of provisions   | -                  | -                             | -                              | -  | -  |
| 9  | Differences arising from BRSA's applications   | -                  | (30.912.063)                  | -                              | -  | -  |
| 10 | <b>Risk amounts</b>  | <b>129.858.936</b> | <b>73.870.343</b>             | <b>-</b>                       | <b>68.557</b>                              | <b>1.046.954</b>                             |

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

<sup>(\*\*)</sup> 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.

|    | <b>Prior Period</b>  | <b>Total</b>      | <b>Subject to credit risk</b> | <b>Securitisation position</b> | <b>Subject to counterparty credit risk</b> | <b>Subject to market risk <sup>(*)</sup></b> |
|----|--|-------------------|-------------------------------|--------------------------------|--|--|
| 1  | Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)      | 38.045.303        | 36.895.445                    | -                              | 65.158                                     | 1.150.358                                    |
| 2  | Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1) | 109.990           | -                             | -                              | 109.990                                    | 109.990                                      |
| 3  | <b>Total net amount within the scope of legal consolidation</b>  | <b>37.935.813</b> | <b>36.895.445</b>             | <b>-</b>                       | <b>(44.832)</b>                            | <b>1.040.368</b>                             |
| 4  | Off balance sheet amounts  | 15.066.724        | 4.434.395                     | -                              | 3.599.735                                  | 3.599.735                                    |
| 5  | Repo and similar transactions <sup>(**)</sup>  | -                 | -                             | -                              | -  | -  |
| 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   | -                 | (8.479.729)                   | -                              | -  | -  |
| 10 | <b>Risk amounts</b>  | <b>53.002.537</b> | <b>32.850.111</b>             | <b>-</b>                       | <b>3.554.903</b>                           | <b>4.640.103</b>                             |

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

<sup>(\*\*)</sup> 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 consolidated risk management (continued):****b. Financial statements and regulatory exposures reconciliation (continued):****b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts**

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

**c. Credit risk:****c.1. General information on credit risk:****c.1.1. General qualitative information on credit risk**

This information is already included in (II). Explanations on Credit Risk and (IX.a.I) The Group'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                       | 93.376  | 44.292.621        | 410.484                                  | 43.975.513        |
| 2 Debt securities             | -   | 21.860.223        | 94.510                                   | 21.765.713        |
| 3 Off-balance sheet exposures | 28.711  | 9.816.560         | 84.428                                   | 9.760.843         |
| <b>4 Total</b>                | <b>122.087</b>  | <b>75.969.404</b> | <b>589.422</b>                           | <b>75.502.069</b> |

| 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                       | 195.529   | 21.711.795        | 332.857                                  | 21.574.467        |
| 2 Debt securities             | -   | 7.971.939         | 9.487                                    | 7.962.452         |
| 3 Off-balance sheet exposures | 450   | 6.160.451         | 29.342                                   | 6.131.559         |
| <b>4 Total</b>                | <b>195.979</b>  | <b>35.844.185</b> | <b>371.686</b>                           | <b>35.668.478</b> |

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

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| <b>1 Defaulted loans and debt securities at end of the previous reporting period</b>    | <b>195.529</b> | <b>172.697</b> |
| 2 Loans and debt securities that have defaulted since the last reporting period         | 74.049         | 22.832         |
| 3 Receivables back to non-defaulted status  | -              | -              |
| 4 Amounts written off   | (168.069)      | -              |
| 5 Other changes   | (8.133)        | -              |
| <b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b> | <b>93.376</b>  | <b>195.529</b> |



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

**c. Credit risk (continued):**

**c.1. General information on credit risk (continued):**

**c.1.4. Additional information on consolidated credit quality of assets**

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

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

There are no financial assets that are overdue but not impaired by class of financial instruments. (December 31 2021: None).

**Receivables that provisions are set in terms of geographical region**

| <b>Current Period</b>       | <b>Non-performing Loans<sup>(*)</sup></b> | <b>Specific Provision<sup>(*)</sup></b> |
|-----------------------------|---|---|
| Domestic                    | 93.376                                    | 185.680                                 |
| Off-shore Banking Countries | -   | -                                       |
| Other Countries             | -   | -                                       |
| <b>General Total</b>        | <b>93.376</b>                             | <b>185.680</b>                          |

<sup>(\*)</sup> Represents amounts for cash loans.

| <b>Prior Period</b>         | <b>Non-performing Loans<sup>(*)</sup></b> | <b>Specific Provision<sup>(*)</sup></b> |
|-----------------------------|---|---|
| Domestic                    | 195.529                                   | 185.680                                 |
| Off-shore Banking Countries | -   | -                                       |
| Other Countries             | -   | -                                       |
| <b>General Total</b>        | <b>195.529</b>                            | <b>185.680</b>                          |

<sup>(\*)</sup> Represents amounts for cash loans.

**IX. Explanations on consolidated risk management (continued):****c. Credit risk (continued)****c.1. General information on credit risk (continued)****c.1.4. Additional information on consolidated credit quality of assets (continued):**

Breakdown according to sector:

|          | Sectors / Counterparties<br>Current Period | Non-performing loans | Provisions    |
|----------|--|----------------------|---------------|
| <b>1</b> | <b>Agriculture</b>                         | -                    | -             |
| 1.1      | Farming and stockbreeding                  | -                    | -             |
| 1.2      | Forestry                                   | -                    | -             |
| 1.3      | Fishery                                    | -                    | -             |
| <b>2</b> | <b>Manufacturing</b>                       | <b>47.477</b>        | <b>44.449</b> |
| 2.1      | Mining and quarrying                       | -                    | -             |
| 2.2      | Production                                 | 47.090               | 44.175        |
| 2.3      | Electricity, gas, water                    | 387                  | 274           |
| <b>3</b> | <b>Construction</b>                        | <b>17.845</b>        | <b>13.530</b> |
| <b>4</b> | <b>Services</b>                            | <b>26.452</b>        | <b>20.871</b> |
| 4.1      | Wholesale and retail trade                 | 22.785               | 17.485        |
| 4.2      | Hotel, food and beverage services          | -                    | -             |
| 4.3      | Transportation and telecommunication       | 3.333                | 3.098         |
| 4.4      | Financial institutions                     | -                    | -             |
| 4.5      | Real estate and renting services           | 334                  | 288           |
| 4.6      | Self-employment services                   | -                    | -             |
| 4.7      | Education services                         | -                    | -             |
| 4.8      | Health and social services                 | -                    | -             |
| <b>5</b> | <b>Other</b>                               | <b>1.602</b>         | <b>1.020</b>  |
|          | <b>Total</b>                               | <b>93.376</b>        | <b>79.870</b> |

|          | Sectors / Counterparties<br>Prior Period | Non-performing loans | Provisions     |
|----------|--|----------------------|----------------|
| <b>1</b> | <b>Agriculture</b>                       | -                    | -              |
| 1.1      | Farming and stockbreeding                | -                    | -              |
| 1.2      | Forestry                                 | -                    | -              |
| 1.3      | Fishery                                  | -                    | -              |
| <b>2</b> | <b>Manufacturing</b>                     | <b>44.540</b>        | <b>41.626</b>  |
| 2.1      | Mining and quarrying                     | 32.892               | 32.872         |
| 2.2      | Production                               | 11.648               | 8.754          |
| 2.3      | Electricity, gas, water                  | -                    | -              |
| <b>3</b> | <b>Construction</b>                      | <b>5.540</b>         | <b>5.109</b>   |
| <b>4</b> | <b>Services</b>                          | <b>129.022</b>       | <b>122.518</b> |
| 4.1      | Wholesale and retail trade               | 9.107                | 5.673          |
| 4.2      | Hotel, food and beverage services        | -                    | -              |
| 4.3      | Transportation and telecommunication     | 5.608                | 3.244          |
| 4.4      | Financial institutions                   | -                    | -              |
| 4.5      | Real estate and renting services         | 114.307              | 113.601        |
| 4.6      | Self-employment services                 | -                    | -              |
| 4.7      | Education services                       | -                    | -              |
| 4.8      | Health and social services               | -                    | -              |
| <b>5</b> | <b>Other</b>                             | <b>16.427</b>        | <b>16.427</b>  |
|          | <b>Total</b>                             | <b>195.529</b>       | <b>185.680</b> |

**IX. Explanations on consolidated risk management (continued):****c. Credit risk (continued):****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:

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

b) Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Group 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.

The Group 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 Group 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              | 59.245.007                                      | 5.725.731                       | 3.099.977  | 5.150.797                                 | 2.501.983  | -                                       | -  |
| 2              | Debt securities    | 21.860.223                                      | -                               | -  | -   | -  | -                                       | -  |
| 3              | <b>Total</b>       | <b>81.105.230</b>                               | <b>5.725.731</b>                | <b>3.099.977</b>   | <b>5.150.797</b>                          | <b>2.501.983</b>   | <b>-</b>                                | <b>-</b>   |
| 4              | Of which defaulted | 93.376  | -                               | -  | -   | -  | -                                       | -  |

  

| 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              | 29.297.479                                      | 4.365.490                       | 1.854.133  | 3.886.645                                 | 1.367.928  | -                                       | -  |
| 2            | Debt securities    | 7.734.672                                       | -                               | -  | -   | -  | -                                       | -  |
| 3            | <b>Total</b>       | <b>37.032.151</b>                               | <b>4.365.490</b>                | <b>1.854.133</b>   | <b>3.886.645</b>                          | <b>1.367.928</b>   | <b>-</b>                                | <b>-</b>   |
| 4            | Of which defaulted | 195.529   | -                               | -  | -   | -  | -                                       | -  |

**c.3. Credit risk under standardised approach****c.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk**

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

## IX. Explanations on consolidated risk management (continued):

## c. Credit risk (continued):

## c.3. Credit risk under standardised approach (continued):

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

| Current Period   | Exposures before Credit Conversion Rate and Credit Risk Mitigation |                          | Credit Risk Mitigation and Exposures post-Credit Conversion Rate |                          | Risk Weighted Average and Risk Weighted Average Density |               |
|--|--|--------------------------|--|--------------------------|---|---------------|
|  | On-balance sheet amount  | Off-balance sheet amount | On-balance sheet amount  | Off-balance sheet amount | RWA   | RWA density   |
| Receivables from central governments or central banks                | 37.311.333   | -                        | 37.348.816   | 272                      | -   | -             |
| Receivables from regional or local governments                       | 241.494  | 14.532                   | 73.501   | 8.797                    | 40.287  | 48,95%        |
| Receivables from administrative units and non-commercial enterprises | 15.133   | 4.765                    | 25.372   | 4.772                    | 15.052  | 49,93%        |
| Receivables from multilateral development banks                      | -  | -                        | -  | -                        | -   | -             |
| Receivables from international organizations                         | -  | -                        | -  | -                        | -   | -             |
| Receivables from banks and brokerage houses                          | 6.997.303  | -                        | 7.227.877  | -                        | 2.297.744   | 31,79%        |
| Receivables from corporates  | 15.574.635   | 11.795.506               | 15.479.760   | 5.604.036                | 24.872.261  | 117,97%       |
| Retail receivables   | 2.245.737  | 1.948.396                | 2.230.534  | 995.769                  | 2.280.653   | 70,69%        |
| Receivables secured by mortgages on property                         | 361.721  | 79.156                   | 361.496  | 38.147                   | 130.846   | 32,74%        |
| Receivables secured by mortgages on commercial property              | 612.889  | 228.089                  | 612.889  | 137.955                  | 499.358   | 66,51%        |
| Past due receivables   | 9.573  | -                        | 9.573  | -                        | 4.916   | 51,35%        |
| Receivables defined in high risk category by BRSA                    | -  | -                        | -  | -                        | -   | -             |
| Securities collateralized by mortgages                               | -  | -                        | -  | -                        | -   | -             |
| Short-term receivables from banks, brokerage houses and corporates   | -  | -                        | -  | -                        | -   | -             |
| Investments similar to collective investment funds                   | -  | -                        | -  | -                        | -   | -             |
| Other receivables  | 3.710.776  | -                        | 3.710.776  | -                        | 1.885.950   | 50,82%        |
| Equity share investments   | -  | -                        | -  | -                        | -   | -             |
| <b>Total</b>   | <b>67.080.595</b>  | <b>14.070.444</b>        | <b>67.080.594</b>  | <b>6.789.748</b>         | <b>32.027.067</b>                                       | <b>43,36%</b> |

| 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                | 9.545.746  | 43.308                   | 9.552.334  | 43.446                   | -   | -             |
| Receivables from regional or local governments                       | 74.578   | 14.000                   | 12.466   | 7.015                    | 9.741   | %50,00        |
| Receivables from administrative units and non-commercial enterprises | -  | 908                      | 16.372   | 2.925                    | 19.297  | %100,00       |
| Receivables from multilateral development banks                      | -  | -                        | -  | -                        | -   | -             |
| Receivables from international organizations                         | -  | -                        | -  | -                        | -   | -             |
| Receivables from banks and brokerage houses                          | 1.039.558  | 53.973                   | 1.225.378  | 53.973                   | 340.890   | %26,65        |
| Receivables from corporates  | 7.867.116  | 4.458.782                | 7.725.201  | 2.662.046                | 9.725.964   | %93,63        |
| Retail receivables   | 1.769.226  | 1.480.862                | 1.764.471  | 683.811                  | 1.770.649   | %72,32        |
| Receivables secured by mortgages on property                         | 247.268  | 39.555                   | 247.268  | 25.628                   | 93.446  | %34,24        |
| Receivables secured by mortgages on commercial property              | 310.930  | 400.453                  | 310.930  | 222.805                  | 337.217   | %63,18        |
| Past due receivables   | 6.224  | -                        | 6.224  | -                        | 4.508   | %72,43        |
| 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  | 1.278.224  | -                        | 1.278.224  | -                        | 580.764   | %45,44        |
| Equity share investments   | -  | -                        | -  | -                        | -   | -             |
| <b>Total</b>   | <b>22.138.870</b>  | <b>6.491.841</b>         | <b>22.138.868</b>  | <b>3.701.649</b>         | <b>12.882.476</b>                                       | <b>%49,85</b> |

