

Türkiye Emlak Katılım Bankası
Anonim Şirketi

Financial Statements, Related Disclosures and
Limited Review Report
Thereon as of 31 March 2019

*(Convenience translation of the limited review report and
financial statements and related disclosures originally issued in Turkish –
see section three Note XXIV)*



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Convenience Translation of the Review Report Originally Prepared and Issued in
Turkish to English (See note XXIV in section three)

To the Board of Directors of Türkiye Emlak Katılım Bankası Anonim Şirketi

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Emlak Katılım Bankası A.Ş. (the "Bank") as at 31 March 2019 and the related unconsolidated statement of profit or loss, unconsolidated profit or loss and other comprehensive income, unconsolidated changes in shareholders' equity, unconsolidated cash flows for the three month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "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 Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly, in all material respects, the financial position of Türkiye Emlak Katılım Bankası A.Ş. as at 31 March 2019 and its unconsolidated financial performance and its unconsolidated cash flows for the three-month-period then ended in accordance with the BRSA Accounting and Reporting Legislation.


Other Matter

The unconsolidated statement of profit or loss, unconsolidated profit or loss and other comprehensive income, unconsolidated changes in shareholders' equity and unconsolidated cash flows for the three months period ended 31 March 2018 are not subject to limited review, prepared in accordance with the Tax Procedures Law and presented in comparison with the Bank's unconsolidated financial information of the Bank for the period ended 31 March 2019.

Report on Other Legal and Regulatory Requirements Arising from Legislation

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative


Erdal Tıkmak SMMM
Partner
15 May 2019
İstanbul, Turkey

FINANCIAL REPORT OF TÜRKİYE EMLAK KATILIM BANKASI A.Ş.
AS OF 31 MARCH 2019

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

Financial statements as at 31 March 2019, are comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- EXPLANATIONS ON THE FINANCIAL POSITION AND RISK OF MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- EXPLANATIONS ON LIMITED REVIEW REPORT
- EXPLANATIONS ON INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements for three months and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.

Mehmet Emin BİRPINAR

Chairman of the Board of
Directors

Deniz AKSU

General
Manager

Cengiz SİNANOĞLU

Assistant General Manager

Tuğba TÜRKMENOĞLU

Budget and Financial
Reporting Director

Associate Prof. Mehmet ERSOY

Member of the Audit Committee

Mehmet Ali KAHRAMAN

Member of the Audit Committee

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

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Table of contents

Section one

General Information

I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status	1
II.	Shareholding structure, shareholders having direct or indirect, joint or individual control over the management and supervision of the Bank and disclosures on related changes in the current year, if any	2
III.	Shareholding structure, shareholders having direct or indirect, joint or individual control over the management and supervision of the Bank and the disclosures on related changes in the current year, if any	2
IV.	Information on the Bank's qualified shareholders	2
V.	Summary on the Bank's service activities and field of operations	2
VI.	Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods	2
VII.	The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the Bank and Its subsidiaries	2

Section two

Unconsolidated interim financial statements

I	Balance sheet (Statement of financial position)	4
II.	Statement of off-balance sheet	6
III.	Statement of profit or loss	7
IV.	Statement of profit or loss and other comprehensive income	8
V.	Statement of changes in shareholders' equity	9
VI.	Statement of cash flows	11

Section three

Accounting policies

I.	Explanations on basis of presentation	12
II.	Explanations on strategy of using financial instruments and foreign currency transactions	13
III.	Explanations on forward, option contracts and derivative instruments	13
IV.	Explanations on profit share income and expenses	13
V.	Explanations on fees, commission income and expenses	13
VI.	Explanations on financial assets	13
VII.	Explanations on impairment of financial assets	14
VIII.	Explanations on offsetting of financial instruments	14
IX.	Explanations on sale and repurchase agreements and lending of securities	15
X.	Explanations on assets held for sale and discontinued operations and liabilities related to these assets	15
XI.	Explanations on goodwill and other intangible assets	15
XII.	Explanations on tangible assets	16
XIII.	Explanations on leasing transactions	16
XIV.	Explanations on provisions and contingent liabilities	17
XV.	Explanations on liabilities regarding employee rights	17
XVI.	Explanations on taxation	18
XVII.	Additional explanations on borrowings	19
XVIII.	Explanations on issued share certificates	19
XIX.	Explanations on acceptances and availed drafts	19
XX.	Explanations on government grants	19
XXI.	Explanations on segment reporting	19
XXII.	Explanations on investments in associates, subsidiaries and joint ventures	19
XXIII.	Explanations on other matters	19
XXIV.	Additional paragraph for convenience translation	20

Section four

Information on financial structure and risk management

I.	Explanations on capital adequacy standard ratio	21
II.	Explanations on credit risk	26
III.	Explanations on currency risk of the Bank	26
IV.	Explanations on position risk of equity securities in banking book	28
V.	Explanations on liquidity risk	28
VI.	Explanations on leverage ratio	31
VII.	Explanations on presentation of financial assets and liabilities at fair value	31
VIII.	Explanations regarding the activities carried out on behalf and account of other persons	31
IX.	Explanations on risk management	32
X.	Explanations on operating segments	33

Section five**Explanations and notes on the unconsolidated financial statements**

I	Explanations and notes related to assets	34
II.	Explanations and notes related to liabilities	42
III.	Explanations and notes related to off-balance sheet	49
IV.	Explanations and notes related to the statement of profit or loss	50
V.	Explanations and notes related to the statements of changes in shareholders' equity	55
VI.	Explanations and notes related to the statement of cash flows	55
VII.	Explanations related to the risk group of the Bank	55
VIII.	Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices	56
IX.	Explanations related to subsequent events and footnotes	56

Section six**Limited Review Report**

I.	Explanations on audit report	57
II.	Other notes and explanations prepared by independent auditors	57

Section seven**Explanations of Interim activity report**

Message from the Chairman of the Board of Directors and CEO about activities related the interim period	58
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TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

General Information

I. History of the Bank including its incorporation date, initial legal status and amendments to legal status

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

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

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

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

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

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

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

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

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

The Bank's head office is located in İstanbul and there is 1 branch of the bank as of 31 March 2019. The Bank is operating with 173 (31 December 2018: None) staff.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousands of Turkish Lira (TL) unless otherwise stated)

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

The Bank's share is TL 750.000 and 99,99% of the Bank's share are owned by Ministry of Treasury and Finance. Except by Ministry of Treasury and Finance, T. Emlak Bankası A.Ş. Emekli ve Yardım Sandığı Vakfı and 33 real person have shares amounting to TL 80,57 (full) and TL 3,38 (full), respectively.

TL 749.999 portion of the capital amounting to TL 750.000 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. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management and supervision of the Bank and the disclosures on related changes in the current year, if any

Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage(%)
Prof. Dr. Mehmet Emin BİRPINAR	Chairman of BOD	Doctorate	-
Abdullah Ertem CANTİMUR	Member of BOD	Master	-
Doç. Dr. Mehmet ERSOY	Member of BOD and Board of Supervisors	Doctorate	-
Mehmet Ali KAHRAMAN	Member of BOD and Board of Supervisors	Master	-
Mehmet Zeki SAYIN	Member of BOD	Bachelor	-
Murat BALCI	Member of BOD	Doctorate	-
Deniz AKSU	Member of BOD/General Manager	Bachelor	-
Hasan APAYDIN	Assistant General Manager Responsible for Operations	Master	-
Cengiz SİNANOĞLU	Assistant General Manager Responsible for Credits	Master	-
Savaş DİVANLIOĞLU	Assistant General Manager Responsible for Investment Banking and Financial Institutions	Master	-

IV. Information on the Bank's qualified shareholders

The Bank's paid in capital amounting to TL 750.000 consists of 75.000.000.000 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	750.000	99.99%	750.000	-
Other	-	0.00001%	-	-

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

The Bank's main purpose and field of operation is to perform all kinds of banking activities, to accept funds and the execution of legal acts, acts and works in the banks' fields of activity within the Banking Law which is in force and the laws and delegated legislations which will be enacted in the future and the regulations that are related to these law.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods

None.

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

There is no immediate transfer of equity between the Bank and its subsidiaries.

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

SECTION TWO

Unconsolidated interim financial statements

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Note	Reviewed			Audited		
		Current Period			Prior Period (Restated)		
		31 March 2019			31 December 2018 ^(*)		
	(5 - I)	TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		33.954	95.655	129.609	655.644	1.957	657.601
1.1 Cash and cash equivalents		5.699	17.951	23.650	655.644	1.957	657.601
1.1.1 Cash and balances with Central Bank	(1)	5.419	237	5.656	6	-	6
1.1.2 Banks	(2)	280	17.714	17.994	655.638	1.957	657.595
1.1.3 Money market placements		-	-	-	-	-	-
1.2 Financial assets measured at fair value through profit/loss (FVTPL)	(3)	20.596	77.704	98.300	-	-	-
1.2.1 Government Securities		20.596	-	20.596	-	-	-
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other financial assets		-	77.704	77.704	-	-	-
1.3 Financial assets measured at fair value through other comprehensive income (FVOCI)	(4)	7.659	-	7.659	-	-	-
1.3.1 Government Securities		-	-	-	-	-	-
1.3.2 Equity Securities		7.659	-	7.659	-	-	-
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets	(5)	-	-	-	-	-	-
1.4.1 Derivative Financial Assets Measured at FVTPL		-	-	-	-	-	-
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		805.743	-	805.743	-	-	-
2.1 Loans	(6)	805.743	-	805.743	-	-	-
2.2 Lease receivables	(8)	-	-	-	-	-	-
2.3 Measured at amortized cost	(7)	-	-	-	-	-	-
2.3.1 Government Securities		-	-	-	-	-	-
2.3.2 Other financial assets		-	-	-	-	-	-
2.4 Non performing loans	(6)	188.343	-	188.343	188.343	-	188.343
2.5 Specific provisions (-)	(6)	188.343	-	188.343	188.343	-	188.343
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	36.679	-	36.679	36.722	-	36.722
3.1 Asset Held for sale		36.679	-	36.679	36.722	-	36.722
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENT IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Associates (Net)	(10)	-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(11)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	(12)	-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)		14.056	-	14.056	12.021	-	12.021
VI. INTANGIBLE ASSETS (Net)		27.180	-	27.180	20.330	-	20.330
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		27.180	-	27.180	20.330	-	20.330
VII. INVESTMENT PROPERTY (NET)	(15)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		89.061	-	89.061	89.061	-	89.061
IX. DEFERRED TAX ASSETS	(16)	99.701	-	99.701	103.538	-	103.538
X. OTHER ASSETS	(17)	210.886	-	210.886	219.525	-	219.525
TOTAL ASSETS		1.317.260	95.655	1.412.915	1.136.841	1.957	1.138.798

^(*)The details of the restatement of the prior period are explained in Note XXIII of Section Three.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Note	Reviewed			Audited		
		Current Period			Prior Period (Restated)		
		31 March 2019			31 December 2018 ^(*)		
	(5 - II)	TL	FC	Total	FC	TL	Total
I. FUNDS COLLECTED	(1)	152.480	10.779	163.259	-	-	-
II. FUNDS BORROWED	(2)	-	84.396	84.396	-	-	-
III. MONEY MARKET FUNDS		-	-	-	-	-	-
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(3)	-	-	-	-	-	-
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(4)	-	-	-	-	-	-
VIII. PROVISIONS	(6)	33.859	-	33.859	30.862	-	30.862
8.1 General Provisions		12.476	-	12.476	9.777	-	9.777
8.2 Restructuring Provisions		-	-	-	-	-	-
8.3 Reserve for Employee Benefits		4.817	-	4.817	4.462	-	4.462
8.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.5 Other Provisions		16.566	-	16.566	16.623	-	16.623
IX. CURRENT TAX LIABILITY	(7)	3.198	-	3.198	1.714	-	1.714
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(9)	-	-	-	-	-	-
12.1 Loans		-	-	-	-	-	-
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES		12.468	-	12.468	4.601	515	5.116
XIV. SHAREHOLDERS' EQUITY	(11)	1.115.735	-	1.115.735	1.101.106	-	1.101.106
14.1 Paid-in capital		750.000	-	750.000	750.000	-	750.000
14.2 Capital Reserves		-	-	-	-	-	-
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		-	-	-	-	-	-
14.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		-	-	-	-	-	-
14.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
14.5 Profit Reserves		2.631.991	-	2.631.991	2.631.991	-	2.631.991
14.5.1 Legal Reserves		311.495	-	311.495	311.495	-	311.495
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		-	-	-	-	-	-
14.5.4 Other Profit Reserves		2.320.496	-	2.320.496	2.320.496	-	2.320.496
14.6 Income or (Loss)		(2.266.256)	-	(2.266.256)	(2.280.885)	-	(2.280.885)
14.6.1 Prior Periods' Income or (Loss)		(2.280.885)	-	(2.280.885)	(2.824.581)	-	(2.824.581)
14.6.2 Current Period Income or (Loss)		14.629	-	14.629	543.696	-	543.696
TOTAL LIABILITIES		1.317.740	95.175	1.412.915	1.138.283	515	1.138.798

(*) The details of the restatement of the prior period are explained in Note XXIII of Section Three.

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

	Note	Reviewed			Audited		
		Current Period			Prior Period		
		31 March 2019			31 December 2018		
STATEMENT OF OFF-BALANCE SHEET	(5 – III)	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		-	-	-	-	-	-
I. GUARANTEES AND SURETIES	(1)	-	-	-	-	-	-
1.1. Letters of Guarantees		-	-	-	-	-	-
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		-	-	-	-	-	-
1.2. Bank Loans		-	-	-	-	-	-
1.2.1. Import Letter of Acceptances		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		-	-	-	-	-	-
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
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. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Related Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	-	-	-	-	-	-
2.1. Irrevocable Commitments		-	-	-	-	-	-
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		-	-	-	-	-	-
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		-	-	-	-	-	-
2.1.7. Tax And Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.8. Commitments for Credit Card Expenditure Limits		-	-	-	-	-	-
Commitments for Promotions Related with Credit Cards and Banking		-	-	-	-	-	-
2.1.9. Activities		-	-	-	-	-	-
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		704	-	704	1.994	11.353	13.347
IV. ITEMS HELD IN CUSTODY		704	-	704	1.994	11.353	13.347
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Cheques Received for Collection		-	-	-	-	-	-
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		704	-	704	1.994	11.353	13.347
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		-	-	-	-	-	-
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		-	-	-	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		-	-	-	-	-	-
5.6. Other Pledged Items		-	-	-	-	-	-
5.7. Pledged Items-Depository		-	-	-	-	-	-
ACCEPTED INDEPENDENT GUARANTEES AND		-	-	-	-	-	-
VI. WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		704	-	704	1.994	11.353	13.347

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT AND LOSS		Reviewed Current Period	Unreviewed Prior Period
	Note (5 - IV)	1 January - 31 March 2019	1 January - 31 March 2018
I. PROFIT SHARE INCOME	(1)	39.438	4.884
1.1 Profit Share on Loans		4.392	-
1.2 Income Received from Reserve Deposits		-	-
1.3 Income Received from Banks		34.222	-
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		464	-
1.5.1 Financial Assets at Fair Value Through Profit and Loss		464	-
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		-	-
1.5.3 Financial Assets Measured at Amortised Cost		-	-
1.6 Finance Lease Income		-	-
1.7 Other Profit Share Income		360	4.884
II. PROFIT SHARE EXPENSE	(2)	340	-
2.1 Expense on Profit Sharing Accounts		324	-
2.2 Profit Share Expense on Funds Borrowed		16	-
2.3 Profit Share Expense on Money Market Borrowings		-	-
2.4 Expense on Securities Issued		-	-
2.5 Lease Profit Share Expense		-	-
2.6 Other Profit Share Expenses		-	-
III. NET PROFIT SHARE INCOME (I - II)		39.098	4.884
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		(1.163)	-
4.1 Fees and Commissions Received		-	-
4.1.1 Non-Cash Loans		-	-
4.1.2 Other		-	-
4.2 Fees and Commissions Paid		1.163	-
4.2.1 Non-Cash Loans		-	-
4.2.2 Other		1.163	-
V. DIVIDEND INCOME	(3)	-	-
VI. NET TRADING INCOME	(4)	12	17.180
6.1 Capital Market Transaction Gains / (Losses)		(25)	-
6.2 Gains/ (Losses) from Derivative Financial Instruments		-	-
6.3 Foreign Exchange Gains / (Losses)		37	17.180
VII. OTHER OPERATING INCOME	(5)	187	2.407
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		38.134	24.471
IX. LOAN PROVISIONS (-)	(6)	2.699	-
X. PERSONNEL EXPENSES (-)		10.598	1.319
XI. OTHER OPERATING EXPENSES (-)	(7)	6.371	550
XII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		18.466	22.602
XIII. INCOME RESULTED FROM MERGERS		-	-
XIV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XVI. PROFIT/LOSS BEFORE TAXES (XIII+...+XV)		18.466	22.602
XVII. PROVISION FOR TAXES (±)	(9)	3.837	-
17.1 Current Tax Provision		-	-
17.2 Deferred Tax Expense (+)		4.096	-
17.3 Deferred Tax Income (-)		259	-
XVIII. NETOPERATING PROFIT/LOSS AFTER TAXES(XVI±XVII)		14.629	22.602
XIX. INCOME FROM DISCONTINUED OPERATIONS		-	-
19.1 Income From Assets Held for Sale		-	-
19.2 Income From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
19.3 Income From Other Discontinued Operations		-	-
XX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
20.1 Expenses on Assets Held for Sale		-	-
20.2 Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-	-
20.3 Expenses from Other Discontinued Operations		-	-
XXI. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	(9)	-	-
22.1 Current Tax Provision		-	-
22.2 Deferred Tax Expense (+)		-	-
22.3 Deferred Tax Income (-)		-	-
XXIII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXIV. NET PROFIT/LOSS (XVIII+XXIII)		14.629	22.602