## IX. Explanations on consolidated risk management (continued):

## c. Credit risk (continued):

## c.3. Credit risk under standardised approach (continued):

## c.3.3. Exposures by asset classes and risk weights

| Risk Classes/Risk Weighted |  | %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                | 37.349.088        | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | 37.349.088                           |
| 2                          | Receivables from regional or local governments                       | 1.723             | -        | -                | -                                | 80.575           | -                | -                 | -            | -                | -             | 82.298                               |
| 3                          | Receivables from administrative units and non-commercial enterprises | 15.092            | -        | -                | -                                | -                | -                | 15.052            | -            | -                | -             | 30.144                               |
| 4                          | Receivables from multilateral development banks                      | -                 | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | -                                    |
| 5                          | Receivables from international organizations                         | -                 | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | -                                    |
| 6                          | Receivables from banks and brokerage houses                          | -                 | -        | 6.018.558        | -                                | 230.574          | -                | 978.745           | -            | -                | -             | 7.227.877                            |
| 7                          | Receivables from corporates  | 599.375           | -        | 320.331          | -                                | 1.194.463        | -                | 13.782.919        | -            | 5.168.499        | 18.209        | 21.083.796                           |
| 8                          | Retail receivables   | 132.496           | -        | 76.451           | -                                | -                | 3.010.318        | 5.868             | 1.170        | -                | -             | 3.226.303                            |
| 9                          | Receivables secured by mortgages on property                         | 17.616            | -        | 19.092           | 362.935                          | -                | -                | -                 | -            | -                | -             | 399.643                              |
| 10                         | Receivables secured by mortgages on commercial property              | -                 | -        | -                | -                                | 502.972          | -                | 247.872           | -            | -                | -             | 750.844                              |
| 11                         | Past due receivables   | -                 | -        | -                | -                                | 9.313            | -                | 260               | -            | -                | -             | 9.573                                |
| 12                         | Receivables defined in high risk category by BRSA                    | -                 | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | -                                    |
| 13                         | Securities collateralized by mortgages                               | -                 | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | -                                    |
| 14                         | Short-term receivables from banks, brokerage houses and corporates   | -                 | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | -                                    |
| 15                         | Investments similar to collective investment funds                   | -                 | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | -                                    |
| 16                         | Other receivables  | -                 | -        | -                | -                                | -                | -                | -                 | -            | -                | -             | -                                    |
| 17                         | Equity share investments   | 1.095.695         | -        | 911.415          | -                                | -                | -                | 1.703.667         | -            | -                | -             | 3.710.776                            |
| 18                         | <b>Total</b>   | <b>39.211.085</b> | <b>-</b> | <b>7.345.847</b> | <b>362.935</b>                   | <b>2.017.897</b> | <b>3.010.318</b> | <b>16.734.383</b> | <b>1.170</b> | <b>5.168.499</b> | <b>18.209</b> | <b>73.870.342</b>                    |

| 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                | 9.595.780         | -        | -                | -                                | -                | -                | -                 | -            | -        | -        | 9.595.780                            |
| 2                          | Receivables from regional or local governments                       | -                 | -        | -                | -                                | 19.481           | -                | -                 | -            | -        | -        | 19.481                               |
| 3                          | Receivables from administrative units and non-commercial enterprises | -                 | -        | -                | -                                | -                | -                | 19.297            | -            | -        | -        | 19.297                               |
| 4                          | Receivables from multilateral development banks                      | -                 | -        | -                | -                                | -                | -                | -                 | -            | -        | -        | -                                    |
| 5                          | Receivables from international organizations                         | -                 | -        | -                | -                                | -                | -                | -                 | -            | -        | -        | -                                    |
| 6                          | Receivables from banks and brokerage houses                          | -                 | -        | 982.090          | -                                | 269.269          | -                | 27.992            | -            | -        | -        | 1.279.351                            |
| 7                          | Receivables from corporates  | 406.598           | -        | 83.461           | -                                | 369.112          | -                | 9.528.076         | -            | -        | -        | 10.387.247                           |
| 8                          | Retail receivables   | 52.943            | -        | 41.926           | -                                | -                | 2.349.920        | 224               | 3.269        | -        | -        | 2.448.282                            |
| 9                          | Receivables secured by mortgages on property                         | 5.313             | -        | 1.389            | 266.194                          | -                | -                | -                 | -            | -        | -        | 272.896                              |
| 10                         | Receivables secured by mortgages on commercial property              | 2.900             | -        | 8.445            | -                                | 373.724          | -                | 148.666           | -            | -        | -        | 533.735                              |
| 11                         | Past due receivables   | -                 | -        | -                | -                                | 3.431            | -                | 2.793             | -            | -        | -        | 6.224                                |
| 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   | 360.486           | -        | 421.217          | -                                | -                | -                | 496.521           | -            | -        | -        | 1.278.224                            |
| 18                         | <b>Total</b>   | <b>10.424.020</b> | <b>-</b> | <b>1.538.528</b> | <b>266.194</b>                   | <b>1.035.017</b> | <b>2.349.920</b> | <b>10.223.569</b> | <b>3.269</b> | <b>-</b> | <b>-</b> | <b>25.840.517</b>                    |

**IX. Explanations on consolidated 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 Group 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 <sup>(*)</sup> | Alpha used for computing regulatory exposure at default | EAD post-CRM | RWA           |
|----------------|--|------------------|---------------------------|---------------------|---|--------------|---------------|
| 1              | Standardised Approach - CCR (for derivatives)  | 17.320           | 64.757                    |                     | -   | 114.908      | 28.929        |
| 2              | Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)                             |                  |                           | -                   | -   | -            | -             |
| 3              | Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)        |                  |                           |                     |   | -            | -             |
| 4              | Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) |                  |                           |                     |   | -            | -             |
| 5              | Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions                                 |                  |                           |                     |   | -            | -             |
| 6              | <b>Total</b>   |                  |                           |                     |   |              | <b>28.929</b> |

(\*) Effective Expected Positive Exposure

## IX. Explanations on consolidated risk management (continued):

## d. Counterparty credit risk (continued):

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

| Prior Period |  | Replacement cost | Potential Future exposure | EEPE(*) | Alpha used for computing regulatory exposure at default | EAD post-CRM | RWA    |
|--------------|--|------------------|---------------------------|---------|---|--------------|--------|
|              |  |                  |                           |         |   |              |        |
| 1            | Standardised Approach - CCR (for derivatives)  | (51.240)         | 36.510                    |         | -   | 98.334       | 26.820 |
| 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  |                  |                           |         |   |              | 26.820 |

(\*) Effective Expected Positive Exposure

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

|   |   | Current Period |               | Prior Period  |               |
|---|---|----------------|---------------|---------------|---------------|
|   |   | EAD post-CRM   | RWA           | EAD post-CRM  | RWA           |
| Total portfolios subject to the Advanced CVA capital obligation |   | -              | -             | -             | -             |
| 1   | (i) VaR component (including the 3×multiplier)                    |                | -             |               | -             |
| 2   | (ii) Stressed VaR component (including the 3×multiplier)          |                | -             |               | -             |
| 3   | All portfolios subject to the Standardised CVA capital obligation | 114.908        | 28.929        | 98.334        | 26.820        |
| 4   | <b>Total subject to the CVA capital obligation</b>                | <b>114.908</b> | <b>28.929</b> | <b>98.334</b> | <b>26.820</b> |

## IX. Explanations on consolidated risk management (continued):

## d. Counterparty credit risk (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                | 6.561         | -        | -             | -            | -        | -            | -        | -        | 6.561                    |
| Receivables from regional or local governments                       | -             | -        | -             | -            | -        | -            | -        | -        | -                        |
| Receivables from administrative units and non-commercial enterprises | -             | -        | -             | -            | -        | -            | -        | -        | -                        |
| Receivables from multilateral development banks                      | -             | -        | -             | -            | -        | -            | -        | -        | -                        |
| Receivables from international organizations                         | -             | -        | -             | -            | -        | -            | -        | -        | -                        |
| Receivables from banks and brokerage houses                          | -             | 94.896   | 7.001         | -            | -        | -            | -        | -        | 101.897                  |
| Receivables from corporates  | -             | -        | -             | -            | -        | 6.450        | -        | -        | 6.450                    |
| 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   | -             | -        | -             | -            | -        | -            | -        | -        | -                        |
| <b>Total</b>   | <b>6.561</b>  | <b>-</b> | <b>94.896</b> | <b>7.001</b> | <b>-</b> | <b>6.450</b> | <b>-</b> | <b>-</b> | <b>114.908</b>           |

(\*) 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                | 43.308        | -        | -             | -             | -            | -            | -        | -        | 43.308                   |
| 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                          | -             | 12.042   | 31.493        | -             | -            | -            | -        | -        | 43.535                   |
| Receivables from corporates  | -             | 1.322    | -             | -             | 3.096        | -            | -        | -        | 4.418                    |
| Retail receivables   | -             | -        | -             | -             | 7.073        | -            | -        | -        | 7.073                    |
| 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   | -             | -        | -             | -             | -            | -            | -        | -        | -                        |
| <b>Total</b>   | <b>43.308</b> | <b>-</b> | <b>13.364</b> | <b>31.493</b> | <b>7.073</b> | <b>3.096</b> | <b>-</b> | <b>-</b> | <b>98.334</b>            |

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



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

**d. Counterparty credit risk (continued):**

**d.5. Used collaterals for counterparty credit risk**

None (December 31, 2021:None).

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

None (December 31, 2021:None).

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

None (December 31, 2021:None).

**e. Information to be announced to public on Securitization:**

None (December 31, 2021:None).

**f. Market risk:**

**f.1. Qualitative disclosure on market risk**

The Group 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 Group'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 Parent Bank is exposed to.

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

**f.2. Market risk under standardised approach**

|                          |   | Current Period | Prior Period   |
|--------------------------|---|----------------|----------------|
|                          |   | RWA            | RWA            |
| <b>Outright products</b> |   |                |                |
| 1                        | Profit rate risk (general and specific) | 290.070        | 344.740        |
| 2                        | Equity share (general and specific)     | -              | -              |
| 3                        | Foreign exchange risk                   | 259.477        | 105.594        |
| 4                        | Commodity risk                          | 267.245        | 268.785        |
| <b>Options</b>           |   |                |                |
| 5                        | Simplified approach                     | -              | -              |
| 6                        | Delta-plus method                       | -              | -              |
| 7                        | Scenario approach                       | -              | -              |
| 8                        | Securitisation                          | -              | -              |
| <b>9 Total</b>           |   | <b>816.792</b> | <b>719.119</b> |

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

**g. Operational risk**

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

| Current Period                                     | 2 PP Value | 1 PP Tutar | CP Value  | Total number of years<br>for which gross income<br>is positive | Rate (%) | Total     |
|--|------------|------------|-----------|--|----------|-----------|
| Gross Income                                       | 500.377    | 802.518    | 6.239.763 | 2.514.219  | %15      | 377.133   |
| Amount subject to Operational<br>Risk (Total*12,5) |            |            |           |  |          | 4.714.161 |

| Prior Period                                       | 2 PP Value | 1 PP Tutar | CP Value | Total number of years<br>for which gross income<br>is positive | Rate (%) | Total   |
|--|------------|------------|----------|--|----------|---------|
| Gross Income                                       | 272.916    | 500.377    | 802.518  | 525.270  | %15      | 78.791  |
| Amount subject to Operational<br>Risk (Total*12,5) |            |            |          |  |          | 984.882 |

**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 Group's banking books by standard shock method.

The Group 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.

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

**h. Qualitative disclosure on profit rate risk arising from banking books (continued):**

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

**Current Period**

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

**Prior Period**

| <b>Currency</b>                    | <b>Applied Shock (+/-x basis point)</b> | <b>Gains/ (Losses)</b> | <b>Gains/Equity (Losses/Equity) (%)</b> |
|------------------------------------|---|------------------------|---|
| TRY                                | (+) 500bp                               | (168.087)              | (4,20)                                  |
| TRY                                | (-) 400bp                               | 158.893                | 3,97                                    |
| USD Dolar                          | (+) 200bp                               | (59.535)               | (1,49)                                  |
| USD Dolar                          | (-) 200bp                               | 65.639                 | 1,64                                    |
| EUR                                | (+) 200bp                               | (57.620)               | (1,44)                                  |
| EUR                                | (-) 200bp                               | 61.148                 | 1,53                                    |
| <b>Total (For Negative Shocks)</b> | <b>-</b>                                | <b>(285.242)</b>       | <b>(7,13)</b>                           |
| <b>Total (For Positive Shocks)</b> | <b>-</b>                                | <b>285.680</b>         | <b>7,14</b>                             |

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

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

| Current Period                            | Retail            | Commercial and Corporate | Treasury          | Undistributed    | Total             |
|---|-------------------|--------------------------|-------------------|------------------|-------------------|
| <b>Total Assets</b>                       | <b>2.963.819</b>  | <b>37.831.388</b>        | <b>56.564.347</b> | <b>1.595.660</b> | <b>98.955.214</b> |
| <b>Total Liabilities</b>                  | <b>48.236.244</b> | <b>34.581.528</b>        | <b>7.812.211</b>  | <b>2.297.214</b> | <b>92.927.197</b> |
| <b>Total Equity</b>                       | <b>-</b>          | <b>-</b>                 | <b>-</b>          | <b>6.028.017</b> | <b>6.028.017</b>  |
| Net profit share income/(expense) (*)     | 486.592           | 2.659.158                | 712.796           | 59.627           | 3.918.173         |
| Net fees and commissions income/(expense) | 148.152           | 246.695                  | (10.182)          | (79.002)         | 305.663           |
| Other operating income/(expense)          | 1.540.904         | (554.701)                | (808.377)         | 115.433          | 293.259           |
| Provision expenses                        | (37.518)          | (608.423)                | (115.137)         | (26.516)         | (787.594)         |
| Profit/(loss) before tax                  | 2.138.130         | 1.742.729                | (220.900)         | 69.542           | 3.729.501         |
| Provision for tax                         | -                 | -                        | -                 | (915.706)        | (915.706)         |
| <b>Net profit / (loss) for the period</b> | <b>2.138.130</b>  | <b>1.742.729</b>         | <b>(220.900)</b>  | <b>(846.164)</b> | <b>2.813.795</b>  |