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed	Unreviewed
		Current period	Prior Period
		1 January – 31 March 2019	1 January - 31 March 2018
I.	CURRENT PERIOD PROFIT/LOSS	14.629	22.602
II.	OTHER COMPREHENSIVE INCOME	-	-
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
2.2.3	Gains/losses from Cash Flow Hedges	-	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	14.629	22.602

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
Unreviewed	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
Prior Period (1 January – 31 March 2018)														
I. Balances at Beginning Period	749.000	-	-	-	-	-	-	-	-	-	2.631.991	(2.824.581)	-	556.410
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)	749.000	-	-	-	-	-	-	-	-	-	2.631.991	(2.824.581)	-	556.410
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	22.602	22.602
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)	749.000	-	-	-	-	-	-	-	-	-	2.631.991	(2.824.581)	22.602	579.012

1. Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans

3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income

6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves Prior Periods' Profit/Loss Current Period's Net Profit/Loss Total Shareholders' Equity			
						1	2	3	4	5	6				
Reviewed	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves											
Current Period (1 January – 31 March 2019)															
I.	Balances at Beginning Period	750.000	-	-	-	-	-	-	-	-	-	2.631.991	(2.824.581)	543.696	1.101.106
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)	750.000	-	-	-	-	-	-	-	-	-	2.631.991	(2.824.581)	543.696	1.101.106
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	14.629	14.629
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	543.696	(543.696)	-
11.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	543.696	(543.696)	-
	Balances at end of the period (III+IV...+X+XI)	750.000	-	-	-	-	-	-	-	-	-	2.631.991	(2.280.885)	14.629	1.115.735

1. Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans

3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income

6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

		Reviewed	Unreviewed
		Current Period	Prior Period
		1 January - 31 March 2019	1 January - 31 March 2018
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes In Operating Assets And Liabilities	18.881	6.442
1.1.1	Profit Share Income Received	35.400	2.356
1.1.2	Profit Share Expense Paid	-	-
1.1.3	Dividend Received	-	-
1.1.4	Fees and Commissions Received	-	-
1.1.5	Other Income	505	19.587
1.1.6	Collections from Previously Written off Loans	-	2.270
1.1.7	Payments to Personnel and Service Suppliers	(10.598)	(1.319)
1.1.8	Taxes Paid	(699)	-
1.1.9	Others	(5.727)	(16.452)
1.2	Changes in Operating Assets and Liabilities	(630.959)	1.080
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(97.005)	-
1.2.2	Net (Increase) Decrease in Due From Banks and Other Financial Institutions	3.514	-
1.2.3	Net (Increase) Decrease in Loans	(803.000)	-
1.2.4	Net (Increase) Decrease in Other Assets	8.682	(1.884)
1.2.5	Net Increase (Decrease) in Bank Deposits	10.000	-
1.2.6	Net Increase (Decrease) in Other Deposits	152.935	-
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	84.380	-
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	9.535	2.964
I.	Net Cash Flows from Banking Operations	(612.078)	7.522
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash flow from investing activities	(18.992)	-
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	(2.789)	-
2.4	Disposals of Property and Equipment	23	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(7.659)	-
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	-	-
2.7	Purchase of Financial Assets Measured at Amortised Cost	-	-
2.8	Sale of Financial Assets Measured at Amortised Cost	-	-
2.9	Other	(8.567)	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Flows from Financing Activities	-	-
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	633	16.850
V.	Net (Decrease) Increase in Cash and Cash Equivalents	(630.437)	24.372
VI.	Cash and Cash Equivalents at the Beginning of the period	654.087	459.653
VII.	Cash and Cash Equivalents at the End of the period	23.650	484.025

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION THREE

Accounting Policies

I. Explanations on basis of presentation

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

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

The accounting policies used and the valuation principles used in the preparation of the unconsolidated financial statements are presented in detail below.

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

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain critical accounting estimates and assumptions by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss.

As of 1 January 2018, the Bank has complied with TFRS 9 Financial Instruments ("TFRS 9") standard regarding the classification and measurement of financial assets and is exempt from the provision for impairment. The current period financial statements of the Bank are presented in the financial statements format applicable to banks which do not apply TFRS 9 as explained by BRSA.

The Bank has applied to the Banking Regulation and Supervision Agency in the frame of the paragraph 6 of Article 9 of the "Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be Paid for These Loans" which entered into force on 1 January 2018 to get the permission for the additional time until the preparation of the conditions that would be eligible for provision regarding to TFRS 9 instead of application of TFRS 9 and the allocate it under Article 10, 11, 13 and 15 of the Regulation. The BRSA issued a positive response to the application of the Bank on 7 May 2019, the Bank has obtained permission for the implementation of the current standard until 30 April 2020. Within the scope of this permission, TFRS 9 has not been implemented as of 31 March 2019. The Bank recognizes its specific and general provisions in accordance with the relevant articles of the Regulation.

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

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements are determined and applied in accordance with BRSA Accounting and Financial Reporting Legislation. These accounting policies and valuation principles are explained in Notes II to XXIV below.

As of 31 March 2019, the amendments to TFRS 16 and other amendments to TAS / TFRS do not have an impact on the Bank's accounting policies, financial position or performance.

c. Restatement of the financial statements according to the current purchasing power of money

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies until 31 December 2004 and with regard to this the BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

The portion of provisions provided for such loans belonging to profit sharing accounts are also evaluated at current foreign exchange rates.

Foreign currency loans, which are accounted for in the loans under follow-up accounts and foreign currency loans and receivables, which are provided from similar sources of the bank, are transferred to related follow-up accounts and the exchange rates are valued there and they can be tracked in Turkish Currency accounts.

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.

There are no foreign currency differences capitalized by the Bank.

III. Explanations on forward, option contracts and derivative instruments

None (31 December 2018: None).

IV. Explanations on profit share income and expenses

Profit share income

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

The Bank has not applied TFRS 9 within the scope of 10th substance of article which published in Official Gazette dated 22 June 2016 and numbered 29750 entered into force as of 1 January 2018 "Regulation on the classification of loans and provisions to be reserved for them" and application to "Banking Regulation and Supervision Agency". Due to the fact that TFRS 9 is not applied, loans which are considered as non-performing loans are not subject to remeasurement and no profit share accrual or rediscount is made for them.

Profit share expense

The Bank recognizes its profit share expenses on an accrual basis. The expense accrual calculated using the unit value calculation on profit and loss sharing accounts is presented under the "Funds Collected" account in the balance sheet.

V. Explanations on fees, commission income and expenses

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction.

VI. Explanations on financial assets

Financial assets at the fair value through profit or loss

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Financial assets at fair value through other comprehensive income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on financial assets (continued)

Financial assets at fair value through other comprehensive income (continued)

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. The accumulated fair value differences that are reflected in shareholders' equity are reflected in the income statement when the stated securities are collected or disposed.

Equity securities, which are classified as financial assets at fair value through other comprehensive income are accounted for at fair value when they are traded in an organized market and/or the fair value can be reliably measured and these financial assets are not subject to expected losses recognition.

Financial assets measured at amortized cost

Financial assets that are held for collection of contractual cash flows within the scope of business model where those cash flows represent solely payments of principal and profit share on certain dates are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Loans

Loans are non derivative financial assets that have fixed or determinable payments terms and are not quoted in an active market. Stated loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

Granted cash loans are accounted by using the relevant accounts in accordance with the principles set out in the "Uniform Chart of Accounts to be Applied by the Participation Banks" and published in the Official Gazette dated September 20, 2017 and numbered 30186.

VII. Explanations on impairment of financial assets

Loans are financial assets raised through lending without having the intention to trade in the short term.

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

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

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

VIII. Explanations on offsetting of financial instruments

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

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

Securities subject to repurchase agreement are classified as “Financial Assets Measured at Fair Value through Profit/Loss”, “Financial Assets Measured at Fair Value through Other Comprehensive Income” and “Financial Assets Measured at Amortised Cost” according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under “Borrowings from Money Markets” in liabilities and expense rediscount is calculated in accordance with 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 statement of profit or loss.

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

Assets held for sale (or disposal group) 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.

The Bank has assets that are possessed due to receivables and debtors’ obligations to the Bank and classified as assets held for sale. In the case that the Bank has not disposed of such assets within a year of receipt or failed to produce a solid plan for sale of the assets, they are reclassified as fixed assets and are amortized. The Bank transfers such assets from assets held for sale and discounted operations to tangible assets.

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

XI. Explanations on goodwill and other intangible assets

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

As of the 31 March 2019, there is no goodwill in the financial statements of the Bank (31 December 2018: None). The Bank’s intangible assets consist of softwares and intangible rights.

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

XII. Explanations on tangible assets

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

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

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

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

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

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

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

XIII. Explanations on leasing transactions

The Bank has started to apply TFRS 16 Leases standard starting from 1 January 2019.

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

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

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

Existence of right to use

- The right to use asset is first recognized by cost method and includes:
- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Bank

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

XIII. Explanations on leasing transactions (continued)

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

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

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

The lease obligations

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

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

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

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

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

As of 31 March 2019, the Bank has no liability for the usage right arising from the lease transactions and leasing transactions.

XIV. Explanations on provisions and contingent liabilities

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

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

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

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

XV. Explanations on liabilities regarding employee rights

i) Defined benefit plans:

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

XV. Explanations on liabilities regarding employee rights (continued)

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

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

The Bank has no liabilities to these foundations (31 December 2018: None).

ii) Defined contribution plans:

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Bank has not any further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrued.

iii) Short term benefits to employees:

In accordance with TAS 19, Bank measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

XVI. Explanations on taxation

Current tax

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

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

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

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

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

In accordance with the Turkish tax legislation, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

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

Deferred tax

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12").

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

XVI. Explanations on taxation (continued)

Deferred tax (continued)

Deferred tax asset is calculated on all temporary differences to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

Deferred tax liabilities are calculated for all of the temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91, Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. The Bank calculates deferred taxes using related ratios considering the realization period of the temporary differences.

Transfer pricing

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

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

XVII. Additional explanations on borrowings

There are no debt securities issued by the Bank.

XVIII. Explanations on issued share certificates

None.

XIX. Explanations on acceptances and availed drafts

None.

XX. Explanations on government grants

None.

XXI. Explanations on segment reporting

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

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

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

XXIII. Explanations on other matters

As of 31 December 2018, the provision balance amounting to TL 9.777, which is classified under Expected Loss Provisions under assets section in the statement of financial position as of 31 December 2018, has been reclassified under General Provisions under the liabilities in the balance sheet as of 31 December 2018 in compliance with current period financial statements.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

XXIV. Additional paragraph for convenience translation

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR

Information on Financial Structure and Risk Management

I. Explanations on capital adequacy standard ratio

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 31 March 2019, the Bank’s total capital has been calculated as TL 1.093.877 and capital adequacy standard ratio is 226,91%. As of 31 December 2018, Bank’s total capital amounted to TL 1.085.818 and capital adequacy ratio was 268,36%. The Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations on capital adequacy standard ratio (continued)

a. Information on capital

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	750.000	750.000
Share issue premiums	-	-
Reserves	-	-
Gains recognized in equity as per TAS	2.320.496	2.320.496
Profit	14.629	543.696
Current Period Profit	14.629	543.696
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	3.085.125	3.614.192
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.969.388	2.513.084
Improvement costs for operating leasing	-	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	27.180	20.330
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué related to principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	1.996.568	2.533.414
Total Common Equity Tier 1 Capital	1.088.557	1.080.778

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations on capital adequacy standard ratio (continued)

a. Information on capital (continued)

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1.088.557	1.080.778
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA (***)	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.320	5.040
Tier II Capital Before Deductions	5.320	5.040
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.320	5.040
Total Capital (The sum of Tier I Capital and Tier II Capital)	1.093.877	1.085.818
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations on capital adequacy standard ratio (continued)

a. Information on capital (continued)

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	1.093.877	1.085.818
Total Risk Weighted Amounts	482.075	404.609
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	225.81	267.12
Tier 1 Capital Adequacy Ratio (%)	225.81	267.12
Capital Adequacy Ratio (%)	226.91	268.36
BUFFERS		
Total buffer requirement (a+b+c)	2,50	1.88
a) Capital conservation buffer requirement (%)	2,50	1.88
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 (%)	218.91	260.36
Amounts Lower Than Excesses as per Deduction Rules		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Limits related to provisions considered in Tier II calculation	-	-
Amount arising from deferred tax assets based on temporary differences	99.704	103.538
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	10.676	9.777
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	5.320	5.040
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations on capital adequacy standard ratio (continued)

b. Information on capital

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on credit risk

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

III. Explanations on currency risk of the Bank

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

- a. The Bank is exposed to currency risks as a market risk and tries to balance the currency risks by avoiding to keep any long or short positions. The currency risk of the Bank is monitored on a daily basis. Net foreign currency position/shareholders' equity ratio is also controlled 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 amount subject to risk is calculated on a monthly basis.
- b. The Bank does not have any derivative financial instruments held for hedging purposes.
- c. As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep the currency risk at a minimum level.
- d. Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
Balance sheet evaluation rate	5,6253	6,3172
29 March 2019	5,6253	6,3172
28 March 2019	5,5265	6,2148
27 March 2019	5,3601	6,0395
26 March 2019	5,5165	6,2389
25 March 2019	5,5376	6,2723
24 March 2019	5,6253	6,3172

- e. The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 5,5339 for 1 USD (December 2018: TL 5,2995), TL 6,2492 for 1 EUR (December 2018: TL 6,0319).

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

III. Explanations on currency risk (continued)

Information on currency risk of the Bank

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey.	117	120	-	237
Banks	956	16.758	-	17.714
Financial Assets At Fair Value Through Profit And Loss	-	77.704	-	77.704
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans	-	-	-	-
Subsidiaries, Associates And Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	-	-	-
Total Assets	1.073	94.582	-	95.655
Liabilities				
Current account and funds collected from banks via participation accounts	-	-	-	-
Other current and profit sharing accounts	636	10.143	-	10.779
Money Market Borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	-	84.396	-	84.396
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	636	94.539	-	95.175
Net balance sheet position	437	43	-	480
Net off balance sheet position	-	-	-	-
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans	-	-	-	-
Prior Period				
Total Assets	50	1.907	-	1.957
Total Liabilities	-	515	-	515
Net balance sheet position	50	1.392	-	1.442
Net balance sheet position	-	-	-	-
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans	-	-	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

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

None.

V. Explanations on liquidity risk

Liquidity Risk is managed by Asset and Liability Committee (“ALCO”) in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Bank’s risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

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

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

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

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

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

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

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

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

V. Explanations on liquidity risk (continued)

Liquidity coverage ratio

		Rate of "Percentage to be taken into account" not Implemented Total value ⁽¹⁾		Rate of "Percentage to be taken into account" Implemented Total value ⁽¹⁾	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			45.880	13.665
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	189	10	13	1
3	Stable Funds Collected	115	-	6	-
4	Less stable Funds Collected	74	10	7	1
5	Unsecured Funding other than Retail and Small	54.131	24.200	38.289	23.488
6	Operational Funds Collected	-	-	-	-
7	Non-Operational Funds Collected	50.242	24.200	34.400	23.488
8	Other Unsecured Funding	3.889	-	3.889	-
9	Secured funding			-	-
10	Other Cash Outflows	85	85	85	85
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	85	85	85	85
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			38.387	23.574
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	877.129	5.301	877.129	5.301
19	Other contractual cash inflows	7.883	7.883	7.883	7.883
20	TOTAL CASH INFLOWS	885.012	13.184	885.012	13.184
				Upper limit applied amounts	
21	TOTAL HQLA			45.880	13.665
22	TOTAL NET CASH OUTFLOWS			9.597	10.390
23	Liquidity Coverage Ratio (%)			478,08	131,52

⁽¹⁾ Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	250,28	85
Date	31 March 2019	28 March 2019
Highest	3.601,82	90.400
Date	22 March 2019	25 March 2019
Average	478,08	131,52

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

V. Explanations on liquidity risk (continued)

Liquidity coverage ratio (continued)

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 2,43% cash, 24,69% deposits in central banks and 8,03% securities considered as high quality liquid assets.

The Bank's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 65,92% funds collected, 34,08% funds borrowed, borrowings from money market and subordinated loans.