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

| Prior Period                              | Retail           | Commercial and Corporate | Treasury          | Undistributed    | Total             |
|---|------------------|--------------------------|-------------------|------------------|-------------------|
| <b>Total Assets</b>                       | <b>3.740.018</b> | <b>17.089.861</b>        | <b>16.400.186</b> | <b>815.738</b>   | <b>38.045.803</b> |
| <b>Total Liabilities</b>                  | <b>8.339.463</b> | <b>20.169.544</b>        | <b>7.442.924</b>  | <b>365.122</b>   | <b>36.317.053</b> |
| <b>Total Equity</b>                       | <b>-</b>         | <b>-</b>                 | <b>-</b>          | <b>1.728.750</b> | <b>1.728.750</b>  |
| Net profit share income/(expense) (*)     | 173.067          | 593.194                  | (158.806)         | (75.070)         | 532.385           |
| Net fees and commissions income/(expense) | 38.011           | 54.666                   | (9.655)           | (38)             | 82.984            |
| Other operating income/(expense)          | 46.140           | 69.612                   | (25.294)          | (407.121)        | (316.663)         |
| Provision expenses                        | (10.129)         | (84.511)                 | (5.001)           | (10.601)         | (110.242)         |
| Profit/(loss) before tax                  | 247.089          | 632.961                  | (198.756)         | (492.830)        | 188.464           |
| Provision for tax                         | -                | -                        | -                 | (45.053)         | (45.053)          |
| <b>Net profit / (loss) for the period</b> | <b>247.089</b>   | <b>632.961</b>           | <b>(198.756)</b>  | <b>(537.883)</b> | <b>143.411</b>    |

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

**SECTION FIVE**

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

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

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

|                         | Current Period   |                   | Prior Period   |                  |
|-------------------------|------------------|-------------------|----------------|------------------|
|                         | TL               | FC                | TL             | FC               |
| Cash / Foreign currency | 63.660           | 188.870           | 27.027         | 82.778           |
| CBRT                    | 1.498.475        | 23.081.139        | 860.099        | 4.490.642        |
| Other (*)               | 82.652           | 1.167.784         | 10.704         | 765.185          |
| <b>Total</b>            | <b>1.644.787</b> | <b>24.437.793</b> | <b>897.830</b> | <b>5.338.605</b> |

(\*) As of December 31, 2022 it includes precious metal deposit account amounting to TL 42.641 (December 31, 2021: TL 165.496) and money in transit account amounting to TL 1.207.795 (December 31, 2021: TL 610.393)

**b) Information related to CBRT:**

|                             | Current Period   |                   | Prior Period   |                  |
|-----------------------------|------------------|-------------------|----------------|------------------|
|                             | TL               | FC                | TL             | FC               |
| Unrestricted demand deposit | 1.498.475        | 9.358.541         | 843.500        | 159              |
| Unrestricted time deposit   | -                | -                 | -              | -                |
| Restricted time deposit     | -                | -                 | -              | -                |
| Reserve requirements        | -                | 13.722.598        | 16.599         | 4.490.483        |
| <b>Total</b>                | <b>1.498.475</b> | <b>23.081.139</b> | <b>860.099</b> | <b>4.490.642</b> |

**c) Explanations on the required reserve application:**

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2013/15", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. The valid rates for Turkish lira required reserves are between 3% and 8% depending on the maturity structure ;the rates for foreign currency required reserves are between 19% and 26% depending on the maturity structure and the rates for other foreign currency liabilities required reserves are between 5% and 21% implemented in the financial table.

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

According to the article on "Commission Application" in the Turkish Lira Share for "Foreign Currency Accounts with Required Reserves and Notice" dated 31.08.2022 and numbered 1579 with the Central Bank of the Republic of Turkey, except for banks with a fund share of more than 50% in both real and legal person deposits/participation funds, Turkish Lira deposits/participation foreign currency deposit/participation fund liabilities (excluding foreign banks) It was decided to charge 3% annual commission over the required reserve amount.

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

**c) Explanations on the required reserve application (continued):**

The liabilities and assets specified in the "Communiqué on the Establishment of Securities" No. 2022/20 on Banks create securities. Liabilities have a facility rate of 3%, while assets have a facility rate of 30% is implemented.

If the Turkish Lira deposit/participation fund share exceeds 50% in both real and legal person deposits/participation funds for banks with less than 2 points, the liability securities establishment ratio for banks with more than 2 points is increased.

The profit share rate for loans subject to the issuance of securities, the procedures and principles of which are set by the Central Bank securities are established in accordance with the Central Bank's principles and procedures.

Securities are established in accordance with the Central Bank's procedures and principles for loans subject to the establishment of securities, the procedures and principles of which are determined by the Central Bank based on the profit share rate the Communiqué on the Procedures and Principles Regarding the Fees That Banks Can Charge Commercial Customers, dated 10.02.2020 and numbered 31035, with annual compound profit share rate from loans extended until 30/12/2022 (inclusive) calculation date (Number: 2020/4) with 90% of Turkish lira-denominated securities are blocked if they are between 1.4 and 1.8 (inclusive) times the annual compound reference rate announced by the Central Bank, calculated within the framework of the determined procedures and principles, and if they are greater than 20.1.8%

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

|              | Current Period |                  | Prior Period |                  |
|--------------|----------------|------------------|--------------|------------------|
|              | TL             | FC               | TL           | FC               |
| <b>Banks</b> |                |                  |              |                  |
| Domestic     | 2.447          | 482.017          | 1.593        | 254.853          |
| Abroad       | -              | 4.403.367        | -            | 1.276.669        |
| <b>Total</b> | <b>2.447</b>   | <b>4.885.384</b> | <b>1.593</b> | <b>1.531.522</b> |

**b) Information on Foreign Bank Accounts**

|                           | Current Period      |                   | Prior Period        |                   |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
|                           | Unrestricted Period | Restricted Period | Unrestricted Period | Restricted Period |
| European Union Countries  | 1.562.962           | -                 | 710.956             | -                 |
| USA, Canada               | 1.227.373           | -                 | 476.141             | -                 |
| OECD Countries (*)        | -                   | -                 | -                   | -                 |
| Off-shore Banking Regions | -                   | -                 | 3.107               | -                 |
| Other                     | 1.613.032           | -                 | 86.465              | -                 |
| <b>Total</b>              | <b>4.403.367</b>    | <b>-</b>          | <b>1.276.669</b>    | <b>-</b>          |

(\*) 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, 2022, there is no repurchase agreements in financial assets at fair value through profit and loss is not available (December 31, 2021: None). As of December 31, 2022, amount subject to guaranteed/blocked is TL 744.345 (December 31, 2021: TL 355.782).

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)  
**TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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

**3. Financial assets measured at fair value through profit or loss (continued):**

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

|                                  | Current Period | Prior Period     |
|----------------------------------|----------------|------------------|
| Debt securities                  | 948.045        | 1.087.412        |
| Quoted on a stock exchange       | 804.038        | 572.980          |
| Unquoted on a stock exchange (*) | 144.007        | 514.432          |
| Share certificates               | -              | -                |
| Quoted on a stock exchange       | -              | -                |
| Unquoted on a stock exchange     | -              | -                |
| Impairment provision (-)         | (3.086)        | (2.212)          |
| <b>Total</b>                     | <b>944.959</b> | <b>1.085.200</b> |

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

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

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

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, 2022: None (December 31, 2021: None). As of December 31, 2022, amount subject to guaranteed/blocked is TL 2.84.200 (December 31, 2021: 326.675).

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

|                               | Current Period    | Prior Period     |
|-------------------------------|-------------------|------------------|
| Debt securities               | 10.481.318        | 4.201.759        |
| Quoted on a stock exchange(*) | 7.916.788         | 3.221.985        |
| Unquoted on a stock exchange  | 2.564.530         | 979.774          |
| Share certificates            | 7.659             | 7.659            |
| Quoted on a stock exchange(*) | -                 | -                |
| Unquoted on a stock exchange  | 7.659             | 7.659            |
| Impairment provision (-)      | (47.592)          | (36.265)         |
| <b>Total</b>                  | <b>10.441.385</b> | <b>4.173.153</b> |

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

**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    | 3.264          | 12.406        | 29.633        | 419          |
| Forward Transactions | 1.652          | 275           | 32.245        | 2.861        |
| Futures Transactions | -              | -             | -             | -            |
| Options              | -              | -             | -             | -            |
| Other                | -              | -             | -             | -            |
| <b>Total</b>         | <b>4.916</b>   | <b>12.681</b> | <b>61.878</b> | <b>3.280</b> |

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

**6. Information on loans**

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

|  | Current Period   |          | Prior Period   |          |
|--|------------------|----------|----------------|----------|
|  | Cash             | Non-cash | Cash           | Non-cash |
| Direct loans granted to shareholders   | 1.273.002        | -        | 714.824        | -        |
| Corporate shareholders                 | 1.273.002        | -        | 714.824        | -        |
| Real person shareholders               | -                | -        | -              | -        |
| Indirect loans granted to shareholders | 2.355            | -        | 973            | -        |
| Loans granted to employees             | 2.255            | -        | 973            | -        |
| <b>Total</b>                           | <b>1.275.357</b> | <b>-</b> | <b>715.797</b> | <b>-</b> |

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

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

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

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

|                                    |                  |
|------------------------------------|------------------|
| Commercial loans with installments | 4.888.469        |
| Loans given to abroad              | 43.842           |
| Other investment credits           | 1.160.191        |
| Other                              | 180              |
| <b>Total</b>                       | <b>6.092.682</b> |



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

6. Information on loans (continued):

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

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

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

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

|                                    |                  |
|------------------------------------|------------------|
| Commercial loans with installments | 2.969.857        |
| Loans given to abroad              | 174.503          |
| Other investment credits           | 84.140           |
| Other                              | 4.291            |
| <b>Total</b>                       | <b>3.232.791</b> |

b2. Detail table on the first and second group loans including restructured loans

| Current Period                           | Standard Loans        | Loans Under Close Monitoring        |
|--|-----------------------|-------------------------------------|
| Expected loss of provision for 12 Months | 552.189               | -                                   |
| Substantial increase in credit risk      | -                     | 21.734                              |
| <b>Prior Period</b>                      | <b>Standard Loans</b> | <b>Loans Under Close Monitoring</b> |
| Expected loss of provision for 12 Months | 146.482               | -                                   |
| Substantial increase in credit risk      | -                     | 184                                 |

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

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

**c. Maturity analysis of cash loans**

| <b>Current Period</b>                                | <b>Standard Loans and Other receivables</b> |  | <b>Loans Under Follow-Up and Other receivables</b> |  |
|--|---|--|--|--|
|  | <b>Loans and Other receivables</b>          | <b>Amendments to terms or contract</b> | <b>Loans and Other receivables</b>                 | <b>Amendments to terms or contract</b> |
| <b>Cash Loans</b>                                    |   |  |  |  |
| Short term loans and other receivables               | <b>23.370.093</b>                           | -                                      | <b>16.630</b>                                      | <b>42.649</b>                          |
| Loans  | 23.370.093                                  | -                                      | 16.630   | 42.649                                 |
| Other receivables                                    | -   | -                                      | -  | -                                      |
| Medium and long-term loans and other receivables (*) | <b>20.208.156</b>                           | -                                      | <b>18.517</b>                                      | <b>52.918</b>                          |
| Loans  | 20.208.156                                  | -                                      | 18.517   | 52.918                                 |
| Other receivables                                    | -   | -                                      | -  | -                                      |
| <b>Total</b>   | <b>43.578.249</b>                           | -                                      | <b>35.147</b>                                      | <b>95.567</b>                          |

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

| <b>Prior Period</b>                                  | <b>Standard Loans and Other receivables</b> |  | <b>Loans Under Follow-Up and Other receivables</b> |  |
|--|---|--|--|--|
|  | <b>Loans and Other receivables</b>          | <b>Amendments to terms or contract</b> | <b>Loans and Other receivables</b>                 | <b>Amendments to terms or contract</b> |
| <b>Cash Loans</b>                                    |   |  |  |  |
| Short term loans and other receivables               | <b>5.573.870</b>                            | -                                      | <b>21.469</b>                                      | <b>72</b>                              |
| Loans  | 5.573.870                                   | -                                      | 21.469   | 72                                     |
| Other receivables                                    | -   | -                                      | -  | -                                      |
| Medium and long-term loans and other receivables (*) | <b>15.918.406</b>                           | -                                      | <b>12.469</b>                                      | <b>2.667</b>                           |
| Loans  | 15.918.406                                  | -                                      | 12.469   | 2.667                                  |
| Other receivables                                    | -   | -                                      | -  | -                                      |
| <b>Total</b>   | <b>21.492.276</b>                           | -                                      | <b>33.938</b>                                      | <b>2.739</b>                           |

(\*) 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 consolidated assets (continued):**

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

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

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

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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

- I. **Explanations and notes related to consolidated assets (continued):**
6. **Information on loans (continued):**
- d. **Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued):**

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

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

## 6. Information on loans (continued):

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

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

  

| Prior Period                                   | Short-Term     | Medium and Long-Term | Total            |
|--|----------------|----------------------|------------------|
| <b>Commercial installment loans-TL</b>         | <b>287.471</b> | <b>2.191.296</b>     | <b>2.478.767</b> |
| Business loans                                 | 10.572         | 278.396              | 288.968          |
| Vehicle loans                                  | 233.688        | 1.082.909            | 1.316.597        |
| Consumer loans                                 | 43.211         | 829.991              | 873.202          |
| Other  | -              | -                    | -                |
| <b>Commercial installment loans-FC indexed</b> | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| Business loans                                 | -              | -                    | -                |
| Vehicle loans                                  | -              | -                    | -                |
| Consumer loans                                 | -              | -                    | -                |
| Other  | -              | -                    | -                |
| <b>Commercial installment Loans-FC</b>         | <b>116.377</b> | <b>329.601</b>       | <b>445.978</b>   |
| Business loans                                 | 1.137          | 9.375                | 10.512           |
| Vehicle loans                                  | -              | 136.500              | 136.500          |
| Consumer loans                                 | 115.240        | 183.726              | 298.966          |
| Other  | -              | -                    | -                |
| <b>Corporate credit cards-TL</b>               | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| With installment                               | -              | -                    | -                |
| Without installment                            | -              | -                    | -                |
| <b>Corporate credit cards-FC</b>               | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| With installment                               | -              | -                    | -                |
| Without installment                            | -              | -                    | -                |
| <b>Overdraft account-TL (Legal Entity)</b>     | <b>15.176</b>  | <b>-</b>             | <b>15.176</b>    |
| <b>Overdraft account-FC(Legal Entity)</b>      | <b>29.936</b>  | <b>-</b>             | <b>29.936</b>    |
| <b>Total</b>                                   | <b>448.960</b> | <b>2.520.897</b>     | <b>2.969.857</b> |

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

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

**f. Loans according to types of borrowers**

|              | <b>Current Period</b> | <b>Prior Period</b> |
|--------------|-----------------------|---------------------|
| Public       | 3.344.569             | 946.228             |
| Private      | 40.364.394            | 20.582.725          |
| <b>Total</b> | <b>43.708.963</b>     | <b>21.528.953</b>   |

**g. International and domestic loans:**

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

|                | <b>Current Period</b> | <b>Prior Period</b> |
|----------------|-----------------------|---------------------|
| Domestic loans | 42.548.772            | 21.354.450          |
| Foreign loans  | 1.160.191             | 174.503             |
| <b>Total</b>   | <b>43.708.963</b>     | <b>21.528.953</b>   |

**h. Loans granted to subsidiaries and participations**

None (December 31, 2021: None).

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

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Loans and Receivables with Limited Collectability | 35.433                | 4.162               |
| Doubtful Loans and Other Receivables              | 18.045                | 7.835               |
| Uncollectible Loans and Receivables               | 26.393                | 173.683             |
| <b>Total</b>                                      | <b>79.871</b>         | <b>185.680</b>      |

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

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

None (December 31, 2021: None).

**I. Explanations and notes related to consolidated assets (continued):****6. Information on loans (continued):****j. Information on non-performing loans and receivables (net) (continued):****j.2. Movements of non-performing loans**

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

(\*) Non-performing loans totaling TL 168.069 were de-recognized on October 3, 2022, in accordance with the Board of Directors' Decision.

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

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

None (December 31, 2021: None).

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

## 6. Information on loans (continued):

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

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

|   | III. Group                        | IV. Group                          | V. Group            |
|---|-----------------------------------|------------------------------------|---------------------|
|   | Loans with limited collectability | Loans with doubtful collectability | Uncollectible loans |
| <b>Current Period (net)</b>                           | <b>517</b>                        | <b>11.215</b>                      | <b>5.773</b>        |
| Loans to individuals and corporates (gross)           | 35.950                            | 29.260                             | 32.166              |
| Provision (-)   | 35.433                            | 18.045                             | 26.393              |
| <b>Loans to individuals and corporates (net)</b>      | <b>517</b>                        | <b>11.215</b>                      | <b>5.773</b>        |
| Banks (gross)   | -                                 | -                                  | -                   |
| Provision (-)   | -                                 | -                                  | -                   |
| <b>Banks (Net)</b>                                    | <b>-</b>                          | <b>-</b>                           | <b>-</b>            |
| Other Loans (Gross)                                   | -                                 | -                                  | -                   |
| Provision (-)   | -                                 | -                                  | -                   |
| <b>Other Loans and Receivables (Net)</b>              | <b>-</b>                          | <b>-</b>                           | <b>-</b>            |
| <b>Prior Period (Net)</b>                             | <b>4.152</b>                      | <b>5.236</b>                       | <b>461</b>          |
| Loans to Real Persons and Legal Entities (Gross)      | 8.314                             | 13.071                             | 174.144             |
| Specific provision (-)                                | 4.162                             | 7.835                              | 173.683             |
| <b>Loans to Real Persons and Legal Entities (Net)</b> | <b>4.152</b>                      | <b>5.236</b>                       | <b>461</b>          |
| Banks (Gross)   | -                                 | -                                  | -                   |
| Provision (-)   | -                                 | -                                  | -                   |
| <b>Banks (Net)</b>                                    | <b>-</b>                          | <b>-</b>                           | <b>-</b>            |
| Other Loans and Receivables (Gross)                   | -                                 | -                                  | -                   |
| Provision (-)   | -                                 | -                                  | -                   |
| <b>Other loans and receivables (Net)</b>              | <b>-</b>                          | <b>-</b>                           | <b>-</b>            |

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

|   | III. Group                        | IV. Group                          | V. Group                            |
|---|-----------------------------------|------------------------------------|-------------------------------------|
|   | Loans with Limited Collectability | Loans with Doubtful Collectability | Uncollectible Loans and Receivables |
| <b>Current Period (Net)</b>                     | <b>62</b>                         | <b>818</b>                         | <b>338</b>                          |
| Profit share accruals and valuation differences | 102                               | 2.057                              | 1.845                               |
| Provisions (-)                                  | 40                                | 1.239                              | 1.507                               |
| <b>Prior Period (Net)</b>                       | <b>149</b>                        | <b>272</b>                         | <b>3</b>                            |
| Profit share accruals and valuation differences | 288                               | 637                                | 8                                   |
| Provision (-)                                   | 139                               | 365                                | 5                                   |

## k. Liquidation policy for uncollectible loans and receivables

The Parent 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 Parent Bank receivables will be processed by the Parent Bank and in addition to this process the Parent Bank will try to collect and liquidate its receivables through administrative ways.



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

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

**I. 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 Parent 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 Parent Bank. The amount of TL 168.069 for loans deemed impossible to collect in 2022 has been written-off due to the decision taken by the Parent Bank's management (December 31, 2021: 15.707).

**7. Information on Financial Assets Measured at Amortized Cost:**

**a. Information on government debt securities measured at amortized cost:**

|                                 | <b>Current Period</b> | <b>Prior Period</b> |
|---------------------------------|-----------------------|---------------------|
| Government Bonds                | -                     | -                   |
| Treasury Bills                  | -                     | -                   |
| Other Government Securities (*) | 10.440.441            | 2.713.586           |
| <b>Total</b>                    | <b>10.440.441</b>     | <b>2.713.586</b>    |

(\*) The Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. Subordinated debt instrument with the ISIN code TRT240424F22, starting date of April 24, 2019, with the earliest five-year repayment option and a demand deposit of 200.000.000 Euro (Full Euro) and the Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. It consists of subordinated debt instruments with an ISIN code of TRT250232F15, starting date of March 9, 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31.688,489 (Full Euro).

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

|                            | <b>Current Period</b> | <b>Prior Period</b> |
|----------------------------|-----------------------|---------------------|
| Debt Securities            | 10.440.441            | 2.713.586           |
| Quoted on a stock Exchange | 1.904.621             | -                   |
| Unquoted (*)               | 8.535.820             | 2.713.586           |
| Share certificates         | -                     | -                   |
| Quoted on a stock exchange | -                     | -                   |
| Unquoted                   | -                     | -                   |
| Impairment Provision (-)   | -                     | -                   |
| <b>Total</b>               | <b>10.440.441</b>     | <b>2.713.586</b>    |

(\*) The Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. Subordinated debt instrument with the ISIN code TRT240424F22, starting date of April 24, 2019, with the earliest five-year repayment option and a demand deposit of 200.000.000 Euro (Full Euro) and the Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. It consists of subordinated debt instruments with an ISIN code of TRT250232F15, starting date of March 9, 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31.688,489 (Full Euro).

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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

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

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

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

|  | Current Period    | Prior Period     |
|--|-------------------|------------------|
| <b>Balance at beginning of period (*)</b>            | 2.713.586         | 1.568.929        |
| Foreign currency differences on monetary assets (**) | 1.533.167         | 1.128.426        |
| Purchases during period                              | 6.209.920         | 16.231           |
| Disposals through sales and redemptions              | (16.232)          | -                |
| Impairment provision (-)                             | -                 | -                |
| <b>Closing Balance</b>                               | <b>10.440.441</b> | <b>2.713.586</b> |

(\*) The Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. Subordinated debt instrument with the ISIN code TRT240424F22, starting date of April 24, 2019, with the earliest five-year repayment option and a demand deposit of 200.000.000 Euro (Full Euro) and the Parent Bank's Creditor Institution Türkiye Varlık Fon Yönetimi A.Ş. It consists of subordinated debt instruments with an ISIN code of TRT250232F15, starting date of March 9, 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31,688.489 (Full Euro).

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

**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  | 61.869         | 58.166         | 8.922          | 8.799          |
| 1 to 4 years      | 460.014        | 377.536        | 141.131        | 118.381        |
| More than 4 years | 55.961         | 50.580         | 62.322         | 55.664         |
| <b>Total</b>      | <b>577.844</b> | <b>486.282</b> | <b>212.375</b> | <b>182.844</b> |

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

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| Finance lease receivables (gross)           | 577.844        | 212.375        |
| Unearned finance lease receivable (-)       | 91.562         | 29.531         |
| <b>Receivable from finance leases (net)</b> | <b>486.282</b> | <b>182.844</b> |

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

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

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

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

Information on leasing receivables:

|                                 |                | Leasing Receivables Under Close Monitoring            |   |           |
|---------------------------------|----------------|---|---|-----------|
| Finance Lease                   | Standard Loans | Leasing receivables not subject to restructured loans | Restructured or rescheduled                     |           |
|                                 |                |   | Leasing Receivables with Revised Contract Terms | Refinance |
|                                 |                |   |   |           |
| Current Period                  |                |   |   |           |
| Finance lease receivables (Net) | 486.282        | -   | -   | -         |
| Prior Period                    |                |   |   |           |
| Finance lease receivables (Net) | 182.844        | -   | -   | -         |
|                                 |                |   |   |           |

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

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

|                          | Current Period | Prior Period |
|--------------------------|----------------|--------------|
| Opening balance          | 8.000          | 23.797       |
| Additions                | 4.360          | -            |
| Disposals                | (7.118)        | (15.797)     |
| Transfers                | -              | -            |
| Impairment Provision (-) | -              | -            |
| <b>Closing balance</b>   | <b>5.242</b>   | <b>8.000</b> |

**10. Information on associates**

**a. Associates (net)**

**a.1. Information on consolidated associates**

None (December 31, 2021: None).

**a.2 Information on consolidated associates**

None (December 31, 2021: None).

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

**b.1 Information on consolidated subsidiaries**

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

**I. Explanations and notes related to assets (continued):****10. Information on associates (continued):****b. Information on subsidiaries (net) (continued):****b.2 Information on consolidated subsidiaries**

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

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

| Name                                  | Address<br>(City/Country) | Operating Subject             | Bank's share<br>percentage (%) | Direct and Indirect<br>Share Percentages (%) |
|---------------------------------------|---------------------------|-------------------------------|--------------------------------|--|
| Emlak Varlık Kiralama A.Ş.            | Istanbul/TURKEY           | Issuance Of Lease Certificate | 100                            | 100  |
| Emlak Katılım Varlık<br>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, 2022.

| Name                               | Total<br>Assets | Shareholders<br>equity | Total<br>fixed<br>assets | Dividend<br>or profit<br>share<br>income | Income<br>from<br>marketable<br>securities | Current<br>period<br>income<br>/loss | Prior period<br>income<br>/loss | Fair Value |
|------------------------------------|-----------------|------------------------|--------------------------|--|--|--------------------------------------|---------------------------------|------------|
| Emlak Varlık Kiralama A.Ş.         | 4.862.739       | 4.193                  | -                        | 607.647                                  | -  | 3.846                                | -                               | -          |
| Emlak Katılım Varlık Kiralama A.Ş. | 6.304.900       | 50                     | -                        | 569.706                                  | -  | -                                    | -                               | -          |

**b.2.1 Movement information on subsidiaries**

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

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

None (December 31, 2021: None).

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

## 11. Information on tangible assets

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

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

| Prior Period   | Immovables(*)   | Leased tangible assets | Vehicles        | Other TA        | Total            |
|--|-----------------|------------------------|-----------------|-----------------|------------------|
| <b>Cost</b>  |                 |                        |                 |                 |                  |
| Opening Balance: January 1, 2021                             | 118.749         | -                      | 20.208          | 151.873         | 290.830          |
| Additions  | 81.884          | -                      | 4.346           | 61.414          | 147.644          |
| Revaluation differences                                      | -               | -                      | -               | -               | -                |
| Disposals  | (879)           | -                      | (84)            | (2.376)         | (3.339)          |
| Impairment losses(-)/Reversal of impairment                  | -               | -                      | -               | -               | -                |
| Transfers  | -               | -                      | -               | -               | -                |
| Ending Balance: December 31, 2021                            | 199.754         | -                      | 24.470          | 210.911         | 435.135          |
| <b>Accumulated depreciation (-)</b>                          |                 |                        |                 |                 |                  |
| Opening balance: January 1, 2021                             | 10.957          | -                      | 5.250           | 23.394          | 39.601           |
| Depreciation expense   | 21.318          | -                      | 6.468           | 37.652          | 65.438           |
| Reversal of depreciation of the disposed assets              | (85)            | -                      | (2)             | (215)           | (302)            |
| Transfers  | -               | -                      | -               | -               | -                |
| Ending balance: December 31, 2021                            | 32.190          | -                      | 11.716          | 60.831          | 104.737          |
| <b>Total cost at the end of the year</b>                     | <b>199.754</b>  | <b>-</b>               | <b>24.470</b>   | <b>210.911</b>  | <b>435.135</b>   |
| <b>Total accumulated depreciation at the end of the year</b> | <b>(32.190)</b> | <b>-</b>               | <b>(11.716)</b> | <b>(60.831)</b> | <b>(104.737)</b> |
| <b>Closing net book values</b>                               | <b>167.564</b>  | <b>-</b>               | <b>12.754</b>   | <b>150.080</b>  | <b>330.398</b>   |

(\*) As of December 31, 2021, historical value of movables and real estates that are accounted for as a right of use is amounting to TL 19.754 (December 31, 2020: TL 118.749), in accordance with the "IFRS 16 Leases" standard, and the depreciation amount is TL 32.190 (December 31, 2020: TL 10.957).