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	5.656	-	-	-	-	-	-	5.656
Banks	17.994	-	-	-	-	-	-	17.994
Financial Assets at Fair Value Through Profit and Loss	-	-	28.331	69.969	-	-	-	98.300
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	7.659	7.659
Loans	-	805.743	-	-	-	-	-	805.743
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-	-	-
Other Assets ⁽¹⁾	-	-	-	-	-	-	477.563	477.563
Total Assets	23.650	805.743	28.331	69.969	-	-	485.222	1.412.915
Liabilities								
Current account and funds collected from banks via participation accounts	-	-	10.023	-	-	-	-	10.023
Other current and profit sharing accounts	23.597	11.024	118.615	-	-	-	-	153.236
Funds provided from other financial institutions and subordinated loans	-	84.396	-	-	-	-	-	84.396
Money Market Borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Other liabilities	-	15.666	-	-	-	-	1.149.594	1.165.260
Total liabilities	23.597	111.086	128.638	-	-	-	1.149.594	1.412.915
Liquidity Gap	53	694.657	(100.307)	69.969	-	-	(664.372)	-
Net Off-balance sheet Position	-	-	-	-	-	-	-	-
Financial Derivative Assets	-	-	-	-	-	-	-	-
Financial Derivative Liabilities	-	-	-	-	-	-	-	-
Non-cash Loans	-	-	-	-	-	-	-	-
Prior Period								
Total Assets	6	657.595	-	-	-	-	481.197	1.138.798
Total Liabilities	-	-	-	-	-	-	1.138.798	1.138.798
Liquidity Gap	6	657.595	-	-	-	-	(657.601)	-
Net Off-balance sheet Position	-	-	-	-	-	-	-	-
Financial Derivative Assets	-	-	-	-	-	-	-	-
Financial Derivative Liabilities	-	-	-	-	-	-	-	-
Non-cash Loans	-	-	-	-	-	-	-	-

⁽¹⁾ Unallocated other assets column consist of assets held for sale, investment in associates, tangible and intangible assets, current and deferred tax assets and other assets.

⁽²⁾ Unallocated other liabilities column consists of equity and provision balances.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***VI. Explanations on Leverage Ratio**

As of 31 March 2019, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 26,19%. Leverage ratio is required to remain minimum 3% as per “Communiqué on Measurement and Evaluation for Leverage Ratios of Banks”.

	Current Period⁽¹⁾
Balance sheet assets	
1 Balance sheet assets (except for derivative financial instruments and credit derivatives, including warranties)	470.961
2 (Assets deducted from main capital)	9.060
3 Total risk related to balance sheet assets (1+2)	480.021
Derivative financial instruments and credit derivatives	
4 Replacement cost of derivative financial instruments and credit derivatives	-
5 Potential credit risk amount of derivative financial assets and credit derivatives	-
6 Total risk amount of derivative financial instruments and credit derivatives (4 +5)	-
Security or secured financing transactions	
7 Risk amount of security or secured financing transactions (except balance sheet)	-
8 Risk amount due to intermediated transactions	-
9 Total risk of security or secured financing transactions (7+8)	-
Off-balance sheet transactions	
10 Gross nominal amount of off-balance sheet transactions	-
11 (Adjustment amount resulting from multiplying by credit conversion rates)	-
12 Total risk due to off-balance sheet transactions (10+11)	-
Equity and total risk	
13 Main capital	362.852
14 Total risk amount (3+6+9+12)	480.021
Leverage ratio	
15 Leverage ratio (%) ⁽²⁾	26,19

(1) Table represents three month average amounts.

(2) The Bank has started to perform its banking activities as of 21 March 2019. As of 31 March, in calculation of leverage ratio, 31 January 2019 and 28 February 2019 ratios were considered as zero and leverage ratio considered as an average of calculation of dated 31 March 2019.

VII. Explanations on Presentation of Financial Assets and Liabilities at Fair Value

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

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

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

IX. Explanations on Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks, promulgated in the Official Gazette, No. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Bank, tables required by Internal Rating Based approach ("IRB") are not presented.

- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of market risk exposures under an IMA

Overview of risk-weighted assets

		Risk weighted amount		Minimum capital requirement
		Current period	Prior period	Current period
1	Credit risk (excluding counterparty credit risk)	425.580	403.166	34.046
2	Standard approach	425.580	403.166	34.046
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Standard approach for counterparty credit risk	-	-	-
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies -look-through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/Simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	56.495	1.443	4.520
17	Standard approach	56.495	1.443	4.520
18	Internal model approaches	-	-	-
19	Operational risk	-	-	-
20	Basic indicator approach	-	-	-
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	482.075	404.609	38.566

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***X. Explanations on Operating Segments**

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

Current period	Retail banking	Corporate and Commercial Banking	Treasury	Unallocated	Total
Operating income	-	-	39.715	228	39.943
Operating expense	-	324	1.179	19.974	21.477
Profit before tax	-	(324)	38.536	(19.746)	18.466
Tax provision	-	-	-	3.837	3.837
Net profit/loss	-	(324)	38.536	(23.583)	14.629
Total assets	-	-	927.693	485.222	1.412.915
Total liabilities	1.607	161.652	84.396	1.165.260	1.412.915

The Bank received permission to operate in accordance with the Banking Regulation and Supervision Agency's dated 26 February 2019 and numbered 8262 decision which published in dated 27 February 2019 and numbered 30699 Official Gazette and started operations as of 21 March 2019. As a consequence of Bank started Banking operations as of 21 March 2019, no explanations related to the operation segments for the previous period were presented.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***SECTION FIVE****Explanations and notes on the unconsolidated financial statements****I. Explanations and notes related to assets****1. a. Cash and balances with the Central Bank of Republic of Turkey (CBRT)**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	2.627	237	6	-
CBRT	2.792	-	-	-
Other	-	-	-	-
Total	5.419	237	6	-

a. Information related to CBRT

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	2.792	-	-	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	2.792	-	-	-

The Bank has obtained the operating license as of 27 February 2019 and has started to perform its banking activities as of 21 March 2019 therefore as of 31 March 2019, there is no reserve balance (31 December 2018: None).

2. Information about banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks				
Domestic	280	17.714	655.638	1.957
Foreign	-	-	-	-
Foreign head Office and branches	-	-	-	-
Total	280	17.714	655.638	1.957

3. Financial assets measured at fair value through profit or loss**Financial assets subject to repurchase agreements and provided as collateral/blocked**

None (31 December 2018: None).

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***I. Explanations and Notes Related to Assets (continued)****4. Financial assets measured at fair value through other comprehensive income****a. Information on financial assets measured at fair value through other comprehensive income subject to repurchase transactions, given as a guarantee or blocked**

None (31 December 2018: None).

b. Information on financial assets measured at fair value through other comprehensive income

	Current period	Prior period
Debt securities	-	-
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
Share certificates	7.659	-
Quoted in stock exchange	-	-
Not quoted in stock exchange	7.659	-
Impairment provision (-)	-	-
Total	7.659	-

5. Information on derivative financial assets:

None (31 December 2018: None).

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 Bank

None (31 December 2018: None).

b. Information on standard loans and loans under close monitoring including restructured or rescheduled Loans:

Cash loans Current period	Standard loans	Loans under close monitoring		
		Not under the scope of restructuring or rescheduling	Restructured	
			Amendments to terms or contracts	Refinancing
Loans	805.743	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Business loans	-	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Loans given to financial sector	805.743	-	-	-
Other	-	-	-	-
Other receivables	-	-	-	-
Total	805.743	-	-	-

Cash loans Prior period	Standard loans	Loans under close monitoring		
		Not under the scope of restructuring or rescheduling	Restructured	
			Amendments to terms or contracts	Refinancing
Loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Business loans	-	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Loans given to financial sector	-	-	-	-
Other	-	-	-	-
Other receivables	-	-	-	-
Total	-	-	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations and Notes Related to Assets (continued)

6. Information on loans (continued)

b. Information on standard loans and loans under close monitoring including restructured or rescheduled Loans (continued)

	Current period		Prior period	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
General provisions	12.045	-	-	-
Total	12.045	-	-	-
Number of contract revisions for extension of payment plan	Standard loans and other receivables		Loans under close monitoring and other receivables	
1 or 2 times		-		-
3,4 or 5 times		-		-
Over 5 times		-		-
Number of contract revisions for extension of payment plan	Standard loans and other receivables		Loans under close monitoring and other receivables	
Up to 6 months		-		-
6 – 12 months		-		-
1 – 2 years		-		-
2 – 5 years		-		-
5 years and over		-		-

c. Maturity analysis of cash loans

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

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

None (31 December 2018: None)

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

None (31 December 2018: None)

f. Allocation of loans by customers

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

g. Breakdown of domestic and foreign loans

	Current period	Prior period
Domestic loans	805.743	-
Foreign loans	-	-
Total	805.743	-

h. Loans granted to subsidiaries and associates

None (31 December 2018: None)

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations and Notes Related to Assets (continued)

6. Information on loans (continued)

i. Specific provisions for loans

	Current Period	Prior Period
Loans with limited collectability	-	-
Loans with doubtful collectability	-	-
Uncollectible loans	188.343	188.343
Total	188.343	188.343

j. Information on non-performing loans (net)

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

None (31 December 2018: None).

j.2. Movements of total non-performing loans

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Closing balance of prior period	-	-	188.343
Additions in the current period (+)	-	-	-
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections in the current period (-)	-	-	-
Exchange rate valuation	-	-	-
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	-	-	188.343
Provisions (-)	-	-	188.343
Net balance at the balance sheet	-	-	-