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

**12. Information on intangible assets**

| <b>Current Period</b>  | <b>Intangible Assests</b> |
|--|---------------------------|
| <b>Cost</b>  |                           |
| <b>Opening balance: January 1, 2022</b>                      | <b>65.558</b>             |
| Additions  | 85.468                    |
| Disposals  | -                         |
| <b>Ending balance: December 31, 2022</b>                     | <b>151.026</b>            |
| <b>Accumulated depreciation(-)</b>                           |                           |
| <b>Opening balance: January 1, 2022</b>                      | <b>(42.096)</b>           |
| Depreciation expense   | (8.517)                   |
| Reversal of depreciation of the disposed assets              | -                         |
| <b>Ending balance: December 31, 2022</b>                     | <b>(50.613)</b>           |
| <b>Total cost at the end of the year</b>                     | <b>151.026</b>            |
| <b>Total accumulated depreciation at the end of the year</b> | <b>(50.613)</b>           |
| <b>Closing Net Book Value</b>                                | <b>100.413</b>            |

| <b>Prior Period</b>  | <b>Intangible Assests</b> |
|--|---------------------------|
| <b>Cost</b>  |                           |
| <b>Opening balance: January 1, 2021</b>                      | <b>34.559</b>             |
| Additions  | 30.999                    |
| Disposals  | -                         |
| <b>Ending balance: December 31, 2021</b>                     | <b>65.558</b>             |
| <b>Accumulated depreciation(-)</b>                           |                           |
| <b>Opening balance: January 1, 2021</b>                      | <b>(25.109)</b>           |
| Depreciation expense   | (16.987)                  |
| Reversal of depreciation of the disposed assets              | -                         |
| <b>Ending balance: December 31, 2021</b>                     | <b>(42.096)</b>           |
| <b>Total cost at the end of the year</b>                     | <b>65.558</b>             |
| <b>Total accumulated depreciation at the end of the year</b> | <b>(42.096)</b>           |
| <b>Closing Net Book Value</b>                                | <b>23.462</b>             |

**13. Information on investment property:**

None (December 31, 2021: None).

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

14. Information related to deferred tax assets

|  | Current Period   | Prior Period  |
|--|------------------|---------------|
| Deferred tax provision for transferred financial loss          | 660.802          | 1.125         |
| Prepaid wages and commissions and unearned income              | 71.391           | 25.317        |
| Expected loss provisions                                       | 197.527          | 24.274        |
| Securities valuation differences                               | 6.511            | 5.167         |
| Provisions for retirement premium and vacation pay liabilities | 34.569           | 5.740         |
| Derivative financial instruments                               | 3.449            | 23.286        |
| TFRS 16 allowance  | 12.503           | 3.528         |
| Other provisions for debt and expenses                         | 171.261          | 4.377         |
| <b>Deferred tax asset</b>                                      | <b>1.158.013</b> | <b>92.494</b> |
| Valuation differences on marketable securities                 | 479.028          | 9.214         |
| Difference between carrying value and tax base of fixed assets | -                | 2.584         |
| Derivative financial instruments                               | 1.296            | 13.599        |
| Other  | 13.095           | 523           |
| <b>Deferred tax liability</b>                                  | <b>493.419</b>   | <b>25.920</b> |
| <b>Deferred tax asset (Net)</b>                                | <b>664.594</b>   | <b>66.894</b> |

(\*) There is deferred tax of TL 160.603 related to the set aside free provisions.

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 <sup>(1)</sup> | 52.548           | 52.549         |
| Exchange Account   | 1.269.521        | 149.601        |
| Other <sup>(2)</sup>   | 20.059           | 34.958         |
| <b>Total</b>   | <b>1.342.128</b> | <b>237.108</b> |

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

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

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

## 1. Information on funds collected:

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

| Current Period   | Demand            | Up to 1 month     | Up to 3 months   | Up to 6 months   | Up to 9 months   | Up to 1 year   | Over 1 year    | Accumulated participation accounts | Total             |
|--|-------------------|-------------------|------------------|------------------|------------------|----------------|----------------|------------------------------------|-------------------|
| <b>I. Real Persons Current Accounts</b>                        |                   |                   |                  |                  |                  |                |                |                                    |                   |
| Non-Trade TL   | 603.060           | -                 | -                | -                | -                | -              | -              | -                                  | 603.060           |
| <b>II. Real Persons Participation Accounts Non-Trade TL(*)</b> |                   |                   |                  |                  |                  |                |                |                                    |                   |
| Accounts Non-Trade TL(*)                                       | -                 | 2.753.986         | 4.186.617        | 1.396.878        | 176.120          | 85.103         | 166.189        | -                                  | 8.764.893         |
| <b>III. Current Account other-TL</b>                           | 5.519.410         | -                 | -                | -                | -                | -              | -              | -                                  | 5.519.410         |
| Public Sector  | 94.986            | -                 | -                | -                | -                | -              | -              | -                                  | 94.986            |
| Commercial Institutions  | 5.117.986         | -                 | -                | -                | -                | -              | -              | -                                  | 5.117.986         |
| Other Institutions   | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Commercial and Other Institutions                              | 20.105            | -                 | -                | -                | -                | -              | -              | -                                  | 20.105            |
| Banks and Participation Banks                                  | 286.333           | -                 | -                | -                | -                | -              | -              | -                                  | 286.333           |
| Central Bank of Turkey   | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Domestic Banks   | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Foreign Banks  | 286.333           | -                 | -                | -                | -                | -              | -              | -                                  | 286.333           |
| Participation Banks  | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Other  | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| <b>IV. Participation Accounts-TL</b>                           | -                 | 13.033.699        | 3.444.170        | 1.497.705        | 1.316.331        | 123.474        | -              | -                                  | 19.415.379        |
| Public Sector  | -                 | 5.865.629         | 949.950          | 1.056.924        | 3.117            | -              | -              | -                                  | 7.875.620         |
| Commercial Institutions  | -                 | 6.898.559         | 2.344.662        | 373.842          | 1.308.697        | 123.474        | -              | -                                  | 11.049.234        |
| Other Institutions   | -                 | 125.552           | 31.418           | 2.034            | -                | -              | -              | -                                  | 159.004           |
| Commercial and Other Institutions                              | -                 | 143.959           | 118.140          | 64.905           | 4.517            | -              | -              | -                                  | 331.521           |
| Banks and Participation Banks                                  | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| <b>V. Real Persons Current Accounts Non-Trade FC</b>           | 13.656.496        | -                 | -                | -                | -                | -              | -              | -                                  | 13.656.496        |
| <b>VI. Real Persons Participation Accounts Non-Trade FC</b>    | -                 | 2.497.226         | 350.410          | 20.179           | 35.765           | 28.097         | -              | -                                  | 2.931.677         |
| <b>VII. Other Current Accounts FC</b>                          | 23.419.479        | -                 | -                | -                | -                | -              | -              | -                                  | 23.419.479        |
| Residents in Turkey-Corporate                                  | 9.819.271         | -                 | -                | -                | -                | -              | -              | -                                  | 9.819.271         |
| Residents Abroad-Corporate                                     | 13.583.612        | -                 | -                | -                | -                | -              | -              | -                                  | 13.583.612        |
| Banks and Participation Banks                                  | 16.596            | -                 | -                | -                | -                | -              | -              | -                                  | 16.596            |
| Central Bank of Turkey   | 6.141             | -                 | -                | -                | -                | -              | -              | -                                  | 6.141             |
| Domestic Banks   | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Foreign Banks  | 10.455            | -                 | -                | -                | -                | -              | -              | -                                  | 10.455            |
| Participation Banks  | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Other  | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| <b>VIII. Participation Accounts other-FC</b>                   | -                 | 1.701.301         | 275.985          | 152.140          | 24.115           | 519            | -              | -                                  | 2.154.060         |
| Public sector  | -                 | 3.670             | 74               | -                | -                | -              | -              | -                                  | 3.744             |
| Commercial institutions  | -                 | 696.248           | 177.986          | 152.140          | 24.115           | 519            | -              | -                                  | 1.051.008         |
| Other institutions   | -                 | 6.842             | -                | -                | -                | -              | -              | -                                  | 6.842             |
| Commercial and Other Institutions                              | -                 | 994.541           | 97.925           | -                | -                | -              | -              | -                                  | 1.092.466         |
| Banks and Participation Banks                                  | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| <b>IX. Precious Metals Deposits</b>                            | 1.291.088         | 602.867           | 198.260          | 12.683           | 14.023           | 1.975          | -              | -                                  | 2.120.896         |
| <b>X. Participation Accounts Special Fund Pools TL</b>         | -                 | 108.383           | 427.210          | 503              | 50.577           | -              | -              | -                                  | 586.673           |
| Residents in Turkey  | -                 | 108.383           | 427.210          | 503              | 50.577           | -              | -              | -                                  | 586.673           |
| Residents Abroad   | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| <b>XI. Participation Accounts Special Fund Pools – FC</b>      | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Residents in Turkey  | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| Residents Abroad   | -                 | -                 | -                | -                | -                | -              | -              | -                                  | -                 |
| <b>Total (I+II+.....+IX+X+XI)</b>                              | <b>44.489.533</b> | <b>20.697.462</b> | <b>8.882.652</b> | <b>3.080.088</b> | <b>1.616.931</b> | <b>239.168</b> | <b>166.189</b> | <b>-</b>                           | <b>79.172.023</b> |

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



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

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

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

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

(\*)Balance of Participation Accounts includes 110.692 TL of FX- Protected Turkish Lira Time Deposit which was launched by Ministry of Treasury and Finance on December 24, 2021 and TL 57.150 of Conversion Supported FX protected Turkish Lira Time Deposit which was announced by TCMB on Official Gazette, numbered 31696 on December 21, 2021

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

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

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

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

**b.1 Exceeding the limit of Insurance Fund**

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

|  | Under the guarantee of Insurance |              | Exceeding the guarantee of Insurance |              |
|--|----------------------------------|--------------|--------------------------------------|--------------|
|  | Current Period                   | Prior Period | Current Period                       | Prior Period |
| Real persons' current and participation accounts not subject to trading transactions | 1.872.374                        | 706.887      | 26.084.753                           | 5.170.627    |
| Turkish Lira accounts  | 1.054.203                        | 316.828      | 8.785.745                            | 813.201      |
| Foreign currency accounts  | 818.171                          | 390.059      | 17.299.008                           | 4.357.426    |
| Foreign branches' deposits subject to foreign authorities insurance                  | -                                | -            | -                                    | -            |
| Off-shore deposits under foreign authorities' insurance                              | -                                | -            | -                                    | -            |

Information on legal persons' current and participation accounts under the guarantee of insurance and exceeding the limit of Insurance Fund:

|   | Under the guarantee of Insurance |              | Exceeding the guarantee of Insurance |              |
|---|----------------------------------|--------------|--------------------------------------|--------------|
|   | Current Period                   | Prior Period | Current Period                       | Prior Period |
| Legal persons' current and participation accounts                   | 967.011                          | -            | 41.922.324                           | -            |
| Turkish Lira accounts   | 553.920                          | -            | 16.227.368                           | -            |
| Foreign currency accounts   | 413.091                          | -            | 25.694.956                           | -            |
| Foreign branches' deposits subject to foreign authorities insurance | -                                | -            | -                                    | -            |
| Off-shore deposits under foreign authorities' insurance             | -                                | -            | -                                    | -            |

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 200 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

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

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

**b. Saving deposits and other deposits accounts insured by Saving Deposit Insurance Fund (continued):**

**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 | 9.763          | 1.651        |
| 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  | -              | -            |

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

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Foreign Branches' Profit Sharing Accounts and Other Accounts  | -              | -            |
| Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care   | -              | -            |
| Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care | 50.577         | 1.651        |
| 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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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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

**2. Information on borrowings**

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

|  | Current Period |                | Prior Period   |                  |
|--|----------------|----------------|----------------|------------------|
|  | TL             | FC             | TL             | FC               |
| Loans from CBRT                                  | -              | -              | -              | -                |
| Loans from domestic banks and institutions       | 149.370        | 364.003        | 101.296        | 799.706          |
| Loans from foreign banks, institutions and funds | -              | 385.562        | -              | 303.325          |
| <b>Total</b>                                     | <b>149.370</b> | <b>749.565</b> | <b>101.296</b> | <b>1.103.031</b> |

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

|                      | Current Period |                | Prior Period   |                  |
|----------------------|----------------|----------------|----------------|------------------|
|                      | TL             | FC             | TL             | FC               |
| Short-Term           | 104.207        | 405.945        | 101.296        | 1.074.109        |
| Medium and Long-Term | 45.163         | 343.620        | -              | 28.922           |
| <b>Total</b>         | <b>149.370</b> | <b>749.565</b> | <b>101.296</b> | <b>1.103.031</b> |

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

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

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

**3. Information on securities issues**

Emlak Katılım Varlık Kiralama A.Ş., the subsidiary of the Group to raise funds from various investors. The Lease Certificate issuance transactions carried out through the company are as follows:

| Date of issues              | Amount of issues | Sort of Money | Maturity                    | Share of Profit Rate %(*) |
|-----------------------------|------------------|---------------|-----------------------------|---------------------------|
| May 05, 2022 Thursday       | 250.000          | TL            | May 23, 2023 Tuesday        | Unstable                  |
| May 25, 2022 Wednesday      | 60.000           | TL            | May 31, 2023 Wednesday      | Stable                    |
| May 26, 2022 Thursday       | 110.350          | TL            | Jun 15, 2023 Thursday       | Unstable                  |
| Jun 14, 2022 Tuesday        | 169.550          | TL            | Jun 16, 2023 Friday         | Stable                    |
| Jun 17, 2022 Friday         | 50.000           | TL            | July 07, 2023 Friday        | Unstable                  |
| August 03, 2022 Wednesday   | 79.000           | TL            | February 01, 2023 Wednesday | Stable                    |
| August 31, 2022 Wednesday   | 100.000          | TL            | September 01, 2023 Friday   | Stable                    |
| September 12, 2022 Monday   | 45.000           | TL            | Jun 09, 2023 Friday         | Stable                    |
| September 15, 2022 Thursday | 150.000          | TL            | January 03, 2023 Tuesday    | Stable                    |
| September 20, 2022 Tuesday  | 101.500          | TL            | January 03, 2023 Tuesday    | Stable                    |
| September 22, 2022 Thursday | 450.000          | TL            | January 04, 2023 Wednesday  | Stable                    |
| September 29, 2022 Thursday | 110.000          | TL            | January 03, 2023 Tuesday    | Stable                    |
| October 27, 2022 Thursday   | 55.000           | TL            | February 02, 2023 Thursday  | Stable                    |
| October 25, 2022 Tuesday    | 59.245           | TL            | January 25, 2023 Wednesday  | Stable                    |
| October 19, 2022 Wednesday  | 50.000           | TL            | January 25, 2023 Wednesday  | Stable                    |
| October 12, 2022 Wednesday  | 377.230          | TL            | January 11, 2023 Wednesday  | Stable                    |
| October 11, 2022 Tuesday    | 60.000           | TL            | January 09, 2023 Monday     | Stable                    |
| October 07, 2022 Friday     | 70.000           | TL            | January 05, 2023 Thursday   | Stable                    |
| October 06, 2022 Thursday   | 97.000           | TL            | October 26, 2023 Thursday   | Stable                    |
| November 16, 2022 Wednesday | 450.000          | TL            | February 15, 2023 Wednesday | Stable                    |
| November 14, 2022 Monday    | 500.000          | TL            | January 18, 2024 Thursday   | Stable                    |
| November 11, 2022 Friday    | 104.000          | TL            | February 10, 2023 Friday    | Stable                    |
| November 22, 2022 Tuesday   | 157.000          | TL            | February 22, 2023 Wednesday | Stable                    |
| November 14, 2022 Monday    | 220.000          | TL            | January 18, 2024 Thursday   | Stable                    |
| November 03, 2022 Thursday  | 525.000          | TL            | February 15, 2023 Wednesday | Stable                    |
| November 03, 2022 Thursday  | 75.000           | TL            | November 15, 2023 Wednesday | Unstable                  |
| November 10, 2022 Thursday  | 110.000          | TL            | February 16, 2023 Thursday  | Stable                    |
| November 10, 2022 Thursday  | 300.000          | TL            | February 09, 2023 Thursday  | Stable                    |
| December 06, 2022 Tuesday   | 100.000          | TL            | January 03, 2024 Wednesday  | Stable                    |
| December 07, 2022 Wednesday | 150.000          | TL            | March 15, 2023 Wednesday    | Stable                    |
| December 19, 2022 Monday    | 50.000           | TL            | February 28, 2023 Tuesday   | Stable                    |
| December 20, 2022 Tuesday   | 200.000          | TL            | March 21, 2023 Tuesday      | Stable                    |
| December 23, 2022 Friday    | 430.950          | TL            | March 27, 2023 Monday       | Stable                    |
| December 27, 2022 Tuesday   | 300.000          | TL            | March 28, 2023 Tuesday      | Stable                    |

**a. Spreadsheet on securities issued**

|                   | Current Period   |          | Prior Period     |          |
|-------------------|------------------|----------|------------------|----------|
|                   | TL               | FC       | TL               | FC       |
| Lease Certificate | 5.031.689        | -        | 2.862.381        | -        |
| <b>Total</b>      | <b>5.031.689</b> | <b>-</b> | <b>2.862.381</b> | <b>-</b> |

**4. Information on derivative financial liabilities**

|                      | Current Period |               | Prior Period   |              |
|----------------------|----------------|---------------|----------------|--------------|
|                      | TL             | FC            | TL             | FC           |
| Forward Transactions | 2.261          | -             | 28.560         | -            |
| Swap Transactions    | -              | 11.536        | 77.620         | 3.810        |
| Futures Transactions | -              | -             | -              | -            |
| Options              | -              | -             | -              | -            |
| Other                | -              | -             | -              | -            |
| <b>Total</b>         | <b>2.261</b>   | <b>11.536</b> | <b>106.180</b> | <b>3.810</b> |

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

5. Information on Finance Lease Payables (Net):

|                   | Current Period |          | Prior Period   |          |
|-------------------|----------------|----------|----------------|----------|
|                   | TL             | FC       | TL             | FC       |
| Less than 1 year  | 50.502         | -        | 29.067         | -        |
| Between 1-5 years | 173.057        | -        | 110.855        | -        |
| Over 5 years      | 54.689         | -        | 51.576         | -        |
| <b>Total</b>      | <b>278.248</b> | <b>-</b> | <b>191.498</b> | <b>-</b> |

6. Information on hedging derivative financial liabilities:

None (December 31, 2021: None).

7. Information on provisions:

a. Information on provisions for employee rights:

Provisions for Group's employee benefits consist of reserve for employee termination benefits amounting to TL 38.248 (December 31, 2021: TL 8.170), vacation pay liability amounting to TL 10.027 (December 31, 2021: TL 4.543), 90.000 TL (December 31, 2021: TL 13.879) performance premium provision, the Bank's total amount of provisions for employee rights is TL 138.275 (December 31, 2021: TL 26.592).

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

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Discount rate (%)                             | 10,60          | 19,10        |
| Estimated increase rate of salary ceiling (%) | 8,80           | 15,80        |

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

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Prior period ending balance             | 8.170          | 4.265        |
| Change in the period                    | 6.356          | 4.011        |
| Actuarial (gain)/loss                   | 23.722         | (106)        |
| <b>Balance at the end of the period</b> | <b>38.248</b>  | <b>8.170</b> |

b. Other Provisions:

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| Provisions allocated from profit shares to be distributed to profit sharing accounts | 103.969        | 52.475        |
| Provisions for cases on trial (*)  | 646.768        | 5.090         |
| Impairment provision   | 4.059          | 1.871         |
| Expected expected credit loss for Stage 1 and Stage 2 for non-cash loans             | 152.633        | 32.211        |
| <b>Total</b>   | <b>907.429</b> | <b>91.647</b> |

(\*) The free provision amount in the financial statements as of December 31, 2022 is TL 642.414 , and it is all recorded in the current period. Addition, there is deferred tax amounting to TL 160.603, which is included in the deferred tax asset line in the financial statements.

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

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

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

None (December 31, 2021: None).

**8. Information on taxes payable**

**a. Explanations on current tax liability**

**a.1. Explanations on the provision for money**

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

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

|                                   | Current Period   | Prior Period  |
|-----------------------------------|------------------|---------------|
| Corporate taxes payable           | 1.215.294        | 38.994        |
| Banking insurance transaction tax | 31.817           | 11.335        |
| Income tax deducted from wages    | 33.449           | 9.571         |
| Taxation on securities income     | 10.447           | 8.068         |
| Foreign exchange transaction tax  | 45.618           | 2.230         |
| Value added tax payable           | 4.546            | 1.116         |
| Taxation on real estate income    | 770              | 480           |
| Other                             | 3.098            | 414           |
| <b>Total</b>                      | <b>1.345.039</b> | <b>72.208</b> |

**a.3. Information on premiums**

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Social security premiums-employee                     | 12.235         | 4.840        |
| Social security premiums-employer                     | 8.355          | 3.305        |
| Unemployment insurance-employee                       | -              | -            |
| Unemployment insurance-employer                       | -              | -            |
| Bank pension fund premium- employees                  | -              | -            |
| Bank pension fund premium- employer                   | -              | -            |
| Pension fund membership fees and provisions-employees | 1.888          | 480          |
| Pension fund membership fees and provisions- employer | 941            | 240          |
| Other   | -              | 137          |
| <b>Total</b>  | <b>23.419</b>  | <b>9.002</b> |

**9. Liabilities for assets held for sale and discontinued operations**

None (December 31, 2021: None).

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

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

**Information on subordinated loans:**

|   | Current Period |                  | Prior Period |                  |
|---|----------------|------------------|--------------|------------------|
|   | TL             | FC               | TL           | FC               |
| Borrowing Instruments to be Included in Additional Capital Calculation  | -              | 4.110.376        | -            | 2.669.412        |
| Subordinated Loans  | -              | 4.110.376        | -            | 2.669.412        |
| Subordinated Debt Instruments   | -              | -                | -            | -                |
| Debt Instruments to be Included in the Contribution Capital Calculation | -              | -                | -            | -                |
| Subordinated Loans  | -              | -                | -            | -                |
| Subordinated Debt Instruments   | -              | -                | -            | -                |
| <b>Total</b>  | <b>-</b>       | <b>4.110.376</b> | <b>-</b>     | <b>2.669.412</b> |

As of December 31, 2022 the Group has a subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR) and a subordinated debt that creditor is Türkiye Varlık Fonu A.Ş., starting date of March 9, 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31.688,489 (Full Euro). The related borrowing instrument has no option to pay dividends and convert to share certificates.

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

None (December 31, 2021: None).

**12. Information on shareholders' equity**

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

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

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

| Share Capital System | Paid-in Capital | Ceiling   |
|----------------------|-----------------|-----------|
| Registered Capital   | 1.026.915       | 1.026.915 |

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

None.

**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.



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

**12. Information on shareholders' equity (continued)**

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

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

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

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

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

There is no privilege given to stocks representing the capital.

- h. Information on marketable securities valuation reserve**

|  | Current Period   |               | Prior Period  |                 |
|--|------------------|---------------|---------------|-----------------|
|  | TL               | FC            | TL            | FC              |
| From investments in associates, subsidiaries, and joint ventures | -                | -             | -             | -               |
| Valuation difference   | 1.520.003        | 22.224        | 56.776        | (11.452)        |
| Foreign exchange difference                                      | -                | -             | -             | -               |
| <b>Total</b>   | <b>1.520.003</b> | <b>22.224</b> | <b>56.776</b> | <b>(11.452)</b> |

- i. Information on other capital reserves**

As of December 31,2022 the Group has an subordinated debt that the creditor is Türkiye Varlık Fonu Yönetimi A.Ş., with TRT240424F22 ISIN code, with initial date April 24, 2019, with at least five-year repayment option and with no fixed term, amounting to EUR 200.000.000 (Full EUR) and a subordinated debt that creditor is Türkiye Varlık Fonu A.Ş., starting date of March 9, 2022, with the earliest ten-year repayment option and a demand deposit amounting to Euro 31.688,489 (Full Euro) which are been the financial liability is recorded at fair value and the difference between cost value and fair value is accounted under "Other Capital Reserves" in shareholders' equity at the date of initial acquisition.

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

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

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

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

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Forward Asset Purchase Commitments                       | 4.307.375             | 1.121.875           |
| Forward Asset Sale Commitments                           | 4.369.088             | 640.535             |
| Payment Commitments for Cheques                          | 170.002               | 107.379             |
| Tax and Fund Liabilities Arising from Export Commitments | -                     | -                   |
| Credit Cards Limit Commitments                           | -                     | -                   |
| Other Irrevocable Commitments                            | 1.364.944             | 235.387             |
| <b>Total</b>   | <b>10.211.409</b>     | <b>2.105.176</b>    |

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

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

|                               | <b>Current Period</b> | <b>Prior Period</b> |
|-------------------------------|-----------------------|---------------------|
| Letters of Guarantees         | 9.845.271             | 4.880.620           |
| Letters of Credit             | 200.437               | 522.524             |
| Bank Loans                    | 429.301               | 757.757             |
| Other Guarantees and Sureties | -                     | -                   |
| <b>Total</b>                  | <b>10.475.009</b>     | <b>6.160.901</b>    |

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

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Temporary letters of guarantees                      | 523.772               | 220.690             |
| Advance letters of guarantees                        | 854.173               | 494.061             |
| Letters of guarantees given to customs               | 334.379               | 74.950              |
| Long standing letters of guarantees                  | 5.651.877             | 2.597.998           |
| Letters of guarantees given for obtaining cash loans | 2.475.291             | 1.460.050           |
| Other  | 5.779                 | 32.871              |
| <b>Total</b>   | <b>9.845.271</b>      | <b>4.880.620</b>    |

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

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

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Non-cash loans given against cash loans    | 2.475.291             | 1.460.050           |
| With original maturity of 1 year or less   | 206.803               | 305.832             |
| With original maturity of more than 1 year | 2.268.488             | 1.154.218           |
| Other non-cash loans                       | 7.736.118             | 645.126             |
| <b>Total</b>                               | <b>10.211.409</b>     | <b>2.105.176</b>    |

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

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

## c. Within the Non-cash Loans (continued):

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

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

  

|                                      | Prior Period     |               |                  |               |
|--------------------------------------|------------------|---------------|------------------|---------------|
|                                      | TL               | (%)           | FC               | (%)           |
| <b>Agricultural</b>                  | <b>14.579</b>    | <b>0,48</b>   | <b>20.775</b>    | <b>0,66</b>   |
| Farming and stockbreeding            | -                | -             | -                | -             |
| Forestry                             | 14.579           | 0,48          | 20.775           | 0,66          |
| Fishery                              | -                | -             | -                | -             |
| <b>Manufacturing</b>                 | <b>302.892</b>   | <b>10,01</b>  | <b>1.908.559</b> | <b>60,85</b>  |
| Mining                               | -                | -             | -                | -             |
| Production                           | 277.305          | 9,17          | 1.876.943        | 59,84         |
| Electricity, gas and water           | 25.587           | 0,85          | 31.616           | 1,01          |
| <b>Construction</b>                  | <b>1.430.970</b> | <b>47,31</b>  | <b>100.610</b>   | <b>3,21</b>   |
| <b>Services</b>                      | <b>973.518</b>   | <b>32,20</b>  | <b>638.102</b>   | <b>20,35</b>  |
| Wholesale and retail trade           | 661.215          | 21,86         | 497.166          | 15,85         |
| Hotel, food and beverage services    | 40.192           | 1,33          | -                | -             |
| Transportation and telecommunication | 93.819           | 3,10          | 34.708           | 1,11          |
| Financial Institutions               | 232              | 0,01          | 14.949           | 0,48          |
| Real estate and renting services     | 6.499            | 0,21          | -                | -             |
| Self-employment services             | 20.939           | 0,71          | -                | -             |
| Education services                   | 90.298           | 2,99          | 32.873           | 1,05          |
| Health and social services           | 60.324           | 1,99          | 58.406           | 1,87          |
| <b>Other</b>                         | <b>302.475</b>   | <b>10,00</b>  | <b>468.421</b>   | <b>14,93</b>  |
| <b>Total</b>                         | <b>3.024.434</b> | <b>100,00</b> | <b>3.136.467</b> | <b>100,00</b> |

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

## c. Within the Non-cash Loans (continued):

## 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       |
| <b>Non-cash loans</b>               | <b>2.993.110</b> | <b>3.136.467</b> | <b>30.874</b> | <b>-</b> |
| Letters of guarantee                | 7.131.703        | 2.680.614        | 4.243         | -        |
| Bank loans                          | 3.701            | 196.736          | -             | -        |
| Letters of credit                   | -                | 429.301          | -             | -        |
| Endorsements                        | -                | -                | -             | -        |
| Underwriting commitments            | -                | -                | -             | -        |
| Factoring commitments               | -                | -                | -             | -        |
| Other commitments and contingencies | -                | -                | -             | -        |

| Prior Period                        | I st Group       |                  | II nd Group   |          |
|-------------------------------------|------------------|------------------|---------------|----------|
|                                     | TL               | FC               | TL            | FC       |
| <b>Non-cash loans</b>               | <b>2.993.110</b> | <b>3.136.467</b> | <b>30.874</b> | <b>-</b> |
| Letters of guarantee                | 2.988.872        | 1.863.037        | 28.261        | -        |
| Bank loans                          | -                | -                | -             | -        |
| Letters of credit                   | 738              | 519.173          | 2.613         | -        |
| Endorsements                        | -                | -                | -             | -        |
| Underwriting commitments            | -                | -                | -             | -        |
| Factoring commitments               | -                | -                | -             | -        |
| Other commitments and contingencies | 3.500            | 754.257          | -             | -        |

## 2. Explanations on derivative transactions

|   | Derivative transactions<br>according to purpose<br>December 31,<br>2022 | Derivative transactions<br>according to purpose<br>December 31,<br>2021 |
|---|---|---|
| <b>Trading Derivatives</b>                                    |   |   |
| <b>Foreign Currency Related Derivative Transactions (I)</b>   | <b>10.231.101</b>   | <b>6.800.647</b>  |
| Currency Forwards-Purchases, sales                            | 912.033   | 549.415   |
| Currency Swaps-Purchases, sales                               | 9.319.068   | 6.251.232   |
| Currency Futures  | -   | -   |
| Currency Options-Purchases, sales                             | -   | -   |
| <b>Profit share Rate Related Derivative Transactions (II)</b> | <b>-</b>  | <b>-</b>  |
| Profit share rates forwards-Purchase, sales                   | -   | -   |
| Profit share rates swaps-Purchases, sales                     | -   | -   |
| Profit share rates options-Purchases, sales                   | -   | -   |
| Profit share rates futures-Purchases, sales                   | -   | -   |
| <b>Other Trading Derivatives (III)</b>                        | <b>-</b>  | <b>-</b>  |
| <b>A. Total Trading Derivatives (I + II + III)</b>            | <b>10.231.101</b>   | <b>6.800.647</b>  |
| <b>Hedging Derivatives</b>                                    | <b>-</b>  | <b>-</b>  |
| Fair value hedges   | -   | -   |
| Cash flow hedges  | -   | -   |
| Foreign currency investment hedges                            | -   | -   |
| <b>B. Total Hedging Derivatives</b>                           | <b>-</b>  | <b>-</b>  |
| <b>Total Derivatives Transactions (A+B)</b>                   | <b>10.231.101</b>   | <b>6.800.647</b>  |

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

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

None (December 31, 2021: None).