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Closing balance of prior period	-	-	1.303.781
Additions in the current period (+)	-	-	10.075
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections in the current period (-)	-	-	(18.711)
Exchange rate valuation	-	-	55.036
Write offs (-)	-	-	(1.161.838)
Corporate and commercial loans	-	-	-
Retail loans	-	-	(220)
Credit cards	-	-	-
Other	-	-	(1.161.618)
Closing balance of the current period	-	-	188.343
Provisions (-)	-	-	188.343
Net balance at the balance sheet	-	-	-

(*) The Bank makes provisions for the entire non-performing loan portfolio, and has sold from its non performing loan portfolio amounting to TL 1.161.838 to Birleşim Varlık Yönetimi A.Ş (Asset Management Company) for TL 7.700.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations and notes related to assets (continued)

6. Information on loans (continued)

j.3. Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Period end balance	-	-	-
Provision (-)	-	-	-
Net Balance	-	-	-

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible Loans
Prior Period			
Period end balance	-	-	-
Provision (-)	-	-	-
Net Balance	-	-	-

j.4. Gross and net amounts of non-performing loans according to user groups

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible Loans
Current period (net)	-	-	-
Loans to individuals and corporates (gross)	-	-	188.343
Provision (-)	-	-	188.343
Loans to individuals and corporates (net)	-	-	-
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	-	-	-
Loans to individuals and corporates (gross)	-	-	188.343
Specific provision (-)	-	-	188.343
Loans to individuals and corporates (net)	-	-	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

k. Liquidation policy for uncollectible loans and other receivables:

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***I. Explanations and notes related to assets (continued)****6. Information on loans (continued)****1. Information on write-off policies**

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

I. Explanations and notes related to assets (continued):**7. Explanations on financial assets measured at amortised cost:**

None (31 December 2018: None).

8. Explanations on lease receivables (Net):**a. Presentation of remaining maturities of funds lent under finance lease method**

None (31 December 2018: None).

b. Information on net investments through finance lease

None (31 December 2018: None).

c. General explanation on finance lease contracts

None (31 December 2018: None).

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

Assets held for sale consist of tangible assets which have been acquired due to non-performing loans.

	Current period	Prior period
Opening balance	36.722	22.679
Additions	-	14.043
Disposals	(43)	-
Transfers	-	-
Impairment provision(-)/Reversal of impairment provision	-	-
Closing balance	36.679	36.722

10. Informations on Associates**a1. Information on unconsolidated associates**

Emlak Menkul Değerler A.Ş., which is owned by the Bank by 50%, has been reported to be bankrupt in the Audit Report prepared by Court of Account dated 31 October 2018.

Emlak Menkul Değerler A.Ş. has not been consolidated as of 31 March 2019 and 31 December 2018.

a.2. Information on consolidated associates

As of 31 March 2019, the Bank does not have any consolidated associates (31 December 2018: None).

11. Information on subsidiaries (net)**b.1. Information on unconsolidated subsidiaries**

The Bank does not have unconsolidated subsidiaries as of 31 March 2019 (31 December 2018: None).

b.2. Information on consolidated subsidiaries

The Bank does not have consolidated subsidiaries as of 31 March 2019 (31 December 2018: None).

12. Information on investments in joint-ventures

None (31 December 2018: None).

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***I. Explanations and notes related to assets (continued)****13. Information on tangible assets**

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

14. Information on intangible assets

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

15. Information on investment property

None (31 December 2018: None).

16. Information related to deferred tax asset

	Current period	Prior period
Deferred tax provision for transferred financial loss	97.225	100.964
Provisions for retirement premium and vacation pay liabilities	1.058	981
Other provisions for debts and expense	3.644	3.657
Deferred tax asset	101.927	105.602
Revaluation difference of properties	1.988	1.827
Other	238	237
Deferred tax liability	2.226	2.064
Deferred tax asset (Net)	99.701	103.538

The time limits for deferred tax losses are as follows:

	Current period	Prior period
2023	486.126	504.819
Losses brought forward	486.126	504.819

17. 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 (*)	175.700	175.700
Other	35.186	43.825
Total	210.886	219.525

(*) Includes receivables from Ministry of Treasury and Finance, General Directorate of Highways and Housing Development Administration.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations and Notes Related to Liabilities

1. Information on funds collected

a. Information on maturity structure of funds collected

Current Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	326	-	-	-	-	-	-	-	326
II. Real persons profit sharing accounts TL	-	48	1.228	-	-	-	-	-	1.276
III. Other current accounts-TL	19.805	-	-	-	-	-	-	-	19.805
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	19.805	-	-	-	-	-	-	-	19.805
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	10.976	120.097	-	-	-	-	-	131.073
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	10.976	88.804	-	-	-	-	-	99.780
Other institutions	-	-	21.270	-	-	-	-	-	21.270
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	10.023	-	-	-	-	-	10.023
V. Real persons current accounts-FC	5	-	-	-	-	-	-	-	5
VI. Real persons profit sharing accounts-FC	-	-	-	-	-	-	-	-	-
VII. Other current accounts-FC	3.461	-	-	-	-	-	-	-	3.461
Commercial residents in Turkey	3.461	-	-	-	-	-	-	-	3.461
Commercial residents in Abroad	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts-FC	-	-	7.313	-	-	-	-	-	7.313
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	-	7.313	-	-	-	-	-	7.313
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	-	-	-	-	-	-	-	-	-
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	23.597	11.024	128.638	-	-	-	-	-	163.259

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

- II. Explanations and Notes Related to Liabilities (continued)**
- 1. Information on funds collected (continued)**
- a. Information on maturity structure of funds collected (continued)**

Prior Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	-	-	-	-	-	-	-	-	-
II. Real persons profit sharing accounts TL	-	-	-	-	-	-	-	-	-
III. Other current accounts-TL	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	-	-	-	-	-	-	-	-
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	-	-	-	-	-	-	-	-
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	-	-	-	-	-	-	-	-	-
VI. Real persons profit sharing accounts-FC	-	-	-	-	-	-	-	-	-
VII. Other current accounts-FC	-	-	-	-	-	-	-	-	-
Commercial residents in Turkey	-	-	-	-	-	-	-	-	-
Commercial residents in Abroad	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts-FC	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	-	-	-	-	-	-	-	-
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	-	-	-	-	-	-	-	-	-
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	-	-	-	-	-	-	-	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations and Notes Related to Liabilities (continued)

b. Information on participation fund under the guarantee of insurance

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	855	755	-	-
Turkish Lira accounts	850	755	-	-
Foreign currency accounts	5	-	-	-
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 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

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

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

	Current period	Prior period
Foreign Branches' Profit Sharing Accounts and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	44	-
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 OffShore Banking Activities	-	-

2. Information on borrowings

a.1 Information on types of borrowings

	Current period		Prior period	
	TL	FC	TL	FC
Syndication loans	-	-	-	-
Wakale loans	-	84.396	-	-
Loans obtained from Issued Lease (Sukuk)	-	-	-	-
Other	-	-	-	-
Total	-	84.396	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***II. Explanations and Notes Related to Liabilities (continued)****2. Information on borrowings (continued)****a.2 Information on banks and other financial institutions**

	Current period		Prior period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	-	84.396	-	-
Loans from foreign banks, institutions and funds	-	-	-	-
Total	-	84.396	-	-

a.3 Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term	-	84.396	-	-
Medium and long-term	-	-	-	-
Total	-	84.396	-	-

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

The Bank does not have concentration on customer or sector group providing funds (31 December 2018: None).

3. Information on derivative financial liabilities

None (31 December 2018: None).

4. Lease payables:

None (31 December 2018: None)

5. Information on hedging derivative financial liabilities

None (31 December 2018: None).

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations and Notes Related to Liabilities (continued)

6. Information on provisions

a. Information on provisions for employee rights

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 1.473 (31 December 2018: TL 1.284), vacation pay liability amounting to TL 319 (31 December 2018: TL 153), and performance premium amounting to TL 4.817 (31 December 2018: 4.462).

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

	Current Period	Prior Period
Discount rate (%)	3,57	3,57

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

	Current Period	Prior Period
Prior period ending balance	1.284	1.319
Change in the period	189	239
Actuarial (gain)/loss	-	(274)
Balance at the end of the period	1.473	1.284

b. Other provisions

	Current Period	Prior Period
Provisions for cases on trial	16.566	16.623
Total	16.566	16.623

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

None (31 December 2018: None).

d. Information on general provisions

	Current period	Prior period
General provisions		
I.Group Loans and receivables (Total)	12.476	9.777
Participation accounts's share	1.800	-
Bank's share	10.676	9.777
Other	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	-	-
Participation accounts' share	-	-
Bank's share	-	-
Other	-	-
II. Group loans and receivables (Total)	-	-
Participation accounts' share	-	-
Bank's share	-	-
Other	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	-	-
Participation accounts' share	-	-
Bank's share	-	-
Other	-	-
Non-cash loans	-	-
Other	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***II. Explanations and Notes Related to Liabilities (continued)****7. Information on taxes payable****a. Explanations on current tax liability****a.1. Explanations on tax provisions**

As of 31 March 2019, the Bank has no remaining tax liability after offsetting prepaid corporate tax (31 December 2018: None).

a.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	-	-
Banking insurance transaction tax	293	855
Taxation on securities income	3	-
Value added tax payable	50	10
Taxation on real estate income	-	-
Foreign exchange transaction tax	-	-
Other	1.363	483
Total	1.709	1.348

a.3. Information on premiums

	Current Period	Prior Period
Social security premiums-employee	473	138
Social security premiums-employer	692	198
Bank pension fund premium-employee	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	40	10
Unemployment insurance-employer	80	20
Other	204	-
Total	1.489	366

8. Liabilities for assets held for sale and discontinued operations

None (31 December 2018: None).

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

None (31 December 2018: None).

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

None (31 December 2018: None)

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***II. Explanations and Notes Related to Liabilities (continued)****11. Information on shareholders' equity****a. Presentation of paid-in capital**

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

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

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	750.000	750.000

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

There is no capital increase in the current period.

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

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

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

There are no capital commitments until the end of the last fiscal year and following interim period.

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

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

g. Information on privileges given to stocks representing the capital

There is no privilege given to stocks representing the capital.

h. Information on marketable securities valuation reserve

None (31 December 2018: None).

i. Information on other capital reserves

None (31 December 2018: None).

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

III. Explanations and Notes Related to Off-Balance Sheet

1. Explanations on off balance sheet

a. Type and amount of irrevocable loan commitments

None (31 December 2018: None).

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

None (31 December 2018: None).

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

c.1 Within the Non-cash Loans

None (31 December 2018: None).

c.2 Sectoral risk concentration of non-cash loans

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

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

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

2. Explanations on derivative transactions

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

3. Explanations on contingent assets and liabilities

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

4. Explanations on services rendered on behalf of third parties

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Explanations and Notes Related to the Statement of Profit or Loss

1. Information on profit share income

a. Information on profit share income received from loans

	Current period		Prior period	
	TL	FC	TL	FC
Profit share received from loans				
Short term loans	4.392	-	-	-
Medium and long term loans	-	-	-	-
Profit share on non-performing loans	-	-	-	-
Total	4.392	-	-	-

b. Information on profit share income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
CBRT	-	-	-	-
Domestic banks	34.222	-	-	-
Foreign banks	-	-	-	-
Head offices and branches abroad	-	-	-	-
Total	34.222	-	-	-

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	440	24	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Total	440	24	-	-

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

	Current period		Prior period	
	TL	FC	TL	FC
Profit share income received from associates and subsidiaries	-	-	-	-
Total	-	-	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Explanations and Notes Related to the Statement of Profit or Loss (continued)

2. Explanations on profit share expenses

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

Current period		Profit sharing accounts					Accumulated profit sharing account	Total
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		
TL								
Funds collected from banks through current and profit sharing accounts	-	15	-	-	-	-	-	15
Real person's non-trading profit sharing accounts	-	1	-	-	-	-	-	1
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	17	244	-	-	-	-	-	261
Other institutions profit sharing accounts	-	45	-	-	-	-	-	45
Total	17	305	-	-	-	-	-	322
FC								
Banks	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing accounts	-	-	-	-	-	-	-	-
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	-	2	-	-	-	-	-	2
Other institutions profit sharing accounts	-	-	-	-	-	-	-	-
Precious metals deposit	-	-	-	-	-	-	-	-
Total	-	2	-	-	-	-	-	2
Grand total	17	307	-	-	-	-	-	324

b. Information on profit share expense paid to funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks	-	16	-	-
CBRT	-	-	-	-
Domestic banks	-	16	-	-
Foreign banks	-	-	-	-
Head offices and branches abroad	-	-	-	-
Other institutions	-	-	-	-
Total	-	16	-	-

c. Profit share expense paid to associates and subsidiaries

	Current period		Prior period	
	TL	FC	TL	FC
Profit share paid to investments in associates and subsidiaries	-	-	-	-
Total	-	-	-	-

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***IV. Explanations and Notes Related to the Statement of Profit or Loss (continued)****2. Explanations on profit share expenses (continued)****d. Profit share expenses paid to marketable securities issued**

None (31 March 2018: None).

3. Information on dividend income

None (31 March 2018: None).

4. Explanations on trading income/loss (net)

	Current period	Prior period
Income	509	17.240
Income from capital market transactions	240	-
Income from derivative financial instruments	-	-
Foreign exchange income	269	17.240
Loss (-)	497	60
Income from capital market transactions	265	-
Income from derivative financial instruments	-	-
Foreign exchange income	232	60
Trading Income/Loss (net)	12	17.180

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Explanations and Notes Related to the Statement of Profit or Loss (continued)

5. Explanations related to other operating income

	Current period	Prior period
Income from sale of assets	82	136
Reversal of prior year provisions	72	2.271
Reversal of communication expenses provision	25	-
Other income	8	-
Total	187	2.407

6. Loan provisions

	Current period	Prior period
Specific Provisions	-	-
Loans with limited collectability	-	-
Loans with doubtful collectability	-	-
Uncollectible loans	-	-
General provisions ⁽¹⁾	2.699	-
Marketable securities impairment expense	-	-
Financial assets measured at fair value through profit/loss	-	-
Financial assets measured at fair value through other comprehensive income	-	-
Impairment provision for associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	2.699	-

(1) TL 953, which is accounted for as general loan loss provision, represents the share of general provisions for loans granted from participation accounts.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Explanations and Notes Related to the Statement of Profit or Loss (continued)

7. Information on other operating expenses

	Current period	Prior period
Provision for retirement pay liability	189	-
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	754	11
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1.717	2
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 operational expenses	2.197	271
Lease Expenses Related to TFRS 16 Exemptions	-	43
Maintenance expenses	331	2
Advertisement expenses	344	-
Other expenses ⁽¹⁾	1.522	226
Loss on sale of assets	-	-
Other ⁽²⁾	1.514	266
Total	6.371	550

⁽¹⁾ Other expenses under "other operating expenses" are provided below:

	Current period	Prior period
Cleaning expenses	235	60
Stationery expenses	214	3
Communication expenses	184	9
Expense share for common expenses	156	4
Vehicle expenses	105	38
Securities insurance expenses	94	3
Heating, lighting and water expenses	56	22
Representation and hosting expenses	14	4
Lawsuit and court expenses	13	32
Other	451	51
Total	1.522	226

⁽²⁾ Details of other balance are provided as below:

	Current period	Prior period
Taxes, duties, charges and funds	785	54
Audit and consultancy fees	462	48
Institution and Union participation share expense	250	-
Saving Deposit Insurance Fund	2	-
Other	15	164
Total	1.514	266

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***IV. Explanations and Notes Related to the Statement of Profit or Loss (continued)****8. Explanations on income/loss from continued and discontinued operations before taxes**

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

9. Explanations on tax provision for continued and discontinued operations

As of 31 March 2019, the Bank has deferred tax expense amounting to TL 4.096 and deferred tax income amounting to TL 259.

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations.

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

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

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

None.

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

None.

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

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

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

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

VII. Explanations related to the risk group of the Bank**1. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses related to the period**

None (31 December 2018: None).

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

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

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

The Bank does not have forward and option agreements with the risk group of the Bank.

As of 31 March 2019, the Bank has paid TL 1.499 (31 December 2018: TL 291) to top management.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

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

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

IX. Explanations related to subsequent events and footnotes

The Bank obtained a subordinated loan from Türkiye Varlık Fonu Piyasa İstikrar ve Denge Alt Fonu amounting to EUR 200.000 which is perpetual and non profit share bearing within the form of additional tier one capital on 22 April 2019 with the approval of BRSA.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION SIX

Limited Review report

I. Explanations on limited review report

The Bank's consolidated financial statements as of and for the period ended 31 March 2019 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of the KPMG International Cooperative) and the limited review report dated 15 May 2019 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors

None.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION SEVEN

Explanations of Interim Activity Report

I. Message from the Chairman of the Board of Directors

Dear Shareholders,

2019 began with much other excitement for Türkiye Emlak Katılım Bankası employees and management.

Emlak Bank brand returned to banking sector after 18 years. The needs of our country, our economy and Participation banking began to operate as the Participation Bank as a reflection of its vision to increase its market share to 15%.

We have positioned the most well-equipped team of the sector as the founding team of the bank, who know the dynamics, potential, opportunities and power of our country, and started to reap the fruits of it from the establishment process. The story of the transformation of a conventional bank into a participation bank was written for the first time in the World in an unprecedented timeline in the history of finance, establishment activities were completed in the last quarter of 2018, our banking operations started in March 2019. I would like to extend my gratitude to the Ministry of Treasury and Finance and to the Ministry of Environment and Urbanization as well as to the staff who are behind us for this tremendous performance.

Emlak Katılım Bankası, will continue its activities as an innovative participation bank that supports local production and sustainable growth by adhering to the principles of interestless.