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

The Group has made a provision amounting to TL 5.090 (December 31, 2021: TL 5.331), 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 Group with high probability of realization and cash outflows.

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

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

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

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

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

|   | Current Period   |                | Prior Period     |                |
|---|------------------|----------------|------------------|----------------|
|   | TL               | FC             | TL               | FC             |
| <b>Profit share received from loans</b> |                  |                |                  |                |
| Short Term Loans                        | 2.497.502        | 244.533        | 624.070          | 35.777         |
| Medium and Long Term Loans              | 2.234.902        | 299.835        | 1.019.648        | 150.686        |
| Profit Share on Non-Performing Loans    | 2.389            | 28             | 456              | -              |
| <b>Total</b>                            | <b>4.734.793</b> | <b>544.396</b> | <b>1.644.174</b> | <b>186.463</b> |

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

|                                  | Current Period |          | Prior Period  |          |
|----------------------------------|----------------|----------|---------------|----------|
|                                  | TL             | FC       | TL            | FC       |
| CBRT                             | 97.472         | -        | 53.119        | -        |
| Domestic Banks                   | 278            | -        | 153           | -        |
| Foreign Banks                    | -              | -        | -             | -        |
| Head Offices and Branches Abroad | -              | -        | -             | -        |
| <b>Total</b>                     | <b>97.750</b>  | <b>-</b> | <b>53.272</b> | <b>-</b> |

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

|  | Current Period   |                | Prior Period   |                |
|--|------------------|----------------|----------------|----------------|
|  | TL               | FC             | TL             | FC             |
| Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)                | 85.789           | 24.977         | 41.372         | 20.595         |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) | 2.052.998        | 94.343         | 249.306        | 29.416         |
| Financial Assets Measured at Amortized Cost  | 452.189          | 160.753        | -              | 86.046         |
| <b>Total</b>   | <b>2.590.976</b> | <b>280.073</b> | <b>290.678</b> | <b>136.057</b> |

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

## 1. Information on profit share income (continued):

## 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 | -              | -        | -            | -        |
| <b>Total</b>                                     | <b>-</b>       | <b>-</b> | <b>-</b>     | <b>-</b> |

## 2. Explanations on profit share expenses:

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

| Current Period   |               | Profit Sharing Accounts |               |               |              |                  |                                    |           |
|--|---------------|-------------------------|---------------|---------------|--------------|------------------|------------------------------------|-----------|
| Account Name   | Up to 1 month | Up to 3 month           | Up to 6 month | Up to 9 month | Up to 1 year | More than 1 year | Accumulated participation accounts | Total     |
| TL   |               |                         |               |               |              |                  |                                    |           |
| Funds collected from banks through current and profit sharing accounts | 4.534         | 80.875                  | -             | -             | -            | -                | -                                  | 85.409    |
| Real persons' non-trading profit sharing accounts                      | 27.241        | 514.730                 | 109.435       | -             | 1.181        | 40.814           | -                                  | 693.401   |
| Public sector profit sharing accounts                                  | 479.517       | 96.766                  | 60.927        | -             | 5.868        | 195              | -                                  | 643.273   |
| Commercial sector profit sharing accounts                              | 285.590       | 910.833                 | 175.651       | -             | 8.262        | 104.180          | -                                  | 1.484.516 |
| Other institutions profit sharing accounts                             | 7.989         | 85.391                  | 5.538         | -             | -            | -                | -                                  | 98.918    |
| Total  | 804.871       | 1.688.595               | 351.551       | -             | 15.311       | 145.189          | -                                  | 3.005.517 |
| FC   |               |                         |               |               |              |                  |                                    |           |
| Banks  | -             | 6.204                   | -             | -             | -            | -                | -                                  | 6.204     |
| Real persons' non-trading profit sharing accounts                      | 11.177        | 54.868                  | 4.559         | -             | 5.046        | 392              | -                                  | 76.042    |
| Public sector profit sharing accounts                                  | -             | 2.693                   | -             | -             | -            | -                | -                                  | 2.693     |
| Public sector profit sharing accounts                                  | 11.088        | 151.118                 | 35.165        | -             | 1.616        | -                | -                                  | 198.987   |
| Other institutions profit sharing accounts                             | 1.761         | 2.680                   | -             | -             | -            | -                | -                                  | 4.441     |
| Precious metals deposits   | 2.855         | -                       | -             | -             | -            | -                | -                                  | 2.855     |
| Total  | 26.881        | 217.563                 | 39.724        | -             | 6.662        | 392              | -                                  | 291.222   |
| Grand Total  | 831.752       | 1.906.158               | 391.275       | -             | 21.973       | 145.581          | -                                  | 3.296.739 |

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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

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

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

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

| Prior Period   |               | Profit Sharing Accounts |                |                |              |                   |                                    |           |
|--|---------------|-------------------------|----------------|----------------|--------------|-------------------|------------------------------------|-----------|
| Account Name   | Up to 1 month | Up to 3 months          | Up to 6 months | Up to 9 months | Up to 1 year | More than 1 years | Accumulated participation accounts | Total     |
| TL   |               |                         |                |                |              |                   |                                    |           |
| Funds collected from banks through current and profit sharing accounts | 735           | 40.765                  | -              | -              | -            | -                 | -                                  | 41.500    |
| Real persons' non-trading profit sharing accounts                      | 15.617        | 58.244                  | 1.445          | -              | 227          | 4.803             | -                                  | 80.336    |
| Public sector profit sharing accounts                                  | 56.929        | 76.085                  | 10.808         | -              | 2.757        | -                 | -                                  | 146.579   |
| Commercial sector profit sharing accounts                              | 105.549       | 462.828                 | 12.225         | -              | 8.521        | 9.802             | -                                  | 598.925   |
| Other institutions profit sharing accounts                             | 3.028         | 59.696                  | 14.117         | -              | -            | -                 | -                                  | 76.841    |
| Total  | 181.858       | 697.618                 | 38.595         | -              | 11.505       | 14.605            | -                                  | 944.181   |
| FC   |               |                         |                |                |              |                   |                                    |           |
| Banks  | -             | 570                     | 725            | -              | -            | -                 | -                                  | 1.295     |
| Real persons' non-trading profit sharing accounts                      | 2.068         | 16.460                  | 1.092          | -              | 229          | 103               | -                                  | 19.952    |
| Public sector profit sharing accounts                                  | -             | 98                      | -              | -              | -            | -                 | -                                  | 98        |
| Public sector profit sharing accounts                                  | 2.501         | 52.794                  | 4.516          | -              | 418          | -                 | -                                  | 60.229    |
| Other institutions profit sharing accounts                             | 29            | 737                     | -              | -              | -            | -                 | -                                  | 766       |
| Precious metals deposits   | 2.285         | -                       | -              | -              | -            | -                 | -                                  | 2.285     |
| Total  | 6.883         | 70.659                  | 6.333          | -              | 647          | 103               | -                                  | 84.625    |
| Grand Total  | 188.741       | 768.277                 | 44.928         | -              | 12.152       | 14.708            | -                                  | 1.028.806 |

**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                            | 26.733         | 28.479         | 7.959        | 11.456         |
| CBRT                             | -              | -              | -            | -              |
| Domestic banks                   | 26.733         | 13.009         | 7.959        | 7.374          |
| Foreign banks                    | -              | 15.470         | -            | 4.082          |
| Head offices and branches abroad | -              | -              | -            | -              |
| Other institutions               | 322            | 173.962        | 1.146        | 93.014         |
| <b>Total</b>                     | <b>27.055</b>  | <b>202.441</b> | <b>9.105</b> | <b>104.470</b> |

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

None (December 31, 2021 :None)

**d. Profit share expenses paid to marketable securities issued**

|   | Current Period |          | Prior Period   |          |
|---|----------------|----------|----------------|----------|
|   | TL             | FC       | TL             | FC       |
| Profit share expense paid to marketable securities issued | 740.245        | -        | 572.564        | -        |
| <b>Total</b>  | <b>740.245</b> | <b>-</b> | <b>572.564</b> | <b>-</b> |



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

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

| <b>Other Fees and Commissions Received</b>             | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Remittance Commissions                                 | 113.306               | 10.492              |
| Banking service package commissions                    | 85.815                | 16.056              |
| Foreign trade service package commissions              | 64.318                | 15.836              |
| Fees and commissions from correspondents               | 27.086                | 2.781               |
| Other commission and service income received           | 13.744                | 3.504               |
| Commercial customer credit limit allocation commission | 8.633                 | 962                 |
| Advance import transfer commissions                    | 8.485                 | 3.548               |
| Insurance and brokerage commissions                    | 8.218                 | 2.401               |
| Appraisal fees   | 7.516                 | 4.153               |
| Early closing commission income                        | 6.020                 | 2.390               |
| Import letter of credit commissions                    | 4.182                 | 1.613               |
| Import commissions against documents                   | 1.691                 | 2.078               |
| Fees and commissions from member merchant pos          | 1.184                 | 345                 |
| Bill of collection/check commissions                   | 1.127                 | 780                 |
| Credit card fees and commissions                       | 1.071                 | 218                 |
| Mortgage release and facility fee income               | 1.053                 | 444                 |
| Safe deposit box revenues                              | 848                   | 293                 |
| Collection disbursement commissions                    | 630                   | 1.915               |
| Export letter of credit commissions                    | 491                   | 176                 |
| Commissions from special package services              | 455                   | 2                   |
| Import commissions against goods                       | 275                   | 31                  |
| Gr gold delivery and purchase commissions              | 60                    | 33                  |
| Other commissions                                      | 18.698                | 3.503               |
| <b>Total</b>   | <b>361.792</b>        | <b>70.050</b>       |

| <b>Other Fees and Commissions Given</b>                 | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Expenses and commissions given to correspondents abroad | 20.223                | 12.735              |
| Required reserve commissions given for CBRT FX          | 105.299               | 1.274               |
| Commissions and fees given for EFT                      | 2.686                 | 1.071               |
| Gold precious metal expense                             | 1.088                 | 583                 |
| Commissions and fees given to the clearing house        | 865                   | 449                 |
| Collection disbursement commissions                     | -                     | 446                 |
| Commissions and fees given for credit cards             | 1.087                 | 296                 |
| Commissions and fees given for Swift                    | 34                    | 243                 |
| Commissions given to credits used                       | 235                   | 138                 |
| Commissions and fees for Merchant POS                   | 396                   | 56                  |
| Commissions of collection note / check commissions      | 56                    | 22                  |
| Safe deposit box fees paid to banks and branches        | -                     | 6                   |
| Exchange registration expenses                          | 73                    | 4                   |
| Other commissions and fees                              | 3.595                 | 755                 |
| <b>Total</b>  | <b>135.637</b>        | <b>18.078</b>       |

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

## 4. Information on dividend income:

None (December 31, 2021: None).

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

|  | Current Period    | Prior Period     |
|--|-------------------|------------------|
| <b>Income</b>                                | <b>11.285.906</b> | <b>3.720.748</b> |
| Income from capital market transactions      | 14.414            | 27.770           |
| Income from derivative financial instruments | 1.585.983         | 606.380          |
| Foreign exchange income                      | 9.685.509         | 3.086.598        |
| <b>Loss (-)</b>                              | <b>9.424.636</b>  | <b>3.664.246</b> |
| Loss on capital market transactions          | 1.546             | 24.922           |
| Loss on derivative financial instruments     | 956.645           | 722.551          |
| Foreign exchange losses                      | 8.466.445         | 2.916.773        |
| <b>Trading income/loss (net)</b>             | <b>1.861.270</b>  | <b>56.502</b>    |

## 6. Explanations related to other operating income:

|  | Current Period | Prior Period   |
|--|----------------|----------------|
| Income from provisions made in previous years        | 112.571        | 77.669         |
| Income from sales of assets(*)                       | 29.157         | 43.017         |
| Revenues from provisions allocated in previous years | 1.058          | 274            |
| Cancellation of communication expenses provision     | 199            | 24             |
| Lease income   | 8              | 8              |
| Other income   | 11.664         | 9.655          |
| <b>Total</b>   | <b>154.657</b> | <b>130.647</b> |

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

|   | Current Period   | Prior Period   |
|---|------------------|----------------|
| <b>Expected Credit Loss</b>   | <b>787.594</b>   | <b>110.242</b> |
| 12-month expected credit loss (stage 1)   | 690.040          | 96.469         |
| Significant increase in credit risk (stage 2)   | 22.259           | 549            |
| Non-performing loans (stage 3)  | 75.295           | 13.224         |
| <b>Marketable Securities Impairment Expense</b>   | <b>3.065</b>     | <b>6.024</b>   |
| Financial Assets at Fair Value through Profit or Loss   | 3.065            | 6.024          |
| Financial Assets at Fair Value through Other Comprehensive Income                             | -                | -              |
| <b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b> | <b>-</b>         | <b>-</b>       |
| Investments in Associates   | -                | -              |
| Subsidiaries  | -                | -              |
| Joint Ventures  | -                | -              |
| Investments Held to Maturity  | -                | -              |
| <b>Other</b>  | <b>685.663</b>   | <b>9.058</b>   |
| <b>Total</b>  | <b>1.476.322</b> | <b>125.324</b> |

(\*) Other provision expense includes a free reserve of TL 642.414, a provision from profits to be distributed to participation accounts of TL 41.867, and a response expense of TL 1.382.

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

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

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Provision for severance pay liability   | 6.356                 | 3.709               |
| Deficit provision for pension fund  | -                     | -                   |
| Impairment expenses of tangible assets  | -                     | -                   |
| Depreciation expenses of tangible assets  | 95.790                | 65.438              |
| Impairment expenses of intangible assets  | -                     | -                   |
| Impairment expense of goodwill  | -                     | -                   |
| Amortization expenses of intangible assets  | 8.517                 | 16.987              |
| 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  | 209.578               | 71.377              |
| Lease expenses related to TFRS 16 exemptions                                      | 1.898                 | 13                  |
| Operating Maintenance expenses  | 22.438                | 9.633               |
| Advertisement expenses  | 73.151                | 10.052              |
| Other expenses <sup>(1)</sup>   | 112.091               | 51.679              |
| Loss on sale of assets  | -                     | -                   |
| Other <sup>(2)</sup>  | 103.697               | 46.302              |
| <b>Total</b>  | <b>423.938</b>        | <b>203.813</b>      |

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

<sup>(3)</sup> The severance provision expense amounts are included in the income statement's personnel expenses item.

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

**8. Information on other operating expenses (continued):**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Communication Expenses                  | 23.260                | 13.685              |
| Cleaning Expenses                       | 18.886                | 9.102               |
| Heating, Lighting and Water Expenses    | 18.449                | 5.608               |
| Insurance Expenses                      | 8.399                 | 2.979               |
| Vehicle Expenses                        | 9.615                 | 2.915               |
| Representation and Hospitality expenses | 628                   | 2.705               |
| Donations and grants                    | 4.852                 | 1.444               |
| Stationery expenses                     | 2.837                 | 836                 |
| Participation on common expenses        | 1.253                 | 771                 |
| Litigation and court expenses           | 974                   | 565                 |
| Other                                   | 22.938                | 11.069              |
| <b>Total</b>                            | <b>112.091</b>        | <b>51.679</b>       |

(2) Other balance details are as below table:

|                                  | <b>Current Period</b> | <b>Prior Period</b> |
|----------------------------------|-----------------------|---------------------|
| Taxes, Duties, Charges and Funds | 47.472                | 25.995              |
| Audit and Consultancy Fees       | 15.895                | 7.835               |
| Participation Share Expenses     | 4.624                 | 2.886               |
| Saving Deposit Insurance Fund    | 12.666                | 3.749               |
| Other                            | 23.040                | 5.837               |
| <b>Total</b>                     | <b>103.697</b>        | <b>46.302</b>       |

**Fees for services obtained from independent auditor/independent audit firm:**

In accordance with the decision of the KGK dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or our independent audit firm is given in the table below. The fees for services rendered to the Parent Bank's domestic subsidiaries, as well as the Parent Bank, are included in the aforementioned fees, which are stated as VAT excluded.

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Independent audit fee for the reporting period | 1.134                 | 908                 |
| <b>Total</b>                                   | <b>1.134</b>          | <b>908</b>          |

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

The portion of the Group's profit before tax amounting to TL 3.918.173 (December 31, 2021: TL 532.385) consists of net profit share income and TL 305.663 (December 31, 2021: TL 82.984) consists of net fee and commission expenses, and the total of other operating expenses is 417.582 TL (December 31, 2021: TL 203.813).

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

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

As of December 31, 2022, the Group has deferred tax income amounting to TL 1.349.214 (December 31, 2021: TL 100.119), deferred tax expense amounting to TL 288.676 (December 31, 2021: TL 94.228). As of December 31, 2022, the Group's current tax provision is TL 1.976.244 (December 31, 2021: 39.162 ).

Since the Group does not have any discontinued operations, there is no tax provision for discontinued operations (December 31, 2021: None).

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

The Group has no discontinued operations. The net profit for the period has been recorded as TL 3.729.501 (December 31, 2021: TL 188.464 ) as a result of deducting the period tax provision expense from TL 915.706 (December 31,, 2021: TL 45.053) to TL 2.813.795 (December 31,, 2021: TL 143.411).

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

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

None.

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

None.

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

In the current period, increases that occurred after the revaluation of financial assets at fair value difference is reflected in other comprehensive income is TL 1.450.168 (December 31, 2021: 34.618).

**b. Information on increases in cash flow hedging items**

None (December 31, 2021: None).

**c. Increase after revaluation of tangible assets**

None (December 31, 2021: 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, decreases occurring after the revaluation of financial assets at fair value difference is reflected in other comprehensive income is TL 1.542.227 (December 31, 2021: 45.324).

**V. Explanations and notes related to the statement of changes in shareholders' equity (continued):**

**2. Due to the application of the accounting for financial instruments in the current period information about the decreases occurring (continued):**

**b. Information on decreases in cash flow hedging items**

None (December 31, 2021: 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 Group 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.

**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, 2021: None).

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

None.

**VI. Explanations and notes related to consolidated 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:

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Cash</b>                            | <b>1.729.354</b>      | <b>812.166</b>      |
| Cash in TL/foreign currency            | 275.301               | 135.297             |
| Cash in transit                        | 610.394               | 449.875             |
| CBRT                                   | 843.659               | 226.994             |
| <b>Cash equivalents</b>                | <b>1.533.115</b>      | <b>910.842</b>      |
| Domestic banks                         | 256.446               | 730.588             |
| Foreign banks                          | 1.276.669             | 180.254             |
| <b>Total cash and cash equivalents</b> | <b>3.262.469</b>      | <b>1.723.008</b>    |

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

**1. Components of cash and cash equivalents and accounting policy applied in their determination (continued):**

Cash and cash equivalents at the end of the period:

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Cash</b>                            | <b>12.359.982</b>     | <b>1.729.354</b>    |
| Cash in TL/foreign currency            | 295.171               | 275.301             |
| Cash in transit                        | 1.207.795             | 610.394             |
| CBRT                                   | 10.857.016            | 843.659             |
| <b>Cash equivalents</b>                | <b>4.887.831</b>      | <b>1.533.115</b>    |
| Domestic banks                         | 484.464               | 256.446             |
| Foreign banks                          | 4.403.367             | 1.276.669           |
| <b>Total cash and cash equivalents</b> | <b>17.247.813</b>     | <b>3.262.469</b>    |

**2. Cash and cash equivalent items which are restricted for the usage of the Group 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 7.996.151 (December 31, 2021: TL 1.537.670) 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 1.744.945 (December 31, 2021: TL 1.438) consists of changes in lease payables, other foreign resources and taxes, duties, fees and premiums.

The effect of the change in foreign exchange rate on cash and cash equivalents was determined to be approximately TL 1.017.920 (December 31 2021: TL 661.570) in the accounting period ended on December 31, 2022.

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

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

## a. Current Period

| Risk Group of the Bank (*)                | Investment in associates, subsidiaries and joint ventures (business partnerships) |          | Direct and indirect shareholders of the Parent Bank |          | Other real or legal persons included in the risk group |          |
|---|---|----------|---|----------|--|----------|
|   | Cash  | Non-cash | Cash  | Non-cash | Cash   | Non-cash |
|   |   |          |   |          |  |          |
| <b>Loans and other receivables</b>        |   |          |   |          |  |          |
| Balance at the beginning of period        | -   | -        | -   | -        | -  | -        |
| Balance at the end of period              | -   | -        | -   | -        | -  | -        |
| <b>Profit Share and Commission Income</b> | <b>37.480</b>   | -        | <b>200</b>  | -        | -  | -        |

(\*) 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 November 1, 2006.

## b. Prior Period

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

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

| Risk Group of the Parent Bank              | Investment in associates, subsidiaries and joint ventures (business partnerships) |              | Direct and indirect shareholders of the Parent Bank |              | Other real or legal persons included in the risk group |              |
|--|---|--------------|---|--------------|--|--------------|
|  | Current Period  | Prior Period | Current Period                                      | Prior Period | Current Period   | Prior Period |
|  |   |              |   |              |  |              |
| <b>Current and profit sharing accounts</b> |   |              |   |              |  |              |
| Balance at the beginning of period         | 128.021   | 94           | -   | -            | -  | -            |
| Balance at the end of period               | 51.265  | 128.021      | -   | -            | -  | -            |
| <b>Profit share expense</b>                | <b>14.180</b>   | <b>318</b>   | -   | -            | -  | -            |

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

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

## d. Information on benefits provided to the top management of the Parent Bank:

The total amount of wages and benefits provided to the top management of the Parent Bank for the period ended December 31, 2022 is TL 13.061 (December 31, 2021: TL 6.317).



**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 Parent Bank:**

|                               | Number | Number of personnel |                |                                       |                                    |
|-------------------------------|--------|---------------------|----------------|---------------------------------------|------------------------------------|
| Domestic Branches(*)          | 81     | 1.297               |                |                                       |                                    |
|                               |        |                     | <b>Country</b> |                                       |                                    |
| Foreign Representation Office | -      | -                   |                | -                                     |                                    |
|                               |        |                     |                |                                       |                                    |
|                               |        |                     |                | <b>Total Assets<br/>(Thousand TL)</b> | <b>Statutory Share<br/>Capital</b> |
| Foreign Branches              | -      | -                   | -              | -                                     | -                                  |
|                               |        |                     |                |                                       |                                    |
|                               |        |                     |                |                                       |                                    |
| Off-Shore Branches            | -      | -                   | -              | -                                     | -                                  |

(\*) The number of personnel in the Head Office is included in the number of domestic branch employees.

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

The Parent Bank has not open branches abroad in 2022. The Bank has opened 10 branches in different regions in the country.

**IX. Explanations related to subsequent events**

The Parent Bank will be a resource institution / fund user, and by Emlak Katılım Varlık Kiralama A.Ş., domestically, limited to TL 20.000.000, orderly, in Turkish Lira, Based on the lease certificate structure based on the Management Contract foreseen in the terms of 1-60 months and the Communiqué on Lease Certificates (III-61.1), the application to the Capital Markets Board (CMB) regarding the issuance of lease certificates to be sold to the allocated and / or qualified investor was approved by the CMB's decision dated February 3, 2022 and numbered 6/166. Within the scope of the relevant lease certificate issue ceiling, by Emlak Katılım Varlık Kiralama A.Ş., in February 3, 2022, within the scope of the approval of a consistent regular issuance of TL 20.000.000 from the CMB for sale to qualified investors,

- On January 3, 2023, TL 107.000 with 91 days maturity for domestic qualified investors,
- On January 4, 2023, TL 50.000 with 99 days maturity, for domestic qualified investors,
- On January 4, 2023, TL 230.000 with 92 days maturity, for domestic qualified investors,
- On January 4, 2023, TL 300.000 with 92 days maturity, for domestic qualified investors,
- On January 4, 2023, TL 270.000 with 92 days maturity, for domestic qualified investors,
- On January 5, 2023, TL 115.000 with 90 days maturity, for domestic qualified investors,
- On January 12, 2023, TL 400.000 with 90 days maturity, for domestic qualified investors,
- On February 1, 2023, TL 140.000 with 371 days maturity, for domestic qualified investors,
- On February 6, 2023, TL 55.000 with 92 days maturity, for domestic qualified investors,
- On February 9, 2023, TL 270.000 with 92 days maturity, for domestic qualified investors,
- On February 14, 2023, TL 110.000 with 92 days maturity, for domestic qualified investors,
- On February 15, 2023, TL 750.000 with 91 days maturity, for domestic qualified investors,
- On February 16, 2023, TL 250.000 with 95 days maturity, for domestic qualified investors,
- On February 20, 2023, TL 94.000 with 379 days maturity, for domestic qualified investors,
- On February 22, 2023, TL 163.500 with 99 days maturity, for domestic qualified investors,
- On February 22, 2023, TL 500.000 with 98 days maturity, for domestic qualified investors,
- On March 3, 2023 in domestic market for qualified investors with 370 days maturity TL 300.000 worth of lease certificate were issued.

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

Tax Procedure Law No. 547, numbered 32073, was published in the Official Gazette on January 14, 2023. With the Communiqué Amending the Communiqué (order no. 537), real estate and depreciable economic assets are now prohibited. The procedures and principles of the articles of law that permit asset revaluation edited. As a result, the Bank collects the depreciable real estate and economic assets in its balance sheet. To meet the requirements of Provisional Article 32 of the Tax Procedure Law and Repeated Article 298/ç. subject to revaluation. Thus, corporate tax, real estate tax, and depreciable tax will be paid based on the values discovered following the revaluation of economic assets.

An earthquake struck Turkey's southeastern region, affecting many of our cities. Thousands of people The ultimate magnitude of this earthquake, which caused death and injury, is currently unknown; however, studies to assess the impact on the Group's operations and financial position are currently in progress.

It was published in the Official Gazette a regulation removing the retirement age requirement for employees who began working before September 8, 1999, and ending on March 3, 2023. As a result of the number of premium days and insurance coverage from the relevant employees who have completed their term, those who have completed their term are eligible to retire. This regulation's severance pay is expected to have an impact on the timing and probability of completion. The aforementioned studies to assess the effects of regulation on the Groups's financial position or performance continue.

(Convenience Translation of the Independent Auditor's Report originally issued in Turkish)

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

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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

## **SECTION SIX**

### **Other explanations**

#### **I. Other explanations on operations of the Group**

None.

## **SECTION SEVEN**

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

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

The consolidated financial statements of the Group for the year-ended December 31, 2022 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 March 10, 2023 is presented in the introduction of this report.

#### **II. Explanations on the Independent Auditor's Report**

None.