We are aware of the expectations of the real estate sector and the investors who want to buy housing. We continue to work on innovative financing products for them.

The first quarter of 2019 was very active for both our country and us. The local election process has been completed and there is a continuous process of 4.5 years. We consider this process as a great opportunity to evaluate the process in the most efficient way and to take steps to recover from the economy. The first signal of this is within the scope of the New Economy Program, One of the reform steps explained by the Treasury and Finance Minister Berat Albayrak was the type that directly affected our bank. In the name of strengthening the capital of our Bank, the Ministry of Treasury and Finance issued 200 million Euro worth of Lending Special State Government Domestic Borrowing Bills. This step is very important for our bank to fulfill its transfer activities at the highest level.

When we look at the course of participation banking in our country in the first quarter of 2019, we see growth in all items except loans extended. This is an important indicator that the growth of participation banks will continue this year. Credit growth may be considered among the factors that reduce the risk appetite as trade wars in the world and high fluctuations in emerging markets.

While determining our strategy we are trying to analyze the trends affecting banking in the World and Turkey, global and regional macro-economic developments effectively. 2019 seems to be a year in which the balancing process in the world economy will continue. We believe in the power of our country to realize our goals. With our competent human resources, we will try to be at the side of our customers and produce value added services for our society and our economy. While fulfilling our vision and mission we will never give up being a companion with our corporate values.

To fulfill these goals, we have identified our motto as “Trust in Power”.

The performance and figures performed by our central branch since the day we started have never been seen in any participation bank.

For this reason, we are both proud and hopeful and we thank everyone who “Trust in Power” of us, this bank and the country.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

Explanations of Interim Activity Report (continued)

II. Message from the CEO

Dear Shareholders,

The first quarter of 2019 has been a period in which economic balancing continued and recovery signals are observed in terms of our main economic indicators. The Central Bank continued its monetary policy stance in this period as well as focusing on reducing inflation to single digits. With exports of goods and strong demand for tourism net exports contributed to growth. The foreign trade deficit have been narrowed ten months in a row including March. If the acceleration in the increase of exports continues accompanied by the decrease in imports, Foreign trade deficit, which completed 2018 with a level of 55,1 billion TL, is likely to close at a lower level in 2019. PMI data, which was 44,2 in January, reached 47,2 in March. Housing sales amounted to 105,046 units as of March, although a relative percentage decline compared to the same month of the previous year, Considerable increase have been observed compared to the first two months of 2019. Especially other housing sales in Turkey showed an increase of 5,3 percent compared to the same month of the previous year. With its 18,2 percent share in housing sales, Istanbul became the city with the largest share as in previous periods.

On the banking side, according to BRSA data, credit volume grew by 3 percent compared to the previous year-end. In the same period, the ratio of non-performing loans in the banking sector decreased relatively.

In the world, optimism in US and China's manufacturing data increased the risk appetite in the markets and it was the occasion to come to purchases emerging markets such as Turkey. On the other hand, IMF revised the world economy growth rate expectation for 2019 from 3,5 percent to 3,2 percent. It can be said that the slowdown in the US, UK, Japan, Eurozone, China and India industrial production growth rate and the deceleration in the PMI data, which started in the second half of 2017 and strengthened in 2018 were sovereign in this decision. In the first quarter of 2019, while worries about recession and global economic crisis continue for the world economy on the other hand, positive signs took place in key indicators of the world's leading economies.

While these were occurring in the Turkey and World economy over the past three months period, the youngest participation bank in our country, Turkey Türkiye Emlak Katılım Bankası who took the first steps for conversion and re-operation as of September 2018, began banking operations. After the Bank obtained an operating license from the BRSA on 27 February 2019, our bank started its operations in 21 March with a total of more than six hundred integrations completed in a short period of time. The journey which started with 3 people in September 2018, we've reached 173 colleagues in total since.

Transformation of a conventional bank into a participation bank and this precious operation, which is the only one in the world banking history, is ready to be able to offer all banking services in such a short time is a pride for every employee and stakeholder of the Türkiye Emlak Katılım Bankası. I would like to express my gratitude once again that we are grateful for the strong support and contribution of the President of the Republic of Turkey, the Minister of Treasury and Finance and the Minister of Environment and Urbanization, despite their extraordinary intensity on the occasion of the 31 March 2019 local elections.

With its strong capital structure and competent and experienced staff Türkiye Emlak Katılım Bank positioned itself as a strong partner for strategic sectors such as industrial production and logistics and especially in construction sector, which mainly composed of building materials manufacturers and users. Being on the side of people who believe in the power of our country set out to add power to their power. In addition to participation banking basic products; we have prepared products that will provide permanent solutions to related sectors such as structured supply chain financing, lease certificate with purchase option, real estate investment fund, rent register system, mortgage certificate, referee account and building saving box, contribute to increase the total market share of participation banking and decrease the unemployment and current account deficit in our economy.

From March 21 to the present, our customers' countenance and basic banking indicators have been our biggest source of motivation. We are excited to continue to strengthen our country's power with this motivation. We continue to work with this excitement to develop new products and implement our products.

With these feelings, I celebrate the return of Türkiye Emlak Bankası to the Turkish Banking Sector.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***Explanations of Interim Activity Report****III. Capital and Shareholder Structure**

Name and Surname/ Trade name	Share Amounts	Share Rates	Paid Shares	Unpaid Shares
Ministry of Treasury and Finance	750.000	99.99%	750.000	-
Other	-	0.00001%	-	-

IV. Amendments to the articles of association of the company between 1 January 2019 and 31 March 2019

The Bank's Articles of Association did not change in the relevant period.

The Bank received permission to operate in accordance with the Banking Regulation and Supervision Agency's dated 26 February 2019 and numbered 8262 decision which published in dated 27 February 2019 and numbered 30699 Official Gazette and started operations as of 21 March 2019.

V. Branch and Personnel Information

The Bank's total number of branches is 1 and the total number of personnel is 173 at 31 March 2019.

VI. Board of Directors and Executive Management

Name Surname	Area of Responsibility	Education
Prof. Dr. Mehmet Emin BİRPINAR	Chairman of BOD	Doctorate
Abdullah Ertem CANTİMUR	Member of BOD	Master
Assoc. Prof. Dr. Mehmet ERSOY	Member of BOD and Board of Supervisors	Doctorate
Mehmet Ali KAHRAMAN	Member of BOD and Board of Supervisors	Master
Mehmet Zeki SAYIN	Member of BOD	University
Murat BALCI	Member of BOD	Doctorate
Deniz AKSU	Member of BOD/General Manager	University
Hasan APAYDIN	Assistant General Manager Responsible for Operations	Master
Cengiz SİNANOĞLU	Assistant General Manager Responsible for Credits	Master
Savaş DİVANLIOĞLU	Assistant General Manager Responsible for Investment Banking and Financial Institutions	Master

VII. Managers of Internal Systems

Name and Surname	Professional Experience	Seniority in the Field of Responsibility	Education	Area of Responsibility
Yusuf Abdullah KARADAĞ	21 year	18 year 6 month	Doctorate	Internal Systems Senior Manager
Süha SELEŞ	12 year	6 year 10 month	Master	Head of Audit Committee
Hasan Selçuk ÇOBAN	12 year	6 month	Doctorate	Head of Risk Management
Sabri Korhan BİLSEL	14 year	1 year 3 month	Master	Head of Internal Audit and Compliance

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019***(Thousand of Turkish Lira (TL) unless otherwise stated)***VIII. Committee and committee members formed after the distribution of duties among the board members****AUDIT COMITEE:**

Chairman:	Associate Prof. Mehmet ERSOY
Member:	Mehmet Ali Kahraman

CREDIT COMITEE:

Chairman:	Prof. Dr. Mehmet Emin BİRPINAR
Member:	Murat BALCI
Member:	Deniz AKSU
Associate Member:	Mehmet Ali KAHRAMAN

CORPORATE GOVERNANCE COMMITTEE:

Chairman:	Abdullah Ertem CANTİMUR
Member:	Associate Prof. Mehmet ERSOY
Member:	Deniz Aksu
Associate Member:	Murat BALCI

REMUNERATION COMMITTEE

Chairman:	Mehmet Ali Kahraman
Member:	Murat BALCI
Member:	Deniz Aksu

SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE

Chairman:	Abdullah Ertem CANTİMUR
Member:	Mehmet Zeki Sayın
Member:	Murat Balcı

EXECUTIVE COMMITTEE

Chairman:	Prof. Dr. Mehmet Emin BİRPINAR
II. Chairman:	Murat Balcı
Member:	Deniz Aksu

IX. Türkiye Emlak Katılım Bankası A.Ş. Selected Financial Indicators as of 31 March 2019

Profit before tax and provision	21.165
Net Profit	14.629
Total Cash Loans	805.743
Shareholders Equity	1.115.735
Total Assets	1.412.915
Leverage Ratio	26,19
Number of Branches	1
Number of Employees	